ENERGYTECHNIQUE PLC

Annual Report & Financial Statements 2013

Fan Coils for British Museum

Fan Coils for John Lewis

Fan Coils for 375 Kensington High Street

Heating for Broadgate Tower

Heating for Google EMEAHQ

Fan Coils for The Shard

Contents

Chairman's statement

Headlines

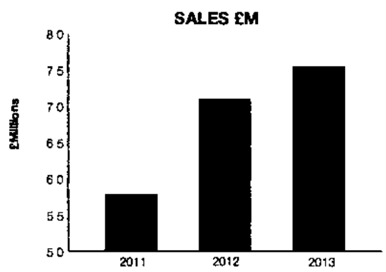
- Diffusion's sales 6 per cent ahead of last year at £7 55 million,
- Diffusion's operating profit 19 per cent ahead of last year at £406,000,
- Group profit before tax on Continuing Operations 16 per cent ahead of last year at £200,000,
- Cash generated by operations 170 per cent ahead of last year at £492,000,
- Strong balance sheet net assets at 31 March 2013 of £1 53 million with net cash of £590,000,
- Enquiry levels and order intakes at encouraging levels and the Board looks forward to another year of successful growth, despite the continuing challenges facing the UK construction industry

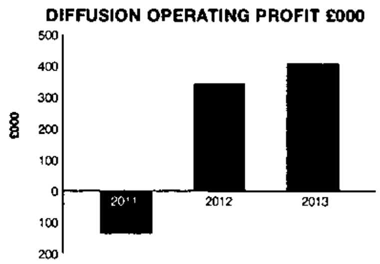
Introduction

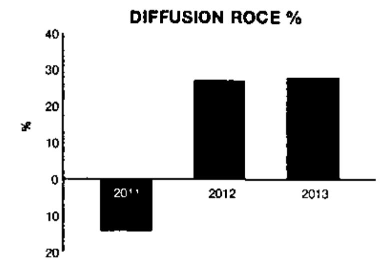
I am pleased to report another improvement in profitability in the year ended 31 March 2013, with Diffusion's sales 6 per cent ahead of last year at £7 55 million and Group profit before tax 16 per cent ahead of last year at £200,000 This profit improvement was in line with management's expectations and was achieved in a continuation of challenging trading conditions within the UK construction industry

Diffusion's markets did not show any signs of growth during the year and selling price pressure remained a market feature The Company produced this profit improvement through increased sales, by maintaining Diffusion's premium branding market position and pursuing quality jobs likely to return target selling margins, combined with focused business development activities

Group trading performance







Sales in the year ended 31 March 2013 increased by 6 per cent to £7 55 million (2012 £7 09 million) Increased sales were achieved for both fan coils and commercial heating products Fan coils had a particularly strong year and were installed into a number of large London based developments, including the Shard Building, the Cheesegrater and 375 Kensington High Street

The sales and marketing function was strengthened during the year producing extra sales to more than counteract the market led marginal softening of selling margins The increased sales and relatively fixed cost base resulted in Diffusion's operating profit increasing by 19 per cent to £406,000 This operating profit margin of 5 4 percent represented a high return on Diffusion's capital employed ("ROCE") of 28 per cent

Central and plc costs were £164,000 (2012 £130,000) and interest costs amounted to £42,000 (2012 £40,000) Central and plc costs include a non-cash share option charge and other non-recurring costs Included under interest costs are notional interest charges of £16,000 (2012 £14,000) relating to the unwinding of the provision set up at 31 March 2010

The resulting Group profit before tax on Continuing Operations increased by 16 per cent to £200,000 (2012 £173,000) The taxation charge of £39,000 (2012 25,000) represents a non-cash write off of the deferred tax asset

Chairman's statement

(continued)

About Diffusion

With over 50 years in the heating and ventilation industry ("HVAC"), the Company's operating subsidiary Diffusion is one of the oldest and most established manufacturers of HVAC products in the UK Diffusion is a market leader in the manufacture of premium quality fan coils and commercial heating products Diffusion and Energy Technique are brand names recognised as highly engineered, quality products providing leading edge performance and energy efficiency

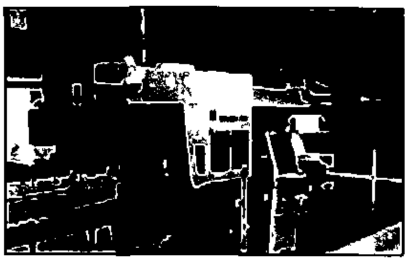
Diffusion's products are installed into hotels, commercial offices, retail outlets, schools, hospitals, and more recently high-end residential Diffusion has excellent relationships with many blue chip clients including Land Securities, Marks & Spencer, Boots, City Inn Hotels, and Stanhope Properties All products are designed, developed and manufactured at Diffusion's 30,000 sq ft manufacturing facility in West Molesey, Surrey, offering premium quality products, designed specifically to meet customers' bespoke requirements

Diffusion's operating performance

This is the third successive year of sales and profit growth for Diffusion Sales growth was achieved for both fan coils and commercial heating products fan coils by 8 per cent and commercial heating by 5 per cent Sales growth resulted from a reorganisation of the sales and marketing functions

West Molesey site

R & D centre of excellence



Trumpf laser cutter

Fan coils were installed into a number of landmark developments including the Shard Building, Cheesegrater, Google HQ Dublin, Abu Dhabi Investment Bank, John Lewis and Jaynes Harbour Barbados After the year end, Diffusion also won the first phase to supply fan coils into the Walkie-Talkie building This means that Diffusion has supplied fan coils into all three of the current London skyline developments

Following on from the success of installing fan coils into the high-end residential development at No 1 Hyde Park in London, Diffusion has now supplied fan coils into other high-end residential developments including 375 Kensington High Street, DeVere Gardens and the Battersea redevelopment scheme The Board expects further sales growth from this high-end residential sector

Commercial heating enjoys the same reputation for engineering quality as Diffusion's fan coils and customers like the short lead times, combined with a specialist bespoke service The growth in commercial heating sales was a commendable effort achieved in weak retail market conditions Diffusion's commercial heating products were installed into many prestigious projects including Broadgate Tower, 2 Waterhouse Square, Serpentine Gallery (London), Starbucks (Canary Wharf) and MTV Studios (London)

