

Thermopol International Limited

Directors' Report and Financial Statements for the year ended 30 November 2003

Registered no: 3048337



Thermopol International Limited

Directors' Report and Financial Statements for the year ended 30 November 2003

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Thermopol International Limited

Directors' Report

For the year ended 30 November 2003

The directors present their report together with the audited financial statements of Thermopol International Limited ("the Company") and its subsidiary undertakings (together "the Group") for the year ended 30 November 2003.

Principal Activity, Review of the Business and Future Prospects

Thermopol International Limited is the holding company for a multi national group engaged in the design, development, manufacture, distribution and sale of silicone rubber products, assemblies and systems for the automotive industry. Sales include products for commercial vehicles, specialist vehicles, high volume passenger cars and the sports utility vehicle market.

During 2003 the Group saw sales of £26.5 million an improvement of 6.5% on 2002, The growth in sales is attributed to substantial increase in sales of hoses to the passenger vehicle market.

Results and Dividend

The profit after taxation of the Group for the year ended 30 November 2003 was £745,415 (2002: £1,538,963).

Dividends for the year amounted to £122,676 on the Preferred Ordinary Shares (2002: £164,521) and £58,538 (2002: £79,460) on the Ordinary Shares in accordance with the Articles of Association.

Directors

The directors of the company at 30 November 2003 were:

MF Siney – Chairman
JE Dudgeon
AL Thesen
SJ Levitt
GB Newton

On 20 September 2004 Messrs MF Siney, JE Dudgeon, ALThesen, SJ Levitt and GB Newton resigned as directors. GI MacLeod and JEP Cooper were appointed directors on 17 September 2004.

Thermopol International Limited

Directors' Report

For the year ended 30 November 2003

Directors' Interests

The interests of the directors and their families in the share capital of the Company as at 30 November 2003 were as follows:

	Ordinary shares of £1 each	
	No 2003	No 2002
MF Siney	231,000	200,000
Mrs PM Siney	-	31,000
JE Dudgeon	60,000	30,000
Mrs L Dudgeon	-	30,000

Messrs AL Thesen, SJ Levitt and GB Newton did not have any interests in the shares of the Company or Group.

Events after 30 November 2003

In September 2004 the majority shareholder Mr M Siney sold his shares in the Company to Albemarle Street (Nominees) Limited. Additionally Albemarle Street purchased in aggregate a further 40,000 shares from Mr J Dudgeon and the Dudgeon Family Trust.

As a result of the change of ownership, a new management team has been appointed. Subsequent to this a number of changes have occurred in the UK operations of the Group to better focus that business on its core markets – unfortunately these changes have led to a redundancy program which was implemented in November 2004.

The new management and owners are very confident the Group is now well placed for further profitable growth.

Employees

It is group policy to employ registered disabled persons, and to retain employees who become disabled, wherever practicable, with the same training and career opportunities as are available to all other members of staff. It is group policy to maintain a high standard of safety and health for all employees and the involvement of staff in all safety matters is encouraged. Information on matters of concern to employees is given through bulletins and reports, which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

Thermopol International Limited

Directors' Report

For the year ended 30 November 2003

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that year.

In preparing these financial statements, the directors confirm they have:

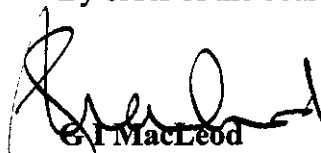
- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepared the financial statements on a going concern basis unless it is inappropriate to assume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board


G.I. MacLeod
Secretary
23 December 2004

Thermopol International Limited

Independent Auditors' Report to the Members of Thermopol International Limited

We have audited the financial statements which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the statement of recognised gains and losses, the reconciliation of movement in shareholders' funds and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Thermopol International Limited

Thermopol International Limited

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 30 November 2003 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick
23 December 2004

