

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you are recommended immediately to consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Existing Ordinary Shares in Inditherm plc, please forward this document together with the accompanying documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. Your attention is drawn to the paragraph headed Overseas Shareholders in Part II of this document regarding the forwarding of this document to Overseas Shareholders.

A copy of this document (which has been drawn up in accordance with the requirements of the AIM Rules and the Public Offers of Securities Regulations 1995 ("POS Regulations")) has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the POS Regulations.

The Directors of Inditherm plc, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Offer Shares to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

It is expected that dealings in the Offer Shares will commence on AIM on 17 December 2003.

Inditherm plc

(Incorporated in England and Wales under the Companies Act 1985 – No. 3587944)

Placing and Open Offer of 10,534,990 new Ordinary Shares of 1p each at 50p per share

Nominated Adviser and Broker COLLINS STEWART LIMITED



EDX
COMPANIES HOUSE

EQA9K887

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20/11/03

Share capital following the Placing and Open Offer

Authorised	Number	in ordinary shares	Issued and fully paid	Number
£780,000	78,000,000	of 1p each	£210,699.80	21,069,980
£220,000	220,000	in preference shares of £1 each	nil	nil

Upon Admission, the Offer Shares being issued pursuant to the Placing and Open Offer will rank *pari passu* in all respects with the existing issued Ordinary Shares of the Company and will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company.

Collins Stewart Limited, which is authorised by the Financial Services Authority for investment business activities, is acting as Nominated Adviser and Broker to the Company in relation to the Placing and Open Offer, and will not be responsible to any other person for providing the protections afforded to clients of Collins Stewart or for providing advice in relation to the Placing and Open Offer or any other matter referred to in this document. Collins Stewart has not authorised the contents of any part of this document for the purposes of Regulation 13(1)(g) of the POS Regulations.

Collins Stewart's responsibilities as Nominated Adviser and Broker are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of their decision to acquire Offer Shares in reliance on any part of this document. No representation or warranty, express or implied, is made by Collins Stewart Limited as to any of the contents of this document.

An investment in the Company involves a significant degree of risk and may not be suitable for all recipients of this document. A prospective investor should consider carefully whether an investment in the Company is suitable for him in the light of his personal circumstances and the financial resources available to him.

The Open Offer is not being made, directly or indirectly, in or into the United States of America, Canada, Australia, the Republic of Ireland, Japan or South Africa and the Application Form enclosed with this document must not be mailed or otherwise distributed or sent in or into the United States of America, Canada, Australia, the Republic of Ireland, Japan or South Africa.

The Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended. Furthermore the Offer Shares have not been, and will not be, registered under the securities legislation of any state of the United States of America, any province of Canada, the Commonwealth of Australia, the Republic of Ireland, Japan or South Africa. Accordingly, unless an exemption under relevant securities laws is applicable, the Offer Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, Canada, Australia, the Republic of Ireland, Japan and South Africa.

The latest time for acceptance and payment in full under the Open Offer is 3.00 pm on 11 December 2003. The procedure for acceptance and payment is set out in Part II of this document and in the accompanying Application Form. An application may only be made on the Application Form, which is personal to the Shareholder(s) named thereon and may not be assigned transferred or split except to satisfy bona fide market claims. To be valid, Application Forms must be returned, together with the appropriate remittance, by post or by hand to the Company's receiving agents, Capita IRG Plc so as to arrive not later than 3.00 pm on 11 December 2003.

Notice of an Extraordinary General Meeting of Inditherm plc, to be held at 10.00 am on 15 December 2003 is set out at the end of this document. You will find enclosed with this document a Form of Proxy for use at the meeting. To be valid, the Form of Proxy must be completed and returned, in accordance with the instructions printed thereon, to Capita Registrars as soon as possible and in any event so as to arrive not later than 10.00 am on 12 December 2003. Completion and return of a Form of Proxy will not prevent a Shareholder from attending and voting at the meeting in person.

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Directors and Advisers

Directors: Mark Simon Abrahams (*Non-Executive Chairman*)
Colin Roy Tarry (*Chief Executive*)
Keith Albert Lees (*Finance Director*)
Patrick James O'Grady (*Director*)
John Henry Markham (*Non-Executive Director*)

Registered Office: Inditherm House
Houndhill Park
Bolton Road
Wath upon Dearne
Rotherham S63 7JY

Website address: www.indithermplc.com

Nominated Adviser and Broker: Collins Stewart Limited
9th Floor
88 Wood Street
London EC2V 7QR

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

Reporting Accountants: Tenon Corporate Finance PLC
Charnwood House
Gregory Boulevard
Nottingham NG7 6NX

Solicitors to the Company: Freethcartwright LLP
Willoughby House
20 Low Pavement
Nottingham NG1 7EA

Solicitors to the Placing: Memery Crystal
31 Southampton Row
London WC1B 5HT

Bankers: HSBC
Montgomery Road
Wath Upon Dearne
Rotherham S63 7QW

Registrars: Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Receiving Agent: Capita IRG Plc
Corporate Actions
PO Box 166
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TH

Definitions

The following definitions apply throughout this document, unless the context requires otherwise:

"Act"	the Companies Act 1985, as amended
"Admission"	the admission of the Offer Shares to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	AIM is a market regulated by the London Stock Exchange
"Application Form"	the application form accompanying this document on which Qualifying Shareholders may apply for Offer Shares under the Open Offer and which forms part of the terms and conditions of the Open Offer
"Articles of Association"	the articles of association of the Company
"Board" or "Directors"	the board of directors of the Company
"Collins Stewart"	Collins Stewart Limited
"Collins Stewart Warrant"	the warrant granted to Collins Stewart to subscribe for Ordinary Shares, details of which are set out in paragraph 3.4 of Part III of this document
"Committed Shares"	92,956 Offer Shares for which unrevocable undertakings have been given by certain of the Directors to take up all or part of their entitlement under the Open Offer, further details of which are set out in paragraph 8.18 of Part III of this document
"Company" or "Inditherm"	Inditherm plc
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which Crestco Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held in uncertificated form
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"EGM" or "Extraordinary General Meeting"	the extraordinary general meeting of the Company convened for 10.00 am on 15 December 2003 (or any adjournment thereof) notice of which is set out at the end of this document
"Existing Ordinary Shares"	the Ordinary Shares in issue at the date of this document
"Form of Proxy"	the form of proxy accompanying this document for use at the EGM
"Group"	the Company and its subsidiaries
"London Stock Exchange"	London Stock Exchange plc
"Issue Price"	50p per Offer Share
"Ordinary Shares"	ordinary shares of 1p each in the capital of the Company
"Offer Shares"	the 10,534,990 new Ordinary Shares which are to be issued pursuant to the Placing and Open Offer

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"Open Offer"	the conditional offer by Collins Stewart, on behalf of the Company, to Qualifying Shareholders to subscribe for the Offer Shares on the terms and subject to the conditions set out in this document and in the Application Form
"Options"	the outstanding options over Ordinary Shares details of which are set out in paragraphs 3.3, 3.5, 3.6 and 3.7 of Part III of this document
"Placing"	the conditional placing by Collins Stewart, as agent of the Company of 10,442,034 Offer Shares at the Issue Price in accordance with the Underwriting Agreement of which 6,774,998 new Ordinary Shares are subject to clawback to satisfy valid applications under the Open Offer
"Placees"	persons to whom Offer Shares are unconditionally allotted pursuant to the Placing
"Proposals"	the Placing and Open Offer
"Qualifying Shareholders"	holders of existing Ordinary Shares on the register at the Record Date other than certain overseas holders as described in the paragraph headed "Overseas Shareholders" in Part II of this document
"Record Date"	close of business on 18 November 2003
"Resolutions"	the resolutions to effect the Proposals to be proposed at the EGM, notice of which is set out at the end of this document
"Share Incentive Schemes"	the Company's Share Incentive Plan and the Enterprise Management Incentive Scheme
"Shareholders"	holders of Ordinary Shares
"Underwriting Agreement"	the agreement dated 20 November 2003 between the Company and Collins Stewart, further details of which are set out in paragraph 9 of Part III of this document

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Placing and Open Offer

Issue Price per share	50p
Market capitalisation following the Placing and Open Offer at the Issue Price	£10.5 million
Number of Ordinary Shares subject to the Placing and Open Offer	10,534,990
Number of Ordinary Shares in issue following the Placing and Open Offer	21,069,980
Gross proceeds of the Placing and Open Offer	£5.3 million
Net proceeds of the Placing and Open Offer (after expenses)	£4.8 million

Timetable

2003

Record Date for the Open Offer	close of business on 18 November
Latest time and date for splitting (to satisfy bona fide market claims only)	3.00 pm on 9 December
Latest time and date for receipt of Application Forms and payment in full under the Open Offer	3.00 pm on 11 December
Latest time and date for receipt of Forms of Proxy	10.00 am on 12 December
Extraordinary General Meeting	10.00 am on 15 December
Dealings on AIM expected to commence	8.00 am on 17 December
CREST member accounts credited	17 December
Expected date of despatch of definitive certificates by	22 December

Part I Letter from the Chairman of Inditherm plc

(Registered in England and Wales under the Companies Act 1985 with registered number 3587944)

Directors:

Mark Simon Abrahams, *Non-Executive Chairman*

Colin Roy Tarry, *Chief Executive*

Keith Albert Lees, *Finance Director*

Patrick James O'Grady, *Director*

John Henry Markham, *Non-Executive Director*

Registered Office:

Inditherm House

Houndhill Park

Bolton Road

Wath upon Dearne

Rotherham S63 7JY

20 November 2003

To Shareholders and for information only to holders of Options and options under the Share Incentive Schemes

Dear Shareholder

PROPOSED PLACING AND OPEN OFFER

Introduction

As announced today, Inditherm is intending to raise approximately £4.8 million (net of expenses) by way of a Placing and Open Offer of 10,534,990 new Ordinary Shares. The Placing and Open Offer is underwritten by Collins Stewart. Qualifying Shareholders have the right to subscribe for new Ordinary Shares in accordance with the terms of the Open Offer, details of which are set out below and in the letter from Collins Stewart in Part II of this document.

