



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Directors' report and
financial statements

**Period from 27 October 2005
(date of incorporation)
to 31 December 2006**

Registered number: NI57012



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report	5
Statement of accounting policies	7
Income statement	9
Balance sheet	10
Cash flow statement	11
Notes forming part of the financial statements	12



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Directors and other information

Directors	William Connellan (Irish) Luis Correia (Portuguese) Patrick Gilroy (Irish) Frank Moran
Secretary	Paul Stevens 56-60 London Road Staines Middlesex TW18 4BQ England
Registered office	Unit 7, Factory 5 Lissie Industrial Estate West Moir Road Lisburn BT28 3JU
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Solicitors	Elliott Duffy Garrett Royston House 34 Upper Queen Street Belfast BT1 6FD
Bankers	First Trust 34-36 Market Square Lisburn BT28 1AG



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Directors' report

The directors present their first report and the audited financial statements of the Company for the period from the date of incorporation to 31 December 2006.

Principal activities, business review and future developments

The Company was incorporated on 27 October 2005.

The principal activities of the Company are the supply and management of energy (including the design, installation, financing, operating and management of combined heat and power and steam raising facilities, industrial maintenance), facilities management, planned lighting maintenance and repair and all other services which may reasonably be considered to be ancillary of those businesses.

The directors have no plans to change significantly the activity and operations of the Company in the foreseeable future.

The Company has been set up to supply the services of its principal activities into the Northern Ireland market. A fellow group undertaking, Dalkia Ireland Limited, is currently a leading supplier of energy, facilities and utilities services in the Republic of Ireland market. The creation of Dalkia Energy & Facilities Limited now gives Dalkia the ability to service the 'whole of Ireland' market with its service capabilities.

During its first year of operation, a number of contracts previously operated through associated UK companies have been transferred and consolidated into Dalkia Energy & Facilities Limited. In the coming year the Company will continue to look at growth opportunities in the Northern Ireland market that are within its principal activities.

Results and dividends

The results for the period are set out on page 10. The directors do not recommend the payment of a dividend.

Change of name

On 16 February 2006, the Company changed its name from CFR 35 Limited to Dalkia Energy & Facilities Limited.

Directors and secretary

On 27 October 2005, Stephen Cross and Andrew Talbot were appointed as directors of the Company. On the same day, Cypher Services Limited was appointed as company secretary. On 25 January 2006, Andrew Talbot and Stephen Cross resigned as directors of the Company and Cypher Services Limited resigned as company secretary. On the same day, Luis Correia, Patrick Gilroy and Frank Moran were appointed directors of the Company and Paul Stevens was appointed company secretary. On 31 March 2006, William Connellan was appointed as director of the Company. In accordance with the Articles of Association, Luis Correia, Patrick Gilroy, Frank Moran and William Connellan will retire at the next Annual General meeting, and being eligible, will offer themselves for re-appointment.

Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Directors' report *(continued)*

Directors' and secretary's interests

The directors had no interests in the share capital of the Company at any time during the period.

Post balance sheet events

No significant events affecting the Company have occurred since the balance sheet date.

Supplier payment policy

The Company's procurement policy is to source goods and services from a wide range of suppliers in accordance with commercial practices based on fairness and transparency. The Company works to ensure that payments are made to them in accordance with agreed contractual terms.

Charitable and political donations

The Company made no charitable or political donations during the period.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.


Auditor

KPMG, Chartered Accountants were appointed auditor during the period. KPMG, Chartered Accountants, have expressed their willingness to continue as auditor, and in accordance with the Companies (Northern Ireland) Order, 1986, a resolution for their reappointment will be proposed at the next Annual General Meeting.

On behalf of the board



Pat Gilroy
Director



Luis Correia
Director

30 March 2007

Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and IFRS as adopted by the EU.

The directors are required to prepare financial statements for each financial period which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period.

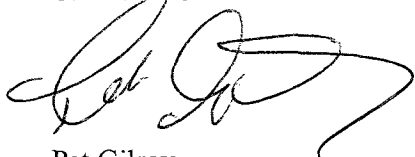
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance of the Company, and disclose and explain any departure from IFRS where, in their view, compliance would be so misleading as to conflict with a fair presentation; and
- state that (except for any such departure), the financial statements have been prepared in accordance with IFRS as adopted by the EU.

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 (Northern Ireland) Order 1986 and Article 4 of the International Accounting Standards (IAS) Regulation. 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.

The directors are also responsible for preparing a Directors' Report that complies with the Companies (Northern Ireland) Order 1986.