Thermopol International Limited

Group profit and loss account for the year ended 30 November 2003

	<u>2003</u> £	<u>2002</u> £
Turnover (Note 2)	26,505,790	24,893,670
Cost of Sales	<u>(19,287,777)</u>	<u>(17,146,219)</u>
Gross profit	7,218,013	7,747,451
Distribution costs	(3,208,464)	(2,332,757)
Administrative expenses	(2,138,124)	(2,628,054)
Other operating income	<u>-</u>	<u>-</u>
Operating profit	1,871,425	2,786,640
Interest payable and similar charges (Note 6)	(160,943)	(287,949)
Interest receivable and similar income (Note 7)	<u>19,910</u>	<u>22,633</u>
Profit on ordinary activities before taxation (Note 3)	1,730,392	2,521,324
Taxation on profit on ordinary activities (Note 8)	<u>(984,977)</u>	<u>(982,361)</u>
Profit on ordinary activities after taxation	745,415	1,538,963
Dividends (Note 9)	<u>(181,214)</u>	<u>(243,981)</u>
Retained profit for the year (Note 19)	<u>564,201</u>	<u>1,294,982</u>

The results for the year are wholly attributable to continuing operations.

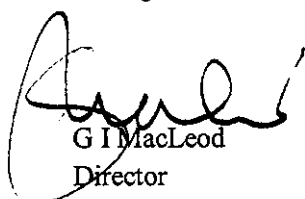
There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year as stated above, and their historical cost equivalents.

Thermopol International Limited

Group balance sheet at 30 November 2003

	2003 £	2002 £
Fixed assets		
Tangible assets (Note 10)	4,620,302	4,220,493
Intangible assets (Note 11)	<u>14,766</u>	<u>13,003</u>
	<u>4,635,068</u>	<u>4,233,496</u>
Current assets		
Stock (Note 13)	1,821,451	1,454,763
Debtors (Note 14)	6,997,443	5,857,304
Cash at bank and in hand	<u>592,760</u>	<u>1,383,759</u>
	<u>9,411,654</u>	<u>8,695,826</u>
Creditors amounts falling due within one year (Note 15)	<u>(4,824,874)</u>	<u>(4,283,554)</u>
Net current assets	<u>4,586,780</u>	<u>4,412,272</u>
Total assets less current liabilities	<u>9,221,848</u>	<u>8,645,768</u>
Creditors amounts falling due after more than one year (Note 16)	<u>(2,830,098)</u>	<u>(2,537,937)</u>
	<u>6,391,750</u>	<u>6,107,831</u>
Provision for liabilities and charges (Note 17)	<u>(203,226)</u>	<u>(223,014)</u>
Net Assets	<u>6,188,524</u>	<u>5,884,817</u>
Capital and reserves		
Called up share capital (Note 18)	400,000	400,000
Share premium (Note 19)	22,858	22,858
Profit and loss account (Note 19)	<u>5,765,666</u>	<u>5,461,959</u>
Total Shareholders' Funds	<u>6,188,524</u>	<u>5,884,817</u>
Equity interests	6,116,184	5,812,477
Non equity interests	<u>72,340</u>	<u>72,340</u>
Total Shareholders' Funds	<u>6,188,524</u>	<u>5,884,817</u>

The financial statements on pages 6 to 23 were approved by the Board on 23 December 2004
and signed on its behalf by:


G I MacLeod
Director

Thermopol International Limited

Company balance sheet at 30 November 2003

	<u>2003</u>	<u>2002</u>
	£	£
Fixed assets		
Tangible assets (Note 10)	27,245	61,792
Investments (Note 12)	<u>6,113,691</u>	<u>6,113,683</u>
	<u>6,140,936</u>	<u>6,175,475</u>
Current assets		
Debtors (Note 14)	503,424	491,293
Cash at bank and in hand	<u>2</u>	<u>-</u>
	<u>503,426</u>	<u>491,293</u>
Creditors amounts falling due within one year (Note 15)	<u>(2,025,163)</u>	<u>(2,949,139)</u>
Net current liabilities	<u>(1,521,737)</u>	<u>(2,457,846)</u>
Total assets less current liabilities	4,619,199	3,717,629
Creditors amounts falling due after more than one year (Note 16)	<u>(2,830,098)</u>	<u>(2,454,805)</u>
Net Assets	<u>1,789,101</u>	<u>1,262,824</u>
Capital and reserves		
Called up share capital (Note 18)	400,000	400,000
Share premium (Note 19)	22,858	22,858
Profit and loss account (Note 19)	<u>1,366,243</u>	<u>839,966</u>
Total Shareholders' Funds	<u>1,789,101</u>	<u>1,262,824</u>
Equity interests	1,716,761	1,190,484
Non equity interests	<u>72,340</u>	<u>72,340</u>
Total Shareholders' Funds	<u>1,789,101</u>	<u>1,262,824</u>