A number of new sales initiatives have recently been launched, including the appointment of a seasoned HVAC industry professional as Business Development Director The new eco-friendly 270 range of fan coils was launched in April 2013 offering energy savings of up to 25 per cent over existing fan coils and a new CRM database system for tracking order prospects goes live in July 2013 All of these initiatives are expected to contribute to Diffusion's future growth strategy

Chairman's statement
(continued)

Cash flow and net cash
Cash generated by operations increased by 170 per cent to £492,000 (2012 £182,000) with the Group having net cash equivalents at 31 March 2013 of £590,000 (2012 £237,000) The Group is soundly financed with this level of liquidity and net assets at 31 March 2013 of £1 53 million, equivalent to 46 pence per share Cash generated during the year benefited from the absence of hire purchase instalments on the Trumpf laser cutter after May 2012, when the last payment was made

Capital expenditure
Capital expenditure during the year was modest at £27,000, comprising further investment in the Group's IT infrastructure and CRM database systems This is not a capital intensive business and the main items of future capital expenditure will largely comprise replacement expenditure only

Dividends
The Board recommends payment of a final dividend of 0 75 pence per share, payable on 30 August 2013 to shareholders on the share register on 2 August 2013 The Company paid an interim dividend of 0 75 pence per share in December 2012, taking total dividends for the year ended 31 March 2013 to 1 5 pence per share At a share price of 60 pence per share, this is equivalent to a dividend yield of 2 5 per cent

General meeting on 16 May 2013
At the General Meeting of shareholders held on 16 May 2013, shareholders approved the resolution to buy back up to 940,000 shares at 42 5 pence from its then largest shareholder, Elsina Limited, on the terms set out in the Circular to shareholders dated 23 April 2013 In accordance with the terms of the Buy-Back agreement, 470,000 shares were bought back after the General Meeting, for a consideration of £200,000 The remaining 470,000 shares are subject to two call options

Business strategy
The Board's strategy is to build on the success of the last two years and to continue to grow Diffusion's sales and profits organically The Board does not consider shareholders' best interests will be served by evaluating merger and acquisition opportunities at the present time Once the Board has achieved its strategic objective of growing Diffusion's sales and profits organically, then it will seek a strategic partnership so as to fully realise shareholder value

At a share price of 60 pence per share, the Company's market capitalisation of £1 72 million represents a low multiple of 4 2 times Diffusion's operating profit for the year ended 31 March 2013 The Board believes this represents an opportunity to enhance shareholder value in line with its organic growth strategy for Diffusion

Current trading and prospects
Trading in the current year ending 31 March 2014 has started very well, with sales in April and May 2013 in line with management's expectations In addition, enquiry levels for quality projects are encouraging and the order book is at very acceptable levels, recently bolstered by winning the first phase of fan coils for the Walkie-Talkie development

The Company has high expectations for its new eco-friendly 270 range of fan coils launched in April 2013 Whilst the Company's markets are not expected to change materially in the coming financial year, the Board looks forward to another year of successful growth

Walter K Goldsmith
Chairman

21 June 2013

Directors

Walter K Goldsmith

Non-executive Chairman Aged 75

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 24 May 2007

Leigh A Stimpson

Executive Director Aged 53 and Diffusion's Managing Director

Leigh Stimpson joined the Board on 23 February 2010 He has been an executive with Diffusion since 1992 and Managing Director for the last 16 years Leigh is a seasoned HVAC industry professional, with extensive marketing skills and product knowledge of the sector Leigh re-joined 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 6 October 2010

Martin M Reid

Executive Director Aged 52 and Diffusion's Operations Director

Martin Reid joined the Board on 15 September 2010 and he has been with Diffusion for over 25 years, where he is currently responsible for all day-to-day operations including 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 the terms of a service agreement with that Company

Advisers

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

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers
Lloyds TSB Bank Plc
39 Threadneedle Street
London EC2R 8AU

Solicitors
Sherrards Solicitors LLP
7 Swallow Place
London W1B 2AG

Stockbrokers
finnCap Ltd
60 New Broad Street
London EC2M 1JJ

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 2013

Principal activity

The principal activity of the Group during the year was the manufacture and distribution of fan coils and commercial heating products for hotels, commercial offices, retail outlets, schools, hospitals, and more recently high-end residential, together with related maintenance services

Review of business

The Group's operations comprise the Diffusion business at West Molesey, Surrey, operating through the Company's wholly owned subsidiary, ET Environmental Limited A review of the Group's performance and likely future developments is given in the Chairman's Statement

Results and dividends

Group profit before and after tax amounted to £200,000 (2012 £185,000) and £161,000 (2012 £160,000) respectively An interim dividend of 0 75 pence per share was paid on 28 December 2012 and the Directors recommend a final dividend of 0 75 pence per share for approval by shareholders at the 2013 Annual General Meeting

Capital reorganisation and reduction

At a General Meeting held on 16 August 2012, shareholders approved the terms of the capital reorganisation set out in the Circular to shareholders dated 27 July 2012 and on 18 September 2012 the Court approved the terms of the capital reduction, set out in the same Circular Following the share capital reorganisation, the Company had in issue 3,330,516 ordinary shares of 10 pence each, before the share Buy Back approved at the General Meeting held on 16 May 2013

EMI share option scheme

An EMI share option scheme was introduced during the year and on 4 December 2012 a total of 333,050 options were issued to the Executive Directors and other executives exercisable at 43 5 pence per share

Shares held in treasury

On 15 and 16 August 2012, the Company sold 185,000 ordinary shares (before the Share Capital Reorganisation) previously held in Treasury for a total consideration of £11,000

Research and development

Operating profit is stated after charging £185,000 (2012 £191,000) on research and development

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

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

Directors' report

(continued)

In preparing those financial statements, the Directors are required to

- select suitable accounting policies and apply them consistently,
- 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 Company'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 18 June 2013, the Company was aware of the following interests of 3% or more of the issued share capital

