

Utilicom Limited

Directors' report and financial statements

Registered number 1506399

For the six month period ended
28 February 2005



Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the independent auditors to the members of Utilicom Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

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 the provision of heating and energy services.

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

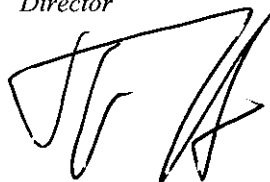
No director had any beneficial interest in the share capital of the company nor in the shares of any other group companies. No rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial 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.

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 Utilicom Limited

We have audited the financial statements on pages 4 to 13.

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 profit 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>1,2</i>	2,833,874	3,893,753
Cost of sales		2,244,987	2,629,304
Gross profit		588,887	1,264,449
Administrative expenses		826,739	1,376,110
Other operating income	<i>3</i>	(315,757)	(472,592)
Operating profit		77,905	360,931
Interest receivable from banks and similar income		36,616	393
Interest payable and similar charges	<i>7</i>	-	(263)
Profit on ordinary activities before taxation	<i>4</i>	114,521	361,061
Tax on profit on ordinary activities	<i>8</i>	105,232	85,697
Retained profit for the period	<i>15</i>	9,289	275,364

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

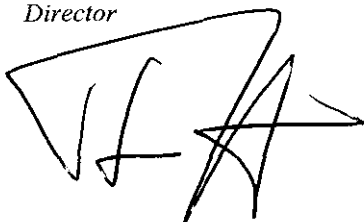
	Note	28 February 2005 £	£	31 August 2004 £	£
Fixed assets					
Tangible assets	9		156,731		167,124
Investments	10		95		94
			<hr/>		<hr/>
			156,826		167,218
Current assets					
Stocks	11	9,970		9,970	
Debtors	12	3,776,462		2,376,251	
Cash at bank and in hand		808,135		1,574,621	
		<hr/>		<hr/>	
		4,594,567		3,960,842	
Creditors: amounts falling due within one year	13	2,169,334		1,555,290	
		<hr/>		<hr/>	
Net current assets			2,425,233		2,405,552
			<hr/>		<hr/>
Total assets less current liabilities			2,582,059		2,572,770
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14	550,000		550,000	
Other reserves	15	1,508,705		1,508,705	
Profit and loss account	15	523,354		514,065	
		<hr/>		<hr/>	
Shareholders' funds	16	2,582,059		2,572,770	
		<hr/>		<hr/>	

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

1 July

2005 and were signed on

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 248 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.

Fixed assets and depreciation

All fixed assets are initially recorded at cost.

Once brought into use, depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Plant and machinery	-	15% per annum on reducing balance
Fixtures and fittings	-	15% - 33.3% per annum on reducing balance and straight line
Motor vehicles	-	25% per annum on reducing balance
Office equipment	-	33.3% per annum on reducing balance and straight line

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Pension costs

The company is a member of a group defined contribution scheme operated 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.

Notes (continued)

Taxation

The charge for taxation is based on the result for the period 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.

Connection charges are recognised as turnover when invoiced, which is as the connection is made. Capital expenditure relating to the connection is capitalised and depreciated over the life of the contract.

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.

2 Analysis of turnover

The turnover and profit before tax are attributable to the one principal activity of the company and arise solely within the United Kingdom.

3 Other operating income

	2005 £	2004 £
Management charges receivable	275,750	392,600
Overhead recharges to group undertakings	40,007	79,992
	<u>315,757</u>	<u>472,592</u>

4 Profit on ordinary activities before taxation

	2005 £	2004 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Amortisation of goodwill	-	332
Depreciation and other amounts written off tangible fixed assets: Owned	59,479	37,853
Auditors' remuneration:		
Audit	21,624	11,800
Operating lease costs:		
Land and buildings	40,010	58,831
Plant and equipment	50,989	109,777
Vehicles	21,926	43,205
	<u></u>	<u></u>

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

Number of employees	
2005	2004
54	57

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£	£
Wages and salaries	813,411	1,608,759
Social security costs	86,179	110,159
Other pension costs	26,869	41,064
	<u>926,459</u>	<u>1,759,982</u>

6 Remuneration of directors

	2005	2004
	£	£
Directors' emoluments	111,514	100,555
Company contributions to money purchase pension schemes	8,500	3,083
	<u>120,014</u>	<u>103,638</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £89,515 (2004: £83,055), and company pension contributions of £8,500 (2003: £3,083) were made to a money purchase scheme on his behalf.

