

WEC SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

WEC SERVICES LIMITED
DIRECTORS AND ADVISORS
FOR THE YEAR ENDED 31 DECEMBER 2006

LEGAL AND ADMINISTRATIVE INFORMATION

Directors:

Al-Moneef, Majid
Barnés, Francisco
Bundgaard-Jensen, Asger
Caillé, André
de Franco Medeiros, Norberto
Fall, Alioune
Gadonneix, Pierre (retired 1 November 2006)
García, Elías Velasco (appointed 1 November 2006)
Jain, C.P.
Kim, Younghoon David
Nadeau, Marie-José (appointed 1 November 2006)
Testa Chicco
Teyssen, Johannes (appointed 1 November 2006)
Wood, Ron
Zhang, Guobao

CHIEF EXECUTIVE: Gerald Doucet

REGISTERED OFFICE: WEC Services Ltd, Regency House, 1-4 Warwick Street,
London, W1B 5LT, UK

AUDITORS: Horwath Clark Whitehill LLP, St Bride's House,
10 Salisbury Square, London, EC4Y 8EH, UK

BANKERS: Barclays Bank, Piccadilly Corporate Business Centre, Pall
Mall Corporate Group, 7th Floor,
United Kingdom House, 180 Oxford Street, London,
W1D 1EA, UK

SOLICITORS: Archon Solicitors, Martin House, 5 Martin Lane, London
EC4R 0DP, UK

WEC SERVICES LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors present their report, together with the audited financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

WEC Services Limited ("WSL") is a wholly-owned subsidiary of the World Energy Council, an incorporated Charity. The Company was incorporated on 18 June 2001.

The Company is used for non-primary-purpose trading activities, namely publication sales, Internet revenues, Congresses and generating royalties from joint projects. The total net profit is gifted to the Charity. The Company has a cyclical income that is much higher in a Congress year (every third year); during such years, the Company also carries increased expenses. Congress years are followed by two years of lower revenues and expenses. WSL operates on an annual break-even policy directive from the Board of Directors.

In 2006, WSL's main activities centred on:

- The sales of WEC publications and reports, mainly from the 2002-2004 work cycle;
- A publishing partnership with Petroleum Economist to collaborate on a series of advertising-based regional energy reports, with WSL receiving a share of the advertising revenues;
- Publication and distribution of two reports in the above-mentioned series, one on the Americas and one on Europe;
- Continuation of work on compiling the 2007 *Survey of Energy Resources*, with the hired consulting editors' contract run through WSL.

The agreement with Petroleum Economist is valued at £80,000+. Petroleum Economist made a payment in 2006 of £20,000 as an advance against a share of the advertising revenues from the regional energy reports. It will make a final payment in 2007, the year the agreement ends.

The agreement between WSL and the organisers of the 20th World Energy Congress, to be held in Rome in 2007, continues in force. This agreement covers Congress royalties and payments for the use of GEIS and the production of the 2007 *Survey of Energy Resources*. The Rome organisers have paid the second tranche of \$50,000 US to cover the second year of data-gathering for the 2007 *Survey of Energy Resources*, which is moving ahead on schedule for release at the Rome Congress.

The contract with Elsevier to market the 2004 *Survey of Energy Resources* expired in December, 2006, and will not be renewed.

WSL also generated £8,908 in publications revenue in 2006. The publication sales revenues have dropped off since most of the publications are now more than two years old. The majority of publication sales were generated through the Publications page on GEIS. The Communications and Outreach Committee is considering a plan to make all future publications available free of charge not only to members but also to non-members. While this will deprive WSL of a revenue stream, the Committee believes the benefits of increased visibility, better name recognition and general good will which free publications could generate will outweigh the loss of what is, after all, a relatively small part of the budget.

The results of the Company for the year ended 31 December 2006 are set out later in these financial statements.

CHARITABLE CONTRIBUTIONS

By deed of covenant, the Company makes a Gift Aid payment of its total taxable profits no later than 30 September of the following year to the parent Charity, World Energy Council. A gift aid of £38,402 reflecting the 2005 WSL profits was made during 2006. For the year ended 31 December 2006, a gift aid payment of £682 will be made. The Company had no tax liability for 2006.

**WEC SERVICES LIMITED
DIRECTORS REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006**

DIRECTORS

The names of the Directors in office at the date of this report, as well as those who retired during the period, are shown on page 1.

DIRECTORS' INTERESTS

All Directors who held office on 31 December 2006 are also Directors of the parent company.

No Directors had a material interest in any contract or arrangement during the year to which the Company or any subsidiary is, or was, a party.

AUDITORS

With the approval of the Executive Assembly at its meeting in Tallinn, Estonia, in September, 2006, the Directors appointed Horwath Clark Whitehill LLP as auditors for the Company.

By order of the Board

André Caillé
Director

Gerald Doucet
Chief Executive

WEC Services Limited
Regency House
1-4 Warwick Street
London
W1B 5LT

Date: 4 June 2007

WEC SERVICES LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2006

The purpose of this statement is to distinguish the directors' responsibilities for the financial statements from those of the auditors as stated in their report.

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable 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 its profit or loss 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;
- prepare the financial statements on a 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 which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility to take such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have each 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEC SERVICES LIMITED

We have audited the financial statements of WEC Services Limited for the year ended 31 December 2006, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes set out on pages 8 to 10. These financial statements have been prepared under the historical cost convention and 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 opinion 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, the financial statements are properly prepared in accordance with the Companies Act 1985 and 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 in 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.