	Ordinary shares of 10p each No	% Interest
Peter Gyllenhammar	605,612	21 2
Elsina Limited	470,000	16 4
Folio (UK) Limited Pension Plan	260,931	9 1
John Cawthorne	231,980	8 1
Leigh A Stimpson (director)	163,580	5 7
Martin M Reid (director)	120,000	4 2
Walter K Goldsmith (director)	109,980	3 8

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 continue to be developed The Company gives equal consideration to applications for employment from people regardless of their sex, ethnic origin, age or disability It is Company policy, wherever practicable, to continue to employ, train and promote the career development of existing employees with equal consideration

Creditors

The Group's policy on payments to suppliers is to agree terms at commencement of business and the Group aims to make payments in accordance with those terms Creditor days at 31 March 2013 were 79 (2012 68)

Financial risk management

The Group's operations expose it to a variety of financial risks including 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 by the Board on a monthly basis to ensure sufficient liquid resources are available

Price risk

The Group is exposed to commodity price risk as a result of its operations However, given the size of the Company's operations, the cost of managing this exposure exceeds any potential benefits The Directors regularly revisit the appropriateness of this policy The Company has no exposure to equity securities price risk

Credit risk

The Group has implemented policies requiring appropriate credit checks on significant customers before sales are made and it seeks to obtain credit insurance on all major trade receivables

Market risk

The Group's performance is impacted by the economic environment and in particular the UK commercial property market To mitigate this risk, the Company strives to deliver quality products and services at competitive prices The Company invests heavily in research and development to produce high energy efficient products

Adoption of new Articles of Association

Resolution 9 to be proposed as Special Business at the 2013 Annual General Meeting proposes the adoption of new articles of association in substitution for the existing articles of association These amendments primarily reflect the coming into full force and effect of the Companies Act 2006 The principal changes are noted in the Summary enclosed with these financial statements and a copy of the new articles of association will be available for inspection as noted on page 48 of this document

Auditors

A resolution is to be proposed at the 2013 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 2013 Annual General Meeting is set out on page 44

By order of the Board

RM Unsworth

R M Unsworth
Company Secretary

21 June 2013

Corporate governance

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

The Audit Committee

The Board has appointed an Audit Committee consisting of Walter Goldsmith (Committee Chairman) and Robert Unsworth (Company Secretary) This Committee meets at least twice annually and is responsible for ensuring the financial performance of the Company is properly reported and monitored and for meeting the auditors and reviewing their reports in relation to the financial statements and internal control systems

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

The Remuneration Committee

The Board has appointed a Remuneration Committee consisting of Walter Goldsmith (Committee Chairman) and Robert Unsworth (Company Secretary) The Remuneration Committee is responsible for reviewing the performance of the executive directors and for setting the scale and structure of their remuneration and the basis of their service contracts Given the small size of the Company, the Remuneration Committee will also act as the Nomination Committee responsible for considering and recommending to the Board any 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 Company's small size and the active involvement of the Executive 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 Company 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 RM Unsworth

R M Unsworth
Company Secretary

21 June 2013

ENERGYTECHNIQUE PLC

Remuneration report

Remuneration policy and directors' service agreements

Walter K Goldsmith, Chairman, entered into a letter of appointment with the Company dated 24 May 2007, pursuant to which he receives remuneration by way of fees, currently of £30,000 per annum He participates in profit performance related bonuses at a rate of 25% payable to the Executive Directors and he does not receive any other benefits in kind or participation in the EMI share option scheme

Leigh A Stimpson, Executive Director, has a contract of employment with the Company's subsidiary ET Environmental Limited dated 6 October 2010, whereby he receives a salary, currently of £128,750 per annum plus annual car allowance of £10,800, 10% personal pension contributions and profit performance related bonuses He was previously paid sales based commissions now consolidated into basic salary

Martin M Reid, Executive Director, has a contract of employment with the Company's subsidiary ET Environmental Limited, whereby he receives a salary, currently at £92,700 per annum plus annual car allowance of £10,800, 10% personal pension contributions and profit performance related bonuses

Directors' remuneration

The remuneration of the directors was as follows

	Salary & fees £000	**Bonus £000**	**Total £000**	**2013 Pension £000**	Salary & fees £000	Bonus £000	Total £000	2012 Pension £000
Walter K Goldsmith [1]	**25**	**1**	**26**	**–**	15	–	15	-
Leigh A Stimpson	**128**	**7**	**135**	**12**	122	5	127	12
Martin M Reid	**94**	**7**	**101**	**8**	80	13	93	8
	247	**15**	**262**	**20**	217	18	235	20

(1) Walter Goldsmith's remuneration was fees paid to The Walter Goldsmith Consultancy, a partnership where he has a 50% share

Directors' interests in shares of 10 pence each

	31 March 2013		31 March 2012
	Shares No.	**Options No.**	Shares No
Walter K Goldsmith	**109,980**	**–**	106,980
Leigh A Stimpson	**163,580**	**83,262**	3,580
Martin M Reid	**120,000**	**83,262**	-

Shareholdings at 31 March 2012 have been adjusted for the 16 August 2012 capital reorganisation

Share options were issued on 4 December 2012 under an EMI scheme at a price of 43 5 pence per share not normally exercisable until the expiry of two years after grant There were no changes to the Directors' share interests between 31 March 2013 and 21 June 2013 The charges relating to the issue of the directors' share options was £1,026 each for Leigh A Stimpson and Martin M Reid

By order of the Board RM Unsworth

R M Unsworth
Company Secretary

21 June 2013

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 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 Group 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 Group 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 2013 and of the Group's profit 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 Group financial statements are prepared is consistent with the Group 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 2013

Milsted Langdon

Nigel Fry (Senior Statutory Auditor)
For and on behalf of Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Taunton
21 June 2013

