

Company Registration No. 00882439 (England and Wales)

ALPHA THERM LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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ALPHA THERM LIMITED

COMPANY INFORMATION

Directors	A Amadei M Maini P Alberici J Studden	(Appointed 1 October 2010)
Company number	00882439	
Registered office	Nepicar House London Road Wrotham Heath Sevenoaks Kent TN15 7RS	
Independent Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB	
Bankers	HSBC Bank plc 184 High Street Bromley Kent BR1 1HE	

ALPHA THERM LIMITED

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ALPHA THERM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and financial statements for the year ended 31 December 2010

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

	2010	2009	Change
	£000	£000	%
Turnover	34,274	27,359	(25%)
Operating profit/(loss)	2,092	405	416%
Profit/(loss) after tax	1,451	252	475%
Warranty provision	2,441	2,013	_(21%)
Shareholders' funds	2,556	475	438%
Average monthly number of employees	57	66	(14%)

The directors are pleased to report a strong performance for the year showing good overall results across the business. Both turnover and volumes increased during the year and the decision made, to refocus our sales effort on the more profitable sectors of the market, and using our 'unique' added value products to enhance margin is working. As such we have now split our sales force and have a dedicated Specifier team concentrating on the 'system solution' idea, selling added value products into mainly the new build sector, and then a Technical sales team selling mainly boilers to our core installers in the one off sector.

The company will continue to diversify and seek out innovative and unique products which compliment its core condensing gas range, and with the introduction of a complete new wall hung gas boiler range being launched in June of this year, we are confident that our sales will continue to outperform the market. We are also looking closely at the light commercial sector, where we see huge growth opportunities moving forward and the intention is to use our Specifier team to drive this forward.

Since the company widened its choice of distribution partners in 2008 we have good distribution throughout the UK and the directors believe that the company is in a strong position to cope with any increase in demand during 2011 across all sectors of the business.

ALPHA THERM LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

Principal risks and uncertainties

The company believes that the biggest impact on our industry in the medium term is that major merchant partners are constantly under threat of acquisition. The recent purchase of BSS by Travis Perkins would be an example of this.

We are confident in our brand and our market position, and over the years have built very strong relationships with our customers.

We are operating in a very mature market, and the industry forecast for the coming years looks very stable, in light of this it may be attractive to companies looking to diversify.

The Directors have reviewed the going concern status of the company and are satisfied that the company will continue in operation for the foreseeable future and for a period of at least 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.

The Directors do not recommend payment of a dividend.

Future developments

The company will continue to introduce new innovative products into the market to enhance our core business of gas boilers, and we will begin to improve our intelligence on market trends enabling us to react quickly to demand changes mainly brought about by Government legislation.

The directors believe that the continued innovation of total heating solutions puts Alpha in a very strong position for the next year and beyond. The demand from consumers and businesses alike on energy saving gives Alpha a distinct advantage to its current customers and potential users and the development and sale of such products will continue to reduce the company's impact on the environment as it goes forward.

The company continually monitors impending legislative changes and the trends of the market 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 2010.

A Amadei

C B Jones

M Maini

P Alberici

J Studden

(Resigned 30 September 2010)

(Appointed 1 October 2010)

ALPHA THERM LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

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.

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.

On behalf of the board



25th March 2011

J Studden
Director

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 2010 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 and express an opinion on 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 2010 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**

25/03/11

**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 2010**

		2010	2009
	Notes	£ '000	£'000
Turnover	2	34,274	27,359
Cost of sales		<u>(27,510)</u>	<u>(22,117)</u>
Gross profit		6,764	5,242
Distribution costs		(395)	(323)
Administrative expenses		(4,500)	(4,700)
Other operating income		<u>223</u>	<u>186</u>
Operating profit	3	2,092	405
Other interest receivable and similar income	4	<u>-</u>	<u>8</u>
Profit on ordinary activities before taxation		2,092	413
Tax on profit on ordinary activities	5	<u>(641)</u>	<u>(161)</u>
Profit for the year	13	<u><u>1,451</u></u>	<u><u>252</u></u>

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 2010**

	Notes	2010 £ '000	2009 £'000
Fixed assets			
Tangible assets	6	226	333
Current assets			
Stocks	7	3,467	3,688
Debtors	8	8,940	4,981
Cash at bank and in hand		1,708	69
		<u>14,115</u>	<u>8,738</u>
Creditors: amounts falling due within one year	9	<u>(9,974)</u>	<u>(6,583)</u>
Net current assets		<u>4,141</u>	<u>2,155</u>
Total assets less current liabilities		<u>4,367</u>	<u>2,488</u>
Provisions for liabilities	10	<u>(2,441)</u>	<u>(2,013)</u>
		<u>1,926</u>	<u>475</u>
Capital and reserves			
Profit and loss account	13	<u>1,926</u>	<u>475</u>
Shareholders' funds	14	<u>1,926</u>	<u>475</u>

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

Approved by the Board and authorised for issue on 25th MARCH 2011


J Studden
Director

Company Registration No. 00882439

ALPHA THERM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010

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

	Turnover	
	2010 £ '000	2009 £ '000
United Kingdom	34,014	27,009
Europe (other than The United Kingdom)	260	350
	<u>34,274</u>	<u>27,359</u>

ALPHA THERM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE YEAR ENDED 31 DECEMBER 2010

