

ENERGY TECHNIQUE PLC

ANNUAL REPORT & FINANCIAL STATEMENTS 2011

WEDNESDAY



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COMPANIES HOUSE

Chairman's statement

Headlines

- Diffusion's fan coils and commercial heating markets continued to be very challenging as a result of the prolonged downturn in the wider commercial property markets,
- Within this difficult operating environment, Diffusion's sales grew by 10% but it incurred a small operating loss of £88,000 before an exceptional bad debt charge of £63,000,
- Diffusion's operating loss before exceptional items was all incurred in the first quarter of the financial year,
- SIAS FM, the building maintenance subsidiary, became non-core and significantly cash absorbing during the financial year and was sold on 24 March 2011 to prevent further cash outflows,
- The Board has been restructured to include two of Diffusion's key executives,
- Diffusion has continued to invest in new product development and is well-placed to win work from a number of landmark South East based commercial office projects currently under development

Introduction

In the year ended 31 March 2011 the markets for Diffusion's fan coils and commercial heating products continued to be very challenging and the focus has been to stabilise the Company within this operating environment. Diffusion experienced difficult trading in the first quarter of the financial year, but its trading performance improved for the remainder of the financial year. SIAS FM, the building maintenance subsidiary purchased in the previous financial year became non-core and was sold in March 2011 so as to prevent further cash outflows. The Board has been restructured to include two of the key executives responsible for managing the Diffusion subsidiary.

Trading performance of Continuing Operations

Sales in the year ended 31 March 2011 rose by 10% to £5.79 million (2010: £5.25 million) with Diffusion incurring a small loss of £88,000 (2010: profit £113,000) before an exceptional bad debt charge of £63,000, relating to the insolvency of its long-standing Irish distributor, where credit insurance had been withdrawn.

Diffusion's operating loss was all incurred in the first quarter of the financial year. Sales improved throughout the remainder of the financial year and Diffusion generated small operating profits in each subsequent quarter, apart from the seasonally low December quarter. Cumulatively, Diffusion broke even in the last three quarters of the financial year, notwithstanding the seasonal losses incurred in the short trading month of December.

Central costs amounted to £173,000 before an exceptional charge of £45,000 for the settlement and costs associated with the resignation of the former CEO. Central costs in the current financial year ending 31 March 2012 will be lower than in the previous year as a result of cost savings by not replacing the former CEO role.

After net interest costs of £27,000 the loss on Continuing Operations was £288,000 before exceptional items and £396,000 after total exceptional costs of £108,000.

Discontinued Operations

The trading results of SIAS FM are included under Discontinued Operations as the company was sold on 24 March 2011 for a consideration of £23,000. SIAS FM was acquired out of administration in August 2009, but it subsequently experienced an unacceptably high level of customer churn and with its low selling margins the Board resolved to sell the company to prevent further cash outflows.

SIAS FM produced sales of £1.71 million in the year ended 31 March 2011 (2010: £1.29 million for seven months) but it incurred an operating loss before tax of £318,000 (2010: profit of £50,000 for seven months) and a further loss on disposal of £416,000. Most of the disposal loss related to the £359,000 non-cash writing off of previous acquisition goodwill.

Chairman's statement

(continued)

Diffusion Heating & Cooling ("Diffusion")

In December 2010 Diffusion celebrated its 50th anniversary as a market leader in the manufacture of premium quality fan coils and commercial heating products to offices, hotels, banks and retail outlets. Products are distributed under both the Diffusion and Energy Technique brand names and are recognised as highly engineered, quality products providing leading edge performance and ultimate energy efficiency.

During the year, Diffusion invested in sales and marketing resources and as a consequence won a number of prestigious fan coil projects in the UK and Abu Dhabi. In the UK, Diffusion supplied fan coils into projects for Bank of Tokyo, St Pancras Chambers, City Inn Hotel, UBS Bank, Yell and the BBC Headquarters. The new energy efficient EC fan coil unit was supplied into the Abu Dhabi Investment Council buildings and further opportunities in Abu Dhabi are being pursued on the back of the success of this first project there. The new "Active" fan coil has been launched, which takes the EC fan coil technology further and offers self-commissioning and even greater energy savings.

The One Hyde Park project in London was substantially completed during the year and the specially developed air handling units supplied are being actively marketed as high end residential fan coil units. Diffusion now offers an ancillary service refurbishing air handling units. Whilst still in its infancy, the first sales have already been made into this lucrative market, estimated to be worth five times the size of the UK fan coil market.

Diffusion's commercial heating division also experienced challenging trading conditions, although the impact was not as severe as experienced by the UK fan coil market. During the financial year, Diffusion's commercial heating products were supplied into buildings occupied by blue chip customers including Marks & Spencer, New Look, Next, GAP, Banana Republic, Hugo Boss and the fast growing Super-Group clothing retailer. More recently, Diffusion won a contract to supply units into the Corn Wallis Academy School.

Cash flow

Cash resources were depleted during the year by £663,000 caused substantially by the trading losses incurred by SIAS FM before its sale and the cash injected into the company on completion of the disposal to allow creditor payment terms to be normalised. Despite the cash depletion, the Company retains adequate liquidity with a cash and cash equivalents balance at 31 March 2011 of £228,000 (2010 £891,000) and a strong balance sheet at 31 March 2011, with net assets of £1.36 million (2010 £2.50 million).

Dividends

The Board does not recommend payment of a dividend (2010 £nil). For the present time, the Board believes it is in the Company's best interests to retain its liquidity.

Board changes

James Lugg resigned as the CEO and from the Board on 28 September 2010. Martin Kirkham, the managing director of SIAS FM, was appointed to the Board on 15 September 2010 and resigned on 6 April 2011 following the sale of SIAS FM.

I was also delighted to welcome Martin Reid, who also joined the Board on 15 September 2010. Martin Reid is a director of Diffusion and together with Leigh Stimpson, the managing director of Diffusion, the Board now comprises two of the key directors responsible for managing the Company's core subsidiary.

Business strategy

Following the resignation of the former CEO and the subsequent disposal of SIAS FM, the Board is focused on rebuilding the Company's core Diffusion subsidiary.

Chairman's statement

(continued)

Current trading and prospects

Looking forward we are now focused on our core Diffusion business, which has market leadership and a high quality reputation allowing us to successfully pursue major commercial projects. With a number of landmark South East based projects under development, we are currently experiencing a healthy increase in enquiries at the premium end of the market and the order book is strengthening. We have lower Central costs overheads following the rationalisation of the management team and all costs associated with the disposal of the non-core SIAS FM business and subsequent reorganisation are behind us. There is therefore cause for more optimism in the coming financial year.

Walter K Goldsmith

Chairman

26 May 2011

Directors

Walter K Goldsmith**Non-executive Chairman Aged 73**

Walter Goldsmith joined the Board in May 2007 and was appointed Chairman in March 2010. He is a chartered accountant with substantial board level experience in public and private companies. A considerable part of his career was spent at Black & Decker, the global manufacturer and marketer of power tools, where he was latterly Corporate Vice President and responsible for launching Black & Decker into 22 countries. He was subsequently Group Planning and Marketing Director at Forte Plc, the hotel group and Director General of the Institute of Directors for five years. Walter is currently chairman or director of a number of other private companies. He supplies his services to the Company pursuant to a letter of appointment dated May 2007.

Leigh A Stimpson**Executive Director Aged 51**

Leigh Stimpson joined the Board on 23 February 2010. He has been an executive with Diffusion since 1992 and managing director for the last 15 years. Leigh is a seasoned HVAC industry professional, with extensive marketing skills and product knowledge of the sector. Leigh rejoined Diffusion's executive management on a full time basis in 2006 and was responsible for the day-to-day turnaround since then. He is employed by Diffusion's operating company, ET Environmental Limited, under a letter of appointment dated April 2006.