Consolidated statement of comprehensive income

for the year ended 31 March 2013

	Note	2013 £000	2012 £000
CONTINUING OPERATIONS			
Revenue	5	**7,550**	7,093
Cost of sales		**(5,506)**	(5,102)
Gross profit		**2,044**	1,991
Distribution costs		**(1,381)**	(1,383)
Administration expenses		**(421)**	(395)
Operating profit	6 & 11	**242**	213
Finance costs	8	**(42)**	(40)
Profit before tax		**200**	173
Income tax charge	9	**(39)**	(25)
Profit for the year from Continuing Operations		**161**	148
DISCONTINUED OPERATIONS			
Profit for the year attributable to Discontinued Operations	10	**-**	12
Total comprehensive income for the year	11 & 24	**161**	160
Earnings per share			
Continuing Operations	13	**4.8p**	4 5p
Discontinued Operations	13	**-**	0 3p
Basic earnings per share		**4.8p**	4 8p
Fully diluted earnings per share		**4.8p**	4 8p

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 2013
Company number 00013273

	Note	2013 £000	2012 £000
ASSETS			
Non-current assets			
Intangible assets	14	**25**	25
Plant and equipment	15	**284**	336
Deferred tax asset	9	**241**	280
Total non-current assets		**550**	641
Current assets			
Inventories	17	**788**	673
Trade and other receivables	18	**1,526**	1,382
Cash	27	**590**	393
Total current assets		**2,904**	2,448
Total assets		**3,454**	3,089
LIABILITIES			
Current liabilities			
Trade and other payables	19	**(1,578)**	(1,205)
Current tax liabilities		**(212)**	(160)
Obligations under hire purchase agreements	27	**(12)**	(27)
Invoice discounting	27	**-**	(156)
Total current liabilities		**(1,802)**	(1,548)
Non-current liabilities			
Obligations under hire purchase agreements	27	**(10)**	(22)
Provisions	20	**(111)**	(110)
Total liabilities		**(1,923)**	(1,680)
Net assets		**1,531**	1,409
EQUITY			
Equity attributable to equity holders			
Issued capital	22	**333**	7,773
Reserves	23	**-**	7,449
Retained earnings	24	**1,198**	(13,813)
Total equity		**1,531**	1,409

Approved by the Board on 21 June 2013 and signed on its behalf by

W K Goldsmith **L A Stimpson**

Consolidated statement of changes in equity

for the year ended 31 March 2013

	Share capital £000	Share premium £000	Reserves £000	Retained earnings £000	**Total £000**
At 1 April 2011 (as restated)	**4,351**	**3,422**	**7,449**	**(13,973)**	**1,249**
Comprehensive income	–	–	–	160	**160**
Total comprehensive income	–	–	–	160	**160**
At 31 March 2012	**4,351**	**3,422**	**7,449**	**(13,813)**	**1,409**
Capital reorganisation and reduction	(4,018)	(3,422)	(2,336)	9,776	**-**
Reclassifications	–	–	(5,113)	5,113	**-**
Sale of Treasury Shares	–	–	–	11	**11**
Share options	–	–	–	4	**4**
Dividends paid	–	–	–	(25)	**(25)**
Comprehensive income	–	–	–	161	**161**
Share reorganisation costs	–	–	–	(29)	**(29)**
Total comprehensive income	(4,018)	(3,422)	(7,449)	15,011	**122**
At 31 March 2013	**333**	**-**	**-**	**1,198**	**1,531**

Consolidated statement of cash flows

for the year ended 31 March 2013

	Note	2013 £000	2012 £000
Cash flows from operating activities			
Profit before tax		**200**	185
Residual profit on disposal of SIAS FM	10	**-**	(12)
Finance costs	8	**42**	40
Depreciation (net of disposal profits)	11 & 15	**79**	71
Share option charge		**4**	-
Operating cash flows before changes in working capital		**325**	284
(Increase)/reduction in inventories		**(115)**	72
Increase in trade and other receivables		**(144)**	(245)
Increase in trade and other payables		**426**	71
Cash generated by operations		**492**	182
Finance costs	8	**(42)**	(40)
Net cash generated by operating activities		**450**	142
Cash flows from investing activities			
Purchase of plant and equipment	15	**(27)**	(84)
Disposal of plant and equipment	11	**-**	2
Disposal of SIAS FM	10	**-**	12
Net cash used in investing activities		**(27)**	(70)
Financing activities			
Receipts under hire purchase agreements		**-**	38
Repayments under hire purchase agreements		**(27)**	(101)
Dividends		**(25)**	-
Sale of Treasury Shares		**11**	-
Share reorganisation costs		**(29)**	-
Net cash used in financing activities		**(70)**	(63)
Net increase in cash and cash equivalents	27	**353**	9
Cash and cash equivalents at beginning of year		**237**	228
Cash and cash equivalents at end of year		**590**	237

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 subsidiary (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

Standards and Interpretations in issue not early adopted

At the date of authorisation of these financial statements, there are no new Standards, Interpretations and Amendments that will have a 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 its subsidiary undertaking, 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 IFRSs, 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 recognised on a receipts basis

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 by 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 comprehensive 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 comprehensive income statement on a paid basis

Retirement benefit costs

A number of the Group's permanent employees are members of personal pension plans, which are defined contribution schemes (money purchase) Contributions to these schemes are recognised as an expense when employees have rendered services 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 Any changes in the deferred tax asset are recognised immediately in the comprehensive income statement

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 to write them down to estimated realisable value over their estimated useful lives as follows

	Rate
Plant and equipment	between 10% and 33% per annum

Inventories

Inventories are 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 as the proceeds received, net of direct issue costs

Provisions

A provision has been made to cover the onerous liabilities of employers' national insurance and pension contributions on annual payments made under a permanent health insurance policy The provision is measured at the present value of the expenditures expected to settle the obligation using pre-tax rates that reflects current market assessments of the time value of money and the risks specific to the obligations

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 on-going 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 Group's accounting policies and the amounts recognised in the financial statements

5. Revenue

	2013 **£000**	2012 £000
Continuing Operations		
Sale of goods	**7,204**	6,713
Rendering of services	**346**	380
	7,550	7,093

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, operating through ET Environmental Limited
Central costs	Costs associated with being a public company and maintaining the AIM quotation on the London Stock Exchange

Notes to the consolidated financial statements

(continued)

