

COMPANY REGISTRATION NUMBER 5397984

Registrars Copy

GEOHERMAL INTERNATIONAL LIMITED
ACCOUNTS
FOR
30TH JUNE 2006

TUESDAY



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20/03/2007

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GEO THERMAL INTERNATIONAL LIMITED

ACCOUNTS

PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006

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GEOTHERMAL INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr B Davidson
Mr C Davidson
Mr T D Chadwick
Mr K J Drage
Mr H Murray-Philipson
Mr J P G Sherriff
Mr A A Hobday

Company secretary

Mr A A Hobday

Registered office

143 Albany Road
Coventry
West Midlands
CV5 6ND

Auditor

Keens Shay Keens Limited
Chartered Accountants
& Registered Auditors
Christchurch House
Upper George Street
Luton
Beds
LU1 2RS

Bankers

Yorkshire Bank plc
Ricoh Arena
Phoenix Way
Coventry
West Midlands
CV6 6GE

GEOTHERMAL INTERNATIONAL LIMITED

THE DIRECTORS' REPORT

PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006

The directors have pleasure in presenting their report and the accounts of the company for the period from 18th March 2005 to 30th June 2006.

PRINCIPAL ACTIVITIES

The company was incorporated on 18th March 2005 and commenced trading on 25th August 2005 when it acquired the entire issued share capital of Geothermal Heating (International) Limited, G.H.I. Installations Limited and Waterfurnace Europe plc. The entire issued share capital of Geothermal Limited was also acquired on 25th August 2005.

The principal activity of the company during the period was the design and installation of geothermal heating and cooling systems.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the period together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 30 June 2006	At 18 March 2005 or later date of appointment
Mr B Davidson	Ordinary 'A'	109,000	109,000
Mr C Davidson	Ordinary 'C'	2,000	-
Mr T D Chadwick	Ordinary 'C'	11,000	10,000
Mr K J Drage	Ordinary 'C'	2,000	-
Mr H Murray-Philipson	Ordinary 'B'	4,000	4,000
Mr J P G Sherriff	Ordinary 'C'	14,000	10,000

Mr B Davidson was appointed as a director on 26th August 2005.

Mr C Davidson was appointed as a director on 24th August 2005.

Mr T D Chadwick was appointed as a director on 13th August 2005.

Mr K J Drage was appointed as a director on 24th August 2005.

Mr H Murray-Philipson was appointed as a director on 4th April 2005.

Mr J P G Sherriff was appointed as a director on 13th August 2005.

Mr D E Ward was appointed as a director on 13th August 2005.

Mr A A Hobday was appointed as a director on 26th August 2005.

Mr J C Raeburn was appointed as a director on 24th August 2005.

Mr D E Ward retired as a director on 31st January 2006.

Mr J C Raeburn retired as a director on 27th January 2006.

GEOTHERMAL INTERNATIONAL LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which 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 accounts, the directors are required to:

- select suitable accounting policies, as described on page 8, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 1985. The directors 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.

AUDITOR

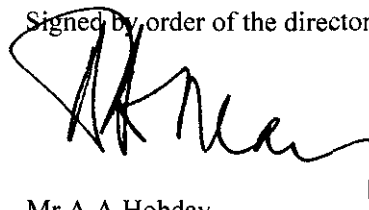
A resolution to re-appoint Keens Shay Keens Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
143 Albany Road
Coventry
West Midlands
CV5 6ND

Signed by order of the directors



Mr A A Hobday
Company Secretary

Approved by the directors on 9th March 2007

GEO THERMAL INTERNATIONAL LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS****PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006**

We have audited the accounts of Geothermal International Limited for the period from 18th March 2005 to 30th June 2006 on pages 6 to 14, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on pages 8 to 9.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditor's 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 AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts 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 accounts, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

