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INDITHERM plc

Annual Report and Financial Statements 2001



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INDITHERM plc

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INDITHERM at a glance

Based near Rotherham, South Yorkshire, Inditherm designs and manufactures heating solutions using the Company's innovative low voltage polymer. The technology provides a flexible heating surface that can produce uniform working heat output to +140°C, powered by a low voltage (typically 24v) power supply. Applications for the technology are wide spread, though the business is initially focused on key markets which will enable the establishment of a premium brand for heated products. To achieve this goal the Company is organised into the following operating groups.

INDITHERM

Industrial Solutions

Specialises in heating solutions for critical temperature management and frost protection for pipelines and storage containers. Principal markets include confectionery, utilities, food and chemical processing. Inditherm provides a complete solution of design, build and installation.

INDITHERM

Medical Products

Specialises in heating solutions for maintaining core body temperature and improving infection and wound treatment. In partnership with Pegasus Ltd, the Inditherm range of Operating Theatre products combine effective patient warming performance with reduced operating costs to hospitals throughout the UK.

INDITHERM

Custom Products

Specialises in heating solutions for third party partners to incorporate into existing or new end user products. Examples of products developed to date include heated inserts for steering wheels, pizza delivery bags and pharmaceutical transportation.

INDITHERM

Clothing

Specialises in heating solutions for personal protection against cold. Products include a range of own brand clothing and a number of potential partnerships in the leisure wear and cold water survival suit market.

INDITHERM plc (Formerly PJO (Inditherm) Limited) _____

Directors	M S Abrahams (Chairman) P J O'Grady C R Tarry K A Lees J H Markham
Secretary and registered office	K A Lees, Commercial Road, Goldthorpe Industrial Estate, Goldthorpe, Rotherham, S63 9BL
Company number	3587944
Accountants	Tenon Limited, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH
Auditor	Blueprint Audit Limited, Foxhall Lodge, Gregory Boulevard, Nottingham, NG7 6LH
Bankers	HSBC, Montgomery Road, Wath Upon Dearne, Rotherham, S63 7QW
Nominated adviser and broker	Collins Stewart Limited, 9th Floor, 88 Wood Street, London, EC2V 7QR
Legal advisers	freethcartwright, Willoughby House, 20 Low Pavement, Nottingham, NG1 7EA
Registrars	Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Chairman's Statement

Introduction

I am very pleased to be making my first report as Chairman, after joining the Company in December 2001 ahead of the flotation on the Alternative Investment Market. The funds raised from the flotation have put the Company and the Board in a strong position to progress the commercial growth of the business and to further develop and expand our range of innovative products, using the Inditherm technology on which the Company has been founded.

Results for the year

The year reflected the significant further development of the Inditherm technology and the establishment of its credibility in the market place.

Turnover for the year increased by 196% to £477,000 (2000: £161,000). This increase is an encouraging sign that Inditherm technology is becoming increasingly established in a number of commercial applications. An operating loss of £235,000 was incurred for the year (2000: loss £318,000), reflecting the investment costs necessary to build for the future growth of the Company. After net interest costs of £21,000 (2000: £11,000), the loss before tax for the year was £256,000 (2000: loss £329,000). This resulted in a loss of 3.0 pence per share (2000: loss 4.7 pence)

The flotation raised net funds of £2.3 million after expenses, debt repayments and preference share redemption and at the year end the Company still had net funds of £2.1 million.

Dividends

The Board believes that it is in the shareholders' interests that the Company's financial resources should be devoted to the continuing development of its business and product ranges. Consequently we do not expect to declare a dividend during our formative period as a public company.

Management structure

Ahead of the Company's flotation, Chief Executive Pat O'Grady and Managing Director Colin Tarry were joined on the Board by Keith Lees as Finance Director and by myself as non-executive Chairman. To further enhance the strength and balance of the Board I am delighted to announce that on 14 March 2002 we appointed John Markham OBE as a non-executive director. John, who was formerly Chief Executive of Hickson International PLC, is a chemical engineer with a wealth of experience relevant to both our product and its applications. We have therefore already brought together a team with a strong mix of skills and experience to ensure the successful development of the Company.

We have already made three key managerial appointments this year, in the areas of production, quality assurance and key account sales. These appointments, together with existing line managers, will provide the support needed to manage and control effectively the next phase of the Company's planned expansion.

Chairman's Statement (continued)

Employees

I am very aware of the loyalty and commitment of our small workforce, who have given tremendous support to Pat O'Grady and Colin Tarry during the period leading to the Company's flotation. On behalf of the Board I thank them all most sincerely and look forward to us achieving the future success which they deserve.

Current trading and prospects

The momentum of sales growth continues, with our level of trading activity already increased significantly against 2001. We are benefiting from a strong contribution from medical orders via our exclusive agreement with Pegasus Limited. Business development with our major customers in the industrial sector is progressing in line with expectations and we have made significant advances with two current development projects related to steering wheels and pharmaceutical transportation within our custom products division.

We will soon be moving into new, larger premises which will enable us to benefit from improved production efficiencies and purpose built product development and testing facilities.

While we are currently still incurring monthly losses due to the expanded overhead base necessary to run and develop the business, we have the potential to move to profitable operation within the foreseeable future. Our focus in the short term is on further developing and strengthening our relationships with key customers. This will provide a sound base for the Company's expansion both in the UK and into European and North American markets.

MARK ABRAHAMS

Chairman

14 March 2002

Chief Executive's Review

Our focus has been to establish Inditherm technology in our key market segments for Industrial, Medical and Custom applications to provide the platform for future growth. We have continued to develop our heating technology to meet a wide range of customer demands resulting in a broad product portfolio that is ready to be exploited across our main markets.

Industrial solutions

We have seen continued acceptance of the technology to solve critical temperature problems in the process control sector. During the year we have completed a product validation process with a leading food manufacturer, confirming that Inditherm technology provides major operational cost savings over traditional hot water heating techniques. This work has already contributed to an overall increase in Industrial sales and provides a platform for future expansion. Elsewhere we have continued to replace electric trace heat systems and we anticipate further success in this area.