6. Business segments (continued)

6.2. Segment revenue and segment result

	Segment revenue		Segment result	
	2013 £000	2012 £000	**2013 £000**	2012 £000
CONTINUING OPERATIONS				
Diffusion	**7,550**	7,093	**406**	343
Central costs	**–**	–	**(164)**	(130)
Revenue and operating profit	**7,550**	7,093	**242**	213
Finance costs	–	–	**(42)**	(40)
Profit before tax	**–**	–	**200**	173
Income tax charge	**–**	–	**(39)**	(25)
Profit for the year from Continuing Operations	**–**	–	**161**	148
DISCONTINUED OPERATIONS				
SIAS FM	**–**	–	**–**	12
Revenue and operating profit	**–**	–	**–**	12
Finance costs	**–**	–	**–**	–
Profit before tax	**–**	–	**–**	12
Income tax charge	**–**	–	**–**	–
Profit for the year from Discontinued Operations	**–**	–	**–**	12
Consolidated revenue and result for the year	**7,550**	7,093	**161**	160

Revenue reported above represents revenue generated from external customers Inter-segment sales in the year amounted to £nil (2012 £nil) Diffusion had no customers (2012 One) with revenue in excess of 10%

The finance costs were incurred by Diffusion

Notes to the consolidated financial statements
(continued)

6 Business segments (continued)

6.3. Segment assets and liabilities

	Assets		Liabilities	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Diffusion	**3,446**	3,087	**1,878**	1,658
Central costs	**8**	2	**45**	22
	3,454	3,089	**1,923**	1,680

6.4. Other segment information

	Depreciation		Additions to non-current assets	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Diffusion	**79**	73	**27**	83
Central costs	**–**	–	**–**	1
	79	73	**27**	84

6.5. Geographical segments

	Revenue		Segment assets		Acquisition of segment assets	
	2013 £000	2012 £000	**2013 £000**	2012 £000	**2013 £000**	2012 £000
United Kingdom	**7,056**	6,248	**3,454**	3,089	**27**	84
Europe	**371**	792	**–**	–	**–**	–
Middle East	**123**	53	**–**	–	**–**	–
	7,550	7,093	**3,454**	3,089	**27**	84

7. Finance revenue

	2013 £000	2012 £000
Interest received on bank balances	**–**	–

Notes to the consolidated financial statements
(continued)

8. Finance costs

	2013 £000	2012 £000
Invoice discounting	**25**	22
Obligations under hire purchase agreements	**1**	4
Notional interest on provisions	**16**	14
	42	40
Attributable to		
Continuing Operations	**42**	40
Discontinued Operations	**–**	–
	42	40

The weighted average capitalisation rate, excluding service charges, on funds borrowed generally was approximately 7 6% per annum (2012 7 4%)

9. Taxation
9.1 Taxation charge

	2013 £000	2012 £000
Current tax		
– UK corporation tax on profit for the year	**–**	–
Deferred tax (Note 9 2)		
– Charge in relation to utilisation of tax losses	**39**	25
Total tax charge for the year	**39**	25
Attributable to		
Continuing Operations	**39**	25
Discontinued Operations	**–**	–
	39	25

Notes to the consolidated financial statements
(continued)

9. Taxation (continued)
9.1. Taxation charge (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	2013 £000	2012 £000
Profit from Continuing Operations	**200**	173
Profit from Discontinued Operations	–	12
Profit from Operations	**200**	185
UK corporation tax at 24% (2012 26%)	**48**	48
Adjusted for		
Income not taxable	**(9)**	(1)
Tax losses utilised	**(4)**	(6)
Capital allowances less than/(in excess) of depreciation	**4**	(16)
Total tax charge for the year	**39**	25

9.2. Deferred tax asset

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 21% (2012 23%)

The movement on the deferred tax account is as shown below

	Opening balance £000	Movement £000	Closing balance £000
Accelerated capital allowances	(22)	(12)	**(34)**
Short-term timing differences	1	25	**26**
	(21)	13	**(8)**
Losses	1,789	(197)	**1,592**
31 March 2012	1,768	(184)	**1,584**
Accelerated capital allowances	(34)	7	**(27)**
Short-term timing differences	26	(2)	**24**
	(8)	5	**(3)**
Losses	1,592	(176)	**1,416**
31 March 2013	1,584	171	**1,413**

Notes to the consolidated financial statements

(continued)

9. Taxation (continued)

9.2. Deferred tax asset (continued)

Deferred tax asset split

	ET Environmental Ltd £000	Energy Technique Plc £000	**Total £000**
Accelerated capital allowances	(34)	–	**(34)**
Short-term timing differences	26	–	**26**
Losses	288	1,304	**1,592**
31 March 2012	280	1,304	**1,584**
Accelerated capital allowances	(27)	–	**(27)**
Short-term timing differences	24	–	**24**
Losses	244	1,172	**1,416**
31 March 2013	241	1,172	**1,413**

The deferred tax asset has been recognised for ET Environmental Limited, the Company'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 because recovery is not considered reasonably certain

Deferred tax asset recognised

	2013 £000	2012 £000
Deferred tax asset to be recovered after more than 12 months	**241**	280
Deferred tax asset to be recovered within 12 months	**–**	–
	241	280

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 (2012 £3 8 million) not 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

Discontinued Operations comprised SIAS FM sold on 24 March 2011 to Stroma Evolution Limited, a special purpose vehicle of Stroma Developments Limited

10 2 Analysis of profit for the year from Discontinued Operations

	2013 £000	2012 £000
Profit for the year		
Profit on disposal of SIAS FM	–	12
Profit before tax	–	12
Income tax charge	–	–
Profit after tax	–	12
Cash flows		
Net cash absorbed by operating activities	–	–
Net cash generated by investing activities	–	12

10.3. Analysis of profit on disposal of SIAS FM

	2013 £000	2012 £000
Cash proceeds	–	12
Profit on disposal before and after tax	–	12

Notes to the consolidated financial statements
(continued)

11. Profit for the year

	2013 £000	2012 £000
Profit for the year has been arrived at after (crediting)/charging		
Impairment (reversal)/loss on trade receivables	**(21)**	32
Depreciation of plant and equipment	**79**	73
Profit on disposal of plant and equipment	**-**	(2)
Research and development costs expensed immediately	**185**	191
Hire of plant and equipment	**7**	12
Auditors' remuneration	**18**	20
Operating lease – land and buildings	**191**	191
– plant and machinery	**122**	118