On behalf of the board



Pat Gilroy
Director



Luis Correia
Director



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Dalkia Energy & Facilities Limited

We have audited the financial statements of Dalkia Energy & Facilities Limited for the period ended 31 December 2006 which comprises the Income Statement, Balance Sheet, Cash Flow Statement 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 Article 243 of the Companies (Northern Ireland) Order 1986. 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 auditor

As described in the Statement of Directors' Responsibilities on page 4, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

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 (Northern Ireland) Order 1986 and Article 4 of the International Accounting Standards (IAS) Regulation. 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 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 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.



Independent auditor's report to the members of Dalkia Energy & Facilities Limited (*continued*)

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with IFRS adopted by the EU as applied in accordance with the provisions of the Companies (Northern Ireland) Order 1986, of the state of the Company's affairs as at 31 December 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the provisions of the Companies (Northern Ireland) Order 1986 and Article 4 of the IAS Regulation; and
- the information in the Directors' Report is consistent with the financial statements.

*Chartered Accountants
Registered Auditor*

9 May 2007



Independent auditor's report to the members of Dalkia Energy & Facilities Limited *(continued)*

Opinion

In our opinion, the financial statements:

- give a true and fair view, in accordance with IFRS adopted by the EU as applied in accordance with the provisions of the Companies (Northern Ireland) Order 1986, of the state of the Company's affairs as at 31 December 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the provisions of the Companies (Northern Ireland) Order 1986 and Article 4 of the IAS Regulation; and
- the information in the Directors' Report is consistent with the financial statements.

*Chartered Accountants
Registered Auditor*

9 May 2007



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Statement of accounting policies

for the 14 months ended 31 December 2006

Dalkia Energy & Facilities Limited (the 'Company') is a private limited company domiciled and incorporated in Northern Ireland. The company is engaged in the supply and management of energy (including the design, installation, financing, operating and management of combined heat and power and steam raising facilities, industrial maintenance), facilities management, planned lighting maintenance and repair and all other services which may reasonably be considered to be ancillary of those businesses.

The financial statements of the Company were authorised for issue by the directors on 30 March 2007.

These financial statements have been prepared in accordance with IFRS as adopted by the EU, as defined below.

The accounting policies applied in the preparation of the financial statements for the period ended 31 December 2006 are also set out below.

Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting standards Board (IASB) as adopted by the EU and which were effective at 31 December 2006 further to the IAS regulations (EC 1606/2002).

The following provides a brief outline of the likely impact on future financial statements of relevant IFRSs adopted by the EU which are not yet effective and have not been early adopted in these financial statements:

- Amendment to IAS 1 *Capital disclosures*: This amendment will require additional disclosures regarding the capital structure of the Company.
- Amendments to IAS 39 *Cash Flow Hedge Accounting of Forecast Intragroup Transactions*: This amendment is not expected to impact on the Company significantly.
- Amendments to IAS 39 *The Fair Value Option*: This amendment is not expected to impact on the Company significantly.
- IFRS 7 *Financial Instruments: Disclosures*: This standard updates and extends the existing disclosure requirements of IAS 32 and will require significant additional disclosures relating to risk management policies and processes.
- Amendments to IAS 21, IFRS 8 and IFRIC interpretations are being considered by management and are not expected to significantly impact on the Company.



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Statement of accounting policies *(continued)*

Basis of preparation

The Company's financial statements are prepared under the historical cost convention. The financial statements are presented in Sterling (STG£), being the functional currency of the Company's business operations.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ materially from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Judgements made by the management in the applications of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to the financial statements.

Income tax

Income tax expense on the profit or loss for the period comprises current and deferred tax. Current tax is calculated based on the results for the period using tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of certain assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Temporary differences are not provided for to the extent that they will probably not reverse in the foreseeable future. Deferred tax on current period losses is provided to the extent that it is expected to be recovered in the following period.

Revenue

Revenue, which is stated net of VAT, represents the fair value of services provided to third party customers in the financial reporting period. The fair value of services rendered is recognised in the income statement in proportion to the stage of completion of the related contract or fully when no further obligations arise on the related service contract.



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Statement of accounting policies *(continued)*

Operating lease payments

Leases are classified as operating lease contracts whenever the terms of the lease do not transfer substantially all the risks and benefits of ownership to the lessee.

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease.

Foreign currency transactions

Transactions during the period have been translated at the rate of exchange prevailing at the date of transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the Balance Sheet date. The resulting profits or losses are dealt with in the Income Statement.