In July we introduced a new range of Drum and Intermediate Bulk Container heating systems. In doing so we have created a range of standard products that could be marketed through third party distributor channels, greatly increasing our market access. We are therefore actively looking to develop distributor networks both within the UK and for export markets.

Medical products

In August we entered into an exclusive ten year development and distribution agreement with Pegasus Limited, a UK subsidiary of the Swedish medical group Getinge AB. Under this agreement Pegasus will actively market our operating theatre products world wide, as well as proposing new product ideas to compliment their existing business and develop new product opportunities. With the increased selling resources of Pegasus, we saw a substantial increase in operating theatre product sales in the last quarter.

We will continue to manufacture operating theatre products for the duration of the agreement and provide development resources to bring new products to market in due course.

Custom products

Our Custom Products group have continued to develop innovative heating solutions for a variety of applications. We have developed a common technology platform that will enable us to reduce development time scales and cost, whilst providing a flexible finished product that can be manufactured in volume. We have also invested in new environmental test chambers to enable a greater range of design, proving vital for many new applications.

Of the development work undertaken, three projects provide opportunities for exploitation in the near future. We have continued the development programme for the heated steering wheel in conjunction with a major European steering wheel supplier. This development is close to completion with the first production vehicle platform currently under final validation. Initial production is anticipated to commence early in 2003.

Chief Executive's Review (continued)

We have completed a development for heating pizza delivery bags, with power being supplied from a scooter or car lighter system. Our UK partner provides the completed system whilst we provide the heated pads for insertion into the finished bag. In the last quarter of 2001, trials were completed by a number of leading pizza suppliers and a supermarket chain with encouraging results, which generated initial sales before the year-end.

Development has commenced for a battery powered heating system for pharmaceutical transportation, providing a controlled temperature environment for road transportation and short term storage. Design and validation testing have now been completed, with production anticipated to commence mid 2002.

Outlook

Activity in some areas has been restricted by limited working capital, directly leading to the decision to float on AIM in December. As a result of the float we can now look forward with confidence to speeding up the process of product exploitation and controlling our company growth through appropriate investment in the future. In all areas we see exciting opportunities and are committed to a broad market development using strategic partners to increase our market access.

In the Industrial sector we look to build on the validation work completed and to develop our relationship with key customers to become the preferred solution for process heated products. In the storage sector we will develop a network of distribution channels for an expanded range of drum and IBC products.

In the Medical sector, we have already seen increased demand for operating theatre products during the first quarter of 2002. We have two further product developments under consideration which we hope to be ready for market by the end of this year.

Custom Products are set to move from predominantly development based activity to production volumes for both pizza and pharmaceutical inserts, with heated steering wheels being ready for production in 2003. Further exciting new product development is underway which we expect will lead to additional growth opportunities over the medium to long term.

In May we expect to relocate to a much larger facility that will provide the space needed to continue our growth. We are looking forward to the challenges and opportunities that exist for our technology worldwide and remain committed to delivering world class products and performance.

P J O'GRADY
Chief Executive

14 March 2002

Financial review

The key financial event for the Company during the year was our listing on the Alternative Investment Market, which was successfully completed on 14 December 2001.

Cash resources and net assets

Total new funds raised from the flotation amounted to £3.33 million. After payment of expenses of £0.75 million, repayment of borrowings of £0.17 million and redemption of preference shares of £0.22 million, the group balance sheet showed year end net funds of £2.10 million. Shareholder funds amounted to £2.08 million. This demonstrates a significant strengthening of our financial position compared with net debt of £168,000 and net liabilities of £64,000 at the end of 2000.

Trading results

Although turnover for the year improved to £477,000 (2000: £161,000), continuing investment in research and development and marketing costs resulted in a pre-tax loss for the year of £256,000 (2000: loss £329,000). The pre-tax loss of £130,000 for ten months to 31 October 2001, as reported in the AIM admission document, included receipt of the first £200,000 of the initial price of £400,000 due from Pegasus Limited under the exclusive distribution and development agreement signed in August 2001. The loss of £126,000 for the last two months of the year included one-off items of £43,000.

Research and development expenditure during the year totalled £105,000, reflecting the Company's ongoing commitment to identifying and developing new applications for the Inditherm technology.

Net cash outflow from operating activities was contained to £89,000 (2000: £224,000 outflow) through close management of working capital.

Accounting policies

A change of accounting policy was implemented in the year in respect of research and development costs. All costs are now written off in the period in which they are incurred. This change in policy has given rise to a prior year adjustment reducing opening reserves at 1 January 2001 by £156,000. The Board feel that this change rightly takes a more prudent approach to such costs.

Tax and dividends

Due to the focus on research and development, the Company has incurred trading losses each year since incorporation, therefore no corporation tax liability has yet arisen. Accumulated tax losses of £556,000 are available which should be recoverable against future trading profits.

A preference dividend of 1.4p per share was paid upon full redemption of the preference share capital immediately following the Alternative Investment Market flotation. No ordinary dividend is being paid for the year. The company's current policy on dividends is explained in the Chairman's statement.

K A LEES
Finance director

14 March 2002

INDITHERM plc (Formerly PJO (Inditherm) Limited) _____

Directors and Board Committees

Directors

*Mark Abrahams (Aged 47, Chairman)**

Mark is currently the chief executive of Fenner Plc, the non executive chairman of Darby Group Plc and a director of the British Rubber Manufacturers' Association Limited. At Fenner he had led a strategy of converting the group from a power transmission manufacturer to a world leader in reinforced polymers. He is a Chartered Accountant and a Companion of the Institute of Management.

Patrick O'Grady (Aged 58, Chief Executive)

Patrick is an engineer by training and has been involved in engineering companies for most of his working life, including running PJO Industrial Limited which provides equipment and services to utility companies principally electronic, hydraulic and mechanical repair and calibration. He has been closely involved in the development of Inditherm over several years using the resources of PJO Industrial Limited prior to founding the Company in 1998. PJO Industrial Limited is a company which is controlled by Mr O'Grady.