The purpose of this document is to explain the reasons for the Placing and Open Offer, to provide information about the Offer Shares and to convene an Extraordinary General Meeting of the Company to seek Shareholders' approval to effect the matters necessary to enable the allotment and issue of the Offer Shares.

Shareholders should note that this document does not contain any financial information on the Group. The attention of Shareholders is drawn to the consolidated audited accounts of the Group for the year ended 31 December 2002 and the interim accounts for the six months ended 30 June 2003 which have been posted to Shareholders. The consolidated audited accounts of the Group for 2002 and for previous financial periods have been delivered to the Registrar of Companies in England and Wales.

Background to the Proposals and Reasons for the Placing and Open Offer

Introduction

Since flotation, Inditherm has established an operation enabling it to offer a credible service to its customers. This includes setting up a modern and more efficient factory and, following the senior management change last year, the creation of a more effective sales force and restructured operational management. The Company's products have now been redesigned by increasing standardisation and providing enhanced operator control, which simplifies the selling process and manufacturing. The new team have developed a much broader customer base and from July 2003 have increased our industrial order level and the value of quotations given significantly beyond levels previously achieved. The increased number of customers gives the Board confidence that the Company's technology has been accepted in the market.

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Industrial

Although the Company's industrial business is still at an early stage in its development, a pattern is starting to emerge which shows that for larger orders there is an expected lead time of several months from initial enquiry to receipt of confirmed order. Furthermore, due to the fitting of Inditherm being the final part of a system, the time between order and installation can also be several months. Accordingly, it is encouraging to the Directors that the Company is issuing an increasing value of quotations and has increased order rates. At 31 October 2003 the Company had outstanding quotations of £715,000 and an order book of £90,000. Experience over the last six months indicates that the Company can expect to convert over 50 per cent. of quotations by value into sales.

The redesigned products now provide the customer with a broad range of heating and insulation options. Whilst the core polymer technology remains the same, enhanced techniques for temperature control enable user specifications to be met. The level of control required for the process, ranges from simple on/off mechanisms to full integration into production process systems. Simplifying the products into standard ranges has enabled manufacturing to become much more efficient significantly impacting product costs to make the system more competitive in the Company's industrial heating market.

This business pattern indicates that since 30 June 2003, growth has been encouraging whilst also reflecting that it takes longer to establish new technology in the Company's industrial market than originally anticipated.

Medical

Over the last 12 month period, the sales of our medical product have declined following a sales reorganisation within our exclusive distributor. Following renegotiation of the arrangements, Inditherm can now open alternative channels to market, including selling directly, which has already delivered some initial sales.

Although sales have been restricted, the medical range has continued to be improved by increasing user control over the patient warming process. Product enhancements enable the patient temperature to be varied depending on type of surgery and patient needs. Clinical research has been conducted that provides evidence of the product capability compared to market competition. With access to the medical market restored to the control of the Company and supported by the clinical evidence, it is now possible to re-establish the Inditherm product range in the market.

Summary

From the recent months trading a pattern has begun to emerge where the sales team are able to generate a level of quotations which on current conversion rates will generate an improved revenue stream. The next phase of the Company's development, therefore, is to increase the selling resources with the aim of growing the quotations and order level substantially. In the Directors' opinion, given the size of our target markets, the opportunity for this expansion is significant.

The Company has now reached a level where a number of opportunities exist for expansion through increasing direct sales in the UK, establishing a number of international distributors and creating the distribution channels for the medical business.

Use of Proceeds

Given the current limited cash resources available, the business is constrained through the inability to commit funds to additional resources. Accordingly, the proceeds of the Placing and Open Offer will enable additional management and sales resources to be acquired. This will be accompanied by the development of a greater business infrastructure together with the working capital necessary to support the business growth.

Current Trading and Prospects

For the six months ended 30 June 2003, the Company reported an operating loss of £427,000 on turnover of £165,000. At 30 June 2003, the Company had net assets of £1,069,000 including cash at bank of £451,000.

Whilst current trading has improved since 30 June 2003, the business has continued to incur losses albeit at a reduced rate.

As reported in my 2003 interim Chairman's Statement, the Company expects to achieve its first break-even month in the second half of 2003. As noted above, in the Background to the Proposals, the Company's result at this stage of its development are, however, subject to inherent uncertainties in the timing of conversion from quotation to order and from order to sale.

Details of the Placing and Open Offer

The Company is proposing to raise approximately £4.8 million net of expenses, by way of a Placing and Open Offer of 10,534,990 Offer Shares. Save for the Committed Shares, the Placing and Open Offer has been fully underwritten by Collins Stewart.

Mark Abrahams and John Markham have irrevocably committed to take up their full entitlements, amounting to 32,956 Offer Shares, under the Open Offer. In addition, Mark Abrahams has subscribed for 100,000 Offer Shares, which are not subject to clawback. Patrick O'Grady and Colin Tarry have irrevocably committed to take up 40,000 and 20,000 Offer Shares respectively and not to take up their remaining entitlements, amounting to 3,409,536 and 257,500 Offer Shares respectively.

Collins Stewart, as agent for the Company, has conditionally agreed to use its reasonable endeavours to place the balance of the Offer Shares with its institutional and other clients subject to recall to the extent required to satisfy valid applications under the Open Offer. To the extent that Collins Stewart is unable to procure placees for the Offer Shares at the Issue Price, it will itself subscribe at the Issue Price for any Offer Shares for which valid applications under the Open Offer are not received. Further details of the Underwriting Agreement are set out in paragraph 9 of Part III of this document.

Qualifying Shareholders may subscribe for Offer Shares up to the number of their Ordinary Shares held on the Record Date on the basis of:

1 Offer Share for every 1 existing Ordinary Share

held at the close of business on the Record Date at a price of 50p per share. The Offer Shares must be paid for in full on application, which must be lodged not later than 11 December 2003. To the extent that the Offer Shares are not taken up under the Open Offer, they will be allotted to Placees under the Placing.

Applications by Qualifying Shareholders will be satisfied in full up to their basic entitlement as shown in Box 3 of the Application Form.

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Further details of the Open Offer and the terms and conditions on which it is being made, including the procedure for acceptance and payment, are set out in Part II of this document and in the Application Form. To be valid, Application Forms must be received by Capita IRG Plc not later than 3.00pm on 11 December 2003.

The Open Offer is not being made to certain Overseas Shareholders, as outlined in Part II of this document.

The Offer Shares will, when issued, rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or after, or by reference to a record date on or after, the date of their issue and will be issued free of all liens, charges and encumbrances. It is expected that Admission will become effective and dealings in the Offer Shares will commence on AIM on 17 December 2003.

If Admission does not occur, application monies will be returned to applicants without interest as soon as is practicable.

The Placing and Open Offer is conditional, *inter alia*, on the passing of the Resolutions to be proposed at the EGM and upon Admission.

Extraordinary General Meeting

An Extraordinary General Meeting of the Company has been convened for 10.00am on 15 December 2003. At the meeting, Shareholders will be asked to consider the Resolutions, which are conditional upon Admission and which will be proposed as follows:

- (a) to confer the authority on the directors of the Company pursuant to section 80 of the Act to allot the Offer Shares for the purpose of the Placing and the Open Offer; and
- (b) to disapply the pre-emption rights conferred by section 89 of the Act for the purpose of the Placing and Open Offer.

To be passed, the Resolution described in (b) above requires a majority of not less than 75 per cent. of votes cast in person or, on a poll, by proxy in favour of the Resolution at the Extraordinary General Meeting.

This Resolution gives authority to the Directors to allot shares otherwise than pro rata to Shareholders but this authority is limited to (i) the allotment of Ordinary Shares where the offer gives rise legal or practical problems associated with the requirements of other territories (in which events the Directors may make such exclusions or arrangements as they deem expedient); and (ii) the allotment of Offer Shares for the purpose of the Placing and the Open Offer.

Following the Placing and Open Offer, 56,930,020 Ordinary Shares will remain authorised but unissued (representing approximately 73 per cent. of the authorised ordinary share capital of the Company), a margin which your Directors consider desirable in order to retain flexibility for the future. Of this number, up to 607,719 Ordinary Shares will be reserved for the exercise of employee share options and other options then granted by the Company pursuant to the Share Incentive Schemes and the Options and up to 211,310 Ordinary Shares will be reserved for issue pursuant to the Collins Stewart Warrant.

