

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009
FOR
ECOFLAM (U.K.) LIMITED**



ECOFLAM (U.K.) LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2009**

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ECOFLAM (U.K.) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2009**

DIRECTORS:

C K Stone
A Rizzi
P Marinovich

SECRETARY:

J T Hill

REGISTERED OFFICE:

12 Goodwood Road
Keytec Business Park
Persnore
Worcestershire
WR10 2JL

REGISTERED NUMBER:

2218394 (England and Wales)

AUDITORS:

Clifton-Crick Sharp & Co
Chartered Accountants
Registered Auditors
40 High Street
Persnore
Worcestershire
WR10 1DP

ECOFLAM (U.K.) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report with the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the supply of oil and gas burners and spares

REVIEW OF BUSINESS

Sales fell by 18% in the course of a difficult year. However, the improvement in margins achieved in the previous year was maintained, and this coupled with improved cost control enabled the company to achieve pre-tax profits of £52,562 (2008 £63,824) despite adverse currency movements in the year.

The directors believe that the operational improvements achieved put the company in a position to maintain profitability despite difficult market conditions.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2009

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2009 to the date of this report

C K Stone
A Rizzi
P Marinovich

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

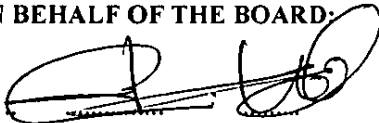
ECOFLAM (U.K.) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2009**

AUDITORS

The auditors, Clifton-Crick Sharp & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'J T Hill', written over a horizontal line.

J T Hill - Secretary

Date 14th APRIL 2010.

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF ECOFLAM (U.K.) LIMITED

We have audited the financial statements of Ecoflam (U K) Limited for the year ended 31 December 2009 on pages five to twelve. 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 a Report of the Auditors 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 Statement of Directors' Responsibilities set out on page two, 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following 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.



Peter Charles Dann (Senior Statutory Auditor)
for and on behalf of Clifton-Crick Sharp & Co
Chartered Accountants
Registered Auditors
40 High Street
Pershore
Worcestershire
WR10 1DP

Date

26 April 2010

ECOFLAM (U.K.) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	31 12 09 £	£	31 12 08 £	£
TURNOVER	2		2,912,615		3,549,194
Cost of sales			2,176,680		2,658,582
GROSS PROFIT			735,935		890,612
Distribution costs		111,742		210,242	
Administrative expenses		550,466		569,022	
			662,208		779,264
OPERATING PROFIT	4		73,727		111,348
Interest receivable and similar income			28		2,322
			73,755		113,670
Interest payable and similar charges	5		21,702		49,846
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			52,053		63,824
Tax on profit on ordinary activities	6		(179)		996
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			52,232		62,828

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material

ECOFLAM (U.K.) LIMITED

**BALANCE SHEET
31 DECEMBER 2009**

	Notes	31 12 09 £	£	31 12 08 £	£
FIXED ASSETS					
Tangible assets	7		1,225		2,826
CURRENT ASSETS					
Stocks	8	496,726		572,895	
Debtors	9	952,193		1,146,928	
Cash at bank and in hand		317,762		116,045	
		<u>1,766,681</u>		<u>1,835,868</u>	
CREDITORS					
Amounts falling due within one year	10	<u>1,600,906</u>		<u>1,723,926</u>	
NET CURRENT ASSETS			<u>165,775</u>		<u>111,942</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>167,000</u>		<u>114,768</u>
CAPITAL AND RESERVES					
Called up share capital	13		1,000		1,000
Profit and loss account	14		<u>166,000</u>		<u>113,768</u>
SHAREHOLDERS' FUNDS			<u>167,000</u>		<u>114,768</u>

The financial statements were approved by the Board of Directors on its behalf by

14th APRIL 2010, and were signed on


C K Stone - Director

ECOFLAM (U.K.) LIMITED

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

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Improvements to property	- in accordance with the property
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Computer equipment	- 20% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

Going concern

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The company's borrowings are secured by the support of its parent company

2 TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company

ECOFLAM (U K.) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009****3 STAFF COSTS**

	31 12 09	31 12 08
	£	£
Wages and salaries	247,671	252,040
Social security costs	27,314	28,709
Other pension costs	19,044	18,210
	<u>294,029</u>	<u>298,959</u>

The average monthly number of employees during the year was as follows

	31 12 09	31 12 08
Administration	5	5
Technical	2	2
Sales	2	2
	<u>9</u>	<u>9</u>

4 OPERATING PROFIT

The operating profit is stated after charging

	31 12 09	31 12 08
	£	£
Hire of plant and machinery	2,627	5,097
Other operating leases	16,068	16,341
Depreciation - owned assets	1,601	6,151
Auditors remuneration - audit work	5,500	5,500
Auditors' remuneration for non audit work	500	500
	<u>60,183</u>	<u>61,006</u>
Directors' remuneration	7,372	7,302
Directors' pension contributions to money purchase schemes	<u>7,372</u>	<u>7,302</u>