Impairments

The carrying value of the Company assets are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Trade and other receivables

Trade and other receivables do not carry any interest and are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the asset is impaired. Balances are written off when the probability of recovery is assessed as being remote.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Employee benefits - pension obligations

The Company operates a defined contribution pension plan for its staff. Obligations for contributions for the year are recognised as an expense in the income statement as incurred.

Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

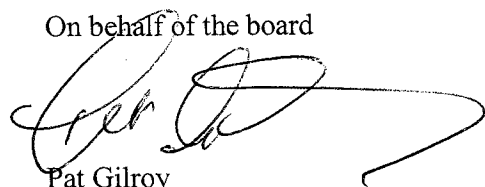
Income statement

for the 14 month period ended 31 December 2006

	<i>Notes</i>	2006 STG£
Revenue - continuing operations	<i>1</i>	2,209,050
Cost of sales		(1,672,262)
		<hr/>
Gross profit		536,788
Operating expenses		(421,493)
		<hr/>
Operating profit – continuing operations	<i>2</i>	115,295
Finance costs	<i>4</i>	(967)
		<hr/>
Profit on ordinary activities before taxation		114,328
Income tax expense	<i>5</i>	(34,298)
		<hr/>
Profit for the financial period attributable to the equity holders of the Company	<i>10</i>	80,030
		<hr/> <hr/>

The Company has no recognised gains or losses other than those shown above.

On behalf of the board



Pat Gilroy
Director



Luis Correia
Director



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Balance sheet

at 31 December 2006

	<i>Notes</i>	2006 STG£
Assets		
Non-current assets		
Deferred tax asset	9	8,441
Total non-current assets		<u>8,441</u>
Current assets		
Trade and other receivables	6	764,845
Cash and cash equivalents		399,680
Total current assets		<u>1,164,525</u>
Total assets		<u><u>1,172,966</u></u>
Equity		
Called up share capital	8	10
Retained earnings	10	80,030
Total equity attributable to equity holders	11	<u>80,040</u>
Current liabilities		
Trade and other payables	7	1,050,187
Current tax liability		42,739
Total current liabilities		<u>1,092,926</u>
Total equity and liabilities		<u><u>1,172,966</u></u>

On behalf of the board

Pat Gilroy
Director

Luis Correia
Director



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Cash flow statement

for the 14 month period ended 31 December 2006

	<i>Notes</i>	14 month period ended 31 December 2006 STG£
Cashflows from operating activities		
Operating profit for the period before taxation		115,295
<i>Adjustments for:</i>		
Interest paid		(967)
Increase in trade and other receivables		(764,845)
Increase in trade and other payables		1,050,187
		<hr/>
Net cash inflow from operating activities		399,670
		<hr/>
Net cashflows from investing activities		-
		<hr/>
Cash flows from financing activities		
Proceeds from issue of share capital		10
		<hr/>
Net cash inflow from financing activities		10
		<hr/>
Net increase in cash and cash equivalents		399,680
Cash and cash equivalents at beginning of period		-
		<hr/>
Cash and cash equivalents at end of period		399,680
		<hr/> <hr/>



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Notes

forming part of the financial statements

1 Revenue

Revenue arises solely in Northern Ireland and is derived from the principal activities of the Company.

2 Operating profit - continuing operations

2006
STG£

This is stated after charging the following:

Auditor's remuneration	2,000
Directors' remuneration	-
Operating lease rentals:	
- Plant, machinery and other assets	56,800
- Land and buildings	14,525

3 Staff numbers and costs

The average monthly number of employees (including the directors) during the period, analysed by function, were:

	Number
Management	3
Administration	2
Sales and marketing	1
Operations	30

36

2006
STG£

Wages and salaries	647,126
Social welfare	571
Pension	8,245

655,942

4 Finance costs

2006
STG£

Bank interest payable	967
-----------------------	-----

Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Notes (continued)

5 Income tax expense

Recognised in the income statement

	2006 STG£
<i>Current tax:</i>	
UK Corporation tax on profits for the period	42,739
<i>Deferred tax:</i>	
Origination and reversal of temporary differences (note 9)	(8,441)
	<hr/>
Income tax expense	34,298
	<hr/> <hr/>
Reconciliation of total tax expense	
Profit before tax	114,328
	<hr/> <hr/>
Profit before tax multiplied by the UK Standard rate of corporation tax of 30%	34,298
Expenses not deductible for tax purposes	8,441
Other adjustments	(8,441)
	<hr/>
Tax charge for the period	34,298
	<hr/> <hr/>