Colin Tarry (Aged 42, Managing Director)

Colin joined the company in 1999, and has extensive experience in growing technology businesses in international markets. A production engineer by training, he has 15 years experience at board level in successful turnaround and start up businesses in both the UK and USA. He has also been a member of group acquisition and strategy panels for technology divisions of Penny and Giles Plc and Bowthorpe Plc.

Keith Lees (Aged 50, Finance Director)

Keith joined the company in December 2001. He is a Chartered Accountant and has 25 years industrial experience gained at group and operating company level in both public and private companies mainly in the manufacturing, engineering and contracting sectors. Keith was finance director of Plumbs Limited and acting finance director of AB Marwin Limited.

*John Markham OBE (Aged 55)**

John was appointed on 14th March 2002. He is a Chartered Engineer with a degree in chemical engineering and was awarded the OBE in 1995 for services to British industry. He has a wealth of experience in industries related to the Company's products and applications having spent twenty years with I.C.I. and more recently holding the position of Chief Executive of Hickson International PLC.

* Non-executive

Board committees

The principal standing committees appointed by the Board are as follows:

Audit committee

Mark Abrahams *Chairman*

John Markham

Remuneration committee

John Markham *Chairman*

Mark Abrahams

Statement of Corporate Governance

The board is committed to high standards of corporate governance and sets out below details of how it has applied those provisions considered appropriate to the group's circumstances:

Board composition

The board has three executive directors and two independent non-executive directors. Details of the Board members appear on page 8.

The board meets regularly throughout the year and has a formal schedule of matters specifically reserved for its decision.

The non-executive directors are considered by the board to be independent of management and free from any relationship which could materially interfere with the exercise of their independent judgement. They receive a fixed fee for their services.

If required, the directors are entitled to take independent legal advice and if the board is informed in advance, the cost of the advice will be reimbursed by the company. The Company Secretary's services are available to all members of the board.

Due to the current size of the company the roles of Finance Director and Company Secretary are carried out by one person.

Board committees

The board has two standing committees, the membership of which is set out on page 8.

The audit committee meets as required, but at least twice a year. In addition to reviewing the annual report and financial statements and the interim statement prior to their submission to the board for approval, it keeps the scope, cost effectiveness, independence and objectivity of the external auditors under review; this includes monitoring the level of non-audit fees.

The committee can meet for private discussion with the external auditors, who attend its meetings, as required.

The report of the remuneration committee is set out on page 11.

Board appointments

Any decision to appoint further directors to the board is a decision taken by the entire board in formal meeting. Where necessary new members of the board will be provided with appropriate training in respect of their role and duties as a public company director. P J O'Grady and C R Tarry have service contracts requiring 12 months written notice given by either party, such notice not to commence before 10 December 2002. K A Lees has a service contract requiring 6 months written notice given by either party.

Relations with shareholders

The notice of the AGM will be sent to shareholders at least 20 working days before the meeting. At the forthcoming AGM, the company will indicate the level of proxy voting and members of the board committees will be available to answer questions.

INDITHERM plc (Formerly PJO (Inditherm) Limited) _____

Internal control

The directors acknowledge their responsibility for the group's systems of internal financial control.

The Board has identified that the group's systems of internal control were previously inadequate, particularly for the needs of a public company. Substantial progress has already been made in strengthening and extending the level of controls in operation and the Board expects to have the necessary procedures fully in place to implement the requirements of the combined code relating to internal control as reflected in the guidance "Internal Control Guidance for Directors on the Combined Code". The directors will be able to report on their compliance with the guidance in the financial statements for the year ending 31 December 2002.

The group maintains systems of internal control to provide reasonable but not absolute assurance against material misstatement or loss.

The system of internal control is structured around an assessment of prioritisation of the various risks to the business. The control environment is designed to address particularly those risks that the board consider to be material to the business, in safeguarding the assets against unauthorised use or disposition and maintaining proper accounting records which produce reliable financial information.

The Board has reviewed the effectiveness of the system of internal control for the accounting period and the period to the date of approval of the financial statements.

The key features of the group's systems of internal financial control are as follows:

- Management structure with clearly defined responsibilities and authority limits.
- A comprehensive system of reporting financial results to the board.
- Appraisal and authorisation of capital expenditure.

Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

Communication

The company places a great deal of importance on communication with its shareholders. The Board maintains a dialogue with individual institutional shareholders. All shareholders have the opportunity to ask questions of the directors at the Annual General Meeting. Resolutions are proposed on each substantially separate issue.

Remuneration report

Composition

The members of the remuneration committee ("The committee") are set out on page 8. The committee is responsible for the determination of the remuneration policy of the group's executive directors and senior executives.

Details of each individual director's remuneration and share options are included in note 4 to the financial statements and those of directors' shareholdings are set out in the Report of the Directors.

Policy on remuneration of executive directors and senior executives

Remuneration policy

The Committee endeavours to offer competitive remuneration packages which are designed to attract, retain and motivate executive directors and senior executives of the highest calibre. Packages are reviewed each year to ensure that they are in line with the group's business objectives. No director participates in decisions about their own remuneration package.

The main components in determining pay are:

- *Basic salary/fees and benefits*
Salary ranges are reviewed annually and when an individual changes position or responsibility. Benefits comprise the provision of a vehicle allowance and private health insurance.
- *Annual bonus*
Annual performance targets for executive directors are set for both the short and long term. The bonus scheme includes individual objectives and targets linked to the group's performance for its key performance indicators.
- *Executive share options schemes*

Directors' pension policy

Executive directors receive pension contributions of 5% of salary.

Non executive directors

The remuneration for the non-executive directors consists of fees for their services in connection with board and board committee meetings and, where relevant, for additional services such as chairing a board committee. They are not eligible for pension scheme membership and do not participate in any of the group's bonus or incentive schemes. The non-executive directors have service contracts for a fixed period of 2 years.

J H Markham
Chairman, Remuneration Committee

14 March 2002

INDITHERM plc (Formerly PJO (Inditherm) Limited) _____

Report of the Directors

For the year ended 31 December 2001

The directors present their report together with the group's audited financial statements for the year ended 31 December 2001.