Remuneration paid to the auditors for non-audit services amounted to £4,000 (2012 £3,000) for taxation services

12 Employees

	2013 No.	2012 No
The average number of people, including directors, employed by the Group was		
Operations	**43**	38
Sales and service	**21**	20
Administration	**5**	4
	69	62

	£000	£000
Employee costs		
Wages and salaries	**1,958**	1,777
Social security charges	**219**	200
Pension costs	**45**	42
	2,222	2,019

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

Notes to the consolidated financial statements
(continued)

13. Earnings per share

	2013 Pence	2012 Pence
Basic earnings per share		
Continuing Operations	**4.8**	4 5
Discontinued Operations	**–**	0 3
	4.8	4 8
Diluted earnings per share	**4 8**	4 8

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share, with the comparatives adjusted for the 16 August 2012 share reorganisation, are as follows

	2013 £000	2012 £000
Continuing Operations	**161**	148
Discontinued Operations	**–**	12
Earnings used in the calculation of basic and diluted earnings per share	**161**	160

	No.	No
Weighted average number of ordinary shares in issue	**3,323,572**	3,312,016
Weighted average number of ordinary shares on a diluted basis	**3,328,103**	3,316,547

14. Intangible assets

	2013 £000	2012 £000
Cost		
At beginning and end of year	**25**	25

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 two years and a pre-tax discount rate of 15%

Notes to the consolidated financial statements

(continued)

15 Plant and equipment

	2013 £000	2012 £000
Cost		
At beginning of year	**833**	1,623
Eliminate written-off assets	**(67)**	(869)
Additions	**27**	84
Disposals	**–**	(5)
At end of year	**793**	833
Depreciation		
At beginning of year	**497**	1,298
Eliminate written-off assets	**(67)**	(869)
Provided in the year	**79**	73
Disposals	**–**	(5)
At end of year	**509**	497
Net book value		
At end of year	**284**	336
At beginning of year	**336**	325

Included in the total net book value of tangible fixed assets is £26,000 (2012 £254,000) of assets held under hire purchase agreements on which depreciation of £10,000 (2012 £33,000) has been charged in the year

16. Subsidiaries

Details of the Company's operating subsidiary at 31 March 2013 is 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

	2013 £000	2012 £000
Raw materials and consumables	**665**	533
Work in progress	**6**	5
Finished goods	**117**	135
	788	673

The cost of inventories recognised as an expense during the year was £3 58 million (2012 £3 31 million) The cost of inventories recognised as an expense was £11,000 (2012 £52,000) in respect of write downs of inventories to net realisable value

18. Trade and other receivables

	2013 £000	2012 £000
Trade receivables	**1,449**	1,311
Allowance for doubtful debts	**(18)**	(41)
	1,431	1,270
Prepayments and accrued income	**95**	112
	1,526	1,382

The average period of credit on sales is 50 days (2012 50 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 £168,000 (2012 £156,000) In addition, there were two other customers (2012 four 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

	2013 £000	2012 £000
More than 60 days	**–**	–

Notes to the consolidated financial statements

(continued)

18. Trade and other receivables (continued)

18.2. Movement in the allowance for doubtful debts

	2013 £000	2012 £000
At beginning of year	**41**	104
Impairment (reversal)/losses	**(21)**	32
Amounts written off	**(2)**	(95)
At end of year	**18**	41

19. Trade and other payables

	2013 £000	2012 £000
Trade creditors	**1,432**	1,083
Other creditors and accruals	**146**	122
	1,578	1,205

The average period of credit on purchases is 79 days (2012 68 days) The Company 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. Provisions

	2013 £000	2012 £000
At beginning of year	**110**	111
Notional interest	**16**	14
Payments	**(15)**	(15)
At end of year	**111**	110

The provisions relate to the onerous liabilities of employers' national insurance and pension contributions on annual payments made under a permanent health insurance policy

The annual payments include a provision for an increase under RPI which has been estimated at 2% The pre-tax discount rate applied to the amounts payable is 15%

21. 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 discounting facility for short-term fluctuations in working capital At 31 March 2013, there was an in-hand balance of £228,000 (2012 drawn down £156,000) under the invoice discounting facility

Notes to the consolidated financial statements
(continued)

22. Share capital

	Share capital		Share premium	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Authorised				
166,666,667 Ordinary Shares of 6 25 pence each	**-**	10,417	**-**	-
350,789,120 Deferred Shares of 0 75 pence each	**-**	2,631	**-**	-
	-	13,048	**-**	-
Allotted, called up and fully paid				
33,305,160 Ordinary Shares of 6 25 pence each	**-**	2,082	**-**	3,422
302,628,016 Deferred Shares of 0 75 pence each	**-**	2,269	**-**	-
3,330,516 Ordinary Shares of 10 pence each	**333**	-	**-**	-
	333	4,351	**-**	3,422

On 16 August 2012, shareholders approved the capital reorganisation and reduction of capital The 33,305,160 ordinary shares of 6 25 pence each were consolidated into 166,526 shares of £12 50 each and then subdivided into 3,330,516 Ordinary Shares of 10 pence each and 3,330,516 Deferred Shares On 18 September 2012, the Court approved the capital reduction, involving the cancellation of the Share Premium Account and the Deferred Shares

23. Reserves

	2013	2012
	£000	£000
At beginning of year	**7,449**	7,449
Capital reduction	**(2,336)**	-
Reclassifications	**(5,113)**	-
At end of year	**-**	7,449

24. Retained earnings

	2013	2012
	£000	£000
At beginning of year	**(13,813)**	(13,973)
Capital reduction	**9,776**	-
Reclassifications	**5,113**	-
Sale of Treasury Shares	**11**	-
Dividends	**(25)**	-
Profit for the year	**161**	160
Share option reserve	**4**	-
Share reorganisation costs	**(29)**	-
At end of year	**1,198**	(13,813)

Notes to the consolidated financial statements

(continued)

