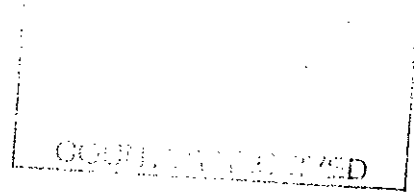


12/10/03

Registration Number 01537121



Thermomax Limited

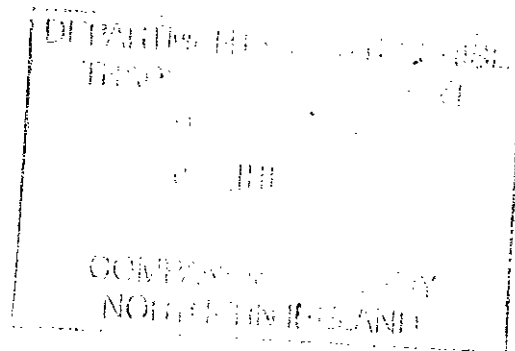


Directors' Report and Financial Statements

PC 2412

for the year ended 30 September 2003

2



Thermomax Limited

Company Information

Directors

J Mahdjuri
I. Ekselius
M Mahdjuri
Dr V Tabatabai
G Senninger
Mrs K McVeigh

Secretary

Company Number

01537121

Registered Office

London Road
Sunningdale
Berkshire

Auditors

D L Neill & Company
2A Castle Square
Bangor
Co. Down

Business Address

Balloo Crescent
Bangor
Co. Down

Bankers

Northern Bank Limited
Bloomfield
Bangor
Co. Down

Thermomax Limited

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Thermomax Limited

Directors' Report for the year ended 30 September 2003

The directors present their report and the financial statements for the year ended 30 September 2003.

Principal Activity and Review of the Business

The principal activity of the company is that of the manufacture of solar heat pipe collectors. Both the level of business during the year and the year end financial position were satisfactory.

Results And Dividends

The results for the year are set out on page 3.

The directors do not recommend payment of a final dividend.

J Mahdjuri	-	-	-	-
L Ekselius	-	-	-	-
M Mahdjuri	-	-	-	-
Dr V Tabatabai	-	-	-	-
G Senninger	-	-	-	-
Appointed 1 June 2002				

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that D L Neill & Company be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 25 May 2004 and signed on its behalf by



Mrs K McVeigh
Secretary

Thermomax Limited

Auditors' Report to the Shareholders of Thermomax Limited

We have audited the financial statements on pages 3 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

D. L. Neill & Company

D L Neill & Company

**Chartered Accountants and
Registered Auditor**

**2A Castle Square
Bangor
Co. Down**

25 May 2004

Thermomax Limited

**Profit and Loss Account
for the year ended 30 September 2003**

Continuing operations

		2003	2002
	Notes	£	£
Turnover	2	7,565,194	18,293,123
Cost of sales		(7,202,492)	(16,709,529)
Gross profit		<u>362,702</u>	<u>1,583,594</u>
Distribution costs		(428,315)	(771,376)
Administrative expenses		(1,339,668)	(818,891)
Other operating income		<u>1,914</u>	<u>5,189</u>
Operating loss	3	(1,403,367)	(1,484)
Investment income	4	21,600	72,000
Interest receivable and similar income	5	22,212	73,595
Interest payable and similar charges	6	<u>(18,684)</u>	<u>(35,966)</u>
(Loss)/profit on ordinary activities before taxation		(1,378,239)	108,145
Tax on (loss)/profit on ordinary activities	8	<u>7,121</u>	<u>(9,721)</u>
(Loss)/retained profit for the year		(1,371,118)	98,424
Retained profit brought forward		<u>5,875,786</u>	<u>5,777,362</u>
Retained profit carried forward		<u><u>4,504,668</u></u>	<u><u>5,875,786</u></u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 14 form an integral part of these financial statements.

Thermomax Limited

Balance Sheet as at 30 September 2003

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	9		155,865		55,495
Tangible assets	10		1,203,261		839,994
Investments	11		822,733		814,400
			<u>2,181,859</u>		<u>1,709,889</u>
Current Assets					
Stocks	12	873,499		1,950,493	
Debtors	13	2,869,440		2,149,077	
Cash at bank and in hand		<u>1,012,246</u>		<u>1,966,621</u>	
		4,755,185		6,066,191	
Creditors: amounts falling due within one year	14	<u>(1,424,525)</u>		<u>(1,056,321)</u>	
Net Current Assets			<u>3,330,660</u>		<u>5,009,870</u>
Total Assets Less Current Liabilities			5,512,519		6,719,759
Provision for Liabilities and Charges	15		<u>(455,851)</u>		<u>(291,973)</u>
Net Assets			<u>5,056,668</u>		<u>6,427,786</u>
Capital and Reserves					
Called up share capital	16		552,000		552,000
Profit and loss account			<u>4,504,668</u>		<u>5,875,786</u>
Equity Shareholders' Funds	17		<u>5,056,668</u>		<u>6,427,786</u>

The financial statements were approved by the Board on 25 May 2004 and signed on its behalf by

J Mahdjuri
Director

M Mahdjuri
Director

The notes on pages 6 to 14 form an integral part of these financial statements.