The financial statements on pages 6 to 23 were approved by the Board on *23 December 2004*
and signed on its behalf by:


G J MacLeod
Director

Thermopol International Limited

Group cash flow statement for the year ended 30 November 2003

	<u>2003</u>	<u>2002</u>
	£	£
Cash flow from operating activities (Note 20 (1))	<u>1,990,903</u>	<u>4,023,840</u>
Returns on investment and servicing of finance		
Interest received	19,910	22,633
Interest paid on finance leases	(11,376)	(18,927)
Interest paid on bank loans	(135,358)	(344,810)
Dividends paid in respect of preferred ordinary shares	(164,521)	(111,514)
	<u>(291,345)</u>	<u>(452,618)</u>
Taxation	<u>(1,178,225)</u>	<u>(620,001)</u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(3,232)	(4,110)
Purchase of tangible fixed assets	(1,441,442)	(1,534,372)
Proceeds from sale of tangible fixed assets	-	20,300
	<u>(1,444,674)</u>	<u>(1,518,182)</u>
Equity dividends paid	<u>(79,460)</u>	<u>(52,957)</u>
Management of liquid resources		
Movement in short term deposits	-	-
Financing		
Repayment of loans	-	(803,822)
Capital repayment of finance leases	(83,603)	(91,883)
	<u>(83,603)</u>	<u>(895,705)</u>
(Decrease)/increase in cash in the year (Note 20)	<u>(1,086,404)</u>	<u>484,377</u>

Thermopol International Limited

Statement of total recognised gains and losses for the year ended 30 November 2003

	<u>2003</u>	<u>2002</u>
	£	£
Profit for the financial year	745,415	1,538,963
Currency translation differences on foreign currency net investment	<u>(260,494)</u>	<u>125,043</u>
Total gains and losses relating to the year	<u>484,921</u>	<u>1,664,006</u>

Reconciliation of movement in Shareholders' Funds

	<u>2003</u>	<u>2002</u>
	£	£
Profit for the financial year	745,415	1,538,963
Dividends	<u>(181,214)</u>	<u>(243,981)</u>
	564,201	1,294,982
Other recognised gains and losses relating to the year	<u>(260,494)</u>	<u>125,043</u>
Net increase to Shareholders' Funds	303,707	1,420,025
Shareholders' Funds at the beginning of the year	5,884,817	4,464,792
	<u>-</u>	<u>-</u>
Shareholders' Funds at the end of the year	<u>6,188,524</u>	<u>5,884,817</u>

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

1 Accounting policies

The Group's financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies, which the directors have adopted within that convention, are as follows:

Basis of consolidation

The results of all of the Group's subsidiary undertakings are included in the Group's financial statements from the date of acquisition.

Turnover

Turnover represents the invoiced value of goods supplied and services provided during the year exclusive of value added tax.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises materials and, where appropriate, direct labour and factory overheads.

Depreciation of tangible and intangible fixed assets

Fixed assets are stated at cost and are depreciated on a straight line basis so as to write off the cost of the asset over its expected economic useful life.

The depreciation rates used are at the following annual rates:

Leasehold improvements	4% and 10%
Short leasehold property	10%
Plant and office equipment	10%
Moulds and motor vehicles	20%
Computer equipment	17%
Intangible patents and trade marks	6% and 10%

Deferred taxation

Deferred taxation is provided in full on all timing differences that are not permanent. Deferred tax assets are only recognised where their recoverability is deemed more certain than not. The group has chosen not to discount deferred tax balances, as permitted by FRS 19.

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

1 Accounting policies (continued)

Foreign Currency

Assets and liabilities expressed in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Transactions during the year are translated at the rates ruling at the date of the transactions profits. Any profits or losses arising on exchange are dealt with in the profit and loss account.

The profits and losses of the overseas subsidiary undertakings are translated into sterling at the average rate prevailing during the year. Exchange differences arising from the retranslation of the opening net assets of overseas subsidiary undertakings are recorded as movements on reserves.