Martin M Reid**Executive Director Aged 50**

Martin Reid has been with Diffusion for over 25 years, where he is currently the Production Director, with responsibility for procurement, manufacturing excellence and stock control. He has in depth knowledge of the heating and ventilation sector and is also heavily involved with new product innovation and development. He is employed by Diffusion's operating company, ET Environmental Limited, under a letter of appointment.

Advisers

Auditors

Milsted Langdon LLP
Winchester House
Deane Gate Avenue
Taunton TA1 2UH

Bankers

Lloyds TSB Bank Plc
39 Threadneedle Street
London EC2R 8AU

Stockbrokers

finnCap Ltd
60 New Broad Street
London EC2M 1JJ

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0GA

Solicitors

Sherrards Solicitors LLP
7 Swallow Place
London W1B 2AG

Nominated Adviser

finnCap Ltd
60 New Broad Street
London EC2M 1JJ

Directors' report

The directors present their report and the Group financial statements for the year ended 31 March 2011

Principal activity

The principal activity of the Group during the year was the manufacture and distribution of air conditioning and heating solutions for retail and commercial applications, together with related maintenance services

Disposal of SIAS FM

On 24 March 2011 the Company disposed of its wholly-owned building maintenance subsidiary for a net cash consideration of £23,000

Review of business

The Group's operations comprise the Diffusion business based at West Molesey, Surrey, which is a manufacturer of fan coils and commercial heating products. A review of the Group's performance and likely future developments is given in the Chairman's Statement

Results and dividends

The Group loss before and after tax amounted to £1.14 million (2010 profit £3,000). The directors do not recommend payment of a dividend (2010 £nil)

Shares held in treasury

A total of 185,000 ordinary shares of 6.25 pence each were purchased in the market in the year ended 31 March 2009 at a total cost of £15,000. These shares are held in treasury and represent 0.56% of the called up share capital.

Research and development

Operating loss is stated after charging £164,000 (2010 £159,000) on research and development in respect of its Diffusion operations.

Directors and their interests

A current list of directors is shown on page 4. Details of directors' interests in the Company's shares and options are set out in the Remuneration Report.

James Lugg resigned as the CEO and from the Board on 28 September 2010. Martin Kirkham, the managing director of SIAS FM, was appointed to the Board on 15 September 2010 and resigned on 6 April 2011 following the sale of SIAS FM. Martin Reid also joined the board on 15 September 2010.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The directors are required under company legislation to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, which are required by law to give a true and fair view of the state of affairs of the Group and of its profit or loss for that period. The financial statements for the Parent Company have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,

Directors' report

(continued)

- make judgments and estimates that are reasonable and prudent,
- state whether applicable United Kingdom Accounting Standards have been followed by the Parent Company and applicable IFRSs as adopted by the European Union have been followed by the Group, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors have reasonable expectation that the Group 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.

The maintenance and integrity of the corporate and financial information included on the Group's website is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Board's statement on Corporate Governance is set out on page 9.

Substantial shareholdings

At 23 May 2011, the Company was aware of the following interests of 3% or more of the issued share capital.

	Ordinary shares of 6 25p each No	% Interest
Ciano Investments Limited	19,386,274	58.2
Venture International FM Limited	3,999,960	12.0
Mayfield Fulwood Limited	1,250,000	3.8
Walter Goldsmith	1,069,826	3.2

Environment

In an attempt to address the environmental and energy issues surrounding HVAC products, particular emphasis is placed in the product development programme on energy efficiency and air quality.

Communication

Investors

The Company considers that communication with shareholders is very important. In addition to the interim and annual reports, the Company keeps its website up to date with news affecting the business. All shareholders are encouraged to attend the Annual General Meeting.

Directors' report

(continued)

Employees

Employee consultation, participation and involvement in matters affecting their interests have continued to be developed throughout the Group during the year. The Group gives equal consideration to applications for employment from people regardless of their sex, ethnic origin, age or disability. It is Group policy, wherever practicable, to continue to employ, train and promote the career development of existing employees with the same equal consideration.

Creditors

The Group's policy concerning payments to suppliers is either to agree terms of payment at the start of business with each supplier or to ensure the supplier is made aware of our standard terms of purchase, which incorporate standard terms of payment. In either case the Group aims to make payments in accordance with its contractual or other legal obligations. Creditor days at 31 March 2011 were 64 (2010: 64).

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in market prices and credit risk.

Liquidity and cash flow risk

The Group monitors cash flow as a part of its normal activities. Cash positions are monitored daily and forecasts are discussed with the Board on a monthly basis to ensure that sufficient resources are available to support the Group.

Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the cost of managing exposure to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential significant customers before sales are made and it seeks to obtain credit insurance on all the major trade accounts receivable.

Market risk

The Group's performance is directly impacted by the economic environment and in particular any fluctuations in the commercial property market. In order to manage this risk the Group strives to deliver quality goods and services at competitive prices. The Group is continually striving to improve efficiency and reduce costs.

Auditors

A resolution is to be proposed at the Annual General Meeting for the reappointment of Milsted Langdon LLP as auditors of the Company.

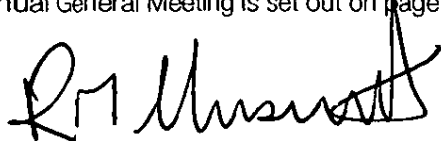
There is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are not aware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Annual general meeting

Notice of the 2011 Annual General Meeting is set out on page 42.

By order of the Board

R M Unsworth
Company Secretary



26 May 2011

Corporate governance

So far as is possible, given the Group's size and the constitution of the Board, the directors comply with the principles of best practice as set out in the Combined Code on Corporate Governance

The Audit Committee

The Board has appointed an Audit Committee, consisting of Walter Goldsmith (Committee Chairman), Leigh Stimpson and Martin Reid. This Committee meets at least twice annually and is responsible for ensuring that the financial performance of the Group is properly reported and monitored and for meeting the auditors and reviewing their reports in relation to the accounts and internal control systems

The Audit Committee reviews the services provided by the external auditors at least on an annual basis. This review includes consideration of the confirmation of independence which the external auditors provide to the Company on an annual basis and of the services which they provide to the Group, in order to ensure that their independence is not compromised

The Remuneration Committee

The Board has appointed a Remuneration Committee, which consists of Walter Goldsmith (Committee Chairman), Leigh Stimpson and Martin Reid. The Remuneration Committee is responsible for reviewing the performance of the executive directors within the Group and for setting the scale and structure of their remuneration and the basis of their service contracts. Given the size of the Company, the Remuneration Committee will also act as the Nomination Committee responsible for considering and recommending to the Board changes in the Board's composition and membership

Going concern

After making enquiries, the directors have a reasonable expectation that the Group 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

Internal audit

Due to the Group's small size and the active involvement of the operational directors in its day-to-day activities, the Board does not consider there is a need for an internal audit function. This decision is reviewed annually

Health and safety

Diffusion has its own Health and Safety Officer, who advises as to its compliance and responsibility. The Board ensures that all recommendations are implemented in a reasonable time period and full supervision and guidance is given. The Group provides training for relevant staff on statutory health and safety requirements and written guidance is given in the Company's health and safety manual

By order of the Board

R M Unsworth
Company Secretary

26 May 2011

Remuneration report

The Remuneration Committee comprises Walter Goldsmith (Committee Chairman), Leigh Stimpson and Martin Reid

Remuneration policy and directors' service agreements

Walter Goldsmith, Chairman, entered into a letter of appointment with the Company dated 24 May 2007, pursuant to which he is paid an annual salary of £12,000. He does not participate in any incentive or benefit scheme, or receive any other benefits in kind.