25 Retirement benefit plans

The Group contributes to defined contribution retirement benefit plans for certain qualifying employees The assets of the plans are held separately from those of the Group in funds under the control of trustees

The total expense recognised in the comprehensive income statement of £45,000 (2012 £42,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans Outstanding contributions at 31 March 2013 of £4,000 (2012 £3,000) were paid over subsequent to the year end

26. Financial instruments

26.1. 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 and retained earnings In addition, the Group has an invoice discounting facility to fund variations in working capital

26.2 Short-term trade payables and receivables

Short-term trade payables and receivables have been excluded from all of the following disclosures

26.3 Gearing ratio

The Group had no net borrowings at either 31 March 2012 or 31 March 2013

26.4. 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

26.5. Categories of financial instrument

	2013 £000	2012 £000
Cash and cash equivalents	**362**	393
Invoice discounting in-hand balance/(drawn down)	**228**	(156)
Obligations under hire purchase agreements	**(22)**	(49)
	568	188

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

26.6. Financial risk management

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

26.7. Foreign currency risk management

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

26.8. 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 discounting facility, when drawn down, is 2 50% over base rate

If interest rates had been 50 basis points higher and all other variables were held constant, then the profit for the year and net equity at the year end would have decreased by approximately £3,000 (2012 £2,000)

Notes to the consolidated financial statements

(continued)

26 Financial instruments (continued)

26.9. Financing facilities

The Group had cash deposits of £590,000 at 31 March 2013 (2012 £393,000) 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 £700,000 at 31 March 2013 (2012 £364,000)

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

26.10. 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

26.11. 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

26 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

27. Cash and cash equivalents

	Beginning of year £000	Cash flow £000	Non-cash changes £000	**End of year £000**
Cash at bank	393	(31)	–	**362**
Invoice discounting	(156)	384	–	**228**
	237	353	–	**590**
Obligations under hire purchase agreements	(49)	27	–	**(22)**
	188	380	–	**568**

Notes to the consolidated financial statements

(continued)

28. Operating leases

28.1. Leasing arrangements

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

28.2. Payments recognised as an expense

	2013 £000	2012 £000
Land and buildings	**191**	191
Plant and machinery	**121**	117
	312	308

28.3. Non-cancellable operating lease commitments

	Land & buildings		Other	
	2013 £000	2012 £000	**2013 £000**	2012 £000
Total future minimum lease payments falling due				
Within one year	**191**	191	**47**	34
Between two and five years	**191**	382	**71**	62
	382	573	**118**	96

28.4. Present value of hire purchase agreements

	Plant	
	2013 £000	2012 £000
Within one year	**12**	27
Between two and five years	**10**	22
	22	49

Notes to the consolidated financial statements

(continued)

29. EMI share options

The Company introduced an EMI share option scheme during the year for Executive Directors and other executives The options can normally be exercised based on time periods ranging from between 2 years and 10 years from the date of grant Options are forfeited if an employee leaves the Group

Details of the share options outstanding are as follows

	2013		2012	
	Options No.	**Exercise price (pence)**	Options No	Exercise price (pence)
Outstanding at beginning of year	–	–	–	–
Issued during the year	**333,050**	**43 5**	–	–
Outstanding at the end of the year	**333,050**	**43.5**	–	–

The weighted average remaining life of share options outstanding at the year end was 9 75 years There were no share options exercisable at the year end

The fair values of the options were calculated using a Black-Scholes option pricing model The weighted average inputs into the model were as follows

	2013	2012
Weighted average share price	**43.8p**	–
Weighted average exercise price	**43.5p**	–
Expected volatility	**34.7%**	–
Expected life	**10**	–
Risk free rate	**1.8%**	–
Expected dividend yield	**3.3%**	–

The expected volatility was determined by calculating the historical volatility of the Company's shares over the previous two years prior to the date of grant

The group recognised a charge of £4,000 for equity-settled share-based transactions in the year

30. Post balance sheet events

At a General Meeting held on 16 May 2013, shareholders approved a buy-back of 470,000 shares from Elsina Limited at 42 5 pence per share, with the consideration of £200,000 paid shortly afterwards In addition, the Company has two call options with Elsina Limited at 42 5 pence per share, over 235,000 shares exercisable between 1 September 2013 and 30 November 2013 and over an additional 235,000 shares exercisable between 1 December 2013 and 28 February 2014

The Directors recommend a final dividend of 0 75 pence per share for approval by shareholders at the 2013 Annual General Meeting

Notes to the consolidated financial statements
(continued)

31. Ultimate controlling party

In the Directors' opinion, there is no longer a controlling party of the Company

32. Approval of financial statements

The financial statements were approved by the board of Directors and authorised for issue on 21 June 2013

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 2013 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 2013,
- 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 by the Parent Company, 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 financial statements of Energy Technique Plc for the year ended 31 March 2013

Nigel Fry (Senior Statutory Auditor)
Milsted Langdon
For and on behalf of Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Taunton
21 June 2013

Energy Technique Plc – Balance sheet

at 31 March 2013
Company number 00013273

	Note	2013 £000	2012 £000
ASSETS			
Non-current assets			
Computer equipment	3	**1**	1
Investments in group undertakings	4	**2,127**	2,127
Total non-current assets		**2,128**	2,128
Current assets			
Trade and other receivables	5	**479**	416
Total current assets		**479**	416
Total assets		**2,607**	2,544
LIABILITIES			
Current liabilities			
Trade and other payables	6	**(45)**	(27)
Total current liabilities		**(45)**	(27)
Total liabilities		**(45)**	(27)
Net assets		**2,562**	2,517
EQUITY			
Equity attributable to equity holders			
Issued capital	7	**333**	7,773
Reserves	8	**–**	2,336
Retained earnings	9	**2,229**	(7,592)
Total equity		**2,562**	2,517