Pension costs

The group operates defined contribution pension schemes for its employees. Contributions to the schemes are charged to the profit and loss account in the year in which they are payable.

Leases

Leases which entail the company retaining all, or substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases. Assets obtained under finance leases are included in tangible fixed assets at cost and are depreciated over their useful economic lives or term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within loans and borrowings. Rental payments are apportioned between the finance element, which is charged as interest to the profit and loss account, and the capital element, which reduces the outstanding obligations for future instalments, so as to give a constant rate of charge on the outstanding obligation. Rental payments under operating leases are charged to the profit and loss account on a straight line basis in arriving at the operating profit.

2 Turnover

	<u>2003</u> £	<u>2002</u> £
Sales of processed silicone rubber were geographically split as follows:		
United Kingdom	871,340	593,257
USA	12,552,103	10,657,938
Rest of the World	<u>13,082,347</u>	<u>13,642,475</u>
	<u>26,505,790</u>	<u>24,893,670</u>

3 Profit on ordinary activities before taxation

	<u>2003</u> £	<u>2002</u> £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation of tangible fixed assets	672,179	534,478
Amortisation of intangible assets	1,469	1,887
Loss on disposal of tangible fixed assets	138,139	31,633
Auditors' remuneration - audit fees	79,333	72,621
- other fees	22,620	35,761
Operating lease rentals - land & buildings	573,581	542,809
Exchange gains	<u>(436,869)</u>	<u>(115,333)</u>

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

4 Staff costs

	<u>2003</u> £	<u>2002</u> £
Staff costs, including directors' emoluments, charged during the year were:		
Wages and salaries	7,691,467	6,686,892
Social Security costs	778,816	754,870
Other pension costs	<u>426,353</u>	<u>484,580</u>
	<u>8,896,636</u>	<u>7,926,342</u>

The average number of persons employed by the group, including directors, during the year was:

	Number	Number
United Kingdom	194	184
USA	166	140
Rest of World	<u>14</u>	<u>-</u>
	<u>374</u>	<u>324</u>

5 Directors' emoluments

	<u>2003</u> £	<u>2002</u> £
Aggregate emoluments	479,614	549,706
Company contributions to money purchase schemes	140,124	178,862
Compensation for loss of office	<u>-</u>	<u>197,829</u>

There are 4 (2002: 5) directors to whom retirement benefits are accruing under money purchase schemes.

Highest paid director:

Aggregate emoluments	197,500	182,194
Company contributions to money purchase schemes	<u>47,689</u>	<u>46,475</u>

6 Interest payable and similar charges

	<u>2003</u> £	<u>2002</u> £
On bank loans	135,538	239,810
Issue costs	14,029	29,212
On finance leases	<u>11,376</u>	<u>18,927</u>
	<u>160,943</u>	<u>287,949</u>

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

7 Interest receivable and similar income

	<u>2003</u> £	<u>2002</u> £
From bank deposits	10,444	19,831
Other interest received	<u>9,466</u>	<u>2,802</u>
	<u>19,910</u>	<u>22,633</u>

8 Tax on profit on ordinary activities

(a) Analysis of tax charge	<u>2003</u> £	<u>2002</u> £
UK corporation tax at 30% (2002: 30%)	12,258	175,978
Overseas taxation	993,057	826,893
Over provision in respect of the previous period	<u>(550)</u>	<u>(88,192)</u>
Current Tax charge	1,004,765	914,679
Deferred Taxation:		
Origination and reversal of timing differences	(18,832)	67,682
Over provision in respect of the previous period	<u>(956)</u>	<u>-</u>
Total tax charge	<u>984,977</u>	<u>982,361</u>
(b) Factors affecting tax charge for the year	<u>2003</u> £	<u>2002</u> £
Profit on ordinary activities before taxation	1,730,392	2,521,324
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	519,118	756,396
Expenses not deductible for tax purposes	7,200	10,290
Rate adjustment relating to overseas profits	233,860	205,964
Other timing differences	189,937	(3,360)
Losses not recognised	55,200	33,581
Adjustments in respect of prior periods	<u>(550)</u>	<u>(88,192)</u>
Current tax charge	<u>1,004,765</u>	<u>914,679</u>

(c) Factors affecting future tax charges

The future current tax charge will continue to be affected by the above timing differences.

