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**Dalkia Energy & Facilities
Limited**

**Directors' report and
financial statements**

Year ended 31 December 2008

Registered number: NI57012



Dalkia Energy & Facilities Limited

Directors' report and financial statements

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Dalkia Energy & Facilities Limited

Directors and other information

Directors	William P. Connellan (Irish) Luis Correia (Portuguese) Patrick Gilroy (Irish) Hildgarde McCarville (Irish) (appointed 19 May 2008)
Secretary	Paul Stevens
Registered office	Unit 7, Factory 5 Lissue Industrial Estate West Moira 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

Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2008.

Principal activities, business review and future developments

The principal activities of the Company are the design, installation, financing, operating and management of combined heat and power (CHP) plants, in addition to 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 gives Dalkia the ability to service the 'whole of Ireland' market with its service capabilities.

In the coming year, the Company will continue to look at growth opportunities in the Northern Ireland market that are within its principal activities.

The directors are pleased with the performance of the Company for the year under review. Total revenue for the year was STG£5.06m, an increase of STG£1.16m on prior year. The increase in revenue can be attributed in full to ongoing growth and the winning of new regional contracts.

The Company will continue to face the normal business risks associated with the industry in which it operates. Although many of the risk factors influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations. These risks and uncertainties include the relocation of client businesses out of Northern Ireland, the unsuccessful renewal of existing contracts on maturity and failure to perform on major contracts.

Results and dividends

The results for the year are set out on page 11. The directors do not recommend the payment of a dividend (2007: STG£Nil).

Directors, secretary and their interests

In accordance with the Articles of Association, Luis Correia, Patrick Gilroy, Hildgarde McCarville and William Connellan will retire at the next Annual General meeting, and being eligible, will offer themselves for re-appointment.

On 19 May 2008, Hildgarde McCarville was appointed as a director of the Company.

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

Dalkia Energy & Facilities Limited

Directors' report *(continued)*

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 year.

Health, safety, quality and environment

At all levels, our people remain committed to the effective management and delivery of our Health, Safety, Quality and Environmental responsibilities. This is underpinned by our mantra of "what if, rather than, if only". In 2008, the Executive Team initiated a transformation program which will have a three year implementation cycle. To that end, continued investment was made by way of additional resources, expertise, continuous training and educational programs.

Employees

The Company, being a services organisation, is fully committed to the development and training of all staff. This is underpinned by its long term vision with regard to the "Great place to work" certification. It is the Company's policy to ensure that equal opportunities are available to all regardless of gender, marital status, ethnic origin or nationality. Full and fair consideration is given to all applicants for employment. It is also the Company's policy to consult with employees and their representatives in order to achieve the efficient execution and development of the Company's business and strategy.

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.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


Dalkia Energy & Facilities Limited

Directors' report *(continued)*


Auditor

KPMG, Chartered Accountants, have expressed their willingness to continue as auditor. In accordance with the Companies (Northern Ireland) Order, 1986, a resolution was passed to dispense with the obligation to reappoint the auditor at each Annual General Meeting.

On behalf of the board



P. Gilroy
Director



W.P. Connellan
Director

24 March 2009

Dalkia Energy & Facilities 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 year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that year.


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


R. Gilroy
Director


W.P. Connellan
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 year ended 31 December 2008 which comprises the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the 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 5, 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 2008 and of its profit for the year then ended;
- the financial statements 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*

24 March 2009

Dalkia Energy & Facilities Limited

Statement of accounting policies for the year ended 31 December 2008

Dalkia Energy & Facilities Limited (the 'Company') is a private limited company domiciled and incorporated in Northern Ireland. The Company is engaged in the design, installation, financing, operating and management of combined heat and power (CHP) plants, 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 24 March 2009. 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 year ended 31 December 2008 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 2008 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:

- IFRS 8 *Operating Segments* (effective date: financial periods beginning on or after 1 January 2009). This is not likely to have any impact on the Company.
- IAS 23 (revised March 2007) *Borrowing Costs* (effective date: financial periods beginning on or after 1 January 2009). This is not likely to have any impact on the Company.
- Amendments to IAS 1: *Presentation of Financial Statements – A Revised Presentation* (effective date: financial periods beginning on or after 1 January 2009). This is not likely to have any impact on the Company.
- Amendment to IFRS 2 *Share-based payment – Vesting conditions and cancellations* (effective date: financial periods beginning on or after 1 January 2009). This is not likely to have any impact on the Company.
- Revised IFRS 3: *Business Combinations* and Amended IAS 27: *Consolidated and Separate financial statements* (effective date: financial periods beginning on or after 1 July 2009). This is not likely to have any impact on the Company.
- Amendments to IAS 32 and IAS 1: *Puttable Financial Instruments and Obligations arising on Liquidation* (effective date: financial periods beginning on or after 1 January 2009). This is not likely to have any impact on the Company.
- IFRIC 13: *Customer Loyalty Programmes* (effective date: financial periods beginning on or after 1 July 2009). This is not likely to have any impact on the Company.

Dalkia Energy & Facilities 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 year 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 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 year 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.

Non-derivative financial instruments

Non-derivative financial instruments comprise investment in equity, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

Dalkia Energy & Facilities Limited

Statement of accounting policies *(continued)*

Non-derivative financial instruments *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Finance expense

Finance expense comprises interest expense on borrowings. All borrowing costs are recognised in the profit or loss using the effective interest method.

Other

Other non-derivative financial instruments are measured at amortised cost using effective interest method, less any impairment losses.

Impairment

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

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

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 year 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.

Dalkia Energy & Facilities Limited

Statement of accounting policies *(continued)*

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 and other 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.

Inventories and work in progress

Inventories are valued at the lower of cost and net realisable value. Cost is based on the first in, first out principle and includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand less all costs expected to be incurred in marketing, distribution and selling.

Work in progress is valued at the lower of cost and net realisable value. Any profit attributable to work in progress is recognised when the work is complete and invoiced. Any irrecoverable work in progress is written off to the Income Statement.

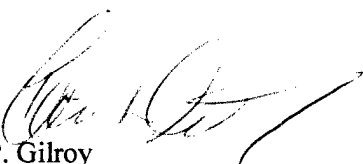
Dalkia Energy & Facilities Limited


Income statement

for the year ended 31 December 2008

	<i>Notes</i>	2008 STG£	2007 STG£
Continuing operations			
Revenue		5,059,164	3,895,523
Cost of sales		(4,414,881)	(3,211,471)
		<hr/>	<hr/>
Gross profit		644,283	684,052
Operating expenses		(519,326)	(377,871)
		<hr/>	<hr/>
Operating profit	<i>1</i>	124,957	306,181
Finance costs	<i>3</i>	(677)	(1,772)
		<hr/>	<hr/>
Profit before income taxation		124,280	304,409
Income tax expense	<i>4</i>	(33,101)	(91,428)
		<hr/>	<hr/>
Profit for the financial year attributable to the equity holders of the Company	<i>11</i>	91,179	212,981
		<hr/> <hr/>	<hr/> <hr/>

On behalf of the board


P. Gilroy
Director


W.P. Connellan
Director

Dalkia Energy & Facilities Limited

Statement of recognised income and expense *for the year ended 31 December 2008*

	2008 STG£	2007 STG£
Profit for the financial year	91,179	212,981
Total recognised income and expense for the year, attributable to equity holders of the Company	91,179	212,981

Dalkia Energy & Facilities Limited

Balance sheet at 31 December 2008

	<i>Notes</i>	2008 STG£	2007 STG£
Assets			
Deferred tax asset	<i>10</i>	8,441	8,441
Total non-current assets		8,441	8,441
Inventory	<i>5</i>	63,865	-
Work in progress		128,739	139,273
Current tax asset		12,469	-
Trade and other receivables	<i>6</i>	2,261,139	1,894,303
Cash and cash equivalents		1,460,456	702,485
Total current assets		3,926,668	2,736,061
Total assets		3,935,109	2,744,502
Equity			
Called up share capital	<i>9</i>	10	10
Retained earnings	<i>11</i>	384,190	293,011
Total equity attributable to equity holders		384,200	293,021
Liabilities			
Trade and other payables	<i>7</i>	2,250,909	2,352,870
Current tax liability		-	98,611
Loans and borrowings	<i>8</i>	1,300,000	-
Total current liabilities		3,550,909	2,451,481
Total equity and liabilities		3,935,109	2,744,502