Approved by the Board on 21 June 2013 and signed on its behalf by

W K Goldsmith **L A Simpson**

Energy Technique Plc – Changes in equity

for the year ended 31 March 2013

	Share capital £000	Share premium £000	Reserves £000	Retained earnings £000	**Total £000**
At 1 April 2011	**4,351**	**3,422**	**2,336**	**(7,624)**	**2,485**
Comprehensive income	–	–	–	32	**32**
Total recognised income and expense	–	–	–	32	**32**
At 31 March 2012	**4,351**	**3,422**	**2,336**	**(7,592)**	**2,517**
Capital reorganisation and reduction	(4,018)	(3,422)	(2,336)	9,776	**-**
Sale of Treasury Shares	–	–	-	11	**11**
Share reorganisation costs	-	–	–	(29)	**(29)**
Share options	–	–	-	4	**4**
Dividends	–	-	–	(25)	**(25)**
Comprehensive income	–	–	–	84	**84**
Total recognised income and expense	**(4,018)**	**(3,422)**	**(2,336)**	**9,821**	**45**
At 31 March 2013	**333**	**-**	**-**	**2,229**	**2,562**

Energy Technique Plc - Notes to the financial statements

1. Significant accounting policies

Basis of preparation

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

Depreciation

Depreciation is provided on the cost of fixed assets on a straight line basis in order to write them down to estimated realisable value at the rate of 25% per annum

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 as the proceeds received, net of direct issue costs

2. Profit and loss account

	2013 **£000**	2012 £000
Profit for the year dealt with in the accounts of the Company	**84**	32

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

	2013 **£000**	2012 £000
Auditors' remuneration	**5**	5

Remuneration paid to the auditors for non-audit services amounted to £2,000 (2012 £1,000) for taxation services

Energy Technique Plc – Notes to the financial statements

(continued)

3. Computer equipment

	2013 £000	2012 £000
Cost		
At beginning of year	**1**	–
Additions	**–**	1
At end of year	**1**	1
Depreciation		
At beginning of year	**–**	–
Provided in the year	**–**	–
At end of year	**–**	–
Net book value		
At end of year	**1**	1
At beginning of year	**1**	–

4. Investments in group undertakings

	Shares in group undertakings	
	2013 £000	2012 £000
Cost		
At beginning of year	**14,829**	14,829
Eliminate disposed of investments	**(6,365)**	–
At end of year	**8,464**	14,829
Provisions		
At beginning of year	**12,702**	12,702
Eliminate disposed of investments	**(6,365)**	–
At end of year	**6,337**	12,702
Net book value		
At end of year	**2,127**	2,127
At beginning of year	**2,127**	2,127

Energy Technique Plc – Notes to the financial statements
(continued)

5. Trade and other receivables

	2013 £000	2012 £000
Amounts owed by group undertakings	**472**	413
Current tax asset	**5**	2
Prepayments and accrued income	**2**	1
	479	416

6. Trade and other payables

	2013 £000	2012 £000
Trade creditors	**16**	7
Other creditors and accruals	**29**	20
	45	27

7. Share capital
See note 22 to the Group financial statements

8. Reserves

	2013 £000	2012 £000
At beginning of year	**2,336**	2,336
Capital reduction	**(2,336)**	–
At end of year	**–**	2,336

9 Retained earnings

	2013 £000	2012 £000
At beginning of year	**(7,592)**	(7,624)
Capital reduction	**9,776**	–
Sale of Treasury Shares	**11**	–
Dividends	**(25)**	–
Profit for the year	**84**	32
Share reorganisation costs	**(29)**	–
Share option reserve	**4**	–
At end of year	**2,229**	(7,592)

Notice of Annual General Meeting

of Energy Technique Plc

Notice is hereby given that the 2013 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 25 July 2013 at 12 30pm for the following purposes

ORDINARY BUSINESS

1 To receive and adopt the directors' report and financial statements for the year ended 31 March 2013

2 To adopt the Board's report on remuneration

3 To declare a dividend of 0 75 pence per share

4 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 "

5 To re-elect Walter Goldsmith as a director

6 To re-elect Leigh Stimpson as a director

SPECIAL BUSINESS

7 To consider and, if thought fit, to pass the following resolution, which will be proposed **as an ordinary resolution:**

"In accordance with section 551 of the Companies Act 2006 ("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 £100,000, 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 2014, 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 "

8 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, 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 this power is limited to

(1) the allotment of equity securities up to an aggregate nominal amount of £33,300,

(2) the allotment (otherwise than pursuant to paragraph 8(1) above) of equity securities up to an aggregate nominal amount of £33,300 representing no more than 10% of the issued share capital at the date of the notice of the AGM pursuant to the exercise of any options under any option arrangements entered into by the Company for the benefit of the officers and executives of the Company, and

(3) 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

Notice of Annual General Meeting
(continued)

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

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities "

9 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 10p each in the capital of the Company ("Ordinary Shares") provided that

(1) the maximum number of Ordinary Shares hereby authorised to be purchased is 572,103 (representing 20% of the issued ordinary share capital of the Company, excluding Ordinary Shares held in treasury, as at the date of this Notice),

(2) 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,

(3) the minimum price (exclusive of expenses) which may be paid for each Ordinary Share is the lower of 10p 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

(4) 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 "

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

"THAT new articles of association in the form produced to this meeting (and initialled by the Chairman for the purposes of identification) be and they are hereby adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association "

By order of the Board

RM Unsworth

R M Unsworth
Company Secretary
28 June 2013

Registered in England No 00013273

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

- 6 00pm on 23 July 2013, or
- if this Meeting is adjourned, at 6 00pm 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 30pm on 23 July 2013 (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 30pm on 23 July 2013 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 30pm on 23 July 2013 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 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 27 June 2013, the Company's issued share capital comprised 2,860,516 ordinary shares of 10 pence each 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 27June 2013 is 2,860,516

Documents on display

10 The following documents will be available for inspection

A copy of the proposed new articles of association, and of the existing articles of association, and the Summary of the changes, will be available for inspection between 10 00am and 4 00pm Mondays to Fridays, at the registered office of the Company at 47 Central Avenue, West Molesey, Surrey KT8 2QZ until the date of and during the Annual General Meeting

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	24 June 2013
2013 Annual Report and Financial Statements posted to shareholders by	28 June 2013
Annual General Meeting	25 July 2013
Half-year results to 30 September 2013 announced by	30 November 2013

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