Results and dividends

The profit and loss account is set out on page 17 and shows the result for the year.

During the year a preference dividend of 1.4p per share was paid. The directors do not recommend the payment of an ordinary dividend.

Registration as a Public Limited Company

On 7 December 2001, the company changed its name from PJO (Inditherm) Limited and re-registered as a public limited company under the name Inditherm plc.

Admission to the Alternative Investment Market of the London Stock Exchange ("AIM")

On 14 December 2001, the ordinary shares of the company were admitted to trading on AIM.

Principal activity and business review

The principal activity of the group is the manufacture, sale, installation and licensing of specialised heating materials. A review of the group's development during the year and its prospects are given in the Chairman's Statement on page 3.

Research and development

The group continues to invest in research and development, the costs of which have been expensed to the profit and loss account.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of 1p each 2001 Number	Ordinary shares of 1p each 2000 Number
M S Abrahams (appointed 10 December 2001)	25,773	—
P J O'Grady	3,449,536	7,930
C R Tarry	277,500	555
K A Lees (appointed 6 December 2001)	—	—
B Holmes (resigned 25 September 2001)	—	—
J O'Grady (resigned 6 December 2001)	341,407	889

Purchase of own shares

During the year the group purchased 220,000 £1 preference shares for consideration of £220,000 as part of a share capital reorganisation. The maximum number of own shares held by the company was 220,000.

Substantial interests

At 28 February 2002 the company had been notified of the following interests (excluding the interests of the directors) which amounted to 3% or more of the issued capital of the company.

Shareholder	Number of shares	Percentage holding
Brymarc Limited	1,401,500	13.5
Threadneedle UK Smaller Companies Fund	650,000	6.3
John Buckley	452,407	4.4
ML UK Dynamic Fund	400,000	3.9
RBSI Custody Bank Limited	400,000	3.9
Gartmore Smaller Companies Fund	350,000	3.4
Morley UK Focus Fund	350,000	3.4
James O'Grady	341,407	3.3

Charitable and political donations

During the year the group made no charitable or political donations.

Creditor payment policy and practice

It is the group's policy to settle all trade creditors within the normal commercial terms of trade agreed with each supplier. The number of days purchases represented by trade creditors at the year end was 53.

EMU Impact

Having reviewed its commercial and accounting transactions, the group is managing the impact of the single currency which is not expected to be significant.

Re-appointment of Auditors

A resolution to re-appoint Blueprint Audit Limited as the Group's auditors will be proposed at the Annual General Meeting.

Special Business

Resolution 7 in the Notice of Annual General Meeting on page 33 renews the authority of the directors to allot relevant securities. The nominal amount of securities to which the authority relates is £16,037.70, which represents approximately 15% of the Company's current issued share capital. This authority will expire at the earlier of either the 2003 annual general meeting or fifteen months from the date the resolution is passed. Except pursuant to the allotment of share options to one non-executive director, the directors have no present intention of exercising this authority.

Resolution 8 waives the statutory pre-emption rights under section 89 of the Companies Act 1985 in respect of the allotment of equity securities for cash. The nominal amount of equity securities which may be issued without being offered to existing shareholders is £16,037.70, as noted above for Resolution 7. Except pursuant to the allotment of share options to one non-executive director, there is no present intention to make any such allotment of equity securities, but the directors consider it desirable to maintain the flexibility afforded by this power.

The directors believe that both of the above resolutions are in the best interests of the Company and the shareholders and they therefore recommend shareholders to vote in favour of the resolutions.

By order of the Board
K A LEES
Secretary



14 March 2002

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 group and company and of the profit or loss of the group for that year. In preparing those 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;
- state whether applicable accounting standards have been followed subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Independent auditors' report to the shareholders of Inditherm plc

We have audited the financial statements of Inditherm plc for the year ended 31 December 2001 which comprise the consolidated Profit and Loss Account, consolidated Balance Sheet, company Balance Sheet, consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Chief Executive's review, the Financial review, the Statement of Corporate Governance, the Remuneration Report and the Report of the Directors. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider 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.

INDITHERM plc (Formerly PJO (Inditherm) Limited) _____

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 2001 and of the result and cashflows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

BLUEPRINT AUDIT LIMITED

*Chartered Accountants
and Registered Auditor*

Nottingham

14 March 2002

Consolidated Profit and Loss Account

For the year ended 31 December 2001

	Notes	2001 £'000	2000 as restated £'000
Turnover	2	477	161
Cost of sales		(193)	(67)
Gross profit		284	94
Administrative expenses		(519)	(412)
Operating loss	5	(235)	(318)
Interest receivable		2	–
Interest payable	6	(23)	(11)
Loss on ordinary activities before taxation		(256)	(329)
Taxation credit from loss on ordinary activities	7	44	–
Loss on ordinary activities after taxation		(212)	(329)
Dividends	8	(3)	–
Sustained deficit for the year	18	(215)	(329)
Loss per share – basic and diluted	9	(3.0)p	(4.7)p

All amounts relate to continuing activities.

Statement of total recognised gains and losses

	2001 £'000	2000 as restated £'000
Loss for the financial year and total gains and losses relating to the year	(212)	(329)
Prior year adjustment	(156)	–
Total gains and losses recognised since last annual report	(368)	(329)

INDITHERM plc (Formerly PJO (Inditherm) Limited) _____

Consolidated Balance Sheet

at 31 December 2001

	Notes	2001 £'000	2000 as restated £'000
Fixed Assets			
Intangible assets	10	97	108
Tangible assets	11	21	24
		<u>118</u>	<u>132</u>
Current Assets			
Stocks	13	64	77
Debtors	14	381	49
Cash at bank and in hand		2,118	—
		<u>2,563</u>	<u>126</u>
Creditors: amounts falling due within one year	15	<u>(597)</u>	<u>(247)</u>
Net current assets/(liabilities)		<u>1,966</u>	<u>(121)</u>
Total assets less current liabilities		<u>2,084</u>	<u>11</u>
Creditors: amounts falling due after more than one year	16	<u>(2)</u>	<u>(75)</u>
Net assets/(liabilities)		<u>2,082</u>	<u>(64)</u>
Capital and reserves			
Called up share capital	17	104	234
Share premium	18	2,685	244
Other reserve	18	50	—
Profit and loss account	18	(757)	(542)
Shareholders' funds/(deficit)	19	<u>2,082</u>	<u>(64)</u>
Comprising			
Equity interests		2,082	(284)
Non equity interests		—	220
		<u>2,082</u>	<u>(64)</u>