The Directors have no present intention to allot any Ordinary Shares pursuant to the authority proposed to be granted to them at the Extraordinary General Meeting, save for the allotment of the Offer Shares and the allotment of Ordinary Shares in the event of share options and/or the Collins Stewart Warrant being exercised.

Taxation

Further information regarding United Kingdom taxation is set out in Part III of this document. **If you are in any doubt as to your tax position, you should contact your professional adviser immediately.**

Further information

Your attention is drawn to Parts II and III of this document and the Application Form.

Action to be taken

(a) In respect of the EGM

You will find enclosed with this document a reply paid Form of Proxy for use by Shareholders at the EGM. Whether or not you intend to be present at the EGM, you are requested to complete the Form of Proxy in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, not later than 10.00 am on 12 December 2003, being 48 hours before the time appointed for holding the EGM. Completion of a Form of Proxy will not preclude you from attending the meeting and voting in person if you so choose.

(b) In respect of the Open Offer

Qualifying Shareholders who wish to apply for the Offer Shares to which they are entitled under the Open Offer should follow the instructions on the Application Form accompanying this document, which should be returned, together with their application monies, so as to be received by post or by hand to Capita IRG Plc, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH, as soon as possible but, in any event, not later than 3.00 pm on 11 December 2003. Application Forms received after that time may be treated as being invalid. A reply paid envelope is enclosed for your convenience.

YOUR ATTENTION IS DRAWN TO THE PARAGRAPHS HEADED "PROCEDURE FOR APPLICATION" AND "PROCEDURE FOR PAYMENT" IN THE LETTER FROM COLLINS STEWART IN PART II OF THIS DOCUMENT.

If you do not wish to apply for any of the Offer Shares, you should not complete or return an Application Form. Holders of Existing Ordinary Shares are nevertheless requested to complete and return the Form of Proxy.

Recommendation

Your Directors, who have been advised by Collins Stewart consider that the Proposals are in the best interests of the Company and the Shareholders taken as a whole. Accordingly, your Directors, so advised, unanimously recommend you to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting. The Directors have irrevocably undertaken to vote in favour of the Resolutions in respect of their own beneficial holdings of 3,759,992 Ordinary Shares held at the date of this document representing approximately 36 per cent. of the Company's issued ordinary share capital.

Yours faithfully

Mark Abrahams

Chairman

INDITHERM plc

PART II Letter from Collins Stewart

COLLINS ♦ STEWART LTD

9TH FLOOR · 88 WOOD STREET · LONDON EC2V 7QR

Incorporated and registered in England and Wales under the Companies Act 1985 No 1774003)

20 November 2003

To: Qualifying Shareholders and, for information only, to the holders of Options and options under the Share Incentive Schemes

Dear Shareholder

PROPOSED PLACING AND OPEN OFFER OF 10,534,990 NEW ORDINARY SHARES AT 50p PER SHARE

Your Chairman has, in his letter set out in Part I of this document, given details of proposals to raise up to £4.8 million net of expenses, by means of the Placing and Open Offer. The net proceeds will be used for the purposes set out in that letter. The Placing and Open Offer has been underwritten by Collins Stewart.

Certain fees are payable to Collins Stewart for its services under the Underwriting Agreement, which contains warranties and indemnities given by the Company to Collins Stewart and also provisions entitling Collins Stewart to terminate its obligations in certain circumstances prior to Admission. Further details of the Underwriting Agreement are set out in paragraph [9] of Part III of this document. The Placing and Open Offer is subject, amongst other things, to the Underwriting Agreement becoming wholly unconditional and not being terminated in accordance with its terms.

This letter contains the formal terms of the Open Offer and should be read in conjunction with the remainder of this document and the Application Form.

The Open Offer

Subject to the terms and conditions set out in this letter and in the Application Form, Collins Stewart, as agent for the Company, hereby invites applications from Qualifying Shareholders to subscribe for or purchase up to 10,534,990 Offer Shares at a price of 50p per Offer Share payable in full in cash on application, free from all commissions and expenses.

Qualifying Shareholders may apply for any whole number of Offer Shares up to and including their maximum entitlement being:

1 Offer Share for every 1 existing Ordinary Share

held by them on the Record Date. Applications by Qualifying Shareholders will be satisfied in full up to their entitlement.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue and that Offer Shares not applied for under the Open Offer will be allotted to Placees under the Placing for the benefit of the Company. The Application Form is not a document of title and cannot be traded or (save to satisfy bona fide market claims) transferred.

Collins Stewart has conditionally agreed to use its reasonable endeavours to procure subscribers at the Issue Price for the Offer Shares for which irrevocable undertakings have been given by the Directors not to take up their entitlement under the Open Offer. Collins Stewart, as agent for the Company has

conditionally agreed to use its reasonable endeavours to place the balance of the Offer Shares (other than the Committed Shares) with institutional and other investors subject to recall to the extent required to satisfy all valid applications under the Open Offer. To the extent that Collins Stewart is unable to procure Placees for those Offer Shares at the Issue Price, Collins Stewart will itself subscribe at the Issue Price for any of the Offer Shares for which valid applications are not received from Qualifying Shareholders under the Open Offer.

Save for the Committed Shares, the Placing and Open Offer has been fully underwritten by Collins Stewart.

The Underwriting Agreement is subject, amongst other things, to satisfaction of all of the following conditions by not later than 17 December 2003 or such later date (being not later than 31 December 2003) as Collins Stewart and the Company may agree:

- (i) the passing (without material amendment) of the Resolutions; and
- (ii) Admission.

If these conditions are not fulfilled by the relevant dates, the Open Offer will lapse and application monies will be refunded to applicants by cheque (at their own risk) by post within fourteen days thereafter without interest.

The new Ordinary Shares issued pursuant to the Placing and Open Offer, when issued, will be fully paid and will rank *pari passu* in all respects with the existing issued Ordinary Shares and will carry the right to receive all dividends and other distributions declared, made or paid in relation to a record date after their issue. They will be issued free from all liens, charges and encumbrances.

Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence on AIM on 17 December 2003.

Procedure for application

The Application Form shows the number of existing Ordinary Shares registered in your name on the Record Date and also shows the basic entitlement to Offer Shares for which you may apply and the amount you must pay if you wish to take up your basic entitlement in full. You may apply for less than your basic entitlement if you wish.

The Application Form incorporates further terms and conditions of the Open Offer and must be used if you wish to apply for Offer Shares.

If you wish to take up your entitlement under the Open Offer, in whole or in part, your Application Form must be completed and returned in accordance with the instructions printed thereon, together with a remittance for the full amount payable in respect of the number of Offer Shares for which you are applying, by post or by hand (during normal business hours only), to Capita IRG Plc, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH so as to arrive as soon as possible but in any case not later than 3.00 pm on 11 December 2003, at which time the Open Offer will close. A reply-paid envelope is provided for your convenience. Collins Stewart and the Company reserve the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 3.00 pm on 11 December 2003 from an authorised person as defined in the Financial Services and Markets Act 2000 specifying the number of Offer Shares concerned and undertaking to

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lodge the relevant Application Form in due course, and to treat any other application not strictly complying with the terms of the Application Form as nevertheless valid. Please allow at least four working days for delivery. Applications made under the Open Offer are irrevocable and will not be acknowledged.

If you do not wish to apply for any of the Offer Shares you should not complete or return an Application Form. **Holders of existing Ordinary Shares are nevertheless requested to complete and return the Form of Proxy whether or not they intend to attend the Extraordinary General Meeting.**

Applications to subscribe for Offer Shares may only be made on the enclosed Application Form (and not via the CREST settlement system) which is personal to the Shareholder named thereon and may not be assigned, split or transferred other than to satisfy *bona fide* market claims pursuant to the Rules of the London Stock Exchange. If you have recently sold all or part of your holding of existing Ordinary Shares, you should consult your stockbroker, bank or other agent through whom the sale was effected as soon as possible. The invitation to subscribe for Offer Shares under the Open Offer may represent a benefit, which can be claimed from you by the purchaser under the rules of the London Stock Exchange. In order to facilitate any such claim, you are asked to follow the instructions printed on the Application Form which is not a document of title and which cannot be traded.

Your right to subscribe for Offer Shares as set out in this letter will lapse, save as above, and no application to subscribe for Offer Shares will be considered, unless the Application Form is submitted in accordance with the provisions of this letter and the provisions of the Application Form itself and is received by Capita IRG Plc at the address stated above, by not later than 3.00 pm on 11 December 2003.

Procedure for payment

Cheques or bankers' drafts should be made payable to Capita IRG Plc A/C "Inditherm plc" and crossed "A/C Payee only" and must be drawn in sterling on a bank or building society in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or bankers' drafts to be presented for payment through the clearing facilities provided for the members of either of those companies and (i) must bear the appropriate sort code number in the top right hand corner and (ii) must be for the full amount payable on application. The Company reserves the right to reject applications unless these requirements are fulfilled.

Collins Stewart reserves the right to present cheques and bankers' drafts on receipt. If cheques or bankers' drafts are presented for payment before the closing date of the Open Offer, the application monies will be kept in a separate bank account and any interest earned will be retained for the benefit of the Company. Collins Stewart reserves the right to seek special clearance of cheques to enable the Company to obtain value for remittances at the earliest opportunity. Qualifying Shareholders should note that applications will be irrevocable and that it is a term of the Open Offer that applicants warrant that cheques and bankers' drafts will be honoured on first presentation. The Company may elect to treat as invalid any applications in respect of which a remittance is not so honoured. No receipts will be issued for amounts paid on application.

