

Company Registration No. 00882439 (England and Wales)

ALPHA THERM LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009



ALPHA THERM LIMITED

COMPANY INFORMATION

Directors	A Amadei C B Jones M Maini P Alberici
Secretary	T Jones
Company number	00882439
Registered office	Nepicar House London Road Wrotham Heath Sevenoaks Kent TN15 7RS
Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Bankers	HSBC Bank Plc 184 High Street Bromley Kent BR1 1HE

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ALPHA THERM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report and financial statements for the year ended 31 December 2009

Principal activities and review of the business

The principal activity of the company continued to be that of a supplier and service provider of domestic and light commercial central heating & hot water systems.

The company's key financial performance indicators, as used by management in reviewing the performance of the business for the year, are as follows.

	2009	2008	Change
	£000	£000	%
Turnover	27,359	35,886	(24%)
Operating profit/(loss)	406	(396)	203%
Profit/(loss) after tax	253	(333)	176%
Warranty provision	2,013	2,234	(10%)
Shareholders' funds	476	223	113%
Average monthly number of employees	66	71	(7%)

The directors are pleased to report a return to profitability this year. Turnover and volumes continued to decline, as expected, following the policy decision to withdraw from business in the low margin, high volume social housing contract sector of the market. A focus on higher margin, lower volume business has been reflected in the return to profitability despite trading within a difficult economic climate and continued weakness of Sterling against the Euro throughout 2009.

The company continues to seek out innovative and unique whole system solutions which compliment its core condensing gas boiler technology and has had a successful year in breaking into the new build market with this philosophy of bringing fresh ideas and products to the market. The company's aim is to remain innovative, and as such will continue to seek out new approaches to provide heating and hot water in the most efficient way possible.

During 2009, the company widened its choice of distribution partners and the directors believe that the company is in a strong position to face an expected increase in demand during 2010 across all sectors of the business.

Principal risks and uncertainties

The directors consider that one of the principal risks affecting the business is purchasing products in foreign currencies, especially considering the recent movements in exchange rates against Sterling.

As a result, on 1 February 2009, the company reached an agreement with its largest supplier, a group undertaking, to purchase all goods in Sterling as opposed to Euros. This has substantially reduced the impact of foreign exchange on the company's results.

The Directors have reviewed the going concern status of the company and are satisfied that the company will continue in operation for 12 months from the date of sign off of these financial statements.

Results and dividends

The results for the year are set out on page 6

ALPHA THERM LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2009

Future developments

The company continues to develop new, exciting and innovative products for the market. The directors firmly believe that the development of unique solutions will give business a strong position in its very challenging marketplace. With householders facing continued increases in energy costs, and installers seeking competitive advantage in gaining customers, it is important that the company develops new and unique products that will increase the efficiency of heating and hot water systems.

The development and sale of such products will continue to reduce the company's impact on the environment.

The company continually monitors impending legislative changes to ensure that its development plans consider the likely impact of those changes if and when they arise.

Directors

The following directors have held office since 1 January 2009

A Amadei
C B Jones
M Maini
P Alberici

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ALPHA THERM LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



T Jones

Secretary

7 APRIL 2010

ALPHA THERM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ALPHA THERM LIMITED

We have audited the financial statements of Alpha Therm Limited for the year ended 31 December 2009 set out on pages 6 to 16. 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 1 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

ALPHA THERM LIMITED

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF ALPHA THERM LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Saffery Champness

**Richard Collis (Senior Statutory Auditor)
for and on behalf of Saffery Champness**

7.. April 2010

**Chartered Accountants
Statutory Auditors**

Lion House
Red Lion Street
London
WC1R 4GB

ALPHA THERM LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 £000	2008 £000
Turnover	2	27,359	35,886
Cost of sales		(22,117)	(30,798)
Gross profit		5,242	5,088
Distribution costs		(323)	(742)
Administrative expenses		(4,700)	(4,909)
Other operating income		186	167
Operating profit/(loss)	3	405	(396)
Other interest receivable and similar income	4	8	9
Profit/(loss) on ordinary activities before taxation		413	(387)
Tax on profit/(loss) on ordinary activities	5	(161)	54
Profit/(loss) for the year	13	252	(333)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account

The notes on pages 8 to 16 form part of these financial statements.