Approved by the Board on 14 March 2002 and signed on its behalf:

P J O'GRADY
Director



K A LEES
Director



Company Balance Sheet

at 31 December 2001

	Notes	2001 £'000	2000 as restated £'000
Fixed Assets			
Intangible assets	10	-	108
Tangible assets	11	21	24
Investments	12	-	-
		<u>21</u>	<u>132</u>
Current Assets			
Stocks	13	64	77
Debtors: amounts falling due within one year	14	381	49
Debtors: amounts falling due after one year	14	1,000	-
Cash at bank and in hand		2,118	-
		<u>3,563</u>	<u>126</u>
Creditors: amounts falling due within one year	15	<u>(597)</u>	<u>(247)</u>
Net current assets/(liabilities)		<u>2,966</u>	<u>(121)</u>
Total assets less current liabilities		<u>2,987</u>	<u>11</u>
Creditors:			
amounts falling due after more than one year	16	<u>(2)</u>	<u>(75)</u>
Net assets/(liabilities)		<u>2,985</u>	<u>(64)</u>
Capital and reserves			
Called up share capital	17	104	234
Share premium	18	2,685	244
Other reserve	18	50	-
Profit and loss account	18	146	(542)
Shareholders' funds/(deficit)	19	<u>2,985</u>	<u>(64)</u>
Comprising			
Equity interests		2,985	(284)
Non equity interests		-	220
		<u>2,985</u>	<u>(64)</u>

Approved by the Board on 14 March 2002 and signed on its behalf:

P J O'GRADY
Director



K A LEES
Director



INDITHERM plc (Formerly PJO (Inditherm) Limited)

Consolidated Cash Flow Statement

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Net cash outflow from operating activities	20	(89)	(224)
Returns on investments and servicing on servicing of finance			
Interest received		2	—
Interest paid		(22)	(9)
Interest element of hire purchase payments		(1)	(2)
Preference dividend paid		(3)	—
Net cash outflow from returns on investments and servicing of finance		(24)	(11)
Taxation		27	—
Capital expenditure			
Purchase of tangible fixed assets		(4)	(9)
Net cash outflow before management of liquid resources and financing		(90)	(244)
Management of liquid resources			
Increase in cash on short-term deposit	21	(2,000)	—
Financing			
Issue of shares		3,330	198
Expenses paid in connection with share issues		(749)	—
Redemption of preference shares		(220)	—
Related party loan	21	(68)	8
Capital element of hire purchase payments	21	(4)	(2)
Movement on factoring accounts	21	(24)	20
Net cash inflow from financing		2,265	224
Increase/(decrease) in cash	21	175	(20)

Notes forming part of the financial statements

For the year ended 31 December 2001

1 Accounting Policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The financial statements of the group consolidate the financial statements of Inditherm plc and its subsidiary undertakings up to 31 December 2001 using acquisition accounting. The results of subsidiary undertakings acquired during a financial period are included from the effective date of acquisition.

The company has taken advantage of the exemption under Section 230 of the Companies Act 1985 and has not presented its own profit and loss account. The group loss for the year includes an amount of £688,000 profit in respect of the parent company.

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax and trade discounts. Where appropriate, the recognition of income is deferred according to the specific circumstances of material transactions, see note 15.

Intangible fixed assets

Purchased intellectual property rights are capitalised and amortised over the Directors' estimate of their useful economic life of 10 years.

Research and development costs

Research expenditure is written off in the year in which it is incurred.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following straight line rates:

Plant, machinery and office equipment	– 20% per annum
Motor vehicles	– 20% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Leasing and hire purchase commitments

Assets acquired under hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element is charged to the profit and loss account over the term of the contract. Rentals in respect of operating leases are charged to the profit and loss account on a straight line basis over the term of the agreement.

Notes forming part of the financial statements (continued)

For the year ended 31 December 2001

1 Accounting Policies (continued)

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability will crystallise.

Financial instruments

In adopting Financial Reporting Standard 13: Derivatives and other financial instruments, the group has not treated short term debtors and creditors as financial assets and liabilities.

Employee share schemes

Provision is made for National Insurance contributions on options granted on or after 6 April 1999 under unapproved share option schemes. Provision is made at the prevailing rate on the difference between the period end share value and the grant price, being the best estimate of the ultimate liability at each period end.

Pension costs

Contributions to employees' personal pension schemes are charged to the profit and loss account in the year in which they become payable.

2 Turnover

All turnover, losses and net assets/(liabilities) are wholly attributable to the principal activity of the group being the manufacture, sale and installation of specialised heating materials and arose solely within the United Kingdom.

3 Employees

	2001 £'000	2000 £'000
Staff costs consist of:		
Wages and salaries	264	206
Social security costs	24	18
Pension costs	11	—
	<u>299</u>	<u>224</u>

Average number of persons including executive Directors employed:

	2001 Number	2000 Number
Management and administration	2	2
Sales	3	2
Development	2	1
Production	4	5
	<u>11</u>	<u>10</u>

4 Directors

The emoluments of the directors of the company were as follows:

	Salary contribution £'000	Pension £'000	Benefits in kind £'000	2001 Total £'000	2000 Total £'000
M S Abrahams	-	-	-	-	-
P J O'Grady	47	4	-	51	33
C R Tarry	47	4	5	56	44
K A Lees	4	-	-	4	-
B Holmes	-	-	-	-	-
J O'Grady	-	-	-	-	-
	<u>98</u>	<u>8</u>	<u>5</u>	<u>111</u>	<u>77</u>

Contributions to a defined contribution pension scheme were paid on behalf of 2 directors (2000: Nil) during the year.