On behalf of the board


P. Gilroy
Director


W.P. Connellan
Director

Dalkia Energy & Facilities Limited

Cash flow statement

for the year ended 31 December 2008

	2008	2007
	STG£	STG£
Cashflows from operating activities		
Operating profit for the year	124,957	306,181
<i>Adjustments for:</i>		
Interest paid	(677)	(1,772)
Change in trade and other receivables	(356,302)	(1,268,731)
Change in trade and other payables	(101,961)	1,302,683
Change in inventory	(63,865)	-
Taxation paid	(144,181)	(35,556)
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(542,029)	302,805
	<hr/>	<hr/>
Net cashflows from investing activities	-	-
	<hr/>	<hr/>
Cash flows from financing activities		
Loan from related party	1,300,000	-
	<hr/>	<hr/>
Net cash inflow from financing activities	1,300,000	-
	<hr/>	<hr/>
Net increase in cash and cash equivalents	757,971	302,805
Cash and cash equivalents at 1 January	702,485	399,680
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	1,460,456	702,485
	<hr/> <hr/>	<hr/> <hr/>

Dalkia Energy & Facilities Limited

Notes

forming part of the financial statements

1 Operating profit	2008	2007
	STG£	STG£
This is stated after charging the following:		
Auditor's remuneration	6,530	2,000
Operating lease rentals:		
- Plant, machinery and other assets	95,520	59,976
- Land and buildings	56,067	34,441
Directors' remuneration	-	-
	<hr/> <hr/>	<hr/> <hr/>

2 Staff numbers and costs

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

	2008	2007
	Number	Number
Management	7	7
Administration	4	6
Sales and marketing	2	1
Operations	49	33
	<hr/>	<hr/>
	62	47
	<hr/> <hr/>	<hr/> <hr/>

	2008	2007
	STG£	STG£
Wages and salaries	1,618,535	677,088
Social welfare	141,331	48,971
Pension	83,649	44,099
	<hr/>	<hr/>
	1,843,515	770,158
	<hr/> <hr/>	<hr/> <hr/>

Dalkia Energy & Facilities Limited

Notes (continued)

3 Finance costs	2008 STG£	2007 STG£
Bank interest payable	677	1,772
	=====	=====
4 Income tax expense	2008 STG£	2007 STG£
Recognised in the income statement		
<i>Current tax:</i>		
UK Corporation tax on profits for the year	33,101	91,428
	=====	=====
Reconciliation of total tax expense		
Profit before tax	124,280	304,409
	-----	-----
Profit before tax multiplied by the UK Standard rate of corporation tax of 28% (2007: 30%)	34,798	91,323
Expenses not deductible for tax purposes	450	105
Other adjustments	(2,147)	-
Tax charge for the year	33,101	91,428
	=====	=====
5 Inventories	2008 STG£	2007 STG£
Goods for resale	63,865	-
	=====	=====
6 Trade and other receivables	2008 STG£	2007 STG£
Trade receivables	1,794,273	1,099,941
Other receivables	125,405	17,599
Amounts due from related undertakings	341,461	776,763
	=====	=====
	2,261,139	1,894,303
	=====	=====

Dalkia Energy & Facilities Limited

Notes (continued)

6 Trade and other receivables (continued)

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. In addition, the Company operates a structured and formal project authorisation and review procedure which aims to ensure that all legal, operational and commercial risks are properly considered before exchange of contracts with customers.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

The maximum exposure to credit risk for trade receivables at the reporting date by business segment was:

	2008	2007
	STG£	STG£
Commercial	709,188	225,467
Industry and healthcare	906,691	588,592
Lighting and electrical	178,394	285,882
	<hr/>	<hr/>
	1,794,273	1,099,941
	<hr/> <hr/>	<hr/> <hr/>

The ageing of trade receivables at the reporting date was:

	2008	2007
	STG£	STG£
Not past due	451,729	269,712
Past due 0-30 days	550,514	101,396
Past due 31-90 days	515,664	582,862
Past due 91-180 days	95,379	31,763
Past due 181-365 days	75,354	80,365
More than 1 year	105,633	33,843
	<hr/>	<hr/>
	1,794,273	1,099,941
	<hr/> <hr/>	<hr/> <hr/>

Based on past experience, the directors believe that no impairment allowance is necessary in respect of trade receivables not past due. Therefore there is no bad debt provision included in the accounts.