Leigh Stimpson, executive director, has a contract of employment with the Company's subsidiary ET Environmental Limited, pursuant to which he receives a salary of £105,000 per annum and 10% pension contributions payable into a personal pension scheme. In addition, he is eligible for commissions based on sales, of which £13,000 was paid in the year ended 31 March 2011.

Martin Reid, executive director, has a contract of employment with the Company's subsidiary, ET Environmental Limited, pursuant to which he receives a salary of £78,000 per annum and 10% pension contributions payable into a personal pension scheme. In addition, he is eligible for discretionary bonuses, of which £2,000 was paid in the year ended 31 March 2011 since the date of his appointment.

Directors' remuneration

The remuneration of the directors was as follows:

	Salary £000	Fees £000	Loss of office £000	Benefits £000	Total £000	2011 Pensions £000	Salary £000	Fees £000	Total £000	2010 Pensions £000
Walter Goldsmith ⁽¹⁾	-	12	-	-	12	-	-	12	12	-
Leigh Stimpson	118	-	-	-	118	11	12	-	12	1
Martin Reid ⁽³⁾	44	-	-	-	44	4	-	-	-	-
Current directors	162	12	-	-	174	15	12	12	24	1
Martin Kirkham ⁽²⁾	33	-	-	2	35	-	-	-	-	-
James Lugg ⁽²⁾	4	19	30	-	53	-	9	8	17	-
Former directors	37	19	30	2	88	-	9	8	17	-
	199	31	30	2	262	15	21	20	41	1

(1) Fees for Walter Goldsmith were paid to The Walter Goldsmith Consultancy, a partnership where he has a 50% share.

(2) Fees for James Lugg were paid to Venture International FM Limited, a company where he has a 67% shareholding interest.

(3) Since date of appointment.

Directors' interests in ordinary shares of 6.25p each

	23 May 2011 No.	31 March 2011 No.	*31 March 2010 No.
Walter Goldsmith	1,069,826	1,069,826	1,069,826
Leigh Stimpson	36,120	36,120	36,120
Martin Reid	-	-	-

*or date of appointment if later

By order of the Board

R M Unsworth
Company Secretary

26 May 2011

Independent auditors' report

to the members of Energy Technique Plc

We have audited the Group financial statements of Energy Technique Plc for the year ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the directors' responsibilities statement set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of the Group's loss and the Group's cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

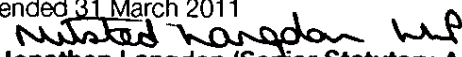
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Energy Technique Plc for the year ended 31 March 2011.


Jonathon Langdon (Senior Statutory Auditor)
 For and on behalf of Milsted Langdon LLP
 Chartered Accountants and Statutory Auditors
 Taunton

26 May 2011

Consolidated statement of comprehensive income

for the year ended 31 March 2011

	Note	2011 £000	2010 £000
CONTINUING OPERATIONS			
Revenue	5	5,786	5,250
Cost of sales		(4,297)	(3,859)
Gross profit		1,489	1,391
Distribution costs		(1,392)	(1,091)
Administration expenses		(466)	(345)
Operating loss			
Before exceptional items		(261)	(45)
Exceptional items		(108)	-
	6	(369)	(45)
Finance revenue	7	1	37
Finance costs	8	(28)	(27)
Loss before tax		(396)	(35)
Income tax charge	9	-	-
Loss for the year from continuing operations		(396)	(35)
DISCONTINUED OPERATIONS			
(Loss)/profit for the year attributable to discontinued operations	10	(740)	38
Total comprehensive (loss)/income for the year	11 & 23	(1,136)	3
(Loss)/earnings per share.			
Basic and diluted	13	(3.43)p	0.01p
Basic and diluted from continuing operations	13	(1.20)p	(0.10)p

There are no other recognised gains or losses other than as recorded in the consolidated statement of comprehensive income for the year

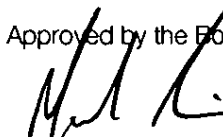
Consolidated statement of financial position

at 31 March 2011

Company number: 00013273

	Note	2011 £000	2010 £000
ASSETS			
Non-current assets			
Intangible assets	14	25	384
Plant and equipment	15	325	392
Deferred tax asset	9	305	305
Total non-current assets		655	1,081
Current assets			
Inventories	17	745	716
Trade and other receivables	18	1,137	1,428
Cash	26	417	1,042
Total current assets		2,299	3,186
Total assets		2,954	4,267
LIABILITIES			
Current liabilities			
Trade and other payables	19	(1,143)	(1,104)
Current tax liabilities		(150)	(313)
Obligations under hire purchase agreements	26	(96)	(91)
Invoice discounting	26	(189)	(151)
Total current liabilities		(1,578)	(1,659)
Non-current liabilities			
Obligations under hire purchase agreements	26	(16)	(112)
Total liabilities		(1,594)	(1,771)
Net assets		1,360	2,496
EQUITY			
Equity attributable to equity holders			
Issued capital	21	7,773	7,773
Reserves	22	7,449	7,449
Retained earnings	23	(13,862)	(12,726)
Total equity		1,360	2,496

Approved by the Board on 26 May 2011 and signed on its behalf by


M M Reid


L A Simpson

Consolidated statement of changes in equity

for the year ended 31 March 2011

	Share capital £000	Share premium £000	Reserves £000	Retained earnings £000	Total £000
At 1 April 2009	4,351	3,399	7,449	(12,729)	2,470
Comprehensive income	–	–	–	3	3
Recovery of previous share issue expenses	–	23	–	–	23
Total comprehensive income	–	23	–	3	26
At 31 March 2010	4,351	3,422	7,449	(12,726)	2,496
Comprehensive loss	–	–	–	(1,136)	(1,136)
Total comprehensive loss	–	–	–	(1,136)	(1,136)
At 31 March 2011	4,351	3,422	7,449	(13,862)	1,360

Consolidated cash flow statement

for the year ended 31 March 2011

	Note	2011 £000	2010 £000
Cash flows from operating activities			
(Loss)/profit before tax		(1,136)	3
Loss on disposal of SIAS FM	10	416	–
Net finance costs/(income)	7 & 8	33	(10)
Depreciation	15	92	75
Operating (loss)/income before changes in working capital		(595)	68
Increase in inventories		(29)	(136)
Increase in trade and other receivables		(161)	(425)
Increase in trade and other payables		394	141
Cash absorbed by operations		(391)	(352)
Finance costs	8	(34)	(27)
Net cash absorbed by operating activities	10	(425)	(379)
Cash flows from investing activities			
Purchase of business and intellectual property	14	–	(390)
Purchase of plant and equipment	15	(26)	(53)
		(26)	(443)
Disposal of plant and equipment	11	–	15
Finance income	7	1	37
Disposal of SIAS FM			
Consideration		23	–
Costs of disposal		(9)	–
Cash in company on disposal		(136)	–
Net cash used in investing activities	10	(147)	(391)
Financing activities			
Recovery of previous share issue expenses		–	23
Receipts under hire purchase agreements		–	275
Repayments under hire purchase agreements		(91)	(72)
Net cash (used)/received in financing activities		(91)	226
Net reduction in cash and cash equivalents	26	(663)	(544)
Cash and cash equivalents at beginning of year		891	1,435
Cash and cash equivalents at end of year		228	891

Notes to the consolidated financial statements

1. General information

Energy Technique Plc (the "Company") is a public limited company incorporated in England and Wales. The Company is domiciled in the United Kingdom and its registered office and principal place of business is 47 Central Avenue, West Molesey, Surrey KT8 2QZ. The principal activities of the Company and its subsidiaries (the "Group") are described in note 6. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

2 Adoption of new and revised standards

Standards and Interpretations effective in the current period

There were no new Standards adopted by the Group during the current period.