An analysis of the share options held by each director is set out below:

	Granted in the year and at 31 December 2001 Number
M S Abrahams	207,540
C R Tarry	206,863
K A Lees	51,546

Outstanding options carry an exercise price of 97 pence and are exercisable within ten years of the date of grant.

5 Operating loss

	2001 £'000	Restated 2000 £'000
This is arrived at after charging/(crediting):		
Depreciation of owned assets	2	4
Depreciation of assets held under hire purchase contracts	5	-
Amortisation of intangible fixed assets	11	14
Auditors' remuneration	7	1
Research and development	105	156
Exceptional income	<u>200</u>	<u>-</u>

Fees of £25,000 and £150,000 were paid to the auditors and accountants respectively in respect of work performed on the flotation of the Company. These costs have been written off against the share premium account.

The exceptional income included in sales relates to the sale of worldwide distribution rights in the medical market for particular products developed by the group, see note 15.

Notes forming part of the financial statements (continued)

For the year ended 31 December 2001

6 Interest payable

	2001 £'000	2000 £'000
Bank overdraft and loans	22	9
Hire purchase	<u>1</u>	<u>2</u>
	<u>23</u>	<u>11</u>

7 Taxation credit from loss on ordinary activities

UK corporation tax	<u>44</u>	<u>—</u>
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The group has tax losses estimated at £556,000 available for relief against future trading profits and a credit of £44,000 has been claimed in the year ended 31 December 2001 in respect of development expenditure in the two years then ended.

8 Dividends

Preference – paid 1.4p per share	<u>3</u>	<u>—</u>
----------------------------------	----------	----------

9 Loss per share

The calculation of loss per ordinary share is based on losses of £212,000 (2000: £329,000) and on a weighted average of 7,110,098 (2000: 7,026,912) ordinary shares in issue during the year. The share options are anti-dilutive due to the loss in the year.

10 Intangible fixed assets

Group	Intellectual property rights £'000
Cost	
At 1 January 2001 and 31 December 2001	<u>136</u>
Amortisation	
At 1 January 2001	28
Provided for the year	<u>11</u>
At 31 December 2001	<u>39</u>
Net book value	
At 31 December 2001	<u>97</u>
At 31 December 2000	<u>108</u>
Company	
Cost	
At 1 January 2001	136
Transfer to subsidiary	<u>(136)</u>
At 31 December 2001	<u>-</u>
Amortisation	
At 1 January 2001	28
Provided for the year	11
Transfer to subsidiary	<u>(39)</u>
At 31 December 2001	<u>-</u>
Net book value	
At 31 December 2001	<u>-</u>
At 31 December 2000	<u>108</u>

INDITHERM plc (Formerly PJO (Inditherm) Limited)

Notes forming part of the financial statements (continued)

For the year ended 31 December 2001

11 Tangible assets

Group and company

	Plant, machinery and office equipment £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2001	9	20	29
Additions	4	–	4
At 31 December 2001	13	20	33
Depreciation			
At 1 January 2001	3	2	5
Provided for the year	2	5	7
At 31 December 2001	5	7	12
Net book value			
At 31 December 2001	8	13	21
At 31 December 2000	6	18	24

The net book value of tangible fixed assets includes an amount of £13,000 (2000 – £17,000) in respect of assets held under hire purchase contracts.

12 Fixed asset investments – company

Investments in subsidiaries at cost:

	£
Addition and at 31 December 2001	4

Inditherm plc has the following wholly owned subsidiaries registered and operating in Great Britain:

Name	Nature of business	Class of share
Inditherm (Medical) Limited	Manufacturer of medical products	Ordinary
Inditherm (Industrial) Limited	Dormant	Ordinary

13 Stocks

	Group and company	
	2001 £'000	2000 £'000
Raw materials	55	70
Work in progress	9	7
	64	77

14 Debtors

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Trade debtors	262	44	262	44
Amount owed by subsidiary undertaking	-	-	1,000	-
Other debtors	105	5	105	5
Prepayments	14	-	14	-
	<u>381</u>	<u>49</u>	<u>1,381</u>	<u>49</u>

All amounts shown under debtors fall due for payment within one year, with the exception of the amount owed by subsidiary undertaking.

15 Creditors: amounts falling due within one year

	Group and company	
	2001 £'000	2000 £'000
Bank overdraft	-	57
Factoring account	5	29
Trade creditors	243	33
Taxation and social security	80	47
Obligations under hire purchase contracts	8	6
Other creditors	5	71
Accruals and deferred income	256	4
	<u>597</u>	<u>247</u>

The bank overdraft was secured by a fixed and floating charge over the assets of the Group and certain Directors' personal guarantees.

Amounts due to the debt factor company are secured against the trade debtors to which they relate.

Deferred income refers to the second tranche of income receivable in 2002 from a customer in respect of the sale of worldwide distribution rights in the medical market for particular products developed by the Company.

The Directors consider the amounts received and receivable are non-refundable and that substantially all obligations under this signed contract for related service requirements by the Group will have been met by the end of 31 December 2002.

During the year ended 31 December 2001, the first tranche of £200,000 due under this agreement was received and has been taken to revenue and profits. Certain associated development and training costs have already been expensed to the profit and loss account in this and earlier periods. Some remaining service costs, such as training, will be matched against the second tranche of income receivable in 2002.

Notes forming part of the financial statements (continued)

For the year ended 31 December 2001

16 Creditors: amounts falling due after more than one year

	Group and Company	
	2001	2000
	£'000	£'000
Obligations under hire purchase contracts	2	7
Other creditors	-	68
	<u>2</u>	<u>75</u>

Other creditors at 31 December 2000 represented a related party loan, (see note 23), which was unsecured, bore interest at 4% above the base rate and whose repayment terms were informal. The loan was repaid on flotation.

