

IDEX Energy UK Limited

Directors' report and financial statements

Registered number 2240219

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 IDEX Energy UK Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their 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 intermediate holding company.

Results and dividends

The trading results for the period, and the company's 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:

A J M Planchot
P C Bono
F Brengues (resigned 24 January 2005)
P V Debatte (appointed 24 January 2005)
Baroness Maddock
G M Peck
S Woodward

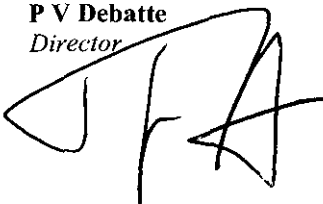
No director had any beneficial interest in the share capital of the company nor in the shares of any other group companies. No rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial 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 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 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		-	-
Administrative expenses		<u>1,708</u>	<u>3,029</u>
Operating loss	<i>2</i>	(1,708)	(3,029)
Interest receivable and similar income	<i>3</i>	-	177,989
Interest payable and similar charges	<i>4</i>	<u>(224,198)</u>	<u>(138,438)</u>
(Loss) / profit on ordinary activities before taxation	<i>2</i>	(225,906)	36,522
Tax on profit on ordinary activities	<i>5</i>	<u>(75,835)</u>	-
Retained (loss) / profit for the period	<i>9</i>	<u>(150,071)</u>	<u>36,522</u>

The operating loss 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

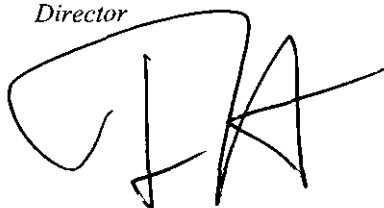
	<i>Note</i>	28 February 2005 £	31 August 2004 £
Fixed assets			
Investments	6	3,337,007	3,337,007
		<hr/>	<hr/>
Current assets			
Debtors	7	45,835	-
Creditors: amounts falling due within one year	8	7,315,016	7,119,110
		<hr/>	<hr/>
Net current liabilities		(7,269,181)	(7,119,110)
		<hr/>	<hr/>
Total assets less current liabilities		(3,932,174)	(3,782,103)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	1,782,000	1,782,000
Profit and loss account	10	(5,714,174)	(5,564,103)
		<hr/>	<hr/>
Shareholders' funds	11	(3,932,174)	(3,782,103)
		<hr/>	<hr/>

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

1 July

2005 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

	2005 £	2004 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:	1,708	2,200

Notes (continued)

3 Other interest receivable and similar income

	2005 £	2004 £
Net exchange gains	-	177,989

4 Interest payable and similar charges

	2005 £	2004 £
Interest payable on loans from group companies	73,123	138,438
Net exchange losses	151,075	-
	<u>224,198</u>	<u>138,438</u>

5 Taxation

Analysis of charge in period

	2005 £	2004 £
<i>UK corporation tax</i>		
Current tax on income for the period	(45,835)	-
Adjustments in respect of prior periods	(30,000)	-
	<u>(75,835)</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>		
(Loss)/profit on ordinary activities before tax	(225,906)	36,522
	<u>(67,772)</u>	<u>10,957</u>
Current tax at 30% (2004: 30%)	(67,772)	10,957
<i>Effects of:</i>		
Expenses not deductible for tax purposes	21,937	41,531
Group relief	-	-
Losses brought forward	-	(52,488)
	<u>(45,835)</u>	<u>-</u>
Current tax on income for the period	(45,835)	-
Adjustments in respect of prior periods	(30,000)	-
	<u>(75,835)</u>	<u>-</u>

Notes (continued)

6 Fixed asset investments

	Shares in group undertakings £
<i>Shares</i>	
<i>Cost</i>	
At beginning and end of period	550,203
	=====
	Loans to group undertakings £
<i>Cost</i>	
At beginning and end of period	2,786,804
	=====
<i>Net book value</i>	
At 28 February 2005	3,337,007
	=====
At 31 August 2004	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 period ended 28 February 2005.

	Aggregate share capital and reserves 2005 £	Aggregate share capital and reserves 2004 £	Profit/(loss) for the period 2005 £	Profit/(loss) for the year 2004 £
Subsidiary undertaking				
Utilicom Group Limited		550,203	-	-
Subsidiaries of the subsidiary undertaking				
Utilicom Limited	2,582,059	2,572,770	9,289	275,364
The Southampton Geothermal Heating Company Limited	628,016	371,216	256,800	(6,735)
Bloomsbury Heat & Power Limited	190,049	154,451	35,598	124,035
North Channel Energy Services Limited	248,861	332,861	(84,000)	20,730
Industrielle de Chauffage (UK) Limited	79,933	96,428	(16,495)	5,146
Gower Street Heat and Power Limited	1,268,222	1,219,577	48,645	118,530
Millbrook Community Heating Limited	(28,995)	(28,995)	-	(2,699)

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

Notes (continued)

7 Debtors

	2005 £	2004 £
Amounts due from group undertakings	45,835	-

8 Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts owed to group undertakings	7,313,308	7,117,355
Other creditors	1,708	1,755
	<u>7,315,016</u>	<u>7,119,110</u>

9 Called up share capital

	2005 £	2004 £
<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

	2005 £	2004 £
At beginning of period	(5,564,103)	(5,600,625)
Retained (loss)/profit for the period	(150,071)	36,522
At end of period	<u>(5,714,174)</u>	<u>(5,564,103)</u>

11 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
(Loss)/profit for the financial period	(150,071)	36,522
Opening shareholders' equity deficit	(3,782,103)	(3,818,625)
Closing shareholders' equity deficit	<u>(3,932,174)</u>	<u>(3,782,103)</u>

Notes (continued)

11 Contingent liabilities

The company has guaranteed bank borrowings of its subsidiaries. At the period end the liabilities covered by these guarantees totalled £1,772,254 (2004: £2,016,696).

12 Related party transactions

During the period, IDEX SA, the joint parent, charged interest of £73,123 (2004: £138,438) on its loan to the company. At the period end the company owed £6,985,669 (2004: £6,761,471) to IDEX SA, the movement in the period being interest charged and exchange losses.

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

The smallest and 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 Guillame Kroll, L-1882, Luxembourg.