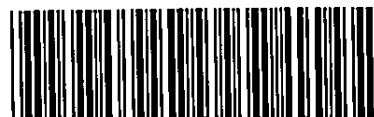


**Registrar's Copy**

**COMPANY REGISTRATION NUMBER 5397984**

**GEO THERMAL INTERNATIONAL LIMITED**  
**ACCOUNTS**  
**FOR**  
**30TH JUNE 2008**

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COMPANIES HOUSE

# **GEOHERMAL INTERNATIONAL LIMITED**

## **ACCOUNTS**

**YEAR ENDED 30TH JUNE 2008**

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# **GEOHERMAL INTERNATIONAL LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **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  
Mr M W Mathieson  
Mr J C Raeburn

### **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

# **GEOHERMAL INTERNATIONAL LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 30TH JUNE 2008**

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The directors have pleasure in presenting their report and the accounts of the company for the year ended 30th June 2008.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

As shown in the profit and loss account, the company's sales have increased by 120% over the prior year although profit after tax has reduced.

The balance sheet shows that the company's financial position at the year end is consistent with the prior year.

On 4 April 2008 SEE Venture Capital Limited (a division of Scottish and Southern Energy) acquired a 7% stake in the equity of the company. This was followed by the acquisition of a further 13% stake in the equity of the company during September 2008. This has resulted in more opportunities for geothermal based business and has under-pinned the financial position of the company.

Climate change is now a critical issue on both national and international agendas and more emphasis is being placed on the increase of energy efficiency to use less or zero carbon energy sources. The company is well-placed to provide geothermal-based solutions.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £57,350. The directors have not recommended a dividend.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The directors do not consider that the financial risk management objectives and policies are material for the assessment of the assets, liabilities, financial position and profit or loss of the group.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

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  
Mr M W Mathieson

Mr M W Mathieson was appointed as a director on 3rd April 2008.  
Mr J C Raeburn was appointed as a director on 15th September 2008.

**GEOHERMAL INTERNATIONAL LIMITED****THE DIRECTORS' REPORT** *(continued)***YEAR ENDED 30TH JUNE 2008**

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**DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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. 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.

In so far as the directors are aware:

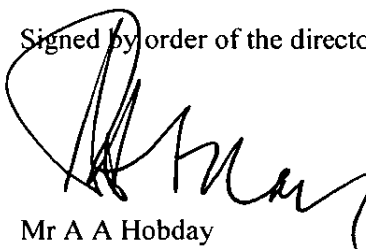
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**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.

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 ...8/1/2009.....

**GEOHERMAL INTERNATIONAL LIMITED****INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS****YEAR ENDED 30TH JUNE 2008**

---

We have audited the accounts of Geothermal International Limited for the year ended 30th June 2008 on pages 6 to 21, which have been prepared on the basis of the accounting policies set out on pages 11 to 12.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 whether in our opinion the information given in the Directors' Report is consistent with the accounts.

In addition we report to you if, in our opinion, 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)*

YEAR ENDED 30TH JUNE 2008

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### OPINION

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30th June 2008 and of its profit for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.



KEENS SHAY KEENS LIMITED  
Chartered Accountants  
& Registered Auditors

Christchurch House  
Upper George Street  
Luton  
Beds  
LU1 2RS

9/1/2009.....

**GEO THERMAL INTERNATIONAL LIMITED****PROFIT AND LOSS ACCOUNT****YEAR ENDED 30TH JUNE 2008**

	Note	2008 £	2007 £
<b>TURNOVER</b>	<b>2</b>	12,284,633	5,794,106
Cost of sales		8,867,112	3,236,716
<b>GROSS PROFIT</b>		3,417,521	2,557,390
Distribution costs		141,003	115,930
Administrative expenses		2,883,421	2,015,594
<b>OPERATING PROFIT</b>	<b>3</b>	393,097	425,866
Interest receivable		3,468	472
Interest payable and similar charges	<b>6</b>	(247,328)	(202,985)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		149,237	223,353
Tax on profit on ordinary activities	<b>7</b>	91,887	70,698
<b>PROFIT FOR THE FINANCIAL YEAR</b>		57,350	152,655

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 11 to 21 form part of these accounts.