The Company or its agents may withhold definitive share certificates or registration into CREST pending clearance of any cheque or banker's draft. No interest will be allowed on payments made before they are due.

An Application Form may be treated by the Company and Collins Stewart (at their sole discretion) as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions or not accompanied by the required remittance or a power of attorney (where required) or verification of identity satisfactory to Capita Registrars to ensure that the Money Laundering Regulations 1993 and/or the Proceeds of Crime Act 2002 (together the "Money Laundering Regulations") would not be breached by acceptance of the payment submitted in connection with the Application Form.

All enquiries in connection with the Application Forms should be addressed to Capita IRG Plc, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU (telephone number 0870 162 3100).

Money laundering provisions

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations, Capita IRG Plc may require verification of identity from any person lodging an Application Form (an "applicant"). Return of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by the acceptance of the remittance and an undertaking from the applicant to provide verification of identity satisfactory to the Company's receiving agents, Capita IRG Plc, if so requested. Failure to provide satisfactory evidence of identity if requested to do so may result in a delay in the despatch of a definitive share certificate in respect of Offer Shares or a delay in the crediting of the CREST account. If within a reasonable period of time following a request for verification of identity, but in any event not later than 3.00 pm on 11 December 2003, the Company's receiving agents, Capita IRG Plc, have not received evidence satisfactory to them as aforesaid, the Company may (at its absolute discretion) elect either not to treat as valid the relevant application or to terminate the contract of allotment, in which event the money payable or paid in respect of the application (to the extent provided) will be returned (without interest) to the account of the drawee bank or building society from which such sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure of the applicant to produce satisfactory evidence as aforesaid).

The verification of identity requirements will not usually apply:

- (a) if the applicant is a United Kingdom or European Union regulated organisation (e.g. a bank or a broker) which completes the Application Form;
- (b) if the applicant (not being an applicant who delivers his/her application in person) makes payment by way of cheque drawn on an account (with an authorised EU bank) in the name of such applicant; or
- (c) if the aggregate subscription price for the Offer Shares is less than £10,000.

Payments should, if possible, be made by a cheque drawn on the applicant's own account. In any other case (for example, if payment is made with a cheque drawn by a third party, a building society cheque or a bankers' draft), applicants should:

- (i) write their name, address and date of birth on the back of the cheque or bankers' draft;
- (ii) if a building society cheque or bankers' draft is used, ask the building society or bank to endorse on the cheque the name and account number of the person whose building society or bank account is being debited, such endorsement being validated by a stamp and authorised signature; and
- (iii) if the application is being made by the applicant as agent for one or more persons, indicate on the Application Form whether the applicant is a UK, Irish or EU regulated person or institution (for

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example, a bank or stockbroker) and specify the applicant's status and that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will, on demand, make such evidence available to Capita IRG Plc, or other relevant authority. If an applicant is not a UK, Irish or EU regulated person or institution, please contact Capita IRG Plc (Telephone 0870 162 3100).

If the Application Form is delivered by hand, the person making payment should ensure that he has with him evidence of identity bearing his photograph (for example, a full valid passport).

Neither the Company nor Collins Stewart shall be responsible for or have any liability for loss or damage (whether actual or alleged) arising from the election by the Company to treat an application in respect of Offer Shares lodged by any applicants as invalid or to terminate the contract of allotment as a result of Capita IRG Plc not having received evidence reasonably satisfactory to it as to the identity of the persons lodging the Application Form within a reasonable period of time of Capita IRG Plc having requested such information.

All enquiries in relation to the Application Forms should be addressed to Capita IRG Plc (Telephone 0870 162 3100).

Overseas Shareholders

(a) General

Any offer of Offer Shares pursuant to the Open Offer to Shareholders resident outside the United Kingdom may be affected by the law of their relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements.

Receipt of this document and/or an Application Form by a Qualifying Shareholder in any territory other than the United Kingdom will not constitute an invitation or offer to such holder, nor should such holder in any event use such Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Application Form could lawfully be used without contravention of any regulation or other legal requirements. Unless this is the case, Application Forms are sent for information only, are confidential and should not be copied or distributed.

Accordingly, persons (including, without limitation, nominees and trustees) receiving this document and/or an Application Form should not, in connection with the Open Offer, distribute or send the same into any jurisdiction where to do so would or might contravene local securities laws or regulations. If an Application Form is received by any person in any such territory or by the agent or nominee of such person, he must not seek to take up the entitlement referred to in such Application Form except pursuant to an express agreement with the Company. Any person who does forward this document or an Application Form into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph. It is the responsibility of any person (including, without limitation, nominees and trustees) outside the United Kingdom wishing to accept the offer of Offer Shares comprised in the Application Form to satisfy himself as to full observance of the laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. **Overseas Shareholders who are in any doubt as to their position should consult their professional adviser.**

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In cases where overseas Shareholders do not, or are unable to, take up Offer Shares, or where applications are treated as having been declined or invalid, the provisions relating to fractional entitlements set out under the heading "The Open Offer" above will apply. Subject to prior agreement with Collins Stewart, the Company reserves the right to treat as invalid any application for Offer Shares comprised in an Application Form which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the legislation of any jurisdiction or that does not provide the warranty set out in the Application Form.

Overseas Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made in pounds sterling.

(b) *United States of America*

The Application Form and the Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"). Within the United States, the Application Form and the Offer Shares may not be offered, sold, renounced, taken up or delivered, except in certain transactions exempt from the registration requirements of the Securities Act.

Accordingly, subject to certain exceptions, the Open Offer is not being made in or into the United States.

Also, subject to these exceptions, neither this document nor the Application Forms will be sent to Qualifying Shareholders with registered addresses in the United States.

Envelopes containing Application Forms should not be postmarked or otherwise despatched from the United States. All persons subscribing for Offer Shares must provide addresses outside the United States for delivery of definitive certificates for Offer Shares. The Company reserves the right to treat as invalid any Application Form which (i) appears to the Company or its agents to have been executed in or despatched from the United States, (ii) provides an address in the United States for delivery of definitive share certificates for Offer Shares allotted pursuant to the Open Offer, (iii) is from any person who does not give the relevant warranty set out in the Application Form to the effect that the person applying for Offer Shares is not in the United States and is not acting for the account or benefit of a person within the United States (unless the person is so acting as an authorised employee of such other person or has investment discretion over an account for such other person or as otherwise agreed with the Company) or (iv) the Company believes acceptance of such application may infringe applicable legal or regulatory requirements.

Until 40 days after the commencement of the Open Offer, any offer, sale or transfer of Offer Shares within the United States by any dealer (whether or not participating in the Open Offer) may violate the registration requirements of the Securities Act.

(c) *Australia*

No prospectus in relation to Offer Shares has been or will be lodged with, or registered by, the Australian Securities Commission. A person may not: (i) directly or indirectly offer for subscription or purchase, or issue an invitation to subscribe for or buy or sell, Offer Shares; or (ii) distribute any draft or definitive document in relation to any such offer, invitation or sale in the Commonwealth of Australia, its states, territories or possessions ("Australia") or to any resident of Australia (including corporations and other entities organised under the laws of Australia, but not including a permanent establishment of such corporation or entity located outside Australia). Accordingly, neither this document nor the Application Forms will be sent to Qualifying Shareholders with a registered address in Australia.

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The Company reserves the right to treat as invalid any Application Form which appears to the Company to have been executed in or despatched from Australia or that provides an address in Australia for delivery of a definitive share certificate for the Offer Shares allotted pursuant to the Open Offer or from any person who does not give the relevant warranty set out in the Application Form or if it believes acceptance of such application may infringe applicable legal or regulatory requirements.

(d) Canada

No prospectus in connection with the distribution of the Offer Shares has been or will be filed with, and no exemptions will be obtained from, any securities commission or similar regulatory authority in Canada. Accordingly, the Offer Shares are not being offered nor may be offered or sold directly or indirectly in Canada to persons resident in Canada or acquired for resale in Canada.

Persons (including without limitation, nominees and trustees) receiving an Application Form should not distribute or send it to persons in Canada. The Company reserves the right to reject Application Forms from, or in favour of, persons whom it believes are residents of Canada or persons who are acquiring Offer Shares for resale in Canada.

(e) Republic of Ireland

As a result of regulations in the Republic of Ireland, the Open Offer is not being made to shareholders resident in the Republic of Ireland. Neither this document nor the Application Form will be circulated in the Republic of Ireland. Application Forms sent from or post marked in the Republic of Ireland will be deemed to be invalid and the Company will not be bound to allot or issue Offer Shares to any Shareholder or any other person with an address in the Republic of Ireland.

(f) South Africa

In order to comply with South African law, Qualifying Shareholders resident in South Africa may require the approval of the South African Exchange Control authorities if they wish to take up their entitlements under the Open Offer.

(g) Other overseas territories

Shareholders resident in other overseas territories should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlement.

The entitlements to Offer Shares of persons referred to in paragraphs (b), (c), (d) and (e) and, if appropriate, (g) will be aggregated and allotted to Placees under the Placing for the benefit of the Company.