GEOTHERMAL INTERNATIONAL LIMITED

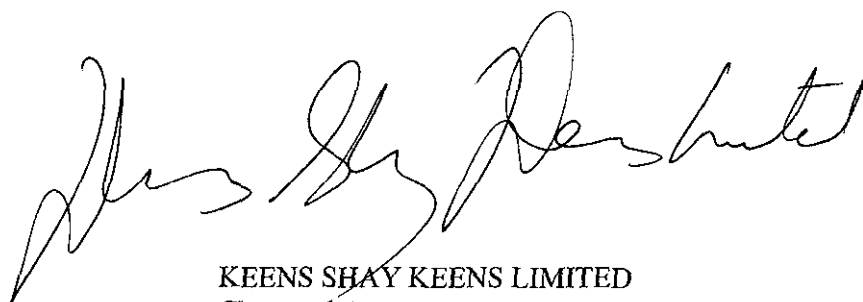
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS *(continued)*

PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006

OPINION

In our opinion the accounts:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 30th June 2006 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



KEENS SHAY KEENS LIMITED
Chartered Accountants
& Registered Auditors

Christchurch House
Upper George Street
Luton
Beds
LU1 2RS

9th March 2007

GEOTHERMAL INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006

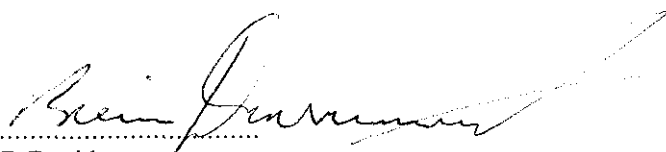
		Period from 18 Mar 05 to 30 Jun 06 £
	Note	
TURNOVER		4,097,768
Cost of sales		2,256,653
GROSS PROFIT		1,841,115
Distribution costs		63,760
Administrative expenses		1,643,392
OPERATING PROFIT	2	133,963
Income from shares in group undertakings	4	4,718,215
Amounts written off investments		(2,237,865)
Interest payable and similar charges		126,937
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,487,376
Tax on profit on ordinary activities	5	84,000
PROFIT FOR THE FINANCIAL PERIOD		<u>2,403,376</u>

GEOHERMAL INTERNATIONAL LIMITED**BALANCE SHEET****30TH JUNE 2006**

	Note	£	30 Jun 06 £
FIXED ASSETS			
Intangible assets	6		4,472,533
Tangible assets	7		159,174
Investments	8		141,622
			<u>4,773,329</u>
CURRENT ASSETS			
Stocks		351,807	
Debtors	9	2,140,556	
Cash at bank		26,945	
		<u>2,519,308</u>	
CREDITORS: Amounts falling due within one year	10	<u>1,731,947</u>	
NET CURRENT ASSETS			<u>787,361</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,560,690</u>
CREDITORS: Amounts falling due after more than one year	11		<u>1,649,235</u>
			<u>3,911,455</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13		25,000
Share premium account	14		1,483,079
Profit and loss account	15		2,403,376
SHAREHOLDERS' FUNDS			<u>3,911,455</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These accounts were approved by the directors on the 9th March 2007 and are signed on their behalf by:


 Mr B Davidson
 Director

GEOHERMAL INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS****PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006**

1. ACCOUNTING POLICIES**Basis of accounting**

The accounts have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 5% per annum on cost

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery - 33.33% per annum on cost

Motor vehicles - 30% per annum 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.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

GEOTHERMAL INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS****PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006**

1. ACCOUNTING POLICIES *(continued)***Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. OPERATING PROFIT

Operating profit is stated after charging:

	Period from 18 Mar 05 to 30 Jun 06 £
Amortisation	235,396
Depreciation of owned fixed assets	32,785
Depreciation of assets held under hire purchase agreements	14,693
Auditor's fees	<u>6,000</u>

3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Period from 18 Mar 05 to 30 Jun 06 £
Aggregate emoluments	<u>279,950</u>

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	Period from 18 Mar 05 to 30 Jun 06 £
Income from group undertakings	<u>4,718,215</u>

GEOTHERMAL INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS

PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006

5. TAXATION ON ORDINARY ACTIVITIES

	Period from 18 Mar 05 to 30 Jun 06 £
Current tax:	
UK Corporation tax based on the results for the period at 19%	84,000
Total current tax	<u>84,000</u>

6. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
Additions	4,707,929
At 30th June 2006	<u>4,707,929</u>
AMORTISATION	
Charge for the period	235,396
At 30th June 2006	<u>235,396</u>
NET BOOK VALUE	
At 30th June 2006	<u>4,472,533</u>