## GEOTHERMAL INTERNATIONAL LIMITED

## BALANCE SHEET

30TH JUNE 2008

	Note	2008 £	2007 £
<b>FIXED ASSETS</b>			
Intangible assets	8	4,001,741	4,237,137
Tangible assets	9	550,971	158,900
Investments	10	339,162	141,622
		<u>4,891,874</u>	<u>4,537,659</u>
<b>CURRENT ASSETS</b>			
Stocks	11	451,489	489,617
Debtors	12	5,734,692	4,010,210
Cash at bank and in hand		1,186,781	170,802
		<u>7,372,962</u>	<u>4,670,629</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>3,335,622</u>	<u>3,251,401</u>
<b>NET CURRENT ASSETS</b>		<u>4,037,340</u>	<u>1,419,228</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>8,929,214</u>	<u>5,956,887</u>
<b>CREDITORS: Amounts falling due after more than one year</b>			
	14	<u>4,807,754</u>	<u>1,892,777</u>
		<u>4,121,460</u>	<u>4,064,110</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	17	25,000	25,000
Share premium account	18	1,483,079	1,483,079
Profit and loss account	19	2,613,381	2,556,031
<b>SHAREHOLDERS' FUNDS</b>	20	<u>4,121,460</u>	<u>4,064,110</u>

These accounts were approved by the directors and authorised for issue on 8/1/2009 and are signed on their behalf by:



Mr B Davidson  
Director

**GEOHERMAL INTERNATIONAL LIMITED****CASH FLOW STATEMENT****YEAR ENDED 30TH JUNE 2008**

	Note	2008 £	2007 £
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		422,856	(865,796)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		3,468	472
Interest paid		(236,041)	(198,224)
Interest element of hire purchase		(11,287)	(4,761)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(243,860)	(202,513)
<b>TAXATION</b>		(151,947)	(3)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(212,602)	(30,245)
Receipts from sale of fixed assets		—	4,000
<b>NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		(212,602)	(26,245)
<b>ACQUISITIONS AND DISPOSALS 22</b>		(197,540)	—
<b>CASH OUTFLOW BEFORE FINANCING</b>		(383,093)	(1,094,557)
<b>FINANCING</b>			
Repayment of bank loans		—	(482,508)
Capital element of hire purchase		(114,401)	(45,507)
Net inflow from other long-term creditors		2,795,458	249,999
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>		2,681,057	(278,016)
<b>INCREASE/(DECREASE) IN CASH</b>		<u>2,297,964</u>	<u>(1,372,573)</u>

The notes on pages 11 to 21 form part of these accounts.

**GEOHERMAL INTERNATIONAL LIMITED****CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30TH JUNE 2008****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW)  
FROM OPERATING ACTIVITIES**

	2008	2007
	£	£
Operating profit	393,097	425,866
Amortisation	235,396	235,396
Depreciation	166,188	84,488
Loss on disposal of fixed assets	—	1,094
Decrease/(increase) in stocks	38,128	(137,810)
Increase in debtors	(1,724,482)	(1,869,654)
Increase in creditors	1,314,529	394,824
Net cash inflow/(outflow) from operating activities	<u>422,856</u>	<u>(865,796)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2008	2007
	£	£
Increase/(decrease) in cash in the period	2,297,964	(1,372,573)
Net cash outflow from bank loans	—	482,508
Cash outflow in respect of hire purchase	114,401	45,507
Net cash (inflow) from other long-term creditors	<u>(2,795,458)</u>	<u>(249,999)</u>
Change in net debt resulting from cash flows	(383,093)	(1,094,557)
New finance leases	(345,657)	(59,063)
Movement in net debt in the period	<u>(728,750)</u>	<u>(1,153,620)</u>
Net debt at 1 July 2007	(3,290,458)	(2,136,838)
Net debt at 30 June 2008	<u>(4,019,208)</u>	<u>(3,290,458)</u>