The following Interpretations and Amendments to existing standards are effective for the current period:

- IFRS 3 (Revised) 'Business Combinations' effective 1 July 2009
- IAS 27 (Revised) 'Consolidated and Separate Financial Statements' effective 1 July 2009
- IAS 32 (Amendment) 'Financial Instruments: Presentation' effective 1 February 2010
- IFRIC 17 'Distributions of Non-cash Assets to Owners' effective 1 July 2009
- IFRIC 18 'Transfers of Assets from Customers' effective 1 July 2009

The adoption of these Interpretations and Amendments to existing standards has not led to any changes in the Group's accounting policies.

Standards and Interpretations in issue not early adopted

At the date of authorisation of these financial statements, the following Standards, Interpretations and Amendments to existing standards were in issue but not yet effective for the reporting period of the Group:

- IFRS 9 'Financial Instruments' effective 1 January 2013
- IAS 24 (Amendment) 'Related Party Disclosures' effective 1 January 2011
- IFRIC 14 (Amendment) 'Prepayments of a minimum Funding Requirement' effective 1 January 2011
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' effective 1 July 2010

The directors anticipate that the adoption of these Standards, Interpretations and Amendments to existing standards in future periods will have no material impact on the financial statements of the Group.

Notes to the consolidated financial statements

(continued)

3. Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union

Basis of preparation

The financial statements have been prepared on the historic cost basis

Basis of consolidation

The Group financial statements consolidate the accounts of the Company and all its subsidiary undertakings, which are all made up to 31 March each year

Goodwill

Goodwill represents the excess of the cost of acquisitions over the fair value of the identifiable assets acquired (including intangible assets of the acquired business) at the date of acquisition. Goodwill is recognised as an asset and assessed for impairment at least annually. Any impairment is recognised immediately in the statement of comprehensive income. The directors consider that goodwill has an infinite useful life.

In accordance with the transitional rules of IFRS, goodwill that has been written off to reserves cannot be restated or recycled, either on transition or at any later date. On the subsequent disposal or termination of a previously acquired business, the profit or loss on disposal or termination is calculated after charging goodwill previously taken to reserves.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances.

Revenue from the sale of goods and services is recognised when all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership,
- the Group retains neither continuing management involvement to the degree usually associated with ownership, nor effective control over the goods and services sold,
- the amount of revenue can be measured reliably,
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Operating leases

Payments under operating leases are charged to profits on a straight-line basis over the life of the lease.

Research and development expenditure

Research expenditure is written off as incurred. Development expenditure is generally written off as incurred unless it meets the recognition criteria of an intangible asset, as defined in International Accounting Standard 38 (Intangible Assets), in which case it would be recognised as an asset of the Group.

Notes to the consolidated financial statements

(continued)

3 Significant accounting policies (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the closing rate of exchange and differences taken to the income statement. Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

Retirement benefit costs

A number of the Group's permanent employees are members of Energy Technique's Group Personal Pension Scheme, which is a defined contribution scheme (money purchase). Contributions to this scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

No corporation tax arises on the results for the year because of the availability of losses brought forward.

Full provision is made for deferred taxation, using the liability method without discounting, to take account of the temporary differences between the incidence of income and expenditure for taxation and accounting purposes. Deferred tax assets are recognised to the extent that they are considered recoverable in the foreseeable future.

Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment charges.

Depreciation is provided on the cost of plant and equipment on a straight-line basis in order to write them down to estimated realisable value over their estimated useful lives as follows:

	<i>Rate</i>
Plant and equipment	between 10% and 33% per annum

Inventories

Inventories have been valued at the lower of cost and net realisable value, using the First In First Out (FIFO) cost basis, with due allowance made for obsolete and slow moving items. For work in progress and finished goods, cost consists of direct materials, labour and appropriate works overheads.

Financial assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables, which are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Notes to the consolidated financial statements

(continued)

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 the revision and future periods if the revision affects both current and future periods.

The directors do not consider there are any critical judgments or key sources of estimation uncertainty made in the process of applying the entity's accounting policies and the amounts recognised in the financial statements.

5. Revenue

	2011 £000	2010 £000
Continuing Operations		
Sale of goods	5,450	4,843
Rendering of services	336	407
	5,786	5,250

6 Business segments

6.1. Products and services within each business segment

For management purposes, the Group is organised into two operating activities: the Diffusion business and Central costs. The principal products and services of these activities are as follows:

Diffusion	Manufacture and distribution of fan coils and commercial heating products, together with after sales spares and service from its facility in West Molesey, Surrey
Central costs	Costs associated with the Board of Directors and maintaining the AIM quotation on the London Stock Exchange
Discontinued	SIAS FM, the Company's former building maintenance subsidiary, became non-core during the financial year and was sold on 24 March 2011. As a consequence, its results have been included under Discontinued Operations.

Notes to the consolidated financial statements

(continued)

6. Business segments (continued)

6.2. Segment revenue and segment result

	Segment revenue		Segment result	
	2011 £000	2010 £000	2011 £000	2010 £000
CONTINUING OPERATIONS				
Diffusion				
Before exceptional items	5,786	5,250	(88)	113
Exceptional items	-	-	(63)	-
After exceptional items	5,786	5,250	(151)	113
Central costs				
Before exceptional items	-	-	(173)	(158)
Exceptional items	-	-	(45)	-
After exceptional items	-	-	(218)	(158)
Revenue and operating loss	5,786	5,250	(369)	(45)
Interest (charge)/revenue			(27)	10
Loss before tax			(396)	(35)
Income tax charge			-	-
Loss for the year from Continuing Operations			(396)	(35)
DISCONTINUED OPERATIONS				
SIAS FM	1,709	1,290	(734)	50
Packaged air conditioning and Lifebreath	-	-	-	(12)
Revenue and operating (loss)/profit	1,709	1,290	(734)	38
Interest charge			(6)	-
(Loss)/profit before tax			(740)	38
Income tax charge			-	-
(Loss)/profit for the year from Discontinued Operations			(740)	38
Consolidated revenue and (loss)/profit for the year	7,495	6,540	(1,136)	3

Revenue reported above represents revenue generated from external customers. Inter-segment sales in the year amounted to £nil (2010: £2,000). Diffusion had no customers (2010: one customer) with revenue in excess of 10%. In the previous year this customer had revenue of £690,000.

The net interest paid under Continuing Operations of £27,000 (2010: received £10,000) comprises interest received of £1,000 (2010: £37,000) from Central costs and interest paid of £28,000 (2010: £27,000) by Diffusion.

Notes to the consolidated financial statements

(continued)

6. Business segments (continued)

6.3 Segment assets and liabilities

	Assets		Liabilities	
	2011 £000	2010 £000	2011 £000	2010 £000
Diffusion	2,929	2,488	1,540	1,396
Central costs	25	872	54	35
Discontinued	–	907	–	340
	2,954	4,267	1,594	1,771

6.4. Other segment information

	Depreciation		Additions to non-current assets	
	2011 £000	2010 £000	2011 £000	2010 £000
Diffusion	68	74	9	55
Central costs	2	–	–	2
Discontinued	22	1	17	380
	92	75	26	437

6.5 Geographical segments

	Revenue		Segment assets		Acquisition of segment assets	
	2011 £000	2010 £000	2011 £000	2010 £000	2011 £000	2010 £000
United Kingdom	6,666	6,457	2,954	4,267	26	437
Europe	297	83	–	–	–	–
Middle East	532	–	–	–	–	–
	7,495	6,540	2,954	4,267	26	437

7. Finance revenue

	2011 £000	2010 £000
Interest received on bank balances	1	–
Interest received from HMRC	–	37
	1	37

Notes to the consolidated financial statements

(continued)

8. Finance costs

	2011 £000	2010 £000
Invoice discounting	26	17
Obligations under hire purchase agreements	8	10
	34	27
Attributable to		
Continuing Operations	28	27
Discontinued Operations	6	-
	34	27

The weighted average capitalisation rate, excluding service charges, on funds borrowed generally was approximately 2.1% per annum (2010: 2.1%).

