

**REGISTRAR OF
COMPANIES**

GAMESA ENERGY UK LIMITED

Report and Financial Statements

31 December 2008

TUESDAY



P52Y1D3B

PC3

08/09/2009

1108

COMPANIES HOUSE

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS	Page
Officers and professional advisers	1
Director's report	2
Statement of director's responsibilities	4
Independent auditors' report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

Gamesa Energia SA Sociedad Unipersonal

SECRETARY

Aquis Secretaries Limited

REGISTERED OFFICE

Rowan House
Hazell Drive
Newport
South Wales
NP10 8FY

BANKERS

BBVA
108 Cannon Street
London
EC4N 6EU

AUDITORS

Deloitte LLP
Cardiff

DIRECTOR'S REPORT

The director presents the annual report and the audited financial statements for the year ended 31 December 2008.

This director's report has been prepared in accordance with the special provisions relating to small companies under section 417(1) of the Companies Act 2006.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The principal activity of the company has continued to be that of the development of sites for electricity generating facilities that use renewable energy sources, particularly wind energy.

The company made a loss for the year, after taxation, of £959,425 (2007 – £494,458) primarily due to foreign exchange losses recognised of £912,082 (2007 - £229,444) on translation of the inter-company loans denominated in Euros. The director considers the state of affairs of the company and its future prospects to be satisfactory.

GOING CONCERN

The company has both net current liabilities and overall net liabilities at the balance sheet date and is dependent on the continued financial support from its ultimate parent undertaking, Gamesa Corporation Tecnologica S.A., in order to meet its liabilities as they fall due. However, this support has not been formally provided as at 31 December 2008, due to the pending sale of the company to Iberdrola Renovables under the terms of the strategic agreement dated 13 June 2008. This creates a material uncertainty over the use of the going concern basis in the preparation of the financial statements.

However, the director has continued to adopt the going concern basis in preparing the financial statements as it believes the pending sale of the company to Iberdrola Renovables as part of the strategic agreement, which is valued at €65million, is in itself evidence that the company is a going concern. Although the sale has yet to be finalised at the date of signing the financial statements, the director is confident that the sale will be completed in due course. However, if the sale were not to proceed, the director expects that Gamesa Corporation Tecnologica S.A. will continue to provide support. Furthermore, confirmation has been received from the company's immediate parent undertaking, Gamesa Energias S.A., that it will not seek the repayment of loans due until the resolution of the sale to Iberdrola Renovables.

After making enquiries and taking account of the factors noted above, the director has a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

DIVIDENDS

The director cannot recommend the payment of a dividend (2007 - £nil).

DIRECTOR

The director of the company, who served throughout the financial year, is as shown on page 1.

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year, the company received a refund of charitable contributions made of £1,012 (2007 - £3,075 expense). There were no political contributions during either period.

DIRECTOR'S REPORT (continued)

AUDITORS

In the case of the person who is a director of the company at the date when this report is approved:

- so far as the director is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- the director has taken all the steps that it ought to have taken as a director to make itself aware of any relevant audit information (as defined) 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 provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have indicated their willingness to continue in office as the company's auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Director
and signed on behalf of the Director

FOR AND ON BEHALF OF
AQUIS SECRETARIES LIMITED;



Aquis Secretaries Limited
Secretary

Date 22/07/2007

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable it to ensure that the financial statements comply with the Companies Act 1985. It is 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 GAMESA ENERGY UK LIMITED

We have audited the financial statements of Gamesa Energy UK Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 the director and auditors

The director's 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 director's 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 whether in our opinion the information given in the director's 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 director's 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 director 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 2008 and of its loss 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 director's report is consistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GAMESA ENERGY UK LIMITED (continued)**

Emphasis of matter – going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements concerning the company's ability to continue as a going concern. The company has both net current liabilities and overall net liabilities at the balance sheet date and is dependent on continued financial support from its ultimate parent undertaking, Gamesa Corporation Tecnologica S.A. However, the support has not been provided as at 31 December 2008 due to the pending sale of the company to Iberdrola Renovables under the terms of the strategic agreement dated 13 June 2008.

This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Deloitte

Deloitte LLP
Chartered Accountants and Registered Auditors
Cardiff, United Kingdom

Date 4 September 2009

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2008

	Note	2008 £	2007 £
TURNOVER		1,382,045	3,006,749
Cost of sales		<u>(784,115)</u>	<u>(2,471,428)</u>
Gross profit		597,930	535,321
Administrative expenses		(431,445)	(715,342)
Other operating expenses	4	<u>(912,082)</u>	<u>(229,444)</u>
OPERATING LOSS		(745,597)	(409,465)
Interest receivable and similar income		615	18,171
Interest payable and similar charges	3	<u>(164,111)</u>	<u>(146,690)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(909,093)	(537,984)
Tax on loss on ordinary activities	5	<u>(50,332)</u>	<u>43,526</u>
LOSS FOR THE FINANCIAL YEAR	11	<u>(959,425)</u>	<u>(494,458)</u>


All activities derive from continuing operations.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of total recognised gains and losses is presented.