**GEOHERMAL INTERNATIONAL LIMITED****CASH FLOW STATEMENT** *(continued)***YEAR ENDED 30TH JUNE 2008****ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1 Jul 2007 £</b>	<b>Cash flows £</b>	<b>Other changes £</b>	<b>At 30 Jun 2008 £</b>
Net cash:				
Cash in hand and at bank	170,802	1,015,979	—	1,186,781
Overdrafts	(1,516,430)	1,281,985	—	(234,445)
	<u>(1,345,628)</u>	<u>2,297,964</u>	<u>—</u>	<u>952,336</u>
Debt:				
Debt due after 1 year	(1,850,848)	(2,795,458)	—	(4,646,306)
Hire purchase agreements	(93,982)	114,401	(345,657)	(325,238)
	<u>(1,944,830)</u>	<u>(2,681,057)</u>	<u>(345,657)</u>	<u>(4,971,544)</u>
Net debt	<u>(3,290,458)</u>	<u>(383,093)</u>	<u>(345,657)</u>	<u>(4,019,208)</u>

The notes on pages 11 to 21 form part of these accounts.

**GEOHERMAL INTERNATIONAL LIMITED****NOTES TO THE ACCOUNTS****YEAR ENDED 30TH JUNE 2008**

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**1. ACCOUNTING POLICIES****Basis of accounting**

The accounts have been prepared under the historical cost convention.

**Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized 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 year, exclusive of Value Added Tax.

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.

**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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

---

### 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. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2008 £	2007 £
United Kingdom	11,551,921	5,155,268
Overseas	732,712	638,838
	<u>12,284,633</u>	<u>5,794,106</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008 £	2007 £
Directors' emoluments	475,000	366,100
Amortisation	235,396	235,396
Depreciation of owned fixed assets	73,676	40,619
Depreciation of assets held under hire purchase agreements	92,512	43,869
Loss on disposal of fixed assets	—	1,094
Auditor's remuneration		
- as auditor	8,500	6,500
Net profit on foreign currency translation	<u>(7,324)</u>	<u>(1,932)</u>

# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of production staff	138	55
Number of administrative staff	15	9
Number of management staff	13	12
	<u>166</u>	<u>76</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	2,162,518	1,646,978
Social security costs	238,594	138,987
	<u>2,401,112</u>	<u>1,785,965</u>

### 5. DIRECTORS' EMOLUMENTS

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

	2008	2007
	£	£
Emoluments receivable	<u>475,000</u>	<u>366,100</u>

	2008	2007
	No	No
Number of directors in respect of whose qualifying services shares were receivable under long term incentive schemes	<u>4</u>	<u>1</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	75,390	66,660
Finance charges	11,287	4,761
Other similar charges payable	160,651	131,564
	<u>247,328</u>	<u>202,985</u>

# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

### 7. TAXATION ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2008 £	2007 £
Current tax:		
UK Corporation tax based on the results for the year at 28% (2007 - 19%)	94,635	70,698
Over/under provision in prior year	(2,748)	-
Total current tax (note 7(b))	<u>91,887</u>	<u>70,698</u>

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2007 - 19%).

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>149,237</u>	<u>223,353</u>
Profit on ordinary activities by rate of tax	41,786	42,437
Expenses not deductible for tax purposes	71,019	45,679
Capital allowances for period in excess of depreciation	(22,983)	-
Adjustments to tax charge in respect of previous periods	(2,748)	-
Effects of other rates	4,813	(17,418)
Total current tax (note 7(a))	<u>91,887</u>	<u>70,698</u>



# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

### 8. INTANGIBLE FIXED ASSETS

	<b>Goodwill</b> £
<b>COST</b>	
At 1st July 2007 and 30th June 2008	<u>4,707,929</u>
<b>AMORTISATION</b>	
At 1st July 2007	470,792
Charge for the year	<u>235,396</u>
At 30th June 2008	<u>706,188</u>
<b>NET BOOK VALUE</b>	
At 30th June 2008	<u>4,001,741</u>
At 30th June 2007	<u>4,237,137</u>

Goodwill is being written off over a 20 year period being the period over which the directors believe benefits derived from the business combinations giving rise to the goodwill will continue to accrue.

