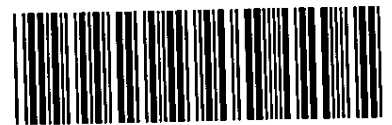


THERMAL ENERGY CONSTRUCTION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

Company Registration Number 3548978

Tenon Limited
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

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THERMAL ENERGY CONSTRUCTION LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

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THERMAL ENERGY CONSTRUCTION LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 30 SEPTEMBER 2007

The board of directors	MR Dixon RJ Flinn
Company secretary	BW Howard
Business address	The Stables Hurley Hall Barns Hurley Nr Atherstone Warwickshire CV9 2HT
Registered office	The Stables Hurley Hall Barns Hurley Nr Atherstone Warwickshire CV9 2HT
Auditor	Tenon Audit Limited Registered Auditor Charnwood House Gregory Boulevard Nottingham NG7 6NX
Bankers	Barclays Bank Plc PO Box 3333 15 Colmore Row Birmingham B3 2WN

THERMAL ENERGY CONSTRUCTION LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2007

The directors present their report and the financial statements of the company for the year ended 30 September 2007

Principal activities and business review

The principal activities of the company during the year are those of general engineering support services including installation, repairs and new construction. This includes, but is not limited to, the installation, repair and maintenance of industrial cooling systems.

Turnover during the financial year was £28.1m, an increase of £15.9m (131%) on the prior year. An operating profit of £692k was returned compared to an operating loss of £156k in 2006. This increase was predominantly due to the conversion of two large mechanical construction projects on UK power stations. These projects are expected to complete successfully during 2008, however due to their relative size, the directors have taken a prudent view of profits at the 30th September 2007. This has resulted in gross profit percentage reducing to 9.9% from 11.2% in the prior financial year. The company has a strong business opportunity pipeline which should lead to the conversion of additional work and ensure that current levels of activity are maintained in the long term.

As a result of the secondary buy out of the parent company, Promanex Group Ltd, and profitable growth during the year, the balance sheet is in a net funded position. This combined with the long term support of the company's institutional investors will help to achieve future profitable growth and ensure that the company is able to meet obligations to its creditors.

Results and dividends

The profit for the year, after taxation, amounted to £574,000. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Directors

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

MR Dixon
RJ Flinn

Disabled employees

The group gives every consideration to applications for employment from disabled persons where the requirement of the job may be adequately covered by a handicapped or disabled person.

With regards to existing employees who became disabled, the group has continued to examine ways of providing continuing employment under normal terms and conditions and to provide training, career development and promotion where appropriate.

Employee involvement

During the period, the policy of providing employees with information about the group has continued through regular meetings held between management and employees to allow a free flow of information and ideas.

THERMAL ENERGY CONSTRUCTION LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2007

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements 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 financial statements, 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 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 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.

In so far as the directors are, individually, 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 Tenon Audit 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.

Signed by order of the directors



BW Howard
Company Secretary

Approved by the directors on 28 April 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THERMAL ENERGY CONSTRUCTION LIMITED

YEAR ENDED 30 SEPTEMBER 2007

We have audited the financial statements of Thermal Energy Construction Limited on pages 6 to 16 for the year ended 30 September 2007. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, 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 member 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 member 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 on pages 2 to 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements 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 financial statements 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 financial statements.

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 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.

Tenon audit

THERMAL ENERGY CONSTRUCTION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF THERMAL ENERGY CONSTRUCTION LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2007

Opinion

In our opinion

the financial statements 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 30 September 2007 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

29 April 2008

THERMAL ENERGY CONSTRUCTION LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2007

	Note	2007 £000	2006 £000
Turnover	2	28,147	12,182
Cost of sales		(25,213)	(10,822)
Gross profit		<u>2,934</u>	<u>1,360</u>
Administrative expenses		(2,242)	(1,516)
Operating profit/(loss)	3	<u>692</u>	<u>(156)</u>
Interest receivable		4	185
Interest payable and similar charges	6	(89)	(241)
Profit/(loss) on ordinary activities before taxation		<u>607</u>	<u>(212)</u>
Tax on profit/(loss) on ordinary activities	7	(33)	(20)
Profit/(loss) for the financial year		<u><u>574</u></u>	<u><u>(232)</u></u>

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 8 to 16 form part of these financial statements