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor Vehicles £	Total £
COST			
Additions	97,989	108,663	206,652
At 30th June 2006	<u>97,989</u>	<u>108,663</u>	<u>206,652</u>
DEPRECIATION			
Charge for the period	29,688	17,790	47,478
At 30th June 2006	<u>29,688</u>	<u>17,790</u>	<u>47,478</u>
NET BOOK VALUE			
At 30th June 2006	<u>68,301</u>	<u>90,873</u>	<u>159,174</u>

GEOTHERMAL INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS****PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006****7. TANGIBLE FIXED ASSETS** *(continued)***Hire purchase agreements**

Included within the net book value of £159,174 is £77,141 relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the period in respect of such assets amounted to £14,693.

8. INVESTMENTS

	Subsidiaries £	Trade £	Total £
COST			
Additions	2,365,868	13,619	2,379,487
At 30th June 2006	<u>2,365,868</u>	<u>13,619</u>	<u>2,379,487</u>
AMOUNTS WRITTEN OFF			
Written off in period	2,237,865	-	2,237,865
At 30th June 2006	<u>2,237,865</u>	<u>-</u>	<u>2,237,865</u>
NET BOOK VALUE			
At 30th June 2006	<u>128,003</u>	<u>13,619</u>	<u>141,622</u>

The company holds the entire share capital of the following dormant companies:

Geothermal Heating (International) Limited
 G.H.I. Installations Limited
 Geothermal Limited
 Waterfurnace Europe PLC

9. DEBTORS

	30 Jun 06 £
Trade debtors	2,112,710
Other debtors	27,846
	<u>2,140,556</u>

GEOHERMAL INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS****PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006**

10. CREDITORS: Amounts falling due within one year

	30 Jun 06
	£
Bank loans and overdrafts	482,508
Trade creditors	512,688
Amounts owed to group undertakings	128,003
Corporation tax	84,000
Other taxation and social security	250,994
Hire purchase agreements	32,040
Other creditors	241,714
	<u>1,731,947</u>

The following liabilities disclosed under creditors falling due within one year are secured:

	30 Jun 06
	£
Bank loans and overdrafts	<u>482,508</u>

11. CREDITORS: Amounts falling due after more than one year

	30 Jun 06
	£
Hire purchase agreements	48,386
Other creditors	1,600,849
	<u>1,649,235</u>

GEOTHERMAL INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS****PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006****12. RELATED PARTY TRANSACTIONS**

Material transactions with related parties required to be disclosed under FRS 8 are as follows:-

	30 Jun 06
	£
Speymill OOD Pension Fund	
(Company under common influence)	
Expenditure	
Rent and service charges	<u>42,407</u>
Speymill OOD Limited	
(Company under common influence)	
Expenditure	
Management and installation charges, rent charges	387,709
Transfer of assets	<u>14,431</u>

The company was under the control of Mr B Davidson throughout the year.

13. SHARE CAPITAL**Authorised share capital:**

	30 Jun 06
	£
109,000 Ordinary 'A' shares of £0.125 each	13,625
61,000 Ordinary 'B' shares of £0.125 each	7,625
30,000 Ordinary 'C' shares of £0.125 each	3,750
	<u>25,000</u>

Allotted and called up:

	No	£
Ordinary 'A' shares of £0.125 each	109,000	13,625
Ordinary 'B' shares of £0.125 each	61,000	7,625
Ordinary 'C' shares of £0.125 each	30,000	3,750
	<u>200,000</u>	<u>25,000</u>

GEOHERMAL INTERNATIONAL LIMITED**NOTES TO THE ACCOUNTS****PERIOD FROM 18TH MARCH 2005 TO 30TH JUNE 2006**

14. SHARE PREMIUM ACCOUNT

	Period from 18 Mar 05 to 30 Jun 06 £
Premium on shares issued in the period	1,483,079
Balance carried forward	<u>1,483,079</u>

15. PROFIT AND LOSS ACCOUNT

	Period from 18 Mar 05 to 30 Jun 06 £
Profit for the financial period	2,403,376
Balance carried forward	<u>2,403,376</u>