### 9. TANGIBLE FIXED ASSETS

	<b>Plant and machinery</b> £	<b>Motor Vehicles</b> £	<b>Total</b> £
<b>COST</b>			
At 1st July 2007	121,876	165,413	287,289
Additions	<u>471,319</u>	<u>86,940</u>	<u>558,259</u>
At 30th June 2008	<u>593,195</u>	<u>252,353</u>	<u>845,548</u>
<b>DEPRECIATION</b>			
At 1st July 2007	68,526	59,863	128,389
Charge for the year	<u>107,576</u>	<u>58,612</u>	<u>166,188</u>
At 30th June 2008	<u>176,102</u>	<u>118,475</u>	<u>294,577</u>
<b>NET BOOK VALUE</b>			
At 30th June 2008	<u>417,093</u>	<u>133,878</u>	<u>550,971</u>
At 30th June 2007	<u>53,350</u>	<u>105,550</u>	<u>158,900</u>

#### Hire purchase agreements

Included within the net book value of £550,971 is £388,617 (2007 - £100,824) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £92,512 (2007 - £43,869).

# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

### 9. TANGIBLE FIXED ASSETS *(continued)*

#### Capital commitments

	2008	2007
	£	£
Contracted but not provided for in the accounts	-	250,000

### 10. INVESTMENTS

	Subsidiaries	Trade	Total
	£	£	£
<b>COST</b>			
At 1st July 2007	2,365,868	13,619	2,379,487
Additions	197,540	-	197,540
Transfer	13,619	(13,619)	-
At 30th June 2008	<u>2,577,027</u>	<u>-</u>	<u>2,577,027</u>
<b>AMOUNTS WRITTEN OFF</b>			
At 1st July 2007 and 30th June 2008	<u>2,237,865</u>	<u>-</u>	<u>2,237,865</u>
<b>NET BOOK VALUE</b>			
At 30th June 2008	<u>339,162</u>	<u>-</u>	<u>339,162</u>
At 30th June 2007	<u>128,003</u>	<u>13,619</u>	<u>141,622</u>

# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

### 10. INVESTMENTS *(continued)*

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 Limited  
 Geothermal International (Ireland) Limited

At the year end the company held 50% of the ordinary share capital of the following company:

Name: Geoclima S.A.

Country of incorporation: Spain

Address of principal place of business:

Pasaje Bulevar Vicente Blasco Ibanez,1,  
 12003 Castellon,  
 Spain

Class of shares held: 500 ordinary share of €100 each

At the most recent year end (31st December 2007) the results of the company were:

	2008	2007
	€	€
Loss for the period (euros)	<u>(28,156)</u>	<u>(2,337)</u>
Aggregate amount of capital and reserves (euros)	<u>85,010</u>	<u>115,885</u>

At the year end the company held 50% of the ordinary share capital of the following company:

Name: Geothermal International Polska Sp Z.o.o.

Country of incorporation: Poland

Address of principal place of business:

18 Czeska Street  
 03-902 Warszawa  
 Poland

Class of shares held: 2,000 ordinary share of 100zl each

The company was incorporated 1st April 2008 with an ordinary share capital of 400,000zl.

### 11. STOCKS

	2008	2007
	£	£
Stock	<u>451,489</u>	<u>489,617</u>

# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

### 12. DEBTORS

	2008	2007
	£	£
Trade debtors	1,379,895	1,636,239
VAT recoverable	25,064	—
Amounts receivable on contracts	4,266,074	2,327,865
Other debtors	63,659	46,106
	<u>5,734,692</u>	<u>4,010,210</u>

Included in trade debtors is an amount of £363,097 which is due after more than one year (2007 - £128,399).

### 13. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Overdrafts	234,445	1,516,430
Trade creditors	2,328,849	839,757
Amounts owed to group undertakings	128,006	128,006
Corporation tax	94,635	154,695
PAYE and social security	192,768	153,300
VAT	—	22,557
Hire purchase agreements	163,790	52,053
Accruals and deferred income	193,129	384,603
	<u>3,335,622</u>	<u>3,251,401</u>

The following liabilities disclosed under creditors falling due within one year are secured by a debenture over the assets of the company:

	2008	2007
	£	£
Overdrafts	<u>234,445</u>	<u>1,516,430</u>

### 14. CREDITORS: Amounts falling due after more than one year

	2008	2007
	£	£
Hire purchase agreements	161,448	41,929
Other creditors	1,646,306	1,850,848
Other loan	3,000,000	—
	<u>4,807,754</u>	<u>1,892,777</u>