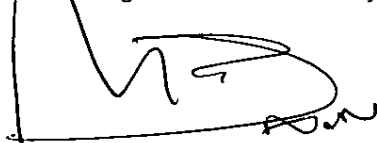
THERMAL ENERGY CONSTRUCTION LIMITED

BALANCE SHEET

30 SEPTEMBER 2007

	Note	2007 £000	2006 £000
Fixed assets			
Tangible assets	8	184	259
Current assets			
Stocks	9	1,905	328
Debtors	10	10,991	2,975
Cash at bank		1,713	6,774
		<u>14,609</u>	<u>10,077</u>
Creditors: amounts falling due within one year	11	<u>(14,235)</u>	<u>(11,009)</u>
Net current assets/(liabilities)		374	(932)
Total assets less current liabilities		<u>558</u>	<u>(673)</u>
Creditors: amounts falling due after more than one year	12	<u>(5)</u>	<u>(73)</u>
		<u>553</u>	<u>(746)</u>
Capital and reserves			
Called-up share capital	18	725	—
Profit and loss account	19	(172)	(746)
Shareholder's funds	20	<u>553</u>	<u>(746)</u>

These financial statements were approved by the directors and authorised for issue on 28 April 2008, and are signed on their behalf by



MR Dixon
Director

The notes on pages 8 to 16 form part of these financial statements

THERMAL ENERGY CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

1. Accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover represents the value of work done during the year on all contracts including any attributable profits, in accordance with SSAP 9 (revised) and UITF 40

Turnover is recognised

- in respect of service contracts, as contract activity progresses,
- in respect of long term projects, in accordance with SSAP 9,
- in respect of contract variations, once agreement to the variation is obtained, and
- in respect of other small projects, as contract activity progresses

Tangible fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Plant and equipment	- 20% per annum straight line
Fixtures, fittings and office equipment	- 20% per annum straight line
Motor vehicles	- 25% per annum straight line
Computer equipment	- 33% per annum straight line

The cost of tangible fixed assets is the purchase price together with any incidental costs of acquisition

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

THERMAL ENERGY CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

1. Accounting policies *(continued)*

Stocks and contract work in progress

Work in progress on each long term contract can be categorised as follows

- Service contracts
- Long term projects
- Contract variations
- Other small project works

Work done and related costs on each long term project are recorded in the profit and loss account as contract activity progresses. When a profitable outcome to a contract can be assessed with reasonable certainty, attributable profit is applied. Attributable profit is calculated on a prudent basis for each contract by reference to the contracts cumulative turnover, total contract value and total profit estimated for the completed contract and after provision for any losses.

Amounts recoverable on long term contracts, included within debtors comprises any excess of cumulative work done for a contract over cumulative payments on account for that contract and after provision for any losses.

Where cumulative payments on account exceed work done for a contract, the excess is included within creditors as payments received in advance.

Service contracts and other small project works are accounted for in accordance with UITF 40. Revenue is recognised as the contract activity progresses. The amount of revenue will reflect the accrual of the right to consideration as contract activity progresses by reference to the value of the work performed.

Unagreed contract variations are held within work in progress at the lower of cost and net realisable value.

Specific training costs on long term contracts are recognised as an asset and written off to the profit and loss account over the life of the contract. All other pre contract costs are expensed to the profit and loss account in accordance with UITF 34.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet at their fair value and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

THERMAL ENERGY CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

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:

	2007 £000	2006 £000
United Kingdom	27,815	10,571
Overseas	332	1,611
	<u>28,147</u>	<u>12,182</u>

3. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2007 £000	2006 £000
Depreciation of owned fixed assets	139	153
Depreciation of assets held under hire purchase agreements	-	21
Profit on disposal of fixed assets	(1)	(5)
Auditors remuneration	18	10
Settlement of legal claim	-	65
Operating lease costs		
-Plant and machinery	27	45
-Other	63	43
	<u></u>	<u></u>

THERMAL ENERGY CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

4. Particulars of employees

The aggregate payroll costs of the above were

	2007 £000	2006 £000
Wages and salaries	13,508	5,221
Social security costs	1,503	575
Other pension costs	39	67
Redundancy costs	-	2
	<u>15,050</u>	<u>5,865</u>

The average monthly number of employees, including directors, during the period was 328 (2006 year was 152)

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007 £000	2006 £000
Emoluments receivable	120	89
Value of company pension contributions to money purchase schemes	11	8
	<u>131</u>	<u>97</u>

Contributions were made to defined contribution schemes on behalf of one director (2006 one)

6 Interest payable and similar charges

	2007 £000	2006 £000
Interest payable on bank borrowing	76	236
Finance charges	13	5
	<u>89</u>	<u>241</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £000	2006 £000
UK Corporation tax	42	14
(Over)/under provision in prior year	(9)	6
	<u>33</u>	<u>20</u>

THERMAL ENERGY CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

7. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £000	2006 £000
Profit/(loss) on ordinary activities before taxation	<u>607</u>	<u>(212)</u>
Profit/(loss) on ordinary activities by rate of tax	182	(64)
Effects of		
Expenses not deductible for tax purposes	8	14
Capital allowances for period in excess of depreciation	3	5
Utilisation of tax losses	(108)	-
Adjustments to tax charge in respect of previous periods	(9)	6
Other timing differences	(3)	-
Small companies relief	(4)	(8)
Group relief	(36)	67
Total current tax (note 7(a))	<u>33</u>	<u>20</u>