Obligations under finance leases and hire purchase contracts are due as follows:

	2001	2000
	£'000	£'000
Within one year	8	6
Between one and two years	2	6
Between two and five years	-	1
	<u>10</u>	<u>13</u>

Financial instruments

The group's financial instruments comprise cash and various items such as trade debtors, trade creditors etc., that arise directly from its operations. The main purpose of these financial instruments is to finance the group's operations. As permitted by FRS 13 short term debtors and creditors have been excluded from interest rate and liquidity disclosures. The amount of foreign currency held is not considered to be material.

The main risk arising from the group's financial instruments is liquidity risk. The group ensures that it has sufficient cash resources available to meet all short term cash requirements and to meet its capital expenditure programme for the foreseeable future.

At present the directors do not believe that the group has significant interest rate or foreign currency risk and consequently does not hedge against such risk. The board keeps these risks under regular review.

The fair values of the financial assets and liabilities are not materially different from their book values.

17 Share capital

Issued, called up and fully paid

	shares of £1 each £	'A' ordinary shares of £1 each £	Preference shares of £1 each £	Ordinary shares of 1p each £
Share capital at 1 January 2001	10,485	3,403	220,000	—
Conversion of 'A' ordinary shares to ordinary shares on 6 December 2001	<u>3,403</u>	<u>(3,403)</u>	<u>—</u>	<u>—</u>
	13,888	—	220,000	—
Sub-dividing the ordinary £1 shares into 100 ordinary 1 pence shares	(13,888)	—	—	13,888
Increasing the share capital of the company by the bonus issue of 5,552,000 ordinary shares of 1 pence each on 10 December 2001	—	—	—	55,520
Allotment of 3,432,990 ordinary shares of 1 pence each on admission to the Alternative Investment Market at 97 pence per share for cash on 14 December 2001	—	—	—	34,330
Redemption of preference shares for cash on 14 December 2001	<u>—</u>	<u>—</u>	<u>(220,000)</u>	<u>—</u>
Share capital at 31 December 2001	<u>—</u>	<u>—</u>	<u>—</u>	<u>103,738</u>
Authorised share capital at 31 December 2000	<u>10,485</u>	<u>3,403</u>	<u>220,000</u>	<u>—</u>
Authorised share capital at 31 December 2001	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,000,000</u>

INDITHERM plc (Formerly PJO (Inditherm) Limited)

Notes forming part of the financial statements (continued)

For the year ended 31 December 2001

18 Reserves

	Other reserve £'000	Group Share premium account £'000	Profit and loss account £'000
At 1 January 2001 as previously stated	—	244	(386)
Prior year adjustment	—	—	(156)
At 1 January 2001 as restated	—	244	(542)
Loss for the year	—	—	(215)
Bonus issue of shares	—	(56)	—
Expenses of share issue	—	(799)	—
Premium on shares issued	—	3,296	—
Discount on share options granted	50	—	—
At 31 December 2001	50	2,685	(757)

	Other reserve £'000	Company Share premium account £'000	Profit and loss account £'000
At 1 January 2001 as previously stated	—	244	(386)
Prior year adjustment	—	—	(156)
At 1 January 2001 as restated	—	244	(542)
Profit for the year	—	—	688
Bonus issue of shares	—	(56)	—
Expenses of share issue	—	(799)	—
Premium on shares issued	—	3,296	—
Discount on share options granted	50	—	—
At 31 December 2001	50	2,685	146

The prior year adjustment relates to development expenditure previously capitalised. The directors have implemented a change of accounting policy whereby research and development expenditure is written off in the period in which it is incurred.

On the flotation of the company 103,770 share options were granted at a discount of 50% of the market price to an individual not employed by the company. The non-cash cost has been credited to an other reserve and deducted from the share premium account as an issue cost in accordance with FRS 4 Capital Instruments.

19 Reconciliation of movements in shareholders' funds/(deficit)

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
(Loss)/profit for the year	(212)	(329)	691	(329)
Dividends	(3)	—	(3)	—
	(215)	(329)	688	(329)
Issue of share capital (including premium)	3,330	417	3,330	417
Redemption of preference shares	(220)	—	(220)	—
Expenses of share issue	(799)	—	(799)	—
Discount on share options granted	50	—	50	—
Net movement in shareholders' funds	2,146	88	3,049	88
Opening shareholders' deficit (originally £92,000 before deducting prior year adjustment of £156,000)	(64)	(152)	(64)	(152)
Closing shareholders' funds/(deficit)	<u>2,082</u>	<u>(64)</u>	<u>2,985</u>	<u>(64)</u>

20 Reconciliation of operating loss to net cash outflow from operating activities

	2001 £'000	Restated 2000 £'000
Operating loss	(235)	(318)
Depreciation and amortisation	18	18
Decrease in stocks	13	30
Increase in debtors	(315)	(21)
Increase in creditors	430	67
Net cash outflow from operating activities	<u>(89)</u>	<u>(224)</u>

21 Analysis of changes in net (debt)/funds

	1 January 2001 £'000	Cashflow £'000	31 December 2001 £'000
Cash at bank in hand	—	2,118	2,118
Less: deposits treated as liquid resources	—	(2,000)	(2,000)
Overdraft	(57)	57	—
	(57)	175	118
Factoring account	(29)	24	(5)
Related party loan (see note 23)	(68)	68	—
Obligations under hire purchase contracts	(14)	4	(10)
Term deposits	—	2,000	2,000
	<u>(168)</u>	<u>2,271</u>	<u>2,103</u>

Notes forming part of the financial statements (continued)

For the year ended 31 December 2001

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

	2001 £'000	2000 £'000
Increase/(decrease) in cash in year	175	(20)
Cash outflow/(inflow) from decrease/(increase) in debt	96	(26)
Cash outflow from increase in liquid resources	<u>2,000</u>	<u>-</u>
Increase in net funds/(debt) from cashflows	2,271	(46)
Inception of hire purchase contract	-	(16)
Conversion of debt to preference shares	<u>-</u>	<u>220</u>
Movement in net debt in the year	2,271	158
Net debt at the beginning of the year	<u>(168)</u>	<u>(326)</u>
Net funds/(debt) at the end of the year	<u>2,103</u>	<u>(168)</u>

23 Related party transactions

During the year various expenses and salary costs which totalled £71,894 (2000: £84,000) were charged to the company from PJO Industrial Limited, a company of which P J O'Grady is a director. These were charged in the normal course of business at commercial rates.