ALPHA THERM LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2009**

		2009	2008
	Notes	£000	£000
Fixed assets			
Tangible assets	6	333	373
Current assets			
Stocks	7	3,688	5,513
Debtors	8	4,981	5,246
Cash at bank and in hand		69	2,487
		8,738	13,246
Creditors: amounts falling due within one year	9	(6,583)	(11,162)
Net current assets		2,155	2,084
Total assets less current liabilities		2,488	2,457
Provisions for liabilities	10	(2,013)	(2,234)
		475	223
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account	13	475	223
Shareholders' funds	14	475	223

The notes on pages 8 to 16 form part of these financial statements

Approved by the Board and authorised for issue on 7 APRIL 2010



C B Jones
Director

Company Registration No. 00882439

ALPHA THERM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Software	14%-25% per annum
Office equipment	10%-33% per annum

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

ALPHA THERM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2009

1 Accounting policies

(continued)

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.11 Statement of cash flows

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

1.12 Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for the expected warranty claims are charged against profits when products have been invoiced. Warranty periods vary according to the product but for the majority are no longer than 5 years.

2 Turnover

The directors are of the opinion that the company's activities, which are all continuing, fall within one business segment, being the supply of central heating boilers and associated products.

An analysis of turnover by geographical market is given below:

Geographical market

	2009 £000	2008 £000
United Kingdom	27,009	35,521
Europe (other than The United Kingdom)	350	365
	<u>27,359</u>	<u>35,886</u>

ALPHA THERM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

3	Operating profit/(loss)	2009	2008
		£000	£000
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	146	247
	Research and development - UK	96	94
	Operating lease rentals		
	- Plant and machinery	201	80
	- Other assets	444	443
	Auditors' remuneration	19	22
		<u> </u>	<u> </u>
4	Investment income	2009	2008
		£000	£000
	Bank interest receivable	1	9
	Other interest receivable	7	-
		<u> </u>	<u> </u>
		<u>8</u>	<u>9</u>

ALPHA THERM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

5 Taxation	2009 £000	2008 £000
Domestic current year tax		
U K corporation tax	108	7
Adjustment for prior years	(19)	-
	<u>89</u>	<u>7</u>
Current tax charge		
Deferred tax		
Origination and reversal of timing differences	72	(61)
	<u>161</u>	<u>(54)</u>
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	<u>413</u>	<u>(387)</u>
 Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.50%)	<u>116</u>	<u>(110)</u>
 Effects of:		
Non deductible expenses	34	47
Capital allowances in arrears of depreciation	(2)	21
Tax losses utilised	(9)	-
Other timing differences	(2)	7
Adjustments to previous periods	(19)	42
Other tax adjustments	(29)	-
	<u>(27)</u>	<u>117</u>
Current tax charge	<u>89</u>	<u>7</u>

ALPHA THERM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

6 Tangible fixed assets

	Software £000	Office equipment £000	Total £000
Cost			
At 1 January 2009	724	908	1,632
Additions	62	44	106
Disposals	(33)	(205)	(238)
	<u>753</u>	<u>747</u>	<u>1,500</u>
At 31 December 2009			
Depreciation			
At 1 January 2009	631	628	1,259
On disposals	(33)	(205)	(238)
Charge for the year	46	100	146
	<u>644</u>	<u>523</u>	<u>1,167</u>
At 31 December 2009			
Net book value			
At 31 December 2009	<u>109</u>	<u>224</u>	<u>333</u>
At 31 December 2008	<u>93</u>	<u>280</u>	<u>373</u>

