

Greater Gabbard Offshore Winds Limited

(Formerly DWSCO 2481 Limited)

Report and Financial Statements

**For the period ended
31 December 2004**



Registered No: 4985731

Officials and Professional Advisors

Directors

L FitzGerald
P Dowling
P P Flaherty
M Dedieu

Secretary

M J McKee

Auditors

Deloitte & Touche LLP
Chartered Accountants
Reading

Bankers

Barclays Bank PLC
54 Lombard Street
London
EC3P 3AH

Lawyers

Eversheds LLP
1 Callaghan Square
Cardiff
CF10 5BT

Registered Office

Fluor Centre
Watchmoor Park
Riverside Way
Camberley
Surrey GU15 3YL

Directors' report

The directors present their report and financial statements for the period from 5 December 2003 (date of incorporation) to 31 December 2004.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Results and dividends

The loss for the period, after taxation, amounted to £13,348. The directors do not recommend the payment of a dividend.

Principal activities

The company was incorporated as DWSCO 2481 Limited on the 5th December 2003. The name was changed on the 2nd February 2004 to Greater Gabbard Offshore Winds Limited. The company is to develop, 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

Extensive studies have been conducted in preparation of submitting an application for Statutory Consent which includes an Environmental Impact Assessment report in 2005.

The directors do not anticipate any major change from the company's activities outlined above in the foreseeable future.

Directors and their interests

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

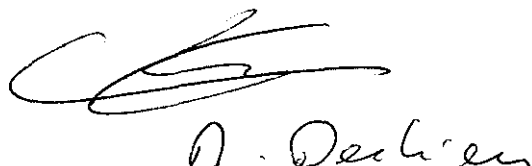
L FitzGerald	(appointed 3 February 2004)
P Dowling	(appointed 3 February 2004)
P P Flaherty	(appointed 3 February 2004)
M Dedieu	(appointed 3 February 2004)
DWS Directors Ltd	(appointed 5 December 2003) (resigned 3 February 2004)

None of the directors had a beneficial interest in any contract to which the company was a party nor any disclosable interest in the share capital of any UK group company at any time during the period.

Auditors

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

Date: 21 March 2005

Statement of directors' responsibilities

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;
- 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 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 period ended 31 December 2004 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. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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.

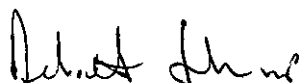
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 December 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading
Date

Profit and Loss Account

For the period from 5 December 2003 to 31 December 2004

		<i>Period from 5 December 2003 to 31 December 2004</i>
	<i>Notes</i>	<i>£</i>
Turnover		-
Cost of sales		-
		<hr/>
Gross profit		-
		<hr/>
Selling and administrative expenses		-
Other operating expenses		(16,944)
		<hr/>
		(16,944)
		<hr/>
Operating loss	2	(16,944)
Interest receivable	4	3,596
		<hr/>
Loss on ordinary activities before taxation		(13,348)
Tax on loss on ordinary activities	5	-
		<hr/>
Loss retained for the financial period	12	(13,348)
		<hr/> <hr/>

All amounts derive from continuing operations.

There are no recognised gains or losses for the current financial period other than as presented above. Accordingly, a statement of total recognised gains and losses has not been provided.

Balance Sheet

31 December 2004

	Notes	2004 £
Fixed assets		
Tangible assets	6	1,795,253
Current assets		
Debtors	7	28,818
Cash	8	321,755
		350,573
Creditors: amounts falling due within one year	9	(269,286)
Net current assets		81,287
Total assets less current liabilities		1,876,540
Creditors: amounts falling due after more than one year	10	(1,889,748)
Net liabilities		(13,208)
Capital and reserves		
Called up share capital	11	140
Profit and loss account	12	(13,348)
Equity shareholders' deficit		(13,208)

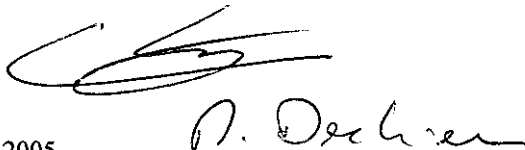
These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the Board of Directors on 21 March 2005

Signed on behalf of the Board of Directors

Director

Date: 21 March 2005



Notes to the financial statements

Period from 5 December 2003 to 31 December 2004

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.

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 deferred 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
Office and computer equipment	3-10
Leasehold improvements	Lifetime of lease

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

Period from 5 December 2003 to 31 December 2004

1. Accounting policies (continued)

Foreign Currency

Transactions denominated in foreign currencies are recorded in sterling at the Customs & Excise published rate or, where appropriate, at the rates of exchange in related forward exchange contracts 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 or, where appropriate, the rates of exchange in related forward exchange contracts.

Gains and losses arising from changes in exchange rates subsequent to the dates of transactions are included in the balance sheet.

2. Operating loss

This is stated after charging:

	<i>Period from 5 December 2003 to 31 December 2004</i>
	<i>£</i>
Auditors' remuneration – audit fees	13,000
– non audit fees	3,000

3. Information regarding directors and employees

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

The company had no employees during the period.