9. Taxation

9.1. Taxation charge

	2011 £000	2010 £000
Current tax		
- UK corporation tax on (loss)/profit for the year	-	-
Deferred tax (Note 9.2)		
- Charge in relation to utilisation of tax losses	-	-
Total tax charge for the year	-	-
Attributable to		
Continuing Operations	-	-
Discontinued Operations	-	-
	-	-

Notes to the consolidated financial statements

(continued)

9. Taxation (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 28%). The differences are explained below

	2011 £000	2010 £000
Loss from Continuing Operations	(396)	(35)
(Loss)/profit from Discontinued Operations	(740)	38
(Loss)/profit from operations	(1,136)	3
UK corporation tax at 28% (2010 28%)	(318)	1
Adjusted for		
Expenses not deductible for tax purposes	217	3
Tax losses generated	104	7
Capital allowances in excess of depreciation	(3)	(12)
Movement in other short-term timing differences	-	1
Total tax charge for the year	-	-

9.2 Deferred tax asset

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2010 25%)

The movement on the deferred tax account is as shown below

	Opening balance £000	Movement £000	Closing balance £000
Accelerated capital allowances	(10)	(11)	(21)
Short-term timing differences	(1)	2	1
	(11)	(9)	(20)
Tax losses	1,677	37	1,714
31 March 2010	1,666	28	1,694
Accelerated capital allowances	(21)	(1)	(22)
Short-term timing differences	1	-	1
	(20)	(1)	(21)
Tax losses	1,714	75	1,789
31 March 2011	1,694	74	1,768

Notes to the consolidated financial statements

(continued)

9. Taxation (continued)

Deferred tax asset split

	ET Environmental Ltd £000	Energy Technique Plc £000	Total £000
Accelerated capital allowances	(22)	–	(22)
Short-term timing differences	1	–	1
Losses	367	1,422	1,789
	346	1,422	1,768

The deferred tax asset has been recognised for ET Environmental Limited, the Group's trading subsidiary because recovery is considered reasonably certain. The directors have made no further provision during the year. A deferred tax asset has not been recognised in respect of the losses held in Energy Technique Plc (the Company) because recovery is not considered reasonably certain.

Deferred tax asset recognised

	2011 £000	2010 £000
Deferred tax asset to be recovered after more than 12 months	305	305
Deferred tax asset to be recovered within 12 months	–	–
	305	305

There are no deferred tax liabilities and consequently no offset of deferred tax assets and liabilities.

In addition to the trading losses shown above, the Group has capital losses of £3.8 million (2010: £3.8 million) and surplus ACT of £0.6 million (2010: £0.6 million). Neither of these has been recognised as a deferred tax asset because recovery is not considered reasonably certain.

Notes to the consolidated financial statements

(continued)

10. Discontinued Operations

10.1. SIAS FM and former packaged air conditioning and Lifebreath businesses

Discontinued Operations in the year ended 31 March 2011 comprised SIAS FM, which was sold on 24 March 2011 to Stroma Evolution Limited, a special purpose vehicle of Stroma Developments Limited, for a cash consideration of £23,000

Discontinued Operations in the year ended 31 March 2010 have been restated to include SIAS FM. In addition, they include property costs of exiting former premises in Basingstoke for the former packaged air conditioning and Lifebreath businesses, which were closed in the year ended 31 March 2006

10.2 Analysis of loss for the year from Discontinued Operations

	2011 £000	As restated 2010 £000
Loss for the year		
Revenue	1,709	1,290
Expenses	(2,027)	(1,252)
Operating (loss)/profit	(318)	38
Interest	(6)	–
Loss on disposal of SIAS FM	(416)	–
(Loss)/profit before tax	(740)	38
Income tax charge	–	–
(Loss)/profit after tax	(740)	38
Cash flows		
Net cash (absorbed)/generated by operating activities	(460)	38
Net cash used in investing activities	(139)	(361)

10.3. Analysis of loss on disposal of SIAS FM

	2011 £000
Cash proceeds	23
Assets disposed of	
Goodwill	(359)
Fixed assets	(1)
Cash	(136)
Debtors	(452)
Creditors	518
	(407)
Expenses of disposal	(9)
Loss on disposal before and after tax	(416)

Notes to the consolidated financial statements

(continued)

11. (Loss)/profit for the year

	2011 £000	2010 £000
(Loss)/profit for the year has been arrived at after charging/(crediting):		
Impairment loss on trade receivables	93	19
Depreciation of plant and equipment	92	75
Profit on disposal of plant and equipment	–	(15)
Research and development costs expensed immediately	164	159
Hire of plant and equipment	9	12
Auditors' remuneration	21	26
Operating lease – land and buildings	218	232
– plant and machinery	192	163

Remuneration paid to the auditors for non-audit services amounted to £5,000 (2010 £4,000) for taxation services

During the year the Company's subsidiary, ET Environmental Limited, purchased support services of £6,800 (2010 £7,000) from Folio (UK) Limited, a company where Mr James Lugg, who was a director of the Company until September 2010, has a 50% shareholding interest. At 31 March 2011, the outstanding balance payable to Folio (UK) Limited was £169 (2010 £3,000)

12. Employees

	2011 No	2010 No
The average number of people, including directors, employed by the Group was		
Operations	50	46
Sales and service	21	20
Administration	13	7
	84	73
	£000	£000
Employee costs		
Wages and salaries	2,479	2,081
Social security charges	290	232
Pension costs	48	50
	2,817	2,363

The directors' remuneration is disclosed within the Remuneration Report on page 10

Notes to the consolidated financial statements

(continued)

13. (Loss)/earnings per share

	2011 Pence	2010 Pence
Basic and diluted earnings per share		
Continuing Operations	(1.20)	(0.10)
Discontinued Operations	(2.23)	0.11
	(3.43)	0.01

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows

	£000	£000
Loss from Continuing Operations	(396)	(35)
(Loss)/profit from Discontinued Operations	(740)	38
(Loss)/earnings used in the calculation of basic and diluted earnings per share	(1,136)	3

	No.	No.
Weighted average number of ordinary shares in issue	33,120,160	33,120,160
Weighted average number of ordinary shares on a diluted basis	33,120,160	33,120,160

Notes to the consolidated financial statements

(continued)

14 Intangible assets

In July 2009 the Company's subsidiary ET Environmental Limited, purchased certain of the intellectual property and other assets of The Benson Group of Companies Limited in Administration

On 21 August 2009 the Company acquired out of administration the building maintenance division formerly carried on by SIAS Building Services LLP. The business was then immediately transferred into SIAS FM Limited, a wholly-owned subsidiary of the Company. On 24 March 2011, SIAS FM was disposed of for a net cash consideration of £23,000.

The analysis of goodwill is as follows

	Benson Assets acquired £000	Assets acquired £000	SIAS Fair value adjustments £000	Total £000	Total £000
Plant and equipment	15	30	(30)	–	15
Stocks	10	–	–	–	10
Creditors	–	–	(19)	(19)	(19)
	25	30	(49)	(19)	6
Cash consideration	50			340	390
Goodwill 31 March 2010	25			359	384
Disposal of SIAS FM	–			(359)	(359)
Goodwill 31 March 2011	25			–	25
Comprising.					
31 March 2010					
Cost at acquisition	25			359	384
Disposal of SIAS FM	–			(359)	(359)
Book value 31 March 2011	25			–	25

Goodwill is allocated to cash generating units as follows

	2011 £000	2010 £000
Diffusion	25	25
SIAS FM	–	359
	25	384

Goodwill is not amortised, but tested annually for impairment with the recoverable amount being determined from value in use calculations. These have been prepared using discounted cash flow forecasts for the next three years and a pre tax discount rate of 10%.