Thermomax Limited

Cash Flow Statement for the year ended 30 September 2003

	Notes	2003 £	2002 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(1,403,367)	(1,484)
Depreciation		276,827	240,590
Decrease in stocks		1,076,994	(389,710)
(Increase) in debtors		(800,362)	486,314
Increase in creditors		215,626	126,820
Net cash outflow from operating activities		<u>(634,282)</u>	<u>462,530</u>

CASH FLOW STATEMENT

Net cash outflow from operating activities		(634,282)	462,530
Returns on investments and servicing of finance	21	25,128	109,629
Dividends paid			49,680
Taxation		87,120	326,385
Capital expenditure	21	(740,464)	(480,596)
Acquisitions and disposals	21	(8,333)	-
		<u>(1,270,831)</u>	<u>(284,502)</u>
Financing	21	316,456	-
Decrease in cash in the year		<u>(954,375)</u>	<u>(284,502)</u>

Reconciliation of net cash flow to movement in net debt (Note 22)

Decrease in cash in the year		(954,375)	(284,502)
Cash inflow from decrease in debts and lease financing		(316,456)	-
Change in net debt resulting from cash flows		(1,270,831)	(284,502)
New finance leases		(14,481)	-
Movement in net debt in the year		<u>(1,285,312)</u>	<u>(284,502)</u>
Net funds at 1 October 2002		1,966,621	2,251,123
Net funds at 30 September 2003		<u>681,309</u>	<u>1,966,621</u>

Thermomax Limited

Notes to the Financial Statements for the year ended 30 September 2003

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. 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 year 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 from which the company is expected to benefit.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Straight Line over the life of the lease
Plant and machinery	-	20% Straight Line
Fixtures, fittings and equipment	-	20% Straight Line
Motor vehicles	-	25% Straight Line

1.5. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6. Stock

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

1.7. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

Thermomax Limited

**Notes to the Financial Statements
for the year ended 30 September 2003**

..... continued

3. Operating loss	2003	2002
	£	£
Operating loss is stated after charging:		
Depreciation of intangible assets	27,340	54,006
Depreciation of tangible assets	249,487	186,584
Research and development		
- amortised deferred expenditure (inc. above)	(27,340)	(54,006)
Auditors' remuneration	6,200	6,500
	<u> </u>	<u> </u>
and after crediting:		
Government grants	1,914	5,189
	<u> </u>	<u> </u>
 4. Income from investments	 2003	 2002
	£	£
Income from participating interests	21,600	72,000
	<u> </u>	<u> </u>
 5. Interest receivable and similar income	 2003	 2002
	£	£
Bank interest	22,212	73,595
	<u> </u>	<u> </u>
 6. Interest payable and similar charges	 2003	 2002
	£	£
On bank loans and overdrafts	18,684	18,635
On overdue tax	-	17,331
	<u> </u>	<u> </u>
	18,684	35,966
	<u> </u>	<u> </u>

Thermomax Limited

**Notes to the Financial Statements
for the year ended 30 September 2003**

..... continued

7. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2003	2002
Production	80	180
Sales	4	4
Administration	13	13
	<u>97</u>	<u>197</u>

Employment costs

	2003	2002
	£	£
Wages and salaries	2,495,065	3,051,162
Social security costs	171,185	238,246
	<u>2,666,250</u>	<u>3,289,408</u>

7.1. Directors' emoluments

	2003	2002
	£	£
Remuneration and other emoluments	127,106	96,847
Compensation for loss of office	484,210	-
	<u>611,316</u>	<u>96,847</u>

8. Taxation

	2003	2002
	£	£
Prior years		
UK Corporation Tax	(7,121)	9,721
	<u>(7,121)</u>	<u>9,721</u>

Thermomax Limited

**Notes to the Financial Statements
for the year ended 30 September 2003**

..... continued

9. Intangible fixed assets	Develop- ment Costs		Total	
	£		£	
Cost				
At 1 October 2002	997,331		997,331	
Additions	127,710		127,710	
At 30 September 2003	<u>1,125,041</u>		<u>1,125,041</u>	
Provision for diminution in value				
At 1 October 2002	941,836		941,836	
Charge for year	27,340		27,340	
At 30 September 2003	<u>969,176</u>		<u>969,176</u>	
Net book values				
At 30 September 2003	<u>155,865</u>		<u>155,865</u>	
At 30 September 2002	<u>55,495</u>		<u>55,495</u>	