9 Dividends

	<u>2003</u> £	<u>2002</u> £
Dividends proposed on ordinary shares	58,538	79,460
Dividends paid in respect of preferred ordinary shares	2,800	2,800
Dividends proposed in respect of preferred ordinary shares	<u>119,876</u>	<u>161,721</u>
	<u>181,214</u>	<u>243,981</u>

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

10 Tangible fixed assets

Group	Short leasehold property £	Leasehold improvements £	Plant and machinery £	Fixtures, fittings & vehicles £	Total £
Cost					
1 December 2002	45,000	777,815	5,753,203	1,212,186	7,788,204
Currency translation	-	(49,966)	(384,443)	(14,115)	(448,524)
Additions		93,832	1,210,094	137,516	1,441,442
Disposals	-	(117,365)	(181,669)	(290,801)	(589,835)
30 November 2003	45,000	704,316	6,397,185	1,044,786	8,191,287
Depreciation					
1 December 2002	45,000	412,371	2,422,292	688,048	3,567,711
Currency translation	-	(30,370)	(179,105)	(7,734)	(217,209)
Charge for the year	-	52,892	520,786	98,501	672,179
Disposals	-	(71,099)	(104,742)	(275,855)	(451,696)
30 November 2003	45,000	363,794	2,659,231	502,960	3,570,985
Net book value					
30 November 2003	-	340,522	3,737,954	541,826	4,620,302
30 November 2002	-	365,444	3,330,911	524,138	4,220,493

Included within fixtures, fittings & vehicles are assets totalling £251,350 (2002 £251,350) held under finance leases. No depreciation has been charged on these assets as they are not in use at 30 November 2003

Company	Motor vehicles £
Cost	
1 December 2003	175,204
Disposals	(34,103)
	141,101
Depreciation	
1 December 2003	113,412
Disposals	(27,676)
Charge for the year	28,120
30 November 2003	113,856
Net book value	
30 November 2003	27,245
30 November 2002	61,792

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

11 Intangible assets

Group	Patents & Trademarks £
Cost	
1 December 2002	25,005
Additions	<u>3,232</u>
30 November 2003	<u>28,237</u>
Depreciation	
1 December 2002	12,002
Charge for the year	<u>1,469</u>
30 November 2003	<u>13,471</u>
Net book value	
30 November 2003	<u>14,766</u>
30 November 2002	<u>13,003</u>

12 Fixed asset investments

Company

Cost and Net book value	Investment in Subsidiary Undertakings £
1 December 2002	6,113,683
Additions	<u>8</u>
30 November 2003	<u>6,113,691</u>

The group's principal subsidiary undertakings included in the consolidated financial statements at 30 November 2003 which all undertake the principal activities of the group, are:

	Proportion of shares held Direct	Proportion of voting rights held
Thermopol Limited Registered and operated in England	100%	100%
Thermopol Incorporated Registered and operated in USA	100%	100%
Thermopol Korea Limited Registered and operated in Korea	100%	100%
T2 Speedy Trading Company Limited Registered in Hong Kong	100%	100%

T2 Speedy Trading Company Limited was incorporated on 12 March 2003

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

13 Stock

	Group 2003 £	Group 2002 £
Raw materials and consumables	817,390	638,001
Work in progress	355,840	223,841
Finished goods	648,221	592,921
	<u>1,821,451</u>	<u>1,454,763</u>

14 Debtors

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Trade debtors	6,705,080	-	5,349,594	-
Other debtors	186,160	-	288,395	-
Amount due from subsidiary undertakings	-	503,424	-	491,293
Deferred asset	50,000	-	50,000	-
Prepayments and accrued income	56,203	-	169,315	-
	<u>6,997,443</u>	<u>503,424</u>	<u>5,857,304</u>	<u>491,293</u>

Deferred Asset - losses

Balance at 1 December	50,000	-	50,000	-
Transfer to profit and loss account	(16,666)	-	(16,666)	-
Recognised in the year	16,666	-	16,666	-
	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>

The group has a further unrecognised deferred tax asset, relating to losses, of £392,000 (2002: £408,000).