Notes to the consolidated financial statements

(continued)

15. Plant and equipment

	2011 £000	2010 £000
<i>Cost</i>		
At beginning of year	1,616	1,697
Additions	26	38
Additions acquired through business combinations	-	15
External disposals	-	(134)
Disposal of SIAS FM	(19)	-
At end of year	1,623	1,616
<i>Depreciation</i>		
At beginning of year	1,224	1,283
Provided in the year	92	75
Disposals	-	(134)
Disposal of SIAS FM	(18)	-
At end of year	1,298	1,224
<i>Net book value</i>		
At end of year	325	392
At beginning of year	392	414

Included in the total net book value of tangible fixed assets is £249,000 (2010 £280,000) of assets held under hire purchase agreements on which depreciation of £31,000 (2010 £25,000) has been charged in the year

16 Subsidiaries

Details of the Company's operating subsidiaries at 31 March 2011 are as follows

Name of group undertaking	Incorporated	% shares held	% voting held	Principal activity
ET Environmental Limited (trading as Diffusion and Energy Technique)	England	100%	100%	Manufacture and distribution of commercial air conditioning and heating products

All shares held are ordinary shares and are held by Energy Technique Plc. The Group undertaking operates in the United Kingdom and is engaged in manufacturing, distribution and maintenance. Dormant Group undertakings have been excluded by virtue of Section 405(2) of the Companies Act 2006.

Notes to the consolidated financial statements

(continued)

17. Inventories

	2011 £000	2010 £000
Raw materials and consumables	578	517
Work in progress	5	31
Finished goods	162	168
	745	716

The cost of inventories recognised as an expense during the year, in respect of both Continuing and Discontinued Operations was £3.4 million (2010: £2.7 million). The cost of inventories recognised as an expense was £nil (2010: £10,000) in respect of write downs of inventories to net realisable value.

18. Trade and other receivables

	2011 £000	2010 £000
Trade receivables	1,137	1,293
Allowance for doubtful debts	(104)	(36)
	1,033	1,257
Prepayments and accrued income	104	171
	1,137	1,428

The average period of credit on sales is 46 days (2010: 53 days). Interest is generally not charged on overdue debts. The Group has provided for all trade receivables based on estimated irrecoverable amounts.

The Group aims to obtain credit insurance for all of the trade receivables of ET Environmental Limited, although in the current economic environment this has become more difficult. The trade receivable due from the largest customer at the year end was £277,000 (2010: £121,000). In addition, there were two other customers (2010: two customers) who accounted for more than 5% of trade receivables.

In determining the recoverability of a trade receivable, the Group considers any change in the quality of the trade receivable from the date credit was initially granted up to the reporting date. With the availability of credit insurance and the limited concentration of credit risk due to the large customer base, the directors believe there is no further credit provision required in excess of the allowance for doubtful debts.

18.1. Ageing of past due date but not impaired

	2011 £000	2010 £000
More than 60 days	7	40

Notes to the consolidated financial statements

(continued)

18. Trade and other receivables (continued)

18.2. Movement in the allowance for doubtful debts

	2011 £000	2010 £000
At beginning of year	36	46
Impairment losses recognised	93	19
Amounts written off	–	(29)
SIAS FM disposed of	(25)	–
At end of year	104	36

19. Trade and other payables

	2011 £000	2010 £000
Trade creditors	1,069	992
Other creditors and accruals	74	112
	1,143	1,104

The average period of credit on purchases is 64 days (2010 64 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. As a consequence, interest is generally not payable on trade payables.

20 Borrowings

The Group has provided Lloyds TSB Bank Plc with fixed and floating charges over all of the Group's assets, including cross guarantees, as security for the invoice discounting facilities provided. The Group uses the invoice finance facility for short-term variations in working capital. At 31 March 2011, £189,000 (2010 £151,000) had been drawn down under the invoice discounting facility.

21. Share capital

	Share capital		Share premium	
	2011 £000	2010 £000	2011 £000	2010 £000
Authorised				
166,666,667 ordinary shares of 6 25 pence each	10,417	10,417	–	–
350,789,120 deferred shares of 0 75 pence each	2,631	2,631	–	–
	13,048	13,048	–	–
Allotted, called up and fully paid				
33,305,160 ordinary shares of 6 25 pence each	2,082	2,082	3,422	3,422
302,628,016 deferred shares of 0 75 pence each	2,269	2,269	–	–
	4,351	4,351	3,422	3,422

The deferred shares have no voting rights and do not carry any entitlement to attend general meetings of the Company. They carry only the right to participate in any return of capital to the extent of 0 75p per share, but only after each Ordinary Share has received in aggregate capital repayments of £100 per share.

185,000 ordinary shares of 6 25 pence each are held by the Company in treasury and represent 0 56% of the called up share capital.

Notes to the consolidated financial statements

(continued)

22. Reserves

	2011 £000	2010 £000
At beginning and end of year	7,449	7,449

Reserves comprise a capital reduction reserve of £11.41 million and merger relief of £1.56 million, less goodwill written off of £4.28 million and a merger reserve of £1.25 million

23 Retained earnings

	2011 £000	2010 £000
At beginning of year	(12,726)	(12,729)
(Loss)/profit for the year	(1,136)	3
At end of year	(13,862)	(12,726)

24. Retirement benefit plans

The Group operates a defined contribution retirement benefit plan for certain qualifying employees. The assets of the plan are held separately from those of the Group in funds under the control of trustees.

The total expense recognised in the income statement of £48,000 (2010: £50,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. At 31 March 2011, contributions of £3,000 (2010: £3,000) had not been paid over to the plans. The amounts were paid over subsequent to the balance sheet date.

25. Financial instruments

25.1 Capital risk management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the returns to stakeholders. The capital structure of the Group consists of cash and equity of the parent, comprising issued capital, reserves and retained earnings. In addition, the Group has an invoice discounting facility to fund variations in working capital.

25.2 Short-term trade payables and receivables

Short-term trade payables and receivables have been excluded from all of the following disclosures, apart from foreign exchange risk.

25.3. Gearing ratio

The Group had no net borrowings at either 31 March 2010 or 31 March 2011.

25.4. Significant accounting policies

Details of the significant accounting policies and methods adopted, in respect of each class of financial asset and financial liability, are disclosed in note 3 to the financial statements.

25.5. Categories of financial instrument

	2011 £000	2010 £000
Cash and cash equivalents	417	1,042
– Obligations under hire purchase agreements	(112)	(203)
Invoice discounting	(189)	(151)
	116	688

Cash and cash equivalents represents amounts deposited with Lloyds TSB Bank Plc.

Notes to the consolidated financial statements

(continued)

25. Financial instruments (continued)

25.6 Financial risk management

The directors do not consider any material benefit would accrue to the Group by using derivative instruments

25.7 Foreign currency risk management

The directors do not consider there is any material exposure to foreign currency fluctuations

25.8 Interest rate risk management

Interest on the cash deposits with Lloyds TSB Bank Plc is variable and based on current rates available. Interest payable on the invoice finance facility, when drawn down, is 1.50% over base rate.

If interest rates had been 50 basis points higher and all other variables were held constant, then the loss for the year would have increased and net equity at the year end would have decreased by approximately £1,000 (2010: profit and net equity increased by £5,000).