10. Tangible fixed assets	Long leasehold property	Plant and machinery	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2002	344,714	3,283,793	256,271	57,215	3,941,993
Additions	50,131	519,129	30,317	13,802	613,379
Disposals	-	-	-	(7,500)	(7,500)
At 30 September 2003	<u>394,845</u>	<u>3,802,922</u>	<u>286,588</u>	<u>63,517</u>	<u>4,547,872</u>
Depreciation					
At 1 October 2002	151,493	2,734,408	194,726	21,372	3,101,999
On disposals	-	-	-	(6,875)	(6,875)
Charge for the year	16,625	195,661	22,034	15,167	249,487
At 30 September 2003	<u>168,118</u>	<u>2,930,069</u>	<u>216,760</u>	<u>29,664</u>	<u>3,344,611</u>
Net book values					
At 30 September 2003	<u>226,727</u>	<u>872,853</u>	<u>69,828</u>	<u>33,853</u>	<u>1,203,261</u>
At 30 September 2002	<u>193,221</u>	<u>549,385</u>	<u>61,545</u>	<u>35,843</u>	<u>839,994</u>

Thermomax Limited

**Notes to the Financial Statements
for the year ended 30 September 2003**

..... continued

11. Fixed Asset Investments

	Subsidiary Undertakings Shares	Other Unlisted Investments	Total
	£	£	£
Cost			
At 1 October 2002	806,400	8,000	814,400
Additions	8,333	-	8,333
At 30 September 2003	<u>814,733</u>	<u>8,000</u>	<u>822,733</u>
Net book values			
At 30 September 2003	<u>814,733</u>	<u>8,000</u>	<u>822,733</u>
At 30 September 2002	<u>806,400</u>	<u>8,000</u>	<u>814,400</u>

11.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	
Subsidiary undertaking			
Thermomax (Great Britain) Limited	UK	Ordinary	76%
Thermomax Italiana	Italy	Ordinary	80%
Solar Techologie	Germany	Ordinary	100%
Significant interests			
Thermomax Properties Limited	NI	Ordinary	32%

12. Stocks

	2003 £	2002 £
Finished goods and goods for resale	<u>873,499</u>	<u>1,950,493</u>

Thermomax Limited

**Notes to the Financial Statements
for the year ended 30 September 2003**

..... continued

13. Debtors

	2003	2002
	£	£
Trade debtors	870,947	738,510
Amounts owed by group undertakings	1,721,543	945,439
Other debtors	193,074	440,638
Prepayments and accrued income	83,876	24,490
	<u>2,869,440</u>	<u>2,149,077</u>

14. Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loan	316,456	-
Net obligations under finance leases and hire purchase contracts	14,481	-
Trade creditors	318,814	80,365
Other taxes and social security costs	82,917	149,459
Other creditors	684,357	818,997
Accruals and deferred income	7,500	7,500
	<u>1,424,525</u>	<u>1,056,321</u>

15. Provisions for liabilities and charges

Warranty Provision

	2003	2002
	£	£
Warranty	<u>455,851</u>	<u>291,973</u>

Thermomax Limited

**Notes to the Financial Statements
for the year ended 30 September 2003**

..... continued

16. Share capital	2003	2002
	£	£
Authorised equity		
300,000 Ordinary A shares of £1 each	300,000	300,000
252,000 Ordinary B shares of £1 each	252,000	252,000
	<u>552,000</u>	<u>552,000</u>
 Allotted, called up and fully paid equity		
300,000 Ordinary A shares of £1 each	300,000	300,000
252,000 Ordinary B shares of £1 each	252,000	252,000
	<u>552,000</u>	<u>552,000</u>

17. Reconciliation of movements in shareholders' funds	2003	2002
	£	£
(Loss)/profit for the year	(1,371,118)	98,424
Opening shareholders' funds	6,427,786	6,329,362
	<u>5,056,668</u>	<u>6,427,786</u>

18. Capital commitments

There were no capital commitments at the balance sheet date.

19. Contingent liabilities

During the year the tribunal case brought by the ex-CEO was settled. The cost to the company including legal fees was £417,210.

Thermomax Limited

Notes to the Financial Statements for the year ended 30 September 2003

..... continued

20. Related party transactions

During the year the company's sales to related parties were as follows:

Solar Technologie	£492,410.31
Thermomax (Great Britain) Limited	£351,398.10
Thermomax Italiana	£523,301.15

Purchases from related parties were as follows:

Thermomax (Great Britain) Limited	£1,963,383.98
Thermomax Italiana	£165,379.36

21. Gross Cash Flows

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	22,212	73,595
Interest paid	(18,684)	(35,966)
Dividends received from associated undertaking	21,600	72,000
	<u>25,128</u>	<u>109,629</u>
Capital expenditure		
Payments to acquire intangible assets	(127,710)	(10,433)
Payments to acquire tangible assets	(613,379)	(218,164)
Receipts from sales of tangible assets	625	-
	<u>(740,464)</u>	<u>(228,597)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	<u>(8,333)</u>	<u>-</u>
Financing		
New short term bank loan	<u>316,456</u>	<u>-</u>

Thermomax Limited

**Notes to the Financial Statements
for the year ended 30 September 2003**

..... continued

22. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	1,966,621	(954,375)		1,012,246
Debt due within one year	-	(316,456)	-	(316,456)
Finance leases	-	-	(14,481)	(14,481)
	-	(316,456)	(14,481)	(330,937)
Net funds	1,966,621	(1,270,831)	(14,481)	681,309