BALANCE SHEET
As at 31 December 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	6	4,102	12,652
CURRENT ASSETS			
Debtors	7	6,558,190	2,516,115
Cash at bank and in hand		37,962	23,699
CREDITORS: amounts falling due within one year	8	6,596,152 (8,046,905)	2,539,814 (133,131)
NET CURRENT (LIABILITIES)/ASSETS		(1,450,753)	2,406,683
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,446,651)	2,419,335
CREDITORS: amounts falling due after more than one year	9	-	(2,906,561)
NET LIABILITIES		(1,446,651)	(487,226)
SHARE CAPITAL AND RESERVES			
Called up share capital	10	1	1
Profit and loss account	11	(1,446,652)	(487,227)
SHAREHOLDERS' DEFICIT	11	(1,446,651)	(487,226)

These financial statements were approved and signed by the Director on **30th JUNE 2009.**


Gamesa Energia SA Sociedad Unipersonal
Director

NOTES TO THE FINANCIAL STATEMENTS**Year ended 31 December 2008****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Going concern

The company has both net current liabilities and overall net liabilities at the balance sheet date and is dependent on the continued financial support from its ultimate parent undertaking, Gamesa Corporation Tecnologica S.A., in order to meet its liabilities as they fall due. However, this support has not been formally provided as at 31 December 2008, due to the pending sale of the company to Iberdrola Renovables under the terms of the strategic agreement dated 13 June 2008. This creates a material uncertainty over the use of the going concern basis in the preparation of the financial statements.

However, the director has continued to adopt the going concern basis in preparing the financial statements as it believes the pending sale of the company to Iberdrola Renovables as part of the strategic agreement, which is valued at €65million, is in itself evidence that the company is a going concern. Although the sale has yet to be finalised at the date of signing the financial statements, the director is confident that the sale will be completed in due course. However, if the sale were not to proceed, the director expects that Gamesa Corporation Tecnologica S.A. will continue to provide support. Furthermore, confirmation has been received from the company's immediate parent undertaking, Gamesa Energias S.A., that it will not seek the repayment of loans due until the resolution of the sale to Iberdrola Renovables.

After making enquiries and taking account of the factors noted above, the director has a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements.

Tangible fixed assets

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets evenly over their expected useful lives. The rates of depreciation used are as follows:

Plant and machinery	-	33 1/3% per annum
Software	-	33 1/3% per annum
Fixtures and fittings	-	33 1/3% per annum

Turnover and revenue recognition

The turnover, which arises in the United Kingdom, is attributable to the company's principal activity. Turnover is recognised in relation to the period in which the service is provided to fellow group companies at cost. Ultimately, the company will be eligible for a profit margin on costs incurred which relates to commercially successful wind farm projects. This is only recognised when the commercial success of the project is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currency

Transactions in foreign currencies are translated into sterling at the exchange rate ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Pension costs

The company contributes to the private pension schemes of its employees and the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between the contribution payable in the year and the contribution actually paid are shown as either accruals or prepayments in the balance sheet.

Cash flow statement

Under Financial Reporting Standard 1, the company is not required to prepare a cash flow statement as it qualifies as a small company.

Operating lease rentals

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008	2007
	£	£
Directors' emoluments (excluding pension contributions)	-	54,792
Pension contributions	-	2,027
	<u>-</u>	<u>56,819</u>

The corporate director received no emoluments in either the current or prior financial year.

	£	£
Employee costs during the year (including directors)		
Wages and salaries	159,992	414,947
Social security costs	18,120	44,983
Other pension costs	10,161	24,153
	<u>188,273</u>	<u>484,083</u>
	No.	No.
Average number of employees (including director)		
Administration	<u>4</u>	<u>10</u>