25.9 Financing facilities

The Group had cash deposits of £417,000 at 31 March 2011 (2010: £1,042,000). In addition, the Group had an invoice discounting facility with Lloyds TSB Bank Plc of up to 50% of approved eligible debts. The undrawn committed invoice discounting facility is dependent on the level of approved eligible debts at any time and amounted to £339,000 at 31 March 2011 (2010: £250,000).

The Lloyds TSB Bank Plc invoice discounting facility is undated as to its duration and in common with all such facilities is repayable on demand.

25.10. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amount of financial assets recorded in the financial statements, net of impairment losses, represents the Group's maximum exposure to credit risk.

The credit risk on liquid funds deposited with Lloyds TSB Bank Plc was in excess of 5% of monetary assets, but this is limited because the counterparty is a bank with a high credit rating assigned by international credit rating agencies.

The credit risk on trade receivables is managed by selling to a large number of customers and obtaining credit insurance wherever possible.

25.11. Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

25.12 Fair value of financial instruments

The directors consider the carrying amounts of financial assets and liabilities recorded at amortised costs in the financial statements approximates to fair value.

26 Cash and cash equivalents

	Beginning of year £000	Cash flow £000	Non-cash changes £000	End of year £000
Cash at bank	1,042	(625)	–	417
Invoice discounting	(151)	(38)	–	(189)
	891	(663)	–	228
Obligations under hire purchase agreements	(203)	91	–	(112)
	688	(572)	–	116

Notes to the consolidated financial statements

(continued)

27. Operating leases

27.1 Leasing arrangements

Operating leases relate to properties and certain company vehicles. The lease on the West Moseley property expires in 2015 and there are no further rent reviews. Car leases are generally taken out for a term of three years.

27.2. Payments recognised as an expense

	2011 £000	2010 £000
Land and buildings	218	232
Plant and machinery	192	163
	410	395

27.3. Non-cancellable operating lease commitments

	Land & buildings		Other	
	2011 £000	2010 £000	2011 £000	2010 £000
Total future minimum lease payments falling due				
Within one year	191	218	33	129
Between two and five years	573	824	68	132
In more than five years	-	-	-	13
	764	1,042	101	274

27.4. Present value of hire purchase agreements

		Plant
	2011 £000	2010 £000
Within one year	96	91
Between two and five years	16	112
	112	203

28 Immediate parent company

At 31 March 2011, the immediate parent company was Ciano Investments Limited, which is incorporated in the British Virgin Islands.

29. Ultimate controlling party

In the directors' opinion, the ultimate controlling party of the Company was the Tchenguiz Family Trust.

30. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 26 May 2011.

Accounts of the parent company Energy Technique Plc

Independent auditors' report

to the members of Energy Technique Plc

We have audited the Parent Company financial statements of Energy Technique Plc for the year ended 31 March 2011 which comprise the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the directors' responsibilities statement set out on pages 6 and 7, the directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent Company financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the Parent Company financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

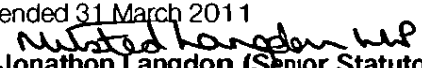
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group company financial statements of Energy Technique Plc for the year ended 31 March 2011.


Jonathon Langdon (Senior Statutory Auditor)
For and on behalf of Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Taunton

26 May 2011

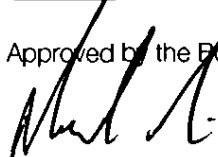

Energy Technique Plc – Balance sheet

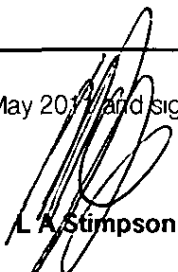
at 31 March 2011

Company number: 00013273

	Note	2011 £000	2010 £000
ASSETS			
Non-current assets			
Computer equipment	3	–	2
Investments in group undertakings	4	2,127	2,127
Total non-current assets		2,127	2,129
Current assets			
Trade and other receivables	5	400	549
Cash		23	804
Total current assets		423	1,353
Total assets		2,550	3,482
LIABILITIES			
Current liabilities			
Trade and other payables	6	(65)	(210)
Total current liabilities		(65)	(210)
Total liabilities		(65)	(210)
Net assets		2,485	3,272
EQUITY			
Equity attributable to equity holders			
Issued capital	7	7,773	7,773
Reserves	8	2,336	2,336
Retained earnings	9	(7,624)	(6,837)
Total equity		2,485	3,272

Approved by the Board on 26 May 2011 and signed on its behalf by



M M Reid


L A Stimpson

Energy Technique Plc – Changes in equity

for the year ended 31 March 2011

	Share capital £000	Share premium £000	Reserves £000	Retained earnings £000	Total £000
At 1 April 2009	4,351	3,399	2,336	(6,775)	3,311
Loss for the year	–	–	–	(62)	(62)
Recovery of previous share issue expenses	–	23	–	–	23
Total recognised income and expense	–	23	–	(62)	(39)
At 31 March 2010	4,351	3,422	2,336	(6,837)	3,272
Loss for the year	–	–	–	(787)	(787)
Total recognised income and expense	–	–	–	(787)	(787)
At 31 March 2011	4,351	3,422	2,336	(7,624)	2,485

Energy Technique Plc – Notes to the financial statements

1. Significant accounting policies

Statement of preparation

The financial statements have been prepared on the historic cost basis and in accordance with UK GAAP

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

Deferred taxation

Full provision is made for deferred taxation, using the liability method without discounting, to take account of the temporary differences between the incidence of income and expenditure for taxation and accounting purposes. Deferred tax assets are recognised to the extent that they are considered recoverable in the foreseeable future.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost, less provisions for any impairment losses.

Financial assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables, which are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities and equity instruments issued by the Company

Debt and equity instruments are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2. Profit and loss account

	2011 £000	2010 £000
Loss for the year dealt with in the accounts of the Company	787	62

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the Company is not presented.

	2011 £000	2010 £000
Auditors' remuneration	6	5

Remuneration paid to the auditors for non-audit services amounted to £2,000 (2010: £2,000) for taxation services.

Energy Technique Plc – Notes to the financial statements

(continued)

3. Computer equipment

	2011 £000	2010 £000
<i>Cost</i>		
At beginning of year	2	–
Additions	–	2
Disposals	(2)	–
At end of year	–	2
<i>Depreciation</i>		
At beginning of year	–	–
Provided in the year	2	–
Disposals	(2)	–
At end of year	–	–
<i>Net book value</i>		
At end of year	–	2
At beginning of year	2	–

4. Investments in group undertakings

	Shares in group undertakings £000
<i>Cost</i>	
At beginning and end of year	14,829
<i>Provisions</i>	
At beginning and end of year	12,702
<i>Net book value</i>	
At end of year	2,127
At beginning of year	2,127

5. Trade and other receivables

	2011 £000	2010 £000
Amounts owed by group undertakings	391	475
Current tax asset	7	8
Prepayments and accrued income	2	66
	400	549

Energy Technique Plc – Notes to the financial statements

(continued)

6. Trade and other payables

	2011 £000	2010 £000
Trade creditors	51	24
Amounts owed to group undertakings	–	164
Other creditors and accruals	14	22
	65	210

7. Share capital

	Share capital		Share premium	
	2011 £000	2010 £000	2011 £000	2010 £000
Authorised				
166,666,667 ordinary shares of 6 25 pence each	10,417	10,417	–	–
350,789,120 deferred shares of 0 75 pence each	2,631	2,631	–	–
	13,048	13,048	–	–
Allotted, called up and fully paid				
33,305,160 ordinary shares of 6 25 pence each	2,082	2,082	3,422	3,422
302,628,016 deferred shares of 0 75 pence each	2,269	2,269	–	–
	4,351	4,351	3,422	3,422

The deferred shares have no voting rights and do not carry any entitlement to attend general meetings of the Company. They carry only the right to participate in any return of capital to the extent of 0 75p per share, but only after each Ordinary Share has received in aggregate capital repayments of £100 per share.