Dalkia Energy & Facilities Limited

Notes (continued)

7 Trade and other payables	2008	2007
	STG£	STG£
Trade payables and accruals	1,202,197	855,113
VAT	147,202	210,954
Amounts due to fellow group undertakings	901,510	1,286,804
	<u>2,250,909</u>	<u>2,352,870</u>
	<u>2,250,909</u>	<u>2,352,870</u>
8 Loans and borrowings	2008	2007
	STG£	STG£
Current liabilities:		
Group loans	1,300,000	-
	<u>1,300,000</u>	<u>-</u>
	<u>1,300,000</u>	<u>-</u>

The loans from fellow group undertakings are unsecured, interest free and repayable on demand.

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	Group loan	Trade and other payables	Total
	STG£	STG£	STG£
At 31 December 2008			
Carrying amount	1,300,000	2,250,909	3,550,909
	<u>1,300,000</u>	<u>2,250,909</u>	<u>3,550,909</u>
Contractual cash flows 6 months or less	1,300,000	2,250,909	3,550,909
	<u>1,300,000</u>	<u>2,250,909</u>	<u>3,550,909</u>
	Group loan	Trade and other payables	Total
	STG£	STG£	STG£
At 31 December 2007			
Carrying amount	-	2,352,870	2,352,870
	<u>-</u>	<u>2,352,870</u>	<u>2,352,870</u>
Contractual cash flows 6 months or less	-	2,352,870	2,352,870
	<u>-</u>	<u>2,352,870</u>	<u>2,352,870</u>

Dalkia Energy & Facilities Limited

Notes (continued)

8 Loans and borrowings (continued)

Foreign currency risk

The Company is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than STG£. The currency that gives rise to this risk is primarily the euro. It is estimated that a general increase of one percentage point in the value of STG£ against the euro would have increased/(decreased) the Company's profit before tax by approximately STG£15,000 for the year ended 31 December 2008 (2007: STG£17,000).

Interest rate risk

Dalkia Energy & Facilities Limited received two loans during the year from fellow group undertakings. STG£1.1m was received from Dalkia Ireland Limited and STG£200,000 from Dalkia Limited. A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and the profit and loss account by the amounts show below. This analysis assumes that all other variables remain constant.

	Profit or loss		Equity	
	100bp Increase STG£	100bp Decrease STG£	100bp Increase STG£	100bp Decrease STG£
At 31 December 2008	(13,000)	13,000	(13,000)	13,000
Cashflow sensitivity	(13,000)	13,000	(13,000)	13,000

Fair value

There is no significant difference between the book value and the fair value of the financial instruments issued by the Company.

9 Share capital	2008 STG£	2007 STG£
<i>Authorised</i>		
100,000 ordinary shares of STG£1 each	100,000	100,000
<i>Allotted, called up and fully paid</i>		
10 ordinary shares of STG£1 each	10	10

Dalkia Energy & Facilities Limited

Notes (continued)

10 Deferred tax asset		2008	2007
		STG£	STG£
Other temporary differences		8,441	8,441
		<u> </u>	<u> </u>
Movement in temporary differences during the year	Balance	Recognised	Balance
	1 January	in income	31 December
	2008	statement	2008
	STG£	STG£	STG£
Other temporary differences	8,441	-	8,441
	<u> </u>	<u> </u>	<u> </u>
11 Reconciliation of movements in retained earnings		2008	2007
		STG£	STG£
At 1 January		293,011	80,030
Profit for the financial year		91,179	212,981
		<u> </u>	<u> </u>
At 31 December		384,190	293,011
		<u> </u>	<u> </u>
12 Reconciliation of movements in shareholders' equity		2008	2007
		STG£	STG£
At beginning of year		293,021	80,040
Total recognised gains and losses for the financial year		91,179	212,981
		<u> </u>	<u> </u>
Closing shareholders' equity		384,200	293,021
		<u> </u>	<u> </u>