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 2006 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 provided in the directors' report is consistent with the financial statements.

Horwath Clark Whitehill LLP
Chartered Accountants and
Registered Auditors

St Bride's House
10 Salisbury Square
London EC4Y 8EH

WEC SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 £000	<i>2005</i> <i>£000</i>
TURNOVER	2	71	<i>72</i>
Administrative costs		<u>70</u>	<u><i>72</i></u>
OPERATING PROFIT	3	1	<i>-</i>
Interest receivable & similar income	5	<u>-</u>	<u><i>39</i></u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1	<i>39</i>
TAXATION	6	<u>-</u>	<u><i>-</i></u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		-	<i>39</i>
Payment under deed of covenant		<u>(1)</u>	<u><i>(39)</i></u>
RETAINED PROFIT FOR THE YEAR		<u>-</u>	<u><i>-</i></u>

All of the activities are continuing.

The profit and loss account contains all gains and losses recognised in the current and preceding years.

The notes on pages 8 to 10 form part of these financial statements.

WEC SERVICES LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	2006 £000	<i>2005</i> <i>£000</i>
CURRENT ASSETS			
Debtors	7	27	<i>31</i>
Cash at bank and in hand		16	<i>32</i>
		43	<i>63</i>
CREDITORS: amounts falling due within one year	8	(43)	<i>(63)</i>
NET ASSETS		-	-
TOTAL ASSETS		-	-
CAPITAL AND RESERVES			
Share capital		-	-
Profit and loss account		-	-
		-	-

These financial statements were approved by the Board on and signed on behalf of the Board.

André Caillé
 Director

Asger Bundgaard-Jensen
 Director & Chair, Finance Committee

4 June 2007

The notes on pages 8 to 10 form part of these financial statements.

WEC SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

1. STRUCTURE OF THE SUBSIDIARY

WEC Services Limited (WSL) is the trading subsidiary of the World Energy Council. The Trustees of the World Energy Council are also the Directors of WSL. The Charity is the sole member of WEC Services Limited, which has share capital, is registered in England and Wales and was incorporated on 18 June 2001.

The subsidiary is used for non-primary-purpose trading activities, namely publication sales and generating Internet revenue, Congress revenues and royalties from joint projects. In addition, non-tax exempt events are carried out by the subsidiary. Each year, the net taxable profit is gifted to the Charity.

The Charity's investment in this subsidiary is £100.

2. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and the Companies Act 1985. The Directors have reviewed the Company's existing accounting policies and consider that they are consistent with the requirements of current standards.

The Directors consider it appropriate for these financial statements to be prepared on a going concern basis, which assumes that the Company will continue to operate.

b) Turnover

Turnover for the year consists of royalties, Congress-related payments, Internet revenues and publication sales.

c) Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on 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. Exchange rate differences are dealt with in the profit and loss account.

d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources.

WEC SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006	<i>2005</i>
	£000	<i>£000</i>
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Staff costs: see Note 4 below	24	<i>20</i>
Auditors remuneration – audit	3	<i>2</i>
Foreign exchange gains	3	<i>(34)</i>
	<u>3</u>	<i><u>(34)</u></i>

For 2006, the main sources of income for WEC Services Limited were payments by the Rome Congress organisers for the preparation of the Survey of Energy Resources, royalties from Petroleum Economist for a series of advertising-based reports and revenues from the sale of WEC publications.

The main expenditure of the Company for 2006 was for the preparation of the Survey of Energy Resources; and staff costs.

4. STAFF COSTS

Wages and salaries	22	<i>19</i>
Social security costs	2	<i>1</i>
	<u>24</u>	<i><u>20</u></i>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

Bank deposit interest	-	<i>5</i>
Foreign exchange gains	-	<i>34</i>
	<u>-</u>	<i><u>39</u></i>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

By deed of covenant, the Company makes a gift aid payment comprising its total taxable profit to its parent Charity. Consequently, no tax liability will arise.

7. DEBTORS

Amounts falling due within one year:		
Other debtors	1	<i>2</i>
Prepayments and accrued income	26	<i>29</i>
	<u>27</u>	<i><u>31</u></i>

WEC SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2006

8. CREDITORS

	2006	<i>2005</i>
	£000	<i>£000</i>
Amount due to parent undertaking	37	<i>52</i>
Other creditors including taxation & social security	3	<i>9</i>
Accruals	3	<i>2</i>
	43	<i>63</i>

9. SHARE CAPITAL

WEC Services Limited is a Company with share capital. If upon the winding-up or dissolution of the Company, there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same is not paid to or distributed among the members of the Company, but is given or transferred to the Charity.

10. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The financial statements do not include a cash flow statement because the Company is a wholly-owned subsidiary and the conditions of Financial Reporting Standard No.1 exempting inclusion are satisfied. The Company is also exempt under the terms of Financial Reporting Standard No.8 from disclosing related party transactions with entities that are part of the World Energy Council or Investors of the World Energy Council.

11. ULTIMATE PARENT UNDERTAKING

The ultimate and immediate parent undertaking is the World Energy Council, which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the World Energy Council consolidated financial statements may be obtained from its registered office at Regency House, 1-4 Warwick Street, London, W1B 5LT.