

IDEX Energy UK Limited

Directors' report and financial
statements

Registered number 2240219

For the year ended
28 February 2006

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Directors' report

The directors present their report and the audited financial statements for the year ended 28 February 2006.

Principal activities

The principal activity of the company during the year continued to be that of intermediate holding company.

Results and dividends

The trading results for the year, and the company's financial position at the end of the year, are shown in the attached financial statements. The directors have not recommended a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

A J M Planchot
P C Bono
P V Debatte
Baroness Maddock
G M Peck
S Woodward

No director had any beneficial interest in the share capital of the company nor in the shares of any other group companies. No rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial period. Interests in the share capital of the ultimate parent company, IH International SA, are shown in the financial statements of that company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



P V Debatte
Director

Garrett House
Manor Royal
Crawley
West Sussex
RH10 2PY

19 June 2006

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



KPMG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Independent auditors' report to the members of IDEX Energy UK Limited

We have audited the financial statements of IDEX Energy UK Limited for the year ended 28 February 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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 auditor's 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 on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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 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 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 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.

**Report of the independent auditors to the members of IDEX Energy UK Limited
(Continued)**

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2006 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PMG LLP

19 Jun 2006

KPMG LLP

*Chartered Accountants
Registered Auditor*

Profit and loss account
for the year ended 28 February 2006

	<i>Note</i>	2006 £	6 Months 2005 £
Turnover		-	-
Administrative expenses		1,905	1,708
Operating loss	2	(1,905)	(1,708)
Interest receivable and similar income	3	108,684	-
Interest payable and similar charges	4	(150,240)	(224,198)
Loss on ordinary activities before taxation	2	(43,461)	(225,906)
Tax on profit on ordinary activities	5	30,965	(75,835)
Retained loss for the year	10	(74,426)	(150,071)

The operating loss for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

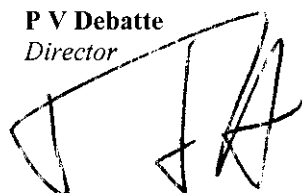
Balance sheet
 at 28 February 2006

	Note	2006 £	2005 £
Fixed assets			
Investments	6	3,337,007	3,337,007
Current assets			
Debtors	7	-	45,835
Creditors: amounts falling due within one year	8	7,343,607	7,315,016
Net current liabilities		(7,343,607)	(7,269,181)
Total assets less current liabilities		(4,006,600)	(3,932,174)
Capital and reserves			
Called up share capital	9	1,782,000	1,782,000
Profit and loss account	10	(5,788,600)	(5,714,174)
Shareholders' funds	11	(4,006,600)	(3,932,174)

These financial statements were approved by the board of directors on behalf by:

19 June 2006 and were signed on its

P V Debatte
 Director



Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size or group.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on a full provision undiscounted basis on all timing differences that have originated, but not reversed at the balance sheet date, except as otherwise required by FRS 19.

Going concern basis

The accounts have been prepared on a going concern basis, as the ultimate holding companies have indicated that they will make available sufficient funds to the company to enable it to continue trading for the foreseeable future.

2 (Loss) / Profit on ordinary activities before taxation

	2006 £	2005 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:	1,905	1,708

Notes (continued)

3 Other interest receivable and similar income

	2006 £	2005 £
Net exchange gains	108,684	-

4 Interest payable and similar charges

	2006 £	2005 £
Interest payable on loans from group companies	150,240	73,123
Net exchange losses	-	151,075
	150,240	224,198

5 Taxation

Analysis of charge in year

	2006 £	2005 £
<i>UK corporation tax</i>		
Current tax on income for the year	30,965	(45,835)
Adjustments in respect of prior periods	-	(30,000)
Total current tax	30,965	(75,835)

Factors affecting the tax charge for the current year

The current tax charge for the period is higher (2005: lower) than the standard rate of corporation tax in the UK of 30%, (2005: 30%). The differences are explained below.

	2006 £	2005 £
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(43,461)	(225,906)
Current tax at 30% (2005: 30%)	(13,038)	(67,772)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	45,072	21,937
Losses brought forward	(1,069)	-
Current tax on income for the year	30,965	(45,835)
Adjustments in respect of prior periods	-	(30,000)
Tax on profit on ordinary activities	30,965	(75,835)

Notes (continued)

6 Fixed asset investments

Shares in
group
undertakings
£

Shares

Cost

At beginning and end of year 550,203

Loans to
group
undertakings

£

Cost

At beginning and end of year 2,786,804

Net book value

At 28 February 2006 3,337,007

At 28 February 2005 3,337,007

The company owns 100% of the ordinary share capital of Utilicom Group Limited, an intermediate holding company incorporated in England.

The following figures have been extracted from the financial statements for the year ended 28 February 2006.

	Aggregate share capital and reserves 2006 £	Aggregate share capital and reserves 2005 £	Profit/(loss) for the period 2006 £	Profit/(loss) for the year 2005 £
Subsidiary undertaking				
Utilicom Group Limited	550,203	550,203	-	-
Subsidiaries of the subsidiary undertaking				
Utilicom Limited	3,483,261	2,582,059	901,202	9,289
The Southampton Geothermal Heating Company Limited	537,367	628,016	(90,649)	256,800
Bloomsbury Heat & Power Limited	208,379	190,049	18,330	35,598
Industrielle de Chauffage (UK) Limited	102,823	79,933	22,890	(16,495)
Gower Street Heat and Power Limited	1,341,468	1,268,222	73,246	48,645

These financial statements present information about the company as an individual undertaking and not about its group (see accounting policies).

Notes (continued)

7 Debtors

	2006 £	2005 £
Amounts due from group undertakings	-	45,835

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	7,310,738	7,313,308
Taxation and social security	30,965	-
Other creditors	1,904	1,708
	<u>7,343,607</u>	<u>7,315,016</u>

9 Called up share capital

	2006 £	2005 £
<i>Authorised</i> 2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
<i>Allotted, called up and fully paid</i> 1,782,000 Ordinary shares of £1 each	1,782,000	1,782,000

10 Profit and loss account

	2006 £	2005 £
At beginning of year	(5,714,174)	(5,564,103)
Retained loss for the year	(74,426)	(150,071)
At end of year	<u>(5,788,600)</u>	<u>(5,714,174)</u>

11 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Loss for the financial year	(74,426)	(150,071)
Opening shareholders' equity deficit	(3,932,174)	(3,782,103)
Closing shareholders' equity deficit	<u>(4,006,600)</u>	<u>(3,932,174)</u>

Notes (continued)

12 Contingent liabilities

The company has guaranteed bank borrowings of its subsidiaries. At the year end the liabilities covered by these guarantees totalled £1,283,372 (2005: £1,772,254).

13 Related party transactions

During the period, IDEX SA, the joint parent, charged interest of £150,240 (2005: £73,123) on its loan to the company. At the year end the company owed £7,027,225 (2005: £6,985,669) to IDEX SA, the movement in the year being interest charged and exchange losses.

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is jointly owned and controlled by IDEX SA and Strasbourgeoise d'Exploitation de Chauffage SA, both of which are incorporated in France. These companies are subsidiaries of IH International SA, incorporated in Luxembourg.

The largest group in which the results of the company are consolidated is that headed by IH International SA, and accounts can be requested from 5 Rue Guillaume Kroll, L-1882, Luxembourg. The smallest group in which the results of the company are consolidated is that headed by Utilicom Group Limited, and accounts are available to the public and may be obtained from Companies House.