Settlement and dealings

Application will be made to the London Stock Exchange for the Offer Shares to be admitted to trading on AIM. Subject to the satisfaction of the conditions in the Underwriting Agreement and to that Agreement not having been terminated in accordance with its terms, it is expected that dealings on AIM will commence in the Offer Shares on 17 December 2003.

Qualifying Shareholders who currently hold Existing Ordinary Shares in uncertificated form are expected to have their CREST accounts credited on 17 December 2003.

Qualifying Shareholders who currently hold their Existing Ordinary Shares in certificated form but who wish to hold all or part of their holding of Offer Shares in uncertificated form will need to comply separately with the relevant CREST procedures for conversion of such shares into uncertificated form following receipt of their share certificates. Definitive share certificates in respect of Offer Shares are expected to be sent by first class post to Qualifying Shareholders, who have made valid applications, no later than 22 December 2003 or, as appropriate, alterations are expected to be made to their relevant CREST account no later than 17 December 2003. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. Notwithstanding any provision of this document, the Company reserves the right to allot Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST, or any part of CREST, or on the part of the facilities and/or system operated by the regulators in connection with CREST. This right may also be exercised if correct details relating to CREST are not included on an Application Form.

In the event that any of the conditions to the Underwriting Agreement are not satisfied by 17 December 2003 or such later date (being not later than 31 December 2003) as Collins Stewart and the Company may decide, the Placing and Open Offer will not proceed and any application monies will be returned (without interest) by post at the risk of the Shareholder within 14 days thereafter.

All documents or remittances sent by or to a Qualifying Shareholder, or as he may otherwise direct, will be sent through the post at his own risk.

Any instructions with regard to payments or notices which have been recorded by the Company or its registrar in respect of Existing Ordinary Shares held by a Qualifying Shareholder will apply to any Offer Shares subscribed by such holders under the Open Offer.

General

You should note that Collins Stewart is acting for the Company and no one else in connection with the Placing and Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Collins Stewart nor for providing advice in relation to the Placing and Open Offer.

Your attention is drawn to the further information set out in Parts I and III of this document.

Yours faithfully
for and on behalf of
Collins Stewart Limited

Stuart Lane

Part III Additional Information

1. Responsibility

The Directors, whose names appear on page 3 of this document, accept responsibility for the information contained in this document including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

- 2.1 The Company was incorporated and registered as a private company limited by shares in England and Wales under the Act with the name PJO Industrial (Inditherm) Limited on 25 June 1998. The Company's name was changed to PJO (Inditherm) Limited on 30 July 1998. On 7 December 2001 the Company was re-registered as a public company with the name Inditherm plc. The Company operates under the Act. The liability of the members is limited.
- 2.2 The registered office of the Company and the principal place of business of the Company is at Inditherm House, Houndhill Park, Bolton Road, Wath upon Dearne, Rotherham S63 7JY. The registered number of the Company is 3587944.

3. Share capital

- 3.1 On the date of this document, the authorised share capital of the Company is £1,000,000 divided into 78,000,000 Ordinary Shares of 1p each and 220,000 preference shares of £1 each of which 10,534,990 Ordinary Shares are issued and are fully paid and all the 220,000 preference shares of £1 each have been issued and redeemed.
- 3.2 On 25 April 2003 by resolutions passed at an Annual General Meeting of the Company it was resolved that:
- (a) the Directors were generally and unconditionally authorised for the purposes of Section 80(1) of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £15,000. The authority will expire on the earlier of the date of the next Annual General Meeting of the Company or the date which is 15 months from the passing of the resolution (except as regards an allotment being made thereafter pursuant to an offer or agreement made by the Company before that date).
 - (b) the Directors were empowered and authorised under Section 95 of the Act to exercise the powers of the Company to allot equity securities (as defined in Section 94(2) of the Act) of the Company pursuant to the authority referred to in paragraph (a) above as if Section 89(1) of the Act did not apply to the allotment of equity securities for cash up to an aggregate nominal amount of £15,000.
- 3.3 By an agreement dated 10 December 2001 the Company granted an option to Mr A Newman in respect of up to 103,770 Ordinary Shares at an exercise price per share of 48.5p. The option must be exercised before 3 December 2011. The option remains outstanding in respect of up to 45,770 Ordinary Shares.
- 3.4 By an agreement dated 10 December 2001 the Company granted an option to Collins Stewart Limited in respect of up to 311,310 Ordinary Shares at an exercise price per share of 97p. The option must be exercised before 14 December 2006. The option remains outstanding in respect of up to 211,310 Ordinary Shares.

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- 3.5 By an agreement dated 10 December 2001 the Company granted an option to Mr M Abrahams in respect of up to 207,540 Ordinary Shares at an exercise price per share of 97p. The option must be exercised before 3 December 2011. The option remains outstanding in respect of up to 207,540 Ordinary Shares.
- 3.6 By an agreement dated 10 December 2001 the Company granted an option to Mr C Tarry in respect of up to 103,770 Ordinary Shares at an exercise price per share of 97p. The option must be exercised before 3 December 2011. The option remains outstanding in respect of up to 103,770 Ordinary Shares.
- 3.7 By an agreement dated 9 April 2002 the Company granted an option to Mr J Markham in respect of up to 30,000 Ordinary Shares at an exercise price per share of 222p. The option must be exercised before 8 April 2012. The option remains outstanding in respect of up to 30,000 Ordinary Shares.
- 3.8 Save as disclosed in the foregoing sub-paragraphs of this paragraph 3 and paragraphs 6 and 7.2 and 7.3 and 10(c) and (d) below (which relate to the Share Incentive Schemes and to individual share options):
- (a) No share or loan capital of the Company, or any other Company within the Group is under option or has been agreed, conditionally or unconditionally, to be put under option;
 - (b) Other than for the Placing or as necessary to satisfy outstanding options, there is no present intention to issue any of the authorised but unissued share capital of the Company.
- 3.9 The Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company.

4. The Subsidiaries

Company	Activities	Date Incorporated	Authorised Share Capital	Issued Share Capital
Inditherm (Medical) Limited (3652949)	Medical Products Manufacturer	20.10.98	£100,000	£2
Inditherm (Industrial) Limited (3652963)	Dormant	20.10.98	£100,000	£2
Inditherm Construction Limited (4504248)	Dormant	06.08.02	£1,000	£100

The registered offices of the Subsidiaries are at Inditherm House, Houndhill Park, Bolton Road, Wath upon Dearne, Rotherham S63 7JY

5. Memorandum and Articles of Association

- 5.1 The Memorandum of Association of the Company provides that the Company's principal object is to act as a general commercial company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association of the Company.

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- 5.2 The Articles of Association of the Company contain provisions (amongst others) to the following effect:

(a) *Voting Rights*

Subject to paragraph (f) below, and to any special rights or restrictions as to voting attached to any shares, on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by its duly authorised representative shall have one vote and on a poll every member present in person or by proxy or (being a corporation) is present by its duly authorised representative shall have one vote for every ordinary share of which he is the holder. A proxy need not be a member of the Company.

Holders of redeemable preference shares in the capital of the Company are entitled to receive notice of and to attend (either in person or by proxy) at any general meeting of the Company but shall not be entitled to vote at such meeting (either personally or by proxy). Following redemption of the redeemable preference shares on 14 December 2001, there are no preference shares in issue.

(b) *Variation of rights*

If at any time the share capital of the Company is divided into different classes of shares all or any of the rights or privileges attached to any class of shares in the Company may, subject to the provisions of the Act, be varied or abrogated with the consent in writing of the holders of not less than three-quarters in nominal amount of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class but not otherwise. At every such separate general meeting (except an adjourned meeting), the quorum shall be not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(c) *Alteration of capital*

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger nominal amount than its existing shares, subject to the Act sub-divide all or any of its shares into shares of a smaller nominal amount and cancel any shares which at the date of the passing of the resolution have not been taken, or agreed to be taken by any person. The Company may, subject to the Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares if as a result of the purchase there would no longer be any member holding any shares in the Company other than redeemable shares. Further, the Company may not purchase any of its shares if at the time of purchase there are any outstanding convertible shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company.

(d) *Transfer of Shares*

The Board may implement arrangements for the transfer of shares in uncertificated form subject to the CREST Regulations and the rules and procedures of the system through which such transfers may be effected.

In respect of the transfer of shares held in certificated form, the instrument of transfer of any shares shall be in any usual or common form or in such other form as may be approved by the Directors and shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. Transfers of shares held in uncertificated form shall be made in accordance with the rules of the system through which such transfers are effected and with the CREST Regulations. The Directors may in their absolute discretion refuse to register a transfer of any share that is not fully paid. The Directors may also refuse to register a transfer of shares whether fully paid or not and whether held in certificated form or not:

- (a) to any entity which is not a legal or natural person; or
- (b) to a minor; or
- (c) to be held jointly by more than four persons.

Subject to paragraph (f) below, the Articles contain no other restriction on the free transferability of fully paid shares provided that the instrument of transfer is only in respect of one class of certificated share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for the transfer have been complied with.