7 Stocks

	2009 £000	2008 £000
Finished goods and goods for resale	<u>3,688</u>	<u>5,513</u>

8 Debtors

	2009 £000	2008 £000
Trade debtors	4,796	4,830
Other debtors	7	98
Prepayments and accrued income	152	220
Deferred tax asset (see note 10)	26	98
	<u>4,981</u>	<u>5,246</u>

ALPHA THERM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009**

9 Creditors: amounts falling due within one year	2009 £000	2008 £000
Bank loans and overdrafts	491	-
Trade creditors	938	998
Amounts owed to parent and fellow subsidiary undertakings	3,919	8,686
Corporation tax	108	-
Other taxes and social security costs	618	619
Accruals and deferred income	509	859
	<u>6,583</u>	<u>11,162</u>

10 Provisions for liabilities

	2009 £000	2008 £000
Warranty provision:		
Balance at 1 January	2,234	2,113
Addition during the year	927	1,347
Released in the year	(1,148)	(1,226)
Balance at 31 December	<u>2,013</u>	<u>2,234</u>

The deferred tax asset (included in debtors, note 8) is made up as follows:

	2009 £000	2008 £000
Balance at 1 January 2009	(98)	
Profit and loss account	72	
Balance at 31 December 2009	<u>(26)</u>	
	2009 £000	2008 £000
Decelerated capital allowances	(26)	(28)
Other timing differences	-	(70)
	<u>(26)</u>	<u>(98)</u>

ALPHA THERM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009****11 Pension and other post-retirement benefit commitments**
Defined contribution

	2009	2008
	£000	£000
Contributions payable by the company for the year	<u>116</u>	<u>123</u>

12 Share capital

	2009	2008
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 Statement of movements on profit and loss account

	Profit and loss account £000
Balance at 1 January 2009	223
Profit for the year	<u>252</u>
Balance at 31 December 2009	<u>475</u>

14 Reconciliation of movements in shareholders' funds

	2009	2008
	£000	£000
Profit/(loss) for the financial year	252	(333)
Opening shareholders' funds	<u>223</u>	<u>556</u>
Closing shareholders' funds	<u>475</u>	<u>223</u>

ALPHA THERM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2009****15 Financial commitments**

At 31 December 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2010:

	Land and buildings		Other	
	2009	2008	2009	2008
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	-	-	33	95
Between two and five years	444	468	232	157
	<u>444</u>	<u>468</u>	<u>265</u>	<u>252</u>

The company's bankers have a debenture on the overdraft facility of the company dated 21 April 2004 over the company's assets. There is also a fixed and floating charge over the book debts and all other assets.

16 Directors' emoluments

	2009	2008
	£000	£000
Emoluments for qualifying services	157	227
Amounts receivable under long term incentive schemes	24	23
Company pension contributions to money purchase schemes	10	14
	<u>191</u>	<u>264</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2008 - 4)

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	157	132
Long term incentive schemes	24	23
Company pension contributions to money purchase schemes	<u>10</u>	<u>10</u>

ALPHA THERM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2009

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was.

	2009 Number	2008 Number
Administrative staff	52	57
Sales staff	14	14
	<u>66</u>	<u>71</u>

Employment costs

	2009 £000	2008 £000
Wages and salaries	2,323	2,243
Social security costs	273	284
Other pension costs	116	123
	<u>2,712</u>	<u>2,650</u>

18 Control

The company's ultimate parent undertaking and controlling party and largest and smallest group in whose financial statements the company is consolidated is Immerfin SpA, a company incorporated in Italy. The group financial statements can be obtained from Immerfin SpA, Via Cisa Ligure, 95 42041 Brescello Reggio Emilia, Italy

19 Related party transactions

The company has taken advantage of the exemption conferred in FRS 8 not to disclose transactions with other members of the Immerfin SpA group as it is a wholly owned subsidiary within this group, whose financial statements are publicly available