15 Creditors: amounts falling due within one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Bank loans and overdraft	583,165	287,760	687,838	687,838
Obligations under finance leases	75,864	-	76,335	-
Trade creditors	1,721,759	-	1,503,244	-
Corporation tax	14,381	12,512	166,978	-
Overseas tax	-	-	20,863	-
Amount due to subsidiary undertakings	-	1,431,825	-	1,730,952
Other taxation and social security	279,125	27,069	147,673	22,508
Other creditors	1,700,519	87,575	1,138,898	259,865
Proposed dividends	178,414	178,414	241,181	241,181
Accruals and deferred income	271,647	-	300,544	6,795
	<u>4,824,874</u>	<u>2,025,155</u>	<u>4,283,554</u>	<u>2,949,139</u>

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

16 Creditors : amounts falling due after one year

	Group 2003 £	Company 2003 £	Group 2002 £	Company 2002 £
Bank loans	2,830,098	2,830,098	2,454,805	2,454,805
Obligations under finance leases (due in one to two years)	-	-	83,132	-
	<u>2,830,098</u>	<u>2,830,098</u>	<u>2,537,937</u>	<u>2,454,805</u>

The bank loans and overdraft are repayable according to the following repayment schedule:

In one year or less	300,000	300,000	707,404	707,404
Between one and two years	1,200,000	1,200,000	700,000	700,000
Between two and five years	1,641,298	1,641,298	1,772,708	1,772,708
Unamortised issue costs	(23,440)	(23,440)	(37,469)	(37,469)
	<u>3,117,858</u>	<u>3,117,858</u>	<u>3,142,643</u>	<u>3,142,643</u>

As at 30 November 2003, the Group had an outstanding loan of £700,000 (2002 - £700,000) and a revolving Euro loan of £1,158,100 (2002 - £1,065,304) which bear interest rates of 6.192% (2002 - 6.412%) and 5.3% respectively. The group also had a US\$ loan of £1,283,497 (2002 - £1,414,807) which bears interest at the rate of 3.35% (2002 - 3.71%) per annum. The loans are secured by way of a fixed and floating charge over the Group's assets.

17 Provision for liabilities and charges

Group

	2003 £	2002 £
Deferred Taxation - accelerated capital allowances	<u>223,014</u>	<u>223,014</u>
Balance at 1 December	223,014	155,332
Adjustment in respect of prior period	(18,832)	-
Increase in the provision in the year	<u>(956)</u>	<u>67,682</u>
Balance at 30 November	<u>203,226</u>	<u>223,014</u>

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

18 Called up share capital

The company's share capital as at 30 November 2003 and 2002 was as follows:

	2003		2002	
	No	£	No	£
Ordinary Shares of £1 each	330,000	330,000	330,000	330,000
Preferred Ordinary Shares of £1 each	70,000	70,000	70,000	70,000
	400,000	400,000	400,000	400,000

Rights to dividends

The preferred ordinary shares have the right to receive, in priority to the holders of the ordinary shares, a fixed cumulative preferential dividend at the rate of 8% per annum on the amount paid up on each share and from 1 December 2000, a dividend of 5% of an adjusted profit distributed according to the amount paid up per share.

Ordinary shares of £1 each have the right to receive a dividend equal to 2½% of an adjusted profit distributed according to the amount paid up on each share.

Winding up

In the event of the Company being wound up, the preferred ordinary shareholders receive priority in respect of the repayment of paid up capital and any dividends accrued. Once ordinary shareholders receive paid up capital and dividends accrued, any remaining amounts are to be distributed amongst the holders of both types of pro rata according to the amount paid on them.

Voting rights

All shareholders are entitled to one vote for each share held, unless the company is in default over loan repayments, in which case the preferred ordinary shareholders are entitled to five votes for every share held, whilst the ordinary shareholders rights are unchanged. The loan to which this refers has been repaid.