(e) *Dividend*

- (i) The Company may by ordinary resolution in general meetings declare dividends provided that no dividend shall be paid otherwise than out of profits and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.
- (ii) Subject to the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (f) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.
- (iii) Subject to the provisions of the Act, the Company may by ordinary resolution give the holders of the Ordinary Shares the right to elect to receive Ordinary Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.
- (iv) Subject to the provisions of the Act, the Company may by ordinary resolution pay a dividend in whole or in part by the distribution of specific assets (and in particular, of paid-up shares or debentures of any other company). The Directors may fix the value for distribution of such assets and may determine the cash payments to be made to any members on the basis of such valuation in order to adjust the rights of all parties.

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- (v) Subject to the provisions of the Act, the Company may by ordinary resolution declare that any surplus monies representing capital profits not required for payment of any fixed dividend may be distributed amongst the ordinary shareholders rather than being used to purchase other capital assets or for other capital purposes on the basis that the ordinary shareholders receive the same as capital in the shares and proportions in which they would have been entitled if the surplus had been distributed by way of dividend.
- (vi) All dividends unclaimed after a period of twelve years after having been declared shall, if the Directors so resolve, be forfeited and shall revert to the Company.
- (vii) Subject to the provisions of the Act, holders of redeemable preference shares in the capital of the Company are entitled to a fixed preferential net cash dividend of 5 pence per annum on each of 55,000 redeemable preference shares. There are no redeemable preference shares currently in issue.

(f) *Suspension of rights*

If a member or other person appearing to be interested in shares held by such shareholder has been duly served with a written notice under section 212 of the Act and is in default in supplying to the Company within the period specified in the notice (being not less than 14 days after the date of service of such notice where the shareholding in question represents at least 0.25 per cent. of the issued shares of the relevant class and 28 days in other cases) the information thereby required, then (if the Directors so resolve) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice, and (where the holding represents more than 0.25 per cent. of the issued shares of that class and should the Directors so resolve) the payment of dividends may be withheld.

(g) *Return of capital*

Subject to any preferred, deferred or other special rights, or subject to such conditions or restrictions which any shares in the capital of the Company may be issued, on a winding up or other return of capital, the holders of ordinary shares are entitled to share in any surplus assets *pro rata* to the amount paid up on their ordinary shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Acts, divide amongst the members *in specie* or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also vest the whole or any part of the assets of the Company in trustees on trusts for the benefit of the member.

On 14 December 2001, in accordance with Section 160(1) of the Act and Article 4.3.2, the Company redeemed all 220,000 of the issued redeemable preference shares of £1 each in the capital of the Company. On redemption the shares were cancelled and cannot be reissued.

(h) *Pre-emption rights*

There are no rights of pre-emption under the articles of association of the Company in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a *pro rata* basis before allotting them to other persons unless such rights have been disapplied by a special resolution passed by shareholders in general meeting. In such circumstances the procedures for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

(i) *Borrowing powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future (including uncalled capital) and, subject to section 80 of the Act, to issue debenture stock or any other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them (exclusive of monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time without the previous sanction of the shareholders in general meeting exceed the higher of £10,000,000 or a sum equivalent to two and a half times the aggregate of the nominal capital of the Company for the time being issued and paid up and the amounts standing to the credit of the share premium account, capital redemption reserve and profit and loss account of the Company and each of its subsidiary companies.

6. Share Incentive Schemes

Introduction

The Directors believe that it is in the interest of the Group for its employees to be given the opportunity to own Ordinary Shares (referred to as "shares" in this paragraph 6) and wish to encourage this by taking advantage of favourable tax treatment available for employee shareholdings. At an Extraordinary General Meeting of the Company held on 10 December 2001 the introduction of the Inditherm plc Share Incentive Plan ("the Share Incentive Plan") for the benefit of all eligible employees of the Group and the Inditherm plc Enterprise Management Incentive Scheme ("the EMI Scheme") for the benefit of selected employees was approved.

6.1 The Share Incentive Plan

(a) *Introduction*

The Share Incentive Plan is a share ownership plan, under which the Directors can award shares to employees on a variety of tax-favoured terms.

The Share Incentive Plan received approval from the Inland Revenue under Schedule 8 Finance Act 2000 on 18 March 2002 ensuring favourable tax treatment for the Group's employees. Employees of the Group may be given the opportunity to invest in "partnership shares" under the Share Incentive Plan, under which shares would be purchased on a monthly basis, financed by deductions from gross salary of up to £125 per month.

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(b) *Eligibility*

Group employees who have been employed for a minimum period (not exceeding three months) are eligible to participate in this plan.

(c) *How the Plan may be operated*

The directors may operate this plan in a number of ways. They can:

- make an award of "free shares"; and/or
- give employees the opportunity to invest in "partnership shares"; and/or
- make an award of "matching shares" to those employees who have invested in "partnership shares" (free shares, partnership shares and matching shares together being referred to as "Plan Shares"); and/or
- require or allow employees to re-invest dividends paid on their Plan Shares in further shares ("dividend shares").

(d) *Free Shares*

The Company may provide free shares up to a maximum annual value set from time to time by the Inland Revenue. The current maximum annual value is £3,000 per employee. If the Company wishes, the award of free shares can be based on the achievement of personal, team, divisional or corporate performance targets which must be notified to all employees. Otherwise, free shares must be awarded to employees on the same terms. Those terms allow awards to vary according to an employee's remuneration, length of service or hours worked.

(e) *Partnership Shares*

The Company may provide employees with the opportunity to acquire partnership shares from their gross monthly salary up to a maximum value set from time to time by the Inland Revenue, currently £125 per month. The Company may set a minimum monthly deduction which may not be greater than £10. Shares will be acquired on behalf of employees within 30 days after each deduction at the market value of such shares on the date they are acquired. Alternatively, deductions can be accumulated for up to 12 months. In this case, shares will be acquired on behalf of employees within 30 days of the end of the accumulation period, at the lower of the market value of the shares at the beginning of the accumulation period or the date when they are acquired.

(f) *Matching Shares*

The Company may give an employee up to two free matching shares for each partnership share acquired by the employee. The award of matching shares cannot be subject to performance targets.

(g) *Dividend Shares*

The Company may either give employees the opportunity, or it may require them, to re-invest dividends paid on their Plan Shares in further shares up to a maximum amount, which is currently £1,500 per annum.

(h) *Holding Period*

Free shares and matching shares must be held in trust for a period of not less than three years and not more than five years from the date on which such shares are allocated to employees. Dividend shares must be held in trust for three years.

(i) *Leavers*

The Company can provide for free shares and matching shares to be forfeited if employees cease employment with the Group (other than because of certain circumstances such as redundancy, disability, injury or reaching retirement age) within the period of up to three years from the date on which shares were allocated.

Employees can withdraw their partnership shares at any time. However, the Company can stipulate that matching shares will be subject to forfeiture if the corresponding partnership shares are withdrawn within a specified period (not exceeding three years) of their purchase on behalf of the employee.

Awards are not transferable except on death, when shares may be transferred to the deceased employee's personal representatives. Awards of shares under this plan are not pensionable.

(j) *Funding the Plan*

If existing shares (as opposed to newly issued shares) are acquired as partnership shares, participating Group companies may be required to fund the acquisition cost to the extent that salary deductions are insufficient to do so.

(k) *Amendments to the Plan*

The directors will have authority to amend this plan, provided that no amendment to the advantage of participants may be made to provisions relating to:

- who can participate;
- the individual and overall limits on participation;
- the basis for determining a participant's entitlement to Plan Shares and the terms on which they can be acquired; and
- any adjustment in the event of a variation in the Company's share capital;

without the prior approval of the Company's shareholders in general meeting (unless the amendment is minor and made to benefit the administration of this plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment).

(l) *Awards under the Share Incentive Plan*

As at the date of this document, no awards have been made to any employee under the Share Incentive Plan.

6.2 *The EMI Scheme*

(a) *Introduction*

The Scheme, which was adopted by the Company at an Extraordinary General Meeting of the Company held on 10 December 2001 is intended to motivate, retain and reward selected directors and employees who by their efforts are able to influence the performance and success of the Group's business. The EMI Scheme is designed to satisfy Inland Revenue requirements so as to attract tax-favoured status for employees of the Group invited to participate in the Scheme.

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(b) *Eligibility*

All employees of the Group (including executive directors) who are nominated by the Board and who work for at least 25 hours per week or, if less, 75 per cent. of their working time are eligible to participate in the EMI Scheme. No eligible person is entitled to participate as of right. The selection of those eligible who are to participate is within the discretion of the Board.

(c) *Individual Limit on participation*

The total value of unexercised options held under the EMI Scheme by any individual must not, at the time of grant of the option, exceed £100,000.

(d) *Grant Periods*

If the Ordinary Shares are listed on any market supervised by a regulatory authority, options may only be granted (other than in exceptional circumstances) in the period of forty two days after either the adoption of the EMI Scheme or the announcement by the Company of its financial results for the last preceding financial year, half year or other period. Subject to that, options may be granted at any time in the ten year period beginning with the date of adoption of the Scheme.

(e) *Performance Targets*

When granting options, the Board may specify objective performance targets to be satisfied before those options can be exercised.