3	Operating profit	2010	2009
		£ '000	£ '000
	Operating profit is stated after charging		
	Depreciation of tangible assets	139	146
	Research and development	27	96
	Operating lease rentals		
	- Plant and machinery	200	201
	- Other assets	431	444
	Auditors' remuneration	20	19
	Directors' emoluments	155	191
		<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2009 - 1)

4	Investment income	2010	2009
		£ '000	£ '000
	Bank interest	-	1
	Other interest	-	7
		<u> </u>	<u> </u>
		-	8
		<u> </u>	<u> </u>

ALPHA THERM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

5 Taxation	2010	2009
	£ '000	£ '000
Domestic current year tax		
U K corporation tax	657	108
Adjustment for prior years	(9)	(19)
	<u>648</u>	<u>89</u>
Total current tax	648	89
Deferred tax		
Origination and reversal of timing differences	(7)	72
	<u>641</u>	<u>161</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>2,092</u>	<u>413</u>
 Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28 00% (2009 - 28 00%)	 <u>586</u>	 <u>116</u>
Effects of		
Non deductible expenses	63	34
Capital allowances in arrears of depreciation	8	(2)
Tax losses utilised	-	(9)
Other timing differences	-	(2)
Adjustments to previous periods	(9)	(19)
Other tax adjustments	-	(29)
	<u>62</u>	<u>(27)</u>
Current tax charge for the year	<u>648</u>	<u>89</u>

ALPHA THERM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

6 Tangible fixed assets

	Office equipment £ '000	Software £ '000	Total £ '000
Cost			
At 1 January 2010	747	753	1,500
Additions	26	6	32
Disposals	(305)	(579)	(884)
At 31 December 2010	468	180	648
Depreciation			
At 1 January 2010	523	644	1,167
On disposals	(305)	(579)	(884)
Charge for the year	95	44	139
At 31 December 2010	313	109	422
Net book value			
At 31 December 2010	155	71	226
At 31 December 2009	109	224	333

7 Stocks

	2010 £ '000	2009 £ '000
Finished goods and goods for resale	3,467	3,688

8 Debtors

	2010 £ '000	2009 £ '000
Trade debtors	8,800	4,796
Other debtors	8	7
Prepayments and accrued income	99	152
Deferred tax asset (see note 10)	33	26
	8,940	4,981

ALPHA THERM LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010**

9 Creditors: amounts falling due within one year	2010 £ '000	2009 £ '000
Bank loans and overdrafts	-	491
Trade creditors	1,770	938
Amounts owed to parent and fellow subsidiary undertakings	5,955	3,919
Corporation tax	444	108
Other taxes and social security costs	1,253	618
Other creditors	19	-
Accruals and deferred income	533	509
	<u>9,974</u>	<u>6,583</u>

Included within creditors are amounts in relation to an invoice discounting facility which are secured by way of a fixed charge over the debts of the company

10 Provisions for liabilities	2010 £ '000	2009 £ '000
Warranty provision		
Balance at 1 January	2,013	2,234
Addition during the year	1,335	927
Released in the year	(907)	(1,148)
	<u>2,441</u>	<u>2,013</u>
Balance at 31 December		

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

	2010 £ '000	2009 £ '000
Balance at 1 January 2010	(26)	
Profit and loss account	(7)	
	<u>(33)</u>	
Balance at 31 December 2010		
	<u>(33)</u>	<u>(26)</u>
	2010 £ '000	2009 £ '000
Decelerated capital allowances	(33)	(26)

ALPHA THERM LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2010****11 Pension and other post-retirement benefit commitments**
Defined contribution

	2010	2009
	£ '000	£ '000
Contributions payable by the company for the year	<u>87</u>	<u>116</u>

12 Share capital

	2010	2009
	£	£
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 2010	475
Profit for the year	<u>1,451</u>
Balance at 31 December 2010	<u>1,926</u>

14 Reconciliation of movements in shareholders' funds

	2010	2009
	£ '000	£ '000
Profit for the financial year	1,451	252
Opening shareholders' funds	<u>475</u>	<u>223</u>
Closing shareholders' funds	<u>1,926</u>	<u>475</u>

ALPHA THERM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

15 Financial commitments

At 31 December 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2011

	Land and buildings		Other	
	2010	2009	2010	2009
	£ '000	£ '000	£ '000	£ '000
Operating leases which expire				
Within one year	20	-	55	33
Between two and five years	412	444	207	232
	<u>432</u>	<u>444</u>	<u>262</u>	<u>265</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

	2010	2009
	£ '000	£ '000
Emoluments for qualifying services	142	157
Amounts receivable under long term incentive schemes	3	24
Company pension contributions to money purchase schemes	10	10
	<u>155</u>	<u>191</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2009 - 1)

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

Emoluments for qualifying services	95	157
Long term incentive schemes	-	24
Company pension contributions to money purchase schemes	9	10

ALPHA THERM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2010

17 Employees

Number of employees

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

	2010 Number	2009 Number
Administrative staff	44	52
Sales staff	13	14
	<u>57</u>	<u>66</u>

Employment costs

	2010 £ '000	2009 £ '000
Wages and salaries	2,150	2,323
Social security costs	231	273
Other pension costs	87	116
	<u>2,468</u>	<u>2,712</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.