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

19 Reserves

Group

	2003 £	2002 £
Profit and loss account		
Balance at 1 December 2002	5,461,959	4,041,934
Retained profit for the year	564,201	1,294,982
Exchange differences	<u>(260,494)</u>	<u>125,043</u>
At 30 November 2003	<u>5,765,666</u>	<u>5,461,959</u>

Share Premium

	£	£
Balance at 1 December 2002 and 30 November 2003	<u>22,858</u>	<u>22,858</u>

Company

	Share premium £	Profit and loss £	Total £
At 1 December 2002	22,858	839,966	862,824
Retained loss for the year	<u>-</u>	<u>526,277</u>	<u>526,277</u>
At 30 November 2003	<u>22,858</u>	<u>1,366,243</u>	<u>1,389,101</u>

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

20 Notes to the group cash flow statement

(1) Reconciliation of operating profit to net cash inflow from operating activities

	<u>2003</u> £	<u>2002</u> £
Operating profit	1,871,425	2,786,640
Depreciation and amortisation charges on fixed assets	673,648	536,365
Loss on disposal of tangible fixed assets	138,139	31,633
Decrease/(increase) in stock	(366,688)	164,075
(Increase)/decrease in debtors	(1,140,139)	311,904
Increase in creditors	814,518	188,981
Exchange gain on currency transactions	-	4,242
	<u>1,990,903</u>	<u>4,023,840</u>

(2) Reconciliation of net cash flow to movement in net funds

	<u>2003</u> £	<u>2002</u> £
Increase/(decrease) in cash in the period	(1,086,404)	484,377
Cash inflow/(outflow) from change in debt financing	83,603	895,705
Cash inflow/(outflow) from liquid resources	-	-
Movement in net debt arising from cash flows	(1,002,801)	1,380,082
New finance leases	-	(251,350)
Foreign exchange difference	38,814	(41,534)
Movement in issue costs	(14,029)	(29,212)
Increase in net funds	(978,016)	1,057,986
Net funds at start of period	(1,918,351)	(2,976,337)
Net debt at end of period	<u>(2,896,367)</u>	<u>(1,918,351)</u>

(3) Analysis of changes in net debt

	At 1 Dec 2002 £	Cash flows £	Other non- cash changes £	At 30 Nov 2003 £
Cash at bank and in hand	1,383,759	(790,999)	-	592,760
Bank overdraft	-	(295,405)	-	(295,405)
	1,383,759	(1,086,404)	-	297,355
Bank loan due within one year	(687,838)	-	400,078	(287,760)
Bank loan due after one year	(2,454,805)	-	(375,293)	(2,830,098)
Finance leases	(159,467)	83,603	-	(75,864)
	<u>(1,918,351)</u>	<u>(1,002,801)</u>	<u>24,785</u>	<u>(2,896,367)</u>

Other non cash changes represents unamortised issue costs and exchange differences.

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

21 Capital commitments

The Group had contracted for £105,829 of capital expenditure (2002: £84,378) which is not provided for at 30 November 2003.

22 Operating lease commitments

The Group and the Company have the following annual commitments in respect of operating leases on land and buildings:

	2003		2002	
	Group £	Company £	Group £	Company £
Land and buildings				
- Expiring over five years	394,016	-	77,650	-
- Expiring between two and five years	-	-	355,575	-
Total	<u>394,016</u>	<u>-</u>	<u>433,225</u>	<u>-</u>

23 Parent company results and controlling party

The parent company has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The profit after tax in the parent company's own profit and loss account for the year amounted to £707,491 before dividends payable (2002 £36,013 profit before dividends).

The directors consider Mr Siney to be the ultimate controlling party of the company at the year end.

24 Contingent liabilities

Thermopol International Limited has entered into a guarantee with regard to the lease of the property occupied by a wholly owned subsidiary, Thermopol Incorporated. In the event of default, Thermopol International Limited is liable for the annual rental of \$246,996 (2002 \$238,188). The lease to which this guarantee relates has a remaining life of 10 years.

Thermopol International Limited

Notes to the financial statements for the year ended 30 November 2003

25 Post Balance Sheet Events

In September 2004 the majority shareholder Mr M Siney sold his shares in the Company to Albemarle Street (Nominees) Limited. Additionally Albemarle Street purchased in aggregate a further 40,000 shares from Mr J Dudgeon and the Dudgeon Family Trust.

As a result of the change of ownership, a new management team has been appointed. Subsequent to this a number of changes have occurred in the UK operations of the Group to better focus that business on its core markets – unfortunately these changes have led to a redundancy program which was implemented in November 2004.

The new management and owners are very confident the Group is now well placed for further profitable growth.