

**Industrielle de Chauffage Enterprise
United Kingdom Limited**

Directors' report and financial
statements

Registered number 3463584

For the six month period ended
28 February 2005



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Directors' report

The directors present their annual report and the audited financial statements for the six month period ended 28 February 2005.

Principal activities

The principal activity of the company during the period continued to be that of design engineers.

Results and dividends

The trading results for the period, and the financial position at the end of the period, 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 period were as follows:

P C Bono
F Brengues (resigned 24 January 2005)
P V Debatte (appointed 24 January 2005)
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

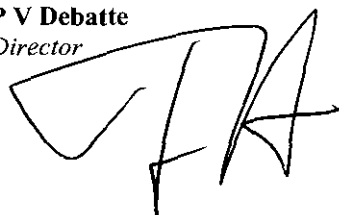
In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Small Company Provisions

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

By order of the board

P V Debatte
Director



Garrett House
Manor Royal
Crawley
West Sussex
RH10 2PY

1 July 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 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 Industrielle de Chauffage Enterprise 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 28 February 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

1 July 2005

Profit and loss account
for the period ended 28 February 2005

	<i>Note</i>	2005 £	2004 £
Turnover	<i>1</i>	100,779	259,492
Cost of sales		67,835	170,901
Gross profit		32,944	88,591
Administrative expenses		29,508	83,445
Profit on ordinary activities before taxation	<i>2</i>	3,436	5,146
Tax on profit on ordinary activities	<i>3</i>	19,931	-
Retained (loss) / profit for the period	<i>9</i>	(16,495)	5,146

The operating profit for the period 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 2005

	Note	28 February 2005 £	£	31 August 2004 £	£
Fixed assets					
Tangible assets	4		92		122
Current assets					
Debtors	5	87,696		65,527	
Cash at bank and in hand		75,637		39,326	
		<u>163,333</u>		<u>104,853</u>	
Creditors: amounts falling due within one year	6	<u>83,492</u>		<u>8,547</u>	
Net current assets			<u>79,841</u>		<u>96,306</u>
Total assets less current liabilities			<u>79,933</u>		<u>96,428</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		79,833		96,328
Shareholders' funds	10		<u>79,933</u>		<u>96,428</u>

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

These financial statements were approved by the board of directors on 1 July 2005 and were signed on its behalf by:

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.

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

Long-term contracts

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office equipment - 33% per annum straight line and reducing balance

Operating Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company is a member of a group defined contribution scheme operated by Utilicom Limited, the immediate parent, for the benefit of certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund.

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.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Notes (continued)

2 Profit on ordinary activities before taxation

	2005 £	2004 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration: Audit	2,277	3,375
Depreciation and other amounts written off tangible fixed assets: Owned	30	61
Operating lease costs: Vehicles	6,504	16,518
	<u> </u>	<u> </u>

3 Tax on profit on ordinary activities

Analysis of charge in period

	2005 £	2004 £
<i>UK corporation tax</i>		
Current tax on income for the period	931	-
Adjustments in respect of prior periods	19,000	-
	<u> </u>	<u> </u>
	19,931	-
	<u> </u>	<u> </u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2004: lower) than the standard rate of corporation tax in the UK of 30%, (2004: 30%). The differences are explained below.

	2005 £	2004 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,436	5,146
	<u> </u>	<u> </u>
Current tax at 30% (2004: 30%)	1,031	1,544
<i>Effects of:</i>		
Expenses not deductible for tax purposes	150	246
Capital allowances for period in excess of depreciation	(250)	(32)
Group relief set off	-	162
Grants not assessable for tax purposes	-	(1,920)
	<u> </u>	<u> </u>
Current tax on income for the period	931	-
Adjustments in respect of prior periods	19,000	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	19,931	-
	<u> </u>	<u> </u>

Notes (continued)

4 Tangible fixed assets

	Office equipment £
<i>Cost</i>	
At beginning and end of period	22,219
<i>Depreciation</i>	
At beginning of period	22,097
Charge for period	30
At end of period	22,127
<i>Net book value</i>	
At 28 February 2005	92
At 31 August 2004	122

5 Debtors

	2005 £	2004 £
Trade debtors	29,225	11,612
Amounts owed by group undertakings	25,585	1,724
Amounts recoverable on long term contracts	31,075	47,672
Other debtors	1,811	4,519
	87,696	65,527

6 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	6,872	2,117
Amounts owed to group undertakings	72,812	3,396
Taxation and social security	931	-
Accruals and deferred income	2,877	3,034
	83,492	8,547

Notes (continued)

7 Pensions

The pension charge for the period amounted to £2,390 (2004: £4,807).

There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

8 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

9 Profit and loss account

	2005 £	2004 £
At beginning of period	96,328	91,182
Retained (loss) / profit for the period	(16,495)	5,146
	<hr/>	<hr/>
At end of period	79,833	96,328
	<hr/>	<hr/>

10 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
(Loss) / profit for the financial period	(16,495)	5,146
Opening shareholders' funds	96,428	91,282
	<hr/>	<hr/>
Closing shareholders' funds	79,933	96,428
	<hr/>	<hr/>

Notes (continued)

11 Commitments under operating leases

At 28 February 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	Assets other than land and buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 1 year	3,256	-
Within 2 to 5 years	-	10,006
	<hr/>	<hr/>
At end of year	3,256	10,006
	<hr/>	<hr/>

12 Contingent liabilities

The company had a contingent liability at the balance sheet date in respect of Value Added Tax due to HM Customs and Excise by fellow group undertakings as a result of group registration for Value Added Tax purposes, the liability amounting to £277,640 (2004: £268,094).

13 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

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. In December 2004 both these companies became subsidiaries of a newly formed investment company, incorporated in Luxembourg under the name IH International SA.

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.