185,000 ordinary shares of 6 25 pence each are held by the Company in treasury and represent 0 56% of the called up share capital.

8 Reserves

	2011 £000	2010 £000
At beginning and end of year	2,336	2,336

9. Retained earnings

	2011 £000	2010 £000
At beginning of year	(6,837)	(6,775)
Loss for the year	(787)	(62)
At end of year	(7,624)	(6,837)

Notice of Annual General Meeting

of Energy Technique Plc

Notice is hereby given that the 2011 Annual General Meeting (the "Meeting") of the members of Energy Technique Plc (the "Company") will be held at 35 Park Lane, London W1K 1RB on 8 September 2011 at 12 00 Noon for the following purposes

ORDINARY BUSINESS

- 1 To receive and adopt the directors' report and financial statements for the year ended 31 March 2011
- 2 To adopt the board's report on remuneration
- 3 To consider and, if thought fit, to pass the following resolution, which will be proposed as an ordinary resolution

"It is resolved that Milsted Langdon LLP be and are hereby reappointed auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company at a remuneration to be determined by the directors "

- 4 To re-elect Martin Reid as a director

SPECIAL BUSINESS

- 5 To consider and, if thought fit, to pass the following resolution, which will be proposed as an ordinary resolution

"In substitution for all previous authorities conferred on the directors in accordance with section 80 of the Companies Act 1985 or section 551 of the Companies Act 2006 (the "Act") and in accordance with section 551 of the Act, the directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to a maximum aggregate nominal amount of £7,000,000, provided that this authority shall (unless previously revoked, varied or renewed by the Company) expire on the date falling on the earlier of 15 months from the date hereof or the conclusion of the Company's annual general meeting to be held in 2012, save that the Company may make prior to such expiry an offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution "

- 6 To consider and, if thought fit, to pass the following resolution, which will be proposed as a special resolution

"Subject to the passing of the previous resolution, in substitution for all previous powers granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the Act did not apply, the directors be and are generally empowered in accordance with section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on it by the resolution above, as if section 561(1) of the Act did not apply to any such allotment, provided that

- (1) this power is limited to the allotment of equity securities up to an aggregate nominal amount of £1,500,000, and
- (2) this authority shall, unless revoked, varied or renewed by the Company prior to such time, expire on the date falling 15 months after the date of the passing of this resolution, or the conclusion of the next Annual General Meeting of the Company, whichever is the earlier, save that the Company may make prior to such expiry an offer or agreement which would or might require relevant securities to be allotted after the expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired "

Notice of Annual General Meeting

(continued)

7 To consider and, if thought fit, to pass the following resolution, which will be proposed as a special resolution

"THAT the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 6 25p each in the capital of the Company ("Ordinary Shares") provided that

- (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 6,624,032 (representing 20% of the issued ordinary share capital of the Company, excluding Ordinary Shares held in treasury, as at the date of this Notice),
- (b) the maximum price (exclusive of expenses) which may be paid for each Ordinary Share is an amount equal to 125% of the average of the middle market quotations of an Ordinary Share taken from the AIM appendix to the Stock Exchange Daily List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased,
- (c) the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is the lower of 6 25p and an amount equal to 75% of the average of the middle market quotations of an Ordinary Share taken from the AIM appendix to the Stock Exchange Daily List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased, and
- (d) this authority shall, unless revoked, varied or renewed by the Company prior to such time, expire on the date falling 15 months after the date of the passing of this resolution, or the conclusion of the next Annual General Meeting of the Company, whichever is the earlier, save that the Company may enter into contracts of purchase which would or might be completed after the expiry and the Company may acquire shares pursuant to such contracts as if the authority conferred hereby had not expired "

By order of the Board

R M Unsworth
Company Secretary
 17 June 2011

Registered in England No 13273

Registered office
 47 Central Avenue
 West Molesey
 Surrey
 KT8 2QZ

Notice of Annual General Meeting

(continued)

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

- 1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at

- 12 00 Noon on 6 September 2011, or
- if this Meeting is adjourned, at 12 00 Noon on the day two days prior to the adjourned Meeting,

shall be entitled to attend and vote at the Meeting

Appointment of proxies

- 2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- 3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you return the proxy form with no name inserted for your proxy, the Chairman of the meeting will be deemed to be your proxy.
- 4 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting. If you want your proxy to make any comment on your behalf, you will need to appoint someone other than the Chairman of the Meeting and give them the relevant instructions directly.

Appointment of proxy using hard copy proxy form

- 5 The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be

- completed and signed,
- sent or delivered to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU, and
- received by Capita Registrars no later than 12 00 Noon on 6 September 2011 (being the time that is 48 hours before the Meeting).

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Notice of Annual General Meeting

(continued)

Appointment of proxies through CREST

- 6 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12 00 Noon on 6 September 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Changing proxy instructions

- 7 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

- 8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU to be received by no later than 12 00 Noon on 8 September 2011 (being the time at which the Meeting will begin). In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. If you attempt to terminate your proxy's appointment but the revocation notice is received after the time specified, your proxy's appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Notice of Annual General Meeting

(continued)

Issued shares and total voting rights

- 9 As at 17 00 hours on 16 June 2011, the Company's issued share capital comprised 33,305,160 ordinary shares of 6 25 pence each, of which 185,000 ordinary shares of 6 25 pence each are held in treasury. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 17 00 hours on 16 June 2011 is 33,120,160.

Documents on display

- 10 The following documents will be available for inspection at the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting:

- Copies of the letters of appointment of the non-executive director of the Company

Communication

- 11 Except as provided above, members who have general queries about the Meeting should call our shareholder helpline on 0871 664 0300 (no other methods of communication will be accepted). Calls cost 10p per minute plus network extras. Lines are open from 8 30am to 5 30pm, Monday to Friday.

You may not use any electronic address provided either:

- in this notice of Annual General Meeting, or
- any related documents (including the chairman's letter and proxy form),

to communicate with the Company for any purposes other than those expressly stated.

Financial calendar and corporate information

Key dates

Preliminary announcement of the results for the year	27 May 2011
2011 Annual Report and Financial Statements posted to shareholders by	17 June 2011
Annual General Meeting	18 September 2011
Half-year results to 30 September 2011 announced by	16 December 2011

Registered office

Energy Technique Plc
47 Central Avenue
West Molesey
Surrey KT8 2QZ

Website address

www.diffusion-group.co.uk

Products and services

DIFFUSION

Fan coils

Fan coils are traditionally fitted into ceiling voids, under floors or on walls behind decorative casings. Fan coils have heat exchangers, which when fed with hot water or chilled water discharge heated or cooled air into the working environment providing a comfortable and constant condition.

Over door heaters

Over door heaters are fitted over the external doors of many retail and commercial buildings. Heated by either hot water or electricity, these units provide a barrier of warm air preventing outside air from entering the building. In addition, the high velocity jet of air helps prevent the ingress of insects.

Fan convectors

Fan convectors are traditionally fitted into ceiling voids or on walls and/or behind decorative casings. They have heat exchangers, which when fed with hot water, discharge heated air into the working environment.

Air handling units

Air handling units are used to condition and circulate air as part of a heating, ventilating and air conditioning system. Air handling units usually connect to ductwork that distributes the conditioned air through a building and then returns it for extract often using heat recovery units. Air handling units are generally mounted on building roof tops or in plant rooms.

Spares and service

Product support and after sales service predominantly for own branded products.

Energy Technique Plc
47 Central Avenue
West Molesey
Surrey
KT8 2QZ

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