

IDEX Energy UK Limited

Directors' report and financial statements

Registered number 2240219

31 August 2004



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2004.

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
C J Maillard (resigned 21 November 2003)
F Brengues (appointed 21 November 2003)
Baroness Maddock (appointed 21 November 2003)
G M Peck (appointed 21 November 2003)
S Woodward (appointed 21 November 2003)

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 year. Interests in the share capital of the ultimate joint parents, IDEX SA and Strasbourgeoise d'Exploitation de Chauffage SA, are shown in the financial statements of those companies.

Auditors

Following the resignation of the previous auditors, the directors appointed KPMG LLP to fill the casual vacancy. In accordance with Section 385 of the Companies Act 1985, a resolution for their reappointment as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


P C Bono
Director

Garrett House
Manor Royal
Crawley
West Sussex
RH10 2PY

25 November 2004

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 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 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 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.

KPMG LLP

1 Forest Gate
Brighton Road
Crawley
RH11 9PT
United Kingdom

Report of the independent auditors to the members of IDEX Energy UK Limited

We have audited the financial statements on pages 4 to 10.

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

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

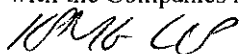
Basis of audit opinion

We conducted our audit in accordance with 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 August 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

25 November 2004

Profit and loss account
for the year ended 31 August 2004

	<i>Note</i>	2004 £	2003 £
Turnover		-	-
Administrative expenses		3,029	3,470
Operating loss	2	(3,029)	(3,470)
Interest receivable and similar income	3	177,989	-
Interest payable and similar charges	4	(138,438)	(547,691)
Profit/(loss) on ordinary activities before taxation	2	36,522	(551,161)
Tax on profit/(loss) on ordinary activities	5	-	(27,590)
Retained profit/(loss) for the year	9	36,522	(578,751)

The operating profit 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 31 August 2004

	<i>Note</i>	2004 £	2003 £
Fixed assets			
Investments	6	3,337,007	3,337,007
		<hr/>	<hr/>
Creditors: amounts falling due within one year	7	7,119,110	7,155,632
		<hr/>	<hr/>
Total assets less current liabilities		(3,782,103)	(3,818,625)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	8	1,782,000	1,782,000
Profit and loss account	9	(5,564,103)	(5,600,625)
		<hr/>	<hr/>
Equity shareholders' deficit	10	(3,782,103)	(3,818,625)
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 24 November 2004 and were signed on its behalf by:

P C Bono
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 Profit/(loss) on ordinary activities before taxation

	2004 £	2003 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	2,200	1,125

Notes (continued)

3 Other interest receivable and similar income

	2004 £	2003 £
Net exchange gains	177,989	-

4 Interest payable and similar charges

	2004 £	2003 £
Interest payable on loans from group companies	138,438	180,812
Other interest payable	-	3,214
Net exchange losses	-	363,665
	138,438	547,691

5 Tax on profit on ordinary activities

Analysis of charge in period

	2004 £	2003 £
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	27,590
Total current tax	-	27,590

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2003: lower) than the standard rate of corporation tax in the UK of 30%, (2003: 30%). The differences are explained below.

	2004 £	2003 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	36,522	(551,161)
Current tax at 30% (2003: 30%)	10,957	(165,348)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	41,531	54,469
Adjustments for previous period	-	27,590
Group relief	-	57,110
Losses (brought forward)/carried forward	(52,488)	53,769
Total current tax charge	-	27,590

Notes (continued)

6 Fixed asset investments

	Shares in group undertakings £
<i>Shares</i>	
<i>Cost</i>	
At beginning and end of year	550,203
	<hr/>
	Loans to group undertakings £
<i>Cost</i>	
At beginning and end of year	2,786,804
	<hr/>
<i>Net book value</i>	
At 31 August 2004	3,337,007
	<hr/>
At 31 August 2003	3,337,007
	<hr/>

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 audited financial statements for the year ended 31 August 2004.

	Aggregate share capital and reserves 2004 £	Aggregate share capital and reserves 2003 £	Profit/(loss) for the year 2004 £	Profit/(loss) for the year 2003 £
Subsidiary undertaking				
Utilicom Group Limited	550,203	550,203	-	-
Subsidiaries of the subsidiary undertaking				
Utilicom Limited	2,572,770	2,297,406	275,364	150,460
The Southampton Geothermal Heating Company Limited	371,216	377,951	(6,735)	136,742
Bloomsbury Heat and Power Limited	154,451	10,416	124,035	98,964
North Channel Energy Services Limited	332,861	312,131	20,730	63,332
Industrielle de Chauffage (UK) Limited	96,428	91,282	5,146	4,312
Gower Street Heat and Power Limited	1,219,577	1,101,047	118,530	243,324
Millbrook Community Heating Limited	(28,995)	(26,296)	(2,699)	(1,995)

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

Notes (continued)

7 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to group undertakings	7,117,355	7,152,912
Other creditors	1,755	2,720
	<u>7,119,110</u>	<u>7,155,632</u>

8 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
2,000,000 Ordinary shares of £1 each	2,000,000	2,000,000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
1,782,000 Ordinary shares of £1 each	1,782,000	1,782,000
	<u> </u>	<u> </u>

9 Profit and loss account

	2004 £	2003 £
At beginning of year	(5,600,625)	(5,021,874)
Retained profit/(loss) for the year	36,522	(578,751)
	<u> </u>	<u> </u>
At end of year	(5,564,103)	(5,600,625)
	<u> </u>	<u> </u>

10 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit/(loss) for the financial year	36,522	(578,751)
Opening shareholders' equity deficit	(3,818,625)	(3,239,874)
	<u> </u>	<u> </u>
Closing shareholders' equity deficit	(3,782,103)	(3,818,625)
	<u> </u>	<u> </u>

11 Contingent liabilities

The company has guaranteed bank borrowings of its subsidiaries. At the year end the liabilities covered by these guarantees totalled £268,094 (2003: £2,505,579).

Notes (continued)

12 Related party transactions

During the year, IDEX SA, the joint parent, charged interest of £138,438 (2003: £180,812) on its loan to the company. At the year end the company owed £6,761,471 (2003: £6,801,022) to IDEX SA, the movement in the year being exchange gains; £351,891 to Utilicom Limited (2003: £351,891), £100 to Bloomsbury Heat and Power Limited (2003: £100) and £100 to Gower Street Heat and Power Limited (2003: £100). The company was also owed £2,786,803 by The Southampton Geothermal Heating Company Limited (2003: £2,786,803), another subsidiary.

13 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.

The smallest and largest group in which the results of the company are consolidated is that headed by IDEX SA. Copies of IDEX SA group accounts can be obtained from 8 bis Rue Escudier, 92513 Boulogne-Bilancourt Cedex, France. Copies of the Strasbourgeoise d'Exploitation de Chauffage SA group accounts are available at 2 Place Des Moulins, 67000 Strasbourg, France.