The number of directors to whom retirement benefits were accruing was as follows

	31 12 09	31 12 08
Money purchase schemes	<u>1</u>	<u>1</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 09	31 12 08
	£	£
Bank interest	2,027	1,057
Interest on Group loan	19,675	48,789
	<u>21,702</u>	<u>49,846</u>

ECOFLAM (U.K.) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009****6 TAXATION****Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit on ordinary activities for the year was as follows

	31 12 09 £	31 12 08 £
Current tax		
UK corporation tax	-	662
(Over)/ under provision in prior years	(179)	334
	<u>(179)</u>	<u>334</u>
Tax on profit on ordinary activities	<u>(179)</u>	<u>996</u>

Factors affecting the tax (credit)/charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 09 £	31 12 08 £
Profit on ordinary activities before tax	<u>52,053</u>	<u>63,824</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28.500%)	14,575	18,190
Effects of		
Expenses not deductible for tax purposes	3,060	5,413
Accelerated capital allowances	(8)	1,127
Utilisation of tax losses brought forward	(17,627)	(24,068)
Prior year adjustment	(179)	334
	<u>(179)</u>	<u>996</u>
Current tax (credit)/charge	<u>(179)</u>	<u>996</u>

Factors that may affect future tax charges

As at 31 December 2009 the company has a deferred tax asset of £15,610 (2008 £33,983) which has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable. The asset would be recovered against future taxable profits of the company.

ECOFAM (U.K.) LIMITED

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

7 TANGIBLE FIXED ASSETS

	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2009 and 31 December 2009	17,964	8,385	78,543	55,009	159,901
DEPRECIATION					
At 1 January 2009	17,963	8,384	78,542	52,186	157,075
Charge for year	-	-	-	1,601	1,601
At 31 December 2009	17,963	8,384	78,542	53,787	158,676
NET BOOK VALUE					
At 31 December 2009	1	1	1	1,222	1,225
At 31 December 2008	1	1	1	2,823	2,826

8 STOCKS

	31 12 09 £	31 12 08 £
Finished goods	496,726	572,895

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 09 £	31 12 08 £
Trade debtors	927,360	1,128,225
Other debtors	5,247	3,934
Prepayments and accrued income	19,586	14,769
	952,193	1,146,928

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 09 £	31 12 08 £
Trade creditors	63,508	142,771
Corporation tax	(504)	662
Social security and other taxes	122,060	117,385
Other creditors	2,039	1,722
Amounts owed to group undertakings	1,334,402	1,389,121
Accrued expenses	79,401	72,265
	1,600,906	1,723,926

ECOFLAM (U.K.) LIMITED

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

11 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	31 12 09	31 12 08	31 12 09	31 12 08
	£	£	£	£
Expiring				
Within one year	26,000	26,000	14,945	21,488
Between one and five years	49,079	75,079	208	14,599
	<u>75,079</u>	<u>101,079</u>	<u>15,153</u>	<u>36,087</u>

12 SECURED DEBTS

The company's overdraft facility is secured by a parent company guarantee

13 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		Nominal value	31 12 09	31 12 08
Number	Class		£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

14 RESERVES

	Profit and loss account £
At 1 January 2009	113,768
Profit for the year	<u>52,232</u>
At 31 December 2009	<u>166,000</u>

15 ULTIMATE PARENT COMPANY

The directors regard Ariston Thermo SPA, a company registered in Italy, as the ultimate parent company. Copies of the parent company's consolidated financial statements may be obtained from the Secretary, Viale Aristide Merloni 45, 60044 Fabriano, Italy

ECOFLAM (U K.) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2009****16 TRANSACTIONS WITH DIRECTORS**

The following loan to directors subsisted during the years ended 31 December 2009 and 31 December 2008

	31 12 09 £	31 12 08 £
C K Stone		
Balance outstanding at start of year	2,734	2,894
Balance outstanding at end of year	3,357	2,734
Maximum balance outstanding during year	<u>3,357</u>	<u>2,894</u>

17 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption available under FRS 8 from disclosing transactions with members of the Ariston Thermo group that are eliminated on consolidation

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 09 £	31 12 08 £
Profit for the financial year	<u>52,232</u>	<u>62,828</u>
Net addition to shareholders' funds	52,232	62,828
Opening shareholders' funds	<u>114,768</u>	<u>51,940</u>
Closing shareholders' funds	<u>167,000</u>	<u>114,768</u>