(c) Factors that may affect future tax charges

There are no factors expected to affect future tax charges

THERMAL ENERGY CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

8. Tangible fixed assets

	Plant and equipment £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Computer equipment £000	Total £000
Cost					
At 1 October 2006	583	70	46	105	804
Additions	18	4	9	33	64
Disposals	—	—	(17)	—	(17)
At 30 September 2007	<u>601</u>	<u>74</u>	<u>38</u>	<u>138</u>	<u>851</u>
Depreciation					
At 1 October 2006	365	42	46	92	545
Charge for the year	110	13	1	15	139
On disposals	—	—	(17)	—	(17)
At 30 September 2007	<u>475</u>	<u>55</u>	<u>30</u>	<u>107</u>	<u>667</u>
Net book value					
At 30 September 2007	<u>126</u>	<u>19</u>	<u>8</u>	<u>31</u>	<u>184</u>
At 30 September 2006	<u>218</u>	<u>28</u>	<u>—</u>	<u>13</u>	<u>259</u>

Hire purchase agreements

Included within the net book value of £184,000 is £1,000 (2006 - £107,000) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2006 - £21,000).

9. Stocks

	2007 £000	2006 £000
Raw materials	24	86
Work in progress	1,881	242
	<u>1,905</u>	<u>328</u>

10. Debtors

	2007 £000	2006 £000
Trade debtors	2,808	2,264
Amounts owed by group undertakings	4,284	—
Other debtors	3,444	491
Prepayments and accrued income	455	220
	<u>10,991</u>	<u>2,975</u>

All amounts shown under debtors fall due for payment within one year

THERMAL ENERGY CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

11. Creditors amounts falling due within one year

	2007 £000	2006 £000
Payments received on account	444	—
Trade creditors	3,769	1,591
Amounts owed to parent company	—	3,575
Amounts owed to fellow subsidiaries	6,325	5,056
Corporation tax	33	14
Other taxation and social security	2,470	515
Hire purchase agreements	3	24
Other creditors	1,191	151
Accruals and deferred income	—	83
	<u>14,235</u>	<u>11,009</u>

12 Creditors: amounts falling due after more than one year

	2007 £000	2006 £000
Hire purchase agreements	<u>5</u>	<u>73</u>

13. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	2007 £000	2006 £000
Amounts payable within 1 year	3	24
Amounts payable between 1 and 2 years	3	24
Amounts payable between 3 and 5 years	2	49
	<u>8</u>	<u>97</u>

The hire purchase contracts are secured on the related assets and bear finance charges at variable rates of interest

14. Derivatives

The company has no financial instruments that fall to be classed as derivatives

THERMAL ENERGY CONSTRUCTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2007

15. Commitments under operating leases

At 30 September 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land & buildings £000	Other Items £000	Land & buildings £000	Other Items £000
Operating leases which expire				
Within 1 year	7	10	10	21
Within 2 to 5 years	60	63	40	14
	<u>67</u>	<u>73</u>	<u>50</u>	<u>35</u>

16. Contingencies

The company participates in the group's composite banking arrangements and consequently has provided guarantees in respect of other companies borrowings

At 30 September 2007 other group companies had net borrowings amounting to £2,072,000 (2006 £15,636,000) covered by these guarantees

17. Related party transactions

The company has taken advantage of the exemption under FRS 8 "Related party transactions" not to disclose transactions with other group companies as 90 per cent or more of its voting rights are controlled within the group

18. Share capital

Authorised share capital

	2007 £000	2006 £000
725,097 Ordinary shares of £1 each	<u>725</u>	<u>1</u>

Allotted, called up and fully paid

	2007		2006	
	No	£000	No	£000
Ordinary shares of £1 each	<u>725,097</u>	<u>725</u>	<u>97</u>	<u>-</u>

19. Profit and loss account

	2007 £000	2006 £000
Balance brought forward	(746)	(514)
Profit/(loss) for the financial year	<u>574</u>	<u>(232)</u>
Balance carried forward	<u>(172)</u>	<u>(746)</u>

THERMAL ENERGY CONSTRUCTION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 SEPTEMBER 2007

20. Reconciliation of movements in shareholder's funds

	2007 £000	2006 £000
Profit/(loss) for the financial year	574	(232)
New ordinary share capital subscribed	725	—
Net addition/(reduction) to shareholder's deficit	1,299	(232)
Opening shareholder's deficit	(746)	(514)
Closing shareholder's funds/(deficit)	<u>553</u>	<u>(746)</u>

21. Ultimate parent company and controlling party

At 30 September 2007 the company's ultimate parent company was Promanex Group Holdings Limited

In the opinion of the directors, there is no ultimate controlling party of Promanex Group Holdings Limited

Copies of the consolidated financial statements of Promanex Group Holdings Limited are available from Companies House