**GEOHERMAL INTERNATIONAL LIMITED****NOTES TO THE ACCOUNTS****YEAR ENDED 30TH JUNE 2008****15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS**

Future commitments under hire purchase agreements are as follows:

	2008 £	2007 £
Amounts payable within 1 year	163,790	52,054
Amounts payable between 1 and 2 years	101,366	36,528
Amounts payable between 3 and 5 years	60,082	5,400
	<u>325,238</u>	<u>93,982</u>

**16. RELATED PARTY TRANSACTIONS**

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

	2008 £	2007 £
<b>Speymill OOD Pension Fund</b> (Company under common influence)		
Expenditure		
Rent and service charges	<u>144,000</u>	<u>80,500</u>

At 30th June 2008 the amount owed to Speymill OOD Pension Fund was £41,125 (2007 - £7,850).

**Speymill OOD Limited**  
(Company under common influence)

Expenditure		
Management and installation charges, rent charges	<u>383,185</u>	<u>260,599</u>

At 30th June 2008 the amount owed to Speymill OOD Limited was £1,384 (2007 - £12,232).

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

During the year the company paid £26,400 rent to Mr B Davidson. At 30th June 2008 the amount owed to Mr B Davidson was £nil (2007 - £150,000).

During the year the company paid £21,085 professional service fees to Mr A Hobday. At 30th June 2008 the amount owed to Mr A Hobday was £8,618 (2007 - £nil)

# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

### 17. SHARE CAPITAL

#### Authorised share capital:

	2008	2007
	£	£
109,000 Ordinary 'A' shares of £0.125 each	13,625	13,625
61,000 Ordinary 'B' shares of £0.125 each	7,625	7,625
30,000 Ordinary 'C' shares of £0.125 each	3,750	3,750
30,000 Ordinary 'D' shares of £0.125 each	3,750	-
	<u>28,750</u>	<u>25,000</u>

#### Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary 'A' shares of £0.125 each	109,000	13,625	109,000	13,625
Ordinary 'B' shares of £0.125 each	61,000	7,625	61,000	7,625
Ordinary 'C' shares of £0.125 each	30,000	3,750	30,000	3,750
	<u>200,000</u>	<u>25,000</u>	<u>200,000</u>	<u>25,000</u>

### 18. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

### 19. PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
Balance brought forward	2,556,031	2,403,376
Profit for the financial year	57,350	152,655
Balance carried forward	<u>2,613,381</u>	<u>2,556,031</u>

### 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	57,350	152,655
Opening shareholders' funds	4,064,110	3,911,455
Closing shareholders' funds	<u>4,121,460</u>	<u>4,064,110</u>

# GEOTHERMAL INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

YEAR ENDED 30TH JUNE 2008

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### 21. SHARE BASED PAYMENTS

The company has a share option scheme for certain employees. Currently there are 4 scheme members. Options are exercisable at a price of £10. The vesting period is dependant on a number of criteria being satisfied and as such cannot be ascertained. As a result there is no definitive exercise date. The exercise of options is dependant on the relevant employees meeting length of service criteria. In addition the options may not be exercised until the company reaches a specific value, obtains a listing on a recognised stock exchange or receives an acceptable takeover offer. Options are forfeited if the employee leaves the company before the options vest. The options are settled in equity once exercised.

In the year ended 30th June 2008, 9,000 employee share options were granted on 3rd September 2007. The estimated fair value of the options granted on this date was £1. There were 12,000 employee share options outstanding over Ordinary 'D' shares at the end of the year (30th June 2007 - 3,000). As the value of the options at the date of grant was less than that of the exercise price there is no value to be apportioned to the profit and loss account.

No options were exercised in the year.

In addition to the above share options SSE Venture Capital Limited were issued 6,000 share options on 3rd April 2008. These options have an exercise price of £300. The options may not be exercised until the company reaches a specific value. The options are settled in equity once exercised. As the value of the options at the date of grant was less than that of the exercise price there is no value to be added to the investment made in the company by SSE Venture Capital Limited.

### 22. ACQUISITIONS AND DISPOSALS

	2008 £	2007 £
Acquisition of shares in group undertakings	197,540	—
Net cash outflow from acquisitions and disposals	<u>197,540</u>	<u>—</u>