At 31 December 2001 included in trade creditors were amounts due to PJO Industrial Limited of £28,111 (2000: £120,000). In addition a loan from PJO Industrial Limited was fully repaid during the year (2000: £68,000).

P J O'Grady is a director of PJO Industrial Limited and Inditherm plc and controls PJO Industrial Limited for the periods covered by this report.

Notice of Annual General Meeting

Notice is hereby given that the 2002 Annual General Meeting of the Company will be held at Tankersley Manor Hotel, Church Lane, Tankersley, Barnsley, South Yorkshire, S75 3DQ, on Friday, 26th April 2002 at 10.00am for the following purposes:

ORDINARY BUSINESS

1. To receive the accounts of the Company for the year ended 31 December 2001 together with the directors report and auditors report and to consider the recommendation of the directors that no dividend be declared in respect of the year.
2. To reappoint Mr Patrick James O'Grady retiring by rotation as a director in accordance with the provisions of the Articles of Association and, being eligible, offering himself for re-election as a director of the Company.
3. To reappoint Blueprint Audit Limited as auditors of the Company until the conclusion of the next general meeting of the Company at which accounts are laid before the members and to authorise the directors to determine their remuneration.
4. To confirm the recommendation of the directors that Mr Mark Simon Abrahams, who was appointed as a director during the year since the previous annual general meeting, be re-elected as a director.
5. To confirm the recommendation of the directors that Mr Keith Albert Lees, who was appointed as a director during the year since the previous annual general meeting, be re-elected as a director.
6. To confirm the recommendation of the directors that Mr John Henry Markham, who was appointed as a director during the year since the previous annual general meeting, be re-elected as a director.

SPECIAL BUSINESS

To consider, and if thought fit, pass the following resolutions, of which Resolution 7 will be proposed as an ordinary resolution and Resolution 8 will be proposed as a special resolution.

7. To generally and unconditionally authorise the directors (subject to the passing of Resolution 8 below and in substitution for all existing authorities) to exercise all the powers of the Company to allot relevant securities, within the meaning of Section 80 of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £16,037.70. Such authority will expire at the conclusion of the Annual General Meeting next following the passing of this Resolution or, if earlier, 15 months after the date of this Resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot the relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.
8. To empower the directors (subject to the passing of Resolution 7 above) pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority conferred by Resolution 7 as if sub-section (1) of Section 89 of the Act did not apply to the allotment of equity securities for cash up to:

INDITHERM plc (Formerly PJO (Inditherm) Limited)

- (i) an aggregate nominal amount of £1037.70 pursuant to an option in respect of up to 103,770 Ordinary Shares of 1p each in the capital of the Company at an exercise price per share equal to the mid-market value on the date of grant to one additional non-executive director appointed by the Board prior to 14 December 2002, subject to the Board not having granted such an option to one additional non-executive director in the period from 25 March 2002 to the date of the next Annual General Meeting. The option will have to be exercised before 3 December 2011.
- (ii) an aggregate nominal amount of £15,000 otherwise than pursuant to paragraph (i) of this resolution.

By Order of the Board
K A LEES
Secretary
14 March 2002

Registered Office:
Commercial Road
Goldthorpe Industrial Estate
Goldthorpe
Rotherham S63 9BL

NOTES:

1. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint a proxy to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.
2. A form of proxy is enclosed. To be effective, it must be deposited at the office of the Company's registrars, Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.00am on Wednesday 24 April 2002. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
3. The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the AGM.
4. In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 10.00am on Wednesday 24th April 2002 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

INDITHERM plc
Proxy Form for Annual General Meeting

For use by holders of ordinary shares of 1p each in Inditherm plc in respect of the 2002 Annual General Meeting to be held at Tankersley Manor Hotel, Church Lane, Tankersley, Barnsley, South Yorkshire, S75 3DQ on Friday, 26 April 2002 at 10.00 am and at any adjournment thereof.

I/We

of

being (a) Member(s) of Inditherm plc, hereby appoint

of

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 2002 Annual General Meeting of the Company to be held on Friday 26 April 2002 and at any adjournment thereof.

I/We direct the proxy to vote on the business of the Meeting as indicated below. If no specific direction as to voting is given, the proxy/proxies will vote or abstain at his discretion, as he will on any matter arising at the Meeting.

Ordinary Business	For	Against
1. Adoption of Directors' report and accounts		
2. Reappointment of Mr Patrick James O'Grady		
3. Reappointment of Blueprint Audit Limited		
4. Re-election of Mr Mark Simon Abrahams		
5. Re-election of Mr Keith Albert Lees		
6. Re-election of Mr John Henry Markham		
Special Business		
7. Authority to allot shares		
8. Waiver of pre-emption rights		

Signed

On this Day of 2002

NOTES :

1. Members entitled to attend and vote at the Annual General Meeting are entitled to appoint one or more proxies to attend and, upon a poll, vote in their place. A proxy need not be a member of the Company.
2. To be valid, proxy forms together with any power of attorney or other written authority under which it is signed or a duly certified copy of them (failing previous registration with the Company) must be lodged with the Company's Registrar, Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.00 am on Wednesday, 24th April 2002. Completion and return of proxy forms will not preclude shareholders from attending and voting at the Meeting in person should they wish to do so.
3. Only holders of ordinary shares or their proxies are entitled to attend and vote at the Annual General Meeting
4. In the case of a corporation this form of proxy must be given under its common seal, or signed by two directors or by a director and the secretary, or signed on its behalf by an attorney or a duly authorised officer of the corporation.
5. In the case of joint holders, any one of them may sign but the names of all joint holders should be stated. The vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members.



Third Fold and tuck in

BUSINESS REPLY SERVICE
Licence No. MB122



Capita IRG Plc
Proxy Dept.
PO Box 25
Beckenham
Kent BR3 4BR

Second FOLD

First FOLD