4. Interest receivable

	<i>Period from 5 December 2003 to 31 December 2004</i>
	<i>£</i>
Bank interest	3,596

Notes to the financial statements

Period from 5 December 2003 to 31 December 2004

5. Tax

(a) Tax on loss on ordinary activities

	<i>Period from 5 December 2003 to 31 December 2004</i>
	<i>£</i>
The tax charge is made up as follows:	
<i>UK Corporation tax:</i>	
UK Corporation tax on losses of the period	-
Tax on loss on ordinary activities	-

(b) Factors affecting the current tax charge

The tax assessed on the loss on ordinary activities for the period is different than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	<i>Period from 5 December 2003 to 31 December 2004</i>
	<i>£</i>
Loss on ordinary activities before tax	13,348
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%	2,536
Effects of:	
Non-taxable income	145
Pre-trading expenditure	(2,681)
Total current tax	-

6. Tangible fixed assets

	<i>Assets in Development</i>	<i>Total</i>
	<i>£</i>	<i>£</i>
Cost:		
At 5 December 2003	-	-
Additions	1,795,253	1,795,253
At 31 December 2004	1,795,253	1,795,253
Depreciation:		
At 5 December 2003	-	-
Provided during the period	-	-
At 31 December 2004	-	-
Net book value:		
At 31 December 2004	1,795,253	1,795,253
At 5 December 2003	-	-

Notes to the financial statements

Period from 5 December 2003 to 31 December 2004

7. Debtors

	2004
	£
Other debtors	28,818
	<u>28,818</u>

8. Cash at bank and in hand

	2004
	£
Cash – unrestricted funds	321,755
	<u>321,755</u>

9. Creditors: amounts falling due within one year

	2004
	£
Trade creditors	55,464
Accruals	213,822
	<u>269,286</u>

10. Creditors: amounts falling after more than one year

	2004
	£
Loans from associates (see note 16)	1,889,748
	<u>1,889,748</u>

11. Share capital

Authorised

	2004 No.	2004 £
Authorised Ordinary shares of £1 each	100	100
Increased at Special Meeting of 18 February 2004	999,900	999,900
Total Authorised Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

The authorised share capital was separated into the following classes at a Special Meeting on 18th February 2004:-

	2004 No.	2004 £
<u>Class A</u>		
Created	333,300	333,300
Redesignation of Issued Share	1	1
Redesignation of Un-issued Shares	49	49
Total Class A Authorised Ordinary Shares	<u>333,350</u>	<u>333,350</u>

Notes to the financial statements

Period from 5 December 2003 to 31 December 2004

11. Share capital (continued)

	2004 No.	2004 £
<u>Class B</u>		
Created	333,300	333,300
Redesignation of Issued Share	1	1
Redesignation of Un-issued Shares	49	49
Total Class B Authorised Ordinary Shares	333,350	333,350

	2004 No.	2004 £
<u>Class C</u>		
Created	333,300	330,300
Total Class C Authorised Ordinary Shares	333,300	333,300

	2004 No.	2004 £
<u>Total</u>		
Class A	333,350	333,350
Class B	333,350	333,350
Class C	333,300	333,300
Total Authorised Ordinary Shares	1,000,000	1,000,000

	2004 No.	2004 £
<i>Allotted, Called Up and Fully Paid</i>		
<u>Total</u>		
Class A	70	70
Class B	70	70
Class C	-	-
Total allotted, called up and fully paid Ordinary Shares	140	140

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

Notes to the financial statements

Period from 5 December 2003 to 31 December 2004

12. Reconciliation of shareholders' deficit and movement on reserves

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' deficit £</i>
Shares issued during the period	140	-	140
(Loss) for the period	-	(13,348)	(13,348)
At 31 December 2004	140	(13,348)	(13,208)

13. Capital commitments

There were no capital commitments at 31 December 2004.

14. Obligations under operating leases

At 31 December 2004, the company had no annual commitments under non-cancellable operating leases.

15. Contingent liabilities

On 31st 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 currently £89,000, but this is due to increase based on an estimate of these costs by the National Grid Company to a total of £1,468,000 by January 2008.

16. Related party transactions

The company is a joint venture between Fluor International Limited and Airtricity Holdings (UK) Limited. Airtricity Holdings (UK) Limited initially paid amounts on behalf of the company. During the period Fluor International Limited and Airtricity Holdings (UK) Limited have both made loans to the company of £944,874 each. These loans remain outstanding as at 31 December 2004 (see note 10). Fluor International Limited and Airtricity Holdings (UK) Limited have confirmed that they will not seek repayment of these balances within twelve 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.

	<i>Total of purchases during 2004</i>	<i>Balance outstanding at 31 December 2004</i>
Purchases at normal trade prices from:		
	£	£
Airtricity Holdings (UK) Limited	247,392	-
Fluor Limited	103,965	8,628

Notes to the financial statements

Period from 5 December 2003 to 31 December 2004

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. Airtricity Holdings (UK) Limited is a wholly owned subsidiary of Airtricity Holdings Limited, registered in the Republic of Ireland. Fluor International Limited is a wholly owned subsidiary of 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.