6 Trade and other receivables: amounts falling due within one year

	2006 STG£
Trade receivables	583,018
Other receivables	181,827
	<hr/>
	764,845
	<hr/> <hr/>

7 Trade and other payables: amounts falling due within one year

	2006 STG£
Trade payables	34,446
Accruals and deferred income	295,728
VAT	84,385
Amounts due to related undertakings	635,628
	<hr/>
	1,050,187
	<hr/> <hr/>

Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Notes (continued)

8 Share capital	2006 STG£
<i>Authorised</i>	
100,000 ordinary shares of £1 each	<u>100,000</u>
<i>Allotted, called up and fully paid</i>	
10 ordinary shares of £1 each	<u>10</u>

On incorporation, the authorised share capital of the company was Stg£1 million divided into 1 million ordinary shares of £1 each. On 25 January 2006, the authorised share capital was reduced to £100,000 divided into 100,000 ordinary shares of £1 each by the cancellation of 900,000 ordinary shares of £1 each.

On incorporation, one ordinary share of £1 was issued and allotted at par for cash. On 25 January 2006, the company issued and allotted nine ordinary shares of £1 each at par for cash.

9 Deferred tax asset	2006 STG£
Other temporary differences	<u>8,441</u>

Movement in temporary differences during the period

	Balance 27 October 2005 STG£	Recognised in income statement STG£	Balance 31 December 2006 STG£
Other temporary differences	-	8,441	<u>8,441</u>

10 Reconciliation of movements in retained earnings	2006 STG£
At beginning of period	-
Profit for the financial period	<u>80,030</u>
At 31 December 2006	<u><u>80,030</u></u>

Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Notes (continued)

11	Reconciliation of movements in shareholders' equity	2006
		STG£
	At beginning of period	-
	Total recognised gains and losses for the period	80,030
	Equity shares issued	10
		<hr/>
	Closing shareholders' equity	80,040
		<hr/> <hr/>

12 Operating leases

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Company is required to make under existing lease agreements.

	Land & buildings	Plant, machinery and other assets
	2006	2006
	STG£	STG£
Less than one year	14,525	56,800
Between two and five years	14,525	40,800
More than five years	-	-
	<hr/>	<hr/>
	29,050	97,600
	<hr/> <hr/>	<hr/> <hr/>

13 Related party transactions

Dalkia Energy & Facilities Limited is a 100% subsidiary of Dalkia Ireland Holdings Limited. Dalkia Ireland Holdings Limited is a 100% subsidiary of Dalkia Plc. Both of these companies are incorporated and operate in the United Kingdom.

During the period, Dalkia Plc and certain of its subsidiary undertakings, entered into transactions with the Company, as follows:

Dalkia Limited incurred expenditure amounting to STG£277,818 on behalf of the Company. At 31 December 2006, the amount owed to Dalkia Limited was STG£141,687.

Dalkia Utilities Services Limited incurred expenditure amounting to STG£688,478 on behalf of the Company. At 31 December 2006, the amount owed to Dalkia Utilities Services Limited was STG£475,921.



Dalkia Energy & Facilities Limited

(formerly CFR 35 Limited)

Notes (continued)

13 Related party transactions (continued)

Parkersell (Lighting & Electrical) Services Limited incurred expenditure amounting to STG£18,020 on behalf of the Company. At 31 December 2006, the amount owed to Parkersell (Lighting & Electrical) Services Limited was STG£18,020.

Transactions with key management

The Company did not enter into any transactions with persons regarded as key management of the Company, during the period.

The remuneration of key management is borne by other group undertakings and is not recharged to the Company.

14 Immediate and ultimate controlling parties

The immediate parent undertaking is Dalkia Ireland Holdings Limited, a company incorporated in Great Britain and registered in England and Wales. The largest ultimate controlling entity of Dalkia Ireland Holding Limited is Veolia Environnement SA and the smallest is Dalkia International SA. Dalkia International SA is a joint venture between Veolia Environnement SA and Electricité de France. Veolia Environnement SA, Dalkia International SA and Electricité de France are incorporated in France. Copies of the accounts of each company can be obtained from:

Dalkia Ireland Holdings Limited
Elizabeth House
56 -60 London Road
Staines
Middlesex
TW18 4BQ
United Kingdom

Dalkia International S.A.
Quartier Valmy
33, Place Ronde
92981 Paris La Défense
France

Veolia Environnement S.A.
36-38 avenue Kléber
75116 Paris
France

Electricité de France
22-30 avenue de Wagram
75382 Paris Cedex 08
France