Dalkia Energy & Facilities Limited

Notes (continued)

13 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	Land & buildings	Plant, machinery and other assets
	2008	2008	2007	2007
	STG£	STG£	STG£	STG£
Less than one year	56,067	95,520	34,441	23,990
Between two and five years	224,268	191,040	48,693	11,995
	<hr/>	<hr/>	<hr/>	<hr/>
	280,335	286,560	83,134	35,985
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 Related party transactions and key management

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.

The Company did not enter into any transactions with Dalkia Ireland Holdings Limited during the year. At 31 December 2008, there were no amounts owing to or from the Company and Dalkia Ireland Holdings Limited (2007: *STG£Nil*).

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

Dalkia Plc incurred expenditure amounting to STG£2,243,183 (2007: *STG£704,882*) on behalf of the Company. At 31 December 2008, the amount owed to Dalkia Plc was STG£746,236 (2007: *STG£704,882*).

Dalkia Utilities Services Limited incurred expenditure amounting to STG£Nil (2007: *STG£735,210*) on behalf of the Company. At 31 December 2008, the amount owed to Dalkia Utilities Services Limited was STG£3,940 (2007: *STG£307,995*).

Dalkia Limited incurred expenditure amounting to STG£136,880 (2007: *STG£163,463*) on behalf of the company. At 31 December 2008, the amount owed to Dalkia Limited was STG£38,565 (2007: *STG£15,644*).

Dalkia Ireland Limited incurred expenditure of STG£Nil on behalf of the Company (2007: *STG£15,682*). At 31 December 2008, the amount owed to Dalkia Ireland Limited was STG£Nil (2007: *STG£15,682*).

Dalkia Energy & Facilities Limited

Notes *(continued)*

15 Related party transactions and key management *(continued)*

Dalkia (Lighting & Electrical) Services Limited incurred expenditure amounting to STG£465,245 (2007: STG£358,067) on behalf of the Company. At 31 December 2008, the amount owed to Dalkia (Lighting & Electrical) Services Limited was STG£Nil (2007: STG£358,067).

Dalkia Energy & Facilities Limited incurred expenditure amounting to STG£596,190 (2007: STG£146,100) on behalf of Dalkia Energy and Technical Services Limited (a company incorporated in the UK). At 31 December 2008, the amount owed to Dalkia Energy & Facilities Limited by Dalkia Energy and Technical Services Limited was STG£117,572 (2007: STG£146,100).

Dalkia Energy & Facilities Limited incurred expenditure amounting to STG£1,086,074 (2007: STG£Nil) on behalf of Dalkia Lighting and Electrical Services Limited. At 31 December 2008, the amount owed from Dalkia Lighting and Electrical Services Limited was STG£61,619 (2007: STG£358,067).

Dalkia Energy & Facilities Limited incurred expenditure on behalf of Dalkia Utilities Services Limited of STG£411,330. At 31 December 2008, the amount owed to Dalkia Energy & Facilities Limited was STG£162,271 (2007: STG£Nil).

During the year, Dalkia Limited advanced a loan of STG£200,000 to Dalkia Energy & Facilities Limited. At 31 December 2008, the balance of loan outstanding was STG£200,000 (2007: STG£Nil).

During the year, Dalkia Ireland Limited advanced a loan of STG£1,100,000 to Dalkia Energy & Facilities Limited. At 31 December 2008, the balance of the loan outstanding was STG£1,100,000 (2007: STG£Nil).

Transactions with key management

The key management personnel consist only of the directors. There were no transactions with them during the year (2007: STG£Nil). Emoluments paid to directors during the year are set out in note 1.

Dalkia Energy & Facilities Limited

Notes *(continued)*

16 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 most immediate parent undertaking that prepares consolidated financial statements that are publicly available is Dalkia Plc, a company incorporated in Great Britain and registered in England and Wales. The largest ultimate controlling entity 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 Plc
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