3. INTEREST PAYABLE

	2008	2007
	£	£
Loans from group undertakings	<u>164,111</u>	<u>146,690</u>

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008	2007
	£	£
Loss on ordinary activities before taxation is after charging		
Depreciation of tangible fixed assets - owned assets	8,550	35,338
Auditors' remuneration - audit services	23,750	18,000
Operating lease rentals - land and buildings	22,456	22,456
- other	6,082	6,643
Loss on foreign exchange	<u>912,082</u>	<u>229,444</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
Current taxation		
United Kingdom corporation tax:		
Current tax on income for the year at 28% (2007 - 30%)	5,958	-
Adjustment in respect of prior years	44,374	(43,526)
Total current tax	<u>50,332</u>	<u>(43,526)</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	£	£
Loss on ordinary activities before tax	<u>(909,093)</u>	<u>(537,984)</u>
Tax on loss on ordinary activities before tax at 28% (2007 - 30%)	(254,546)	(161,395)
Factors affecting charge/(credit) for the year		
Expenses not deductible for tax purposes	307,627	118,974
Capital allowances in excess of depreciation	(1,177)	(5,653)
(Utilisation)/creation of tax losses	(41,425)	48,074
Adjustment in respect of prior years	44,374	(43,526)
Effect of change in tax rates	(4,521)	-
Current tax charge/(credit) for year	<u>50,332</u>	<u>(43,526)</u>

There is a potential deferred tax asset of £11,557 at 28% (2007 - £155,653 at 30%) in respect of depreciation in excess of capital allowances of £11,557 (2007 - £14,322), short-term timing differences of £nil (2007 - £72,569) and accumulated trading losses of £nil (2007 - £68,762). No provision has been made for the deferred tax asset due to uncertainty over the timing of this utilisation.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Software £	Fixtures & fittings £	Total £
Cost				
At 1 January 2008	1,450	116	45,484	47,050
Disposals	(1,450)	(116)	(13,902)	(15,468)
At 31 December 2008	-	-	31,582	31,582
Accumulated depreciation				
At 1 January 2008	1,450	116	32,832	34,398
Charge for the year	-	-	8,550	8,550
Disposals	(1,450)	(116)	(13,902)	(15,468)
At 31 December 2008	-	-	27,480	27,480
Net book value				
At 31 December 2008	-	-	4,102	4,102
At 31 December 2007	-	-	12,652	12,652

7. DEBTORS

	2008 £	2007 £
Amounts owed by group undertakings	6,438,031	2,274,762
Corporation tax debtor	26,192	66,524
Other debtors	80,822	132,835
Prepayments	13,145	41,994
	<u>6,558,190</u>	<u>2,516,115</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	65,595	102,186
Amounts owed to group undertakings	7,905,624	-
Other creditors	14,111	12,945
Accruals	61,575	18,000
	<u>8,046,905</u>	<u>133,131</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008 £	2007 £
Amounts owed to group undertakings	-	2,906,561

10. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total 2008 £	Total 2007 £
At 1 January	1	(487,227)	(487,226)	7,232
Loss for the financial year	-	(959,425)	(959,425)	(494,458)
At 31 December	1	(1,446,652)	(1,446,651)	(487,226)

12. OPERATING LEASE COMMITMENTS

At 31 December, the company had annual commitments under non-cancellable operating leases as follows:

	2008		2007
	Land and buildings £	Other £	Land and buildings £
Leases which expire			
Within one year	-	312	-
Between two and five years	-	5,770	6,082
After five years	22,456	-	22,456
	22,456	6,082	22,456
	22,456	6,082	6,082

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2008

13. TRANSACTIONS WITH RELATED PARTIES

The company is controlled by Gamesa Energia SA Sociedad Unipersonal, the parent company, which is incorporated in Spain.

The ultimate controlling party is Gamesa Corporacion Tecnologica S.A., the parent company of the Gamesa Group, a company incorporated in Spain.

	Sales to related party £	Net interest payable to related party £	Amounts owed by related party £	Amounts owed to related party £
2008				
Gamesa Energia S.A.	-	165,884	-	7,905,624
Gamesa Energias Renovables S.A.	<u>2,294,127</u>	<u>-</u>	<u>6,438,031</u>	<u>-</u>
2007				
Gamesa Energia S.A.	-	145,573	-	2,906,561
Gamesa Energias Renovables S.A.	<u>3,244,573</u>	<u>-</u>	<u>2,274,762</u>	<u>-</u>

Gamesa Energia S.A., Gamesa Energias Renovables S.A. and Gamesa Eolica S.A. are all part of the Gamesa group. Gamesa Energia Servicios UK was part of the Gamesa Group when the transactions were undertaken but is no longer part of the group.

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Gamesa Energia S.A., which is incorporated in Spain. The company's ultimate parent undertaking and controlling party is Gamesa Corporacion Tecnologica S.A., which is incorporated in Spain.

The largest and smallest group in which the results of the company are consolidated is that headed by Gamesa Corporacion Tecnologica S.A. The consolidated financial statements of this company are available to the public and may be obtained from Portal de Gamarra 40, Victoria-Gasteiz, Alava (01023) Spain. No other group financial statements include the results of the company.