Number of directors	
2005	2004

Retirement benefits are accruing to the following number of directors under:

Money purchase schemes	1	1
------------------------	---	---

Notes (continued)

7 Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank borrowing	-	263

8 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	47,732	85,697
Adjustments in respect of prior periods	57,500	-
Total current tax	105,232	85,697

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (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	114,521	361,061
Current tax at 30% (2004: 30%)	34,356	108,318
<i>Effects of:</i>		
Expenses not deductible for tax purposes	13,538	2,649
Capital allowances for period in excess of depreciation	(162)	(1,305)
Group relief claimed	-	(23,965)
Current tax on income for the period	47,732	85,697
Adjustments in respect of prior periods	57,500	-
Tax on profit on ordinary activities	105,232	85,697

Notes (continued)

9 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Office equipment £	Total £
Cost					
At beginning of period	151,086	141,390	32,879	232,914	558,269
Additions	-	3,693	6,500	3,915	14,108
Disposals	-	-	(6,500)	-	(6,500)
At end of period	151,086	145,083	32,879	236,829	565,877
Depreciation					
At beginning of period	89,569	98,545	2,738	200,293	391,145
Charge for period	4,614	3,537	3,767	6,083	18,001
At end of period	94,183	102,082	6,505	206,376	409,146
Net book value					
At 28 February 2005	56,903	43,001	26,374	30,453	156,731
At 31 August 2004	61,517	42,845	30,141	32,621	167,124

10 Fixed asset investments

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost			
At beginning of period	94	-	94
Additions	-	40,000	40,000
Impairment losses	-	(39,999)	(39,999)
At end of period	94	1	95
Net book value			
At 28 February 2005	94	1	95
At 31 August 2004	94	-	94

Notes (continued)

10 Fixed asset investments (continued)

Subsidiary undertakings.

The principal undertakings in which the company's interest at the period end is 20% or more are as follows:

	Activity	Country of Incorporation	Class of share capital held	Proportion of Share capital held
Industrielle de Chauffage (UK) Limited	Engineering	England	Ordinary	90%
North Channel Energy Services Limited	Dormant	Scotland	Ordinary	100%
Cogen Systems Limited	Dormant	England	Ordinary	100%

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

11 Stocks

	2005 £	2004 £
Stock of parts	9,970	9,970

12 Debtors

	2005 £	2004 £
Trade debtors	950,747	705,830
Amounts owed by group undertakings	2,510,001	1,466,906
Prepayments and accrued income	315,714	203,515
	<u>3,776,462</u>	<u>2,376,251</u>

13 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	387,923	379,902
Amounts owed to group undertakings	332,859	205,632
Taxation and social security	467,247	330,981
Other creditors	62,102	50,819
Accruals and deferred income	919,203	587,956
	<u>2,169,334</u>	<u>1,555,290</u>

Notes (continued)

14 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
1,650,000 Ordinary shares of £1 each	1,650,000	1,650,000
<i>Allotted, called up and fully paid</i>		
550,000 Ordinary shares of £1 each	550,000	550,000

15 Reserves

	Other reserves £	Profit and loss account £
At beginning of period	1,508,705	514,065
Retained profit for the period	-	9,289
At end of period	1,508,705	523,354

16 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial period	9,289	275,364
Opening shareholders' equity funds	2,572,770	2,297,406
Closing shareholders' equity funds	2,582,059	2,572,770

17 Commitments under operating leases

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

	Land and buildings 2005 £	Other £	Land and buildings 2004 £	Other £
Operating leases which expire:				
Within 1 year	3,854	13,531	3,854	15,340
Within 2 to 5 years	-	48,357	-	65,384
Over 5 years	60,000	-	60,000	-
At end of year	63,854	61,888	63,854	80,724

Notes (continued)

18 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 £nil (2004: £20,088).

19 Related party transactions

At the year end the company was owed £327,640 (2004: £351,891) by IDEX Energy UK Limited, a group company and £20,000 (2004: £22,837) by Strasbourgeoise d'Exploitation de Chauffage SA, the joint ultimate parent company.

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

20 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.