(f) *Exercise*

An option under the share option scheme cannot be exercised more than ten years after the date on which it was granted, nor can it normally be exercised within a restriction period (not exceeding five years) specified by the Board at the time of its grant. However, options may be exercised (whether the restriction period has expired or not) in the following circumstances:

- the participant is deceased, in which case his personal representatives may exercise the option within one year after the date of death, failing which the option will lapse;
- the participant ceases to be employed by reason of injury, disability, redundancy, or retirement or because his employer ceases to be under the control of the Company in which case a participant may exercise his option no later than forty two days from the date of such termination of employment failing which the option will lapse;
- if the Company passes a resolution for voluntary winding up, any subsisting option may be exercised within forty two days after the date upon which the resolution is passed;
- if the participant is adjudicated bankrupt, in which event the option will lapse immediately; or
- if as a result of a general offer a third party obtains control of the Company, the option is exercisable for a period of forty two days after such control has been obtained, although with the consent of the acquiring company, the existing option may be replaced by a new option over shares in the acquiring company or some other qualifying company.

(g) *Non transferability of options*

Options are personal and may not be assigned or transferred.

(h) *Scheme Limits*

The maximum value of unexercised options granted by the Company under the EMI Scheme must not exceed £3,000,000.

(i) *Variation of share capital*

If the Company undertakes a capitalisation or rights issue or any other variation of share capital or any consolidation, sub-division or reduction of its ordinary share capital, the number of shares subject to any option and the acquisition price of those shares shall be adjusted in such manner as the auditors of the Company confirm to be fair and reasonable.

(j) *Alterations*

No alteration to the advantage of participants in the EMI Scheme may be made without the prior approval of shareholders in general meeting.

(k) *Grant of Options*

In addition to the options granted under the EMI Scheme to Colin Tarry and Keith Lees which are referred to in paragraph 7.2 below, options over a total of a further 144,000 Ordinary Shares were granted under the EMI Scheme to 14 employees on 9 April 2002 at an exercise price of 222 pence per Ordinary Share each such option to expire on 8 April 2012. Of these options, options over a total of 78,000 Ordinary Shares lapsed on 8 employees ceasing to be employed by the Company. Options over 66,000 Ordinary Shares granted to 6 employees remain outstanding. As mentioned in sub-paragraph (i) above, the number of Shares subject to these options and the options granted under the EMI Scheme to Colin Tarry and Keith Lees referred to in paragraph 7.2 below and the acquisition price of those Shares shall be adjusted in such manner as the auditors shall confirm to be fair and reasonable following any variation of the Company's share capital which will include the Placing and the Open Offer.

7. Directors' and Other Interests

- 7.1 The interests of the Directors (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at close of business on 19 November 2003 (being the latest practicable date prior to the posting of this document) which have been or which will be required to be notified by each Director to the Company pursuant to sections 324 or section 328 of the Act or which are or will be required pursuant to section 325 of the Act to be entered into the register referred to therein or are interests of a connected person (within the meaning of section 346 of the Act) with a Director which would, if the connected person were a Director, be required to be disclosed and the existence of which is known to or could with reasonable diligence be ascertained by that Director are:

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Director	Position as at 19 November 2003	
	Number of Existing Ordinary Shares	Percentage of Issued share capital
Mark Abrahams	25,773	0.24
Colin Tarry	277,500	2.63
Keith Lees	—	—
Patrick O'Grady	3,449,536	32.74
John Markham	7,183	0.07

7.2 In addition, options have been granted to Directors as follows:

Enterprise Management Incentive Scheme

Name	Number of Ordinary Shares under Option	Date of Grant	Expiry Date of Option	Exercise Price per Ordinary Share
Mark Abrahams	—	—	—	—
Patrick O'Grady	—	—	—	—
Colin Tarry	103,093	10.12.01	09.12.11	97p
Keith Lees	51,546	10.12.01	09.12.11	97p
John Markham	—	—	—	—

Unapproved Share Options

Name	Number of Ordinary Shares under Option	Date of Grant	Expiry Date of Option	Exercise Price per Ordinary Share
Mark Abrahams	207,540	10.12.01	03.12.11	97p
Patrick O'Grady	—	—	—	—
Colin Tarry	103,770	10.12.01	03.12.11	97p
Keith Lees	—	—	—	—
John Markham	30,000	09.04.02	08.04.12	222p

Both Colin Tarry and Keith Lees are eligible to participate in the Share Incentive Plan referred to in paragraph 6.1.

7.3 Immediately following the Placing and Open Offer the interests (all of which are beneficial) of the Directors, their immediate families and connected persons in the share capital of the Company as appearing in the Register maintained under the provisions of Section 324 of the Act are expected to be as follows:

Director	Number of Ordinary Shares	Percentage of Enlarged Issued Ordinary Share Capital		Options
Mark Abrahams	151,546	0.7		207,540
Patrick O'Grady	3,489,536	16.6		—
Colin Tarry	297,500	1.4		206,863
Keith Lees	—	—		51,546
John Markham	14,366	0.1		30,000

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- 7.4 In addition to those interests disclosed at paragraph 7.1 above, the following were as at close of business on 19 November 2003, (being the latest practicable date prior to the posting of this document), known to the Directors as, interested directly or indirectly in three per cent. or more of the issued share capital of the Company:

	Position as at 19 November 2003	
	Number of Existing Ordinary Shares	Percentage of issued share capital
Brymarc Limited	1,229,000	11.7
Axa Investment Managers UK Limited	950,000	9.0
Norwich UK Growth Fund	475,000	4.5
Schroder UK Smaller Companies Fund	445,000	4.2
John Buckley	375,907	3.6

- 7.5 Save as set out in paragraphs 7.1 to 7.4 above, the Directors are not aware of any person who is, interested (within the meaning of the Act) directly or indirectly in three per cent. or more of the issued share capital of the Company or who does, or who could, directly or indirectly, jointly or severally, exercise control over the Company.

8. Directors' Service Agreements and Directorships

- 8.1 The aggregate remuneration and benefits in kind of the Directors of the Company in respect of the financial year ended 31 December 2002 was £320,000. The aggregate remuneration and benefits in kind of the Directors of the Company in respect of the financial year ending on 31 December 2003 under the arrangements in force at present is expected to be £280,000.
- 8.2 Service agreements (or in the case of the Chairman and non executive Director, letters of appointment) have been entered into between the Company and the Directors, the principal terms of which are summarised below:

Directors	Effective Date of Contract	Current Annual Remuneration	Pension Contribution % of Salary	Position
Mark Abrahams	10.12.01	£9,000	0%	Non-executive Chairman
Colin Tarry	01.12.01	£81,000	0%	Chief Executive
Patrick O'Grady	01.12.01	£50,000	5%	Executive Director
Keith Lees	10.12.01	£73,000	0%	Finance Director
John Markham	14.03.02	£13,500	0%	Non-Executive Director

- 8.3 On 17 September 2002, the Company proposed to the Directors reductions in annual remuneration with effect from 1 October 2002. All Directors other than P O'Grady accepted reductions of 10 per cent. to 15 per cent. P O'Grady agreed to relinquish the position of Chief Executive and remain a part-time executive director working 10 days per month. He agreed that his salary would be reduced by 50 per cent., with a corresponding reduction in the Company's pension contribution. The reductions are reflected in the table above. The Board agreed that the reduced remuneration levels would be reviewed once the Company's financial position had been sufficiently strengthened.

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- 8.4 The executive Directors are also entitled to (i) be reimbursed reasonable out of pocket and other expenses incurred during the course of their duties, (ii) a company car or an annual allowance in relation to a car, (iii) membership of a private insurance health scheme (except K Lees who gave up his entitlement as part of his remuneration reduction referred to above) and (iv) bonuses for the year ending 31 December 2003 as follows:

Trading Results

- For achieving break-even 20 per cent. of annual salary
- For each band of £40k of net profit, up to £400k 1 per cent. of annual salary for each £40k, i.e. max 10 per cent. of annual salary

Cash Position

- For achieving minimum cash balances at 31.12.03 of £767k adjusting for any inflows of cash outside of normal business trading activities 20 per cent. of annual salary

The maximum annual bonus payment to each executive Director is therefore 50 per cent. of annual salary.

- 8.5 Mr O'Grady's, Mr Tarry's and Mr Lees' service agreements are terminable on 1 year's notice. The Company is entitled to terminate the service agreements without notice in certain circumstances, including for reasons of serious misconduct.
- 8.6 Mr Tarry and Mr Lees are obliged to work full time for the Company. Mr O'Grady works 10 days per month.
- 8.7 The executive Directors' service agreements each contain certain post employment restrictions which prevent them from using the name (or any similar name) of the Company following termination of their employment and also prevent them for a period of 12 months following termination of their employment from:
- (a) soliciting or dealing in competition with the Group with any customer with whom the director had personal contact or dealings or of which the director had personal knowledge during the two years' immediately prior to such termination; or
 - (b) becoming involved in any business competing with the Group within the United Kingdom;
 - (c) soliciting, inducing or enticing away from the Group any person who at any time within the two years immediately preceding the termination was an employee or officer of the Group and who reported to the director or for whom the director was responsible and by virtue of whose seniority and expertise might assist a company competing with the Group; or
 - (d) interfering with the supplies to the Group from any supplier with whom the Director had personal contact.
- 8.8 The executive Director's service agreements also contain restrictions which prevent them from using the intellectual property or confidential information of the Group (during or after their employment by the Group) otherwise than for the purposes of the Group.

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- 8.9 Mr M Abrahams is engaged as a non-executive Director on the terms of a letter dated 10 December 2001 for a fixed period of two years. On 19 November 2003, Mr M Abrahams agreed with the Company that he would continue as a non-executive Director for a further fixed period of two years from 10 December 2003 at an annual remuneration of £35,000.
- 8.10 Mr J Markham is engaged as a non-executive Director on the terms of a letter dated 1 March 2002 for a fixed period of two years from 14 March 2002.
- 8.11 There is no arrangement under which any Director has agreed to waive future emoluments nor, save as referred to above, has there been any waiver of emoluments during the financial year immediately preceding the date of this document.
- 8.12 There are no loans or guarantees provided by any member of the Group for the benefit of any Director.
- 8.13 Except as disclosed in this document no Director has or has had any interest in any transaction which is of an unusual nature, contains unusual terms or is significant in relation to the business of the Group and which was effected during the current or immediately preceding financial year or during any earlier financial year and remains in any respect outstanding or unperformed.
- 8.14 The Directors are or have been directors or partners of the following companies and partnerships at any time in the previous five years (excluding the Company and its subsidiaries):

Name	Current	Past
Mark Abrahams	Charles S Madan & Co Limited Fenner Drives Limited Fenner Income Distribution Limited Fenner (India) Limited (India) Fenner International Limited Fenner plc James Dawson & Son Limited J H Fenner & Co Limited KSB Pumps (SA) (Pty) Limited (South Africa) Shanghai Fenner Conveyor Belting Company Limited (China) W.A. Thatcher Limited	British Rubber Manufacturers Association Ltd Darby Group plc
Patrick O'Grady	Flowround Limited PJO Industrial Limited PJO Limited Royack Limited	Dartington Food Limited Baranhill Limited
Colin Tarry		LT Systems Limited
Keith Lees		Plumbs Limited Plumbs (Manufacturing) Limited Unravel Mills (Preston) Limited

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Name	Current	Past
John Markham	Ashwood Chemicals Limited Hickson & Welch Limited Synthesis Group Limited	Hickson International Limited Hickson Investments Limited Hickson Limited Hickson Chemical Supplies Limited (previously Hickson and Welch Limited) Whitehaven Development Company Limited

8.15 Mr Mark Abrahams was a director of Coloroll Carpets Limited (a subsidiary of Coloroll Group plc) which was placed in administrative receivership on 7 June 1990 and against which a compulsory winding up order was granted on 16 January 1991.

8.16 Save as disclosed in this paragraph 8, the Directors:

- (a) have no unspent convictions relating to indictable offences;
- (b) have had no bankruptcies or individual voluntary arrangements;
- (c) have not been directors of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with creditors generally or any class of creditors of such company;
- (d) have not been partners of any partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangements of such partnership;
- (e) have not been partners of any partnership at the time of or within 12 months preceding a receivership of any assets of such partnership;
- (f) have not had any of their assets subject to any receivership; and
- (g) have not received any public criticisms by statutory or regulatory authorities (including recognised professional bodies) and have not been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

8.17 Except as disclosed in this document, no person (excluding professional advisers otherwise named in this document and trade suppliers) has:

- (a) received, directly or indirectly, from the Company within the 12 months preceding the date of this document; or
- (b) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission

either fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more calculated by reference to the Issue Price or any other benefit with a value of £10,000 or more at the date of Admission.

- 8.18 Each of those directors holding Ordinary Shares have irrevocably undertaken to the Company and Collins Stewart to take up their entitlements as specified below pursuant to the Placing and Open Offer and to use the votes attaching to his or her existing Ordinary Shares to vote in favour of the Resolutions:

Mark Abrahams	Full entitlement
Colin Tarry	Up to £10,000
Patrick O'Grady	Up to £20,000
John Markham	Full entitlement

As set out in the "Details of the Placing and Open Offer" on page 9 Mark Abrahams has agreed to subscribe for 100,000 Offer Shares pursuant to the terms of the Placing.

9. Placing and Open Offer arrangements

A Placing and Open Offer Agreement ("the Underwriting Agreement") dated 20 November 2003 between (1) Collins Stewart and (2) the Company pursuant to which conditional upon, *inter alia*, Admission taking place on or before 17 December 2003 or such later time and date as shall be determined by Collins Stewart and the Company being not later than 31 December 2003. Collins Stewart has agreed to use reasonable endeavours to procure placees for the Offer Shares (other than the Committed Shares) which are not the subject of valid applications under the Open Offer and to procure placees in respect of those shares which are subject to irrevocable undertakings not to take up part or all of their entitlement under the Open Offer given by the Directors details of which are set out above at paragraph 8.18. Collins Stewart has agreed to subscribe itself at the Issue Price for any such shares for which placees are not procured.

The Underwriting Agreement contains indemnities and warranties from the Company in favour of Collins Stewart together with provisions which enable Collins Stewart to terminate the Underwriting Agreement in certain circumstances prior to Admission including circumstances where the warranties are found not to be true or accurate in any material respect. Under the Underwriting Agreement the Company has agreed to pay Collins Stewart a fee of £125,000 and a commission of 4 per cent. of the value of the Offer Shares at the Issue Price.

10. Material Contracts

- 10.1 The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group in the two years prior to the date of this document, and are or may be material:

- (a) an Agreement dated 6 December 2001 terminating a subscription and shareholders agreement dated 28 January 2000;
- (b) an Agreement dated 30 November 2001 whereby Inditherm (Medical) Limited bought the intellectual property of the Company relating (amongst other things) to the medical business of the Company for £1,000,000 and granted the Company an irrevocable royalty-free licence to use and exploit the intellectual property (other than medical products incorporating Inditherm) worldwide;
- (c) the Option Agreements referred to in paragraphs 3.3 to 3.7 (inclusive) above;
- (d) the Share Incentive Schemes;

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- (e) a Placing Agreement dated 11 December 2001 between the Company, the Directors and Collins Stewart pursuant to which Collins Stewart agreed to use its reasonable endeavours to procure subscribers on behalf of the Company for new ordinary shares. The Company agreed to pay Collins Stewart commissions amounting to 4 per cent. of the value of the new ordinary shares at 97p, together with an advisory fee of £230,000. In addition, Collins Stewart was granted an option to subscribe for 311,310 ordinary shares at 97p (representing 3 per cent. of the enlarged issued share capital as at 14 December 2001). The Agreement contained warranties given by the Company and the Directors (the liability of the Directors is limited in value) as to the accuracy of the information contained in the Placing Agreement and other matters relating to the Company and its business. In addition, the Company gave an indemnity to Collins Stewart in respect of certain matters;
- (f) a nominated adviser and broker agreement dated 11 December 2001 between the Company, the Directors and Collins Stewart pursuant to which the Company appointed Collins Stewart to act as nominated adviser and broker to the Company for the purposes of the AIM Rules. The Company agreed to pay Collins Stewart a fee of £30,000 plus VAT per annum for services as nominated adviser and broker under this Agreement. The Agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, *inter alia*, compliance with all applicable laws and regulations. The Agreement is subject to termination on three months' notice by either party;
- (g) lock in arrangements were agreed with Mr Patrick O'Grady, Mr Colin Tarry, Mr J Buckley and Brymarc Limited dated 11 December 2001. Save in relation to Mr Patrick O'Grady the lock in arrangements have expired. Mr Patrick O'Grady undertook not to dispose of any of his holding for a period of 12 months and not to dispose of 50 per cent. of his holding for a further 12 months;
- (h) on 30 November 2001 each of Mr Patrick O'Grady, Mr John Buckley and PJO Industrial Limited assigned all and any of their respective intellectual property rights in the product to the Company;
- (i) on 24 September 2003, Inditherm entered into two agreements with Pegasus Limited. The first (the "Settlement Deed") terminated the exclusive worldwide distribution and development agreement entered into with Pegasus Limited on 15 August 2001 ("2001 Agreement") subject to certain provisions remaining in force (such as confidentiality obligations continuing to bind the parties). The Settlement Deed was in full and final settlement of any and all present or future claims by either party arising out of the 2001 Agreement subject to any present or future claims under the provisions remaining in force. The Settlement Agreement also required the parties to enter into a new much more limited distribution agreement ("2003 Agreement").

The much more limited 2003 Agreement relates only to the United Kingdom and the resale by Pegasus pursuant to formal tenders of theatre products in the medical equipment field (where such equipment is used for patient care in hospitals, community healthcare facilities, doctors surgeries and ambulances but not otherwise) to certain types of customer following Pegasus Limited winning such tenders. Pursuant to the 2003 Agreement, subject to certain exceptions, Inditherm appointed Pegasus, for such limited sales only, as its exclusive distributor for four years from 24 September 2003. The exceptions include the right of Inditherm to supply theatre products pursuant to formal tenders in the United Kingdom in the medical equipment field to (i) certain customers and (ii) where Pegasus is not going to make a tender submission. Inditherm is required to buy back from Pegasus certain stocks of theatre products which Pegasus had bought under the terms of the 2001 Agreement at the price paid by Pegasus at the time. Subject to audit, this may give rise to an exceptional charge estimated at approximately £50,000 in the year ending 31 December 2003. Inditherm is required to pay a royalty to Pegasus of 10 per cent. of the net sales price of each theatre product sold by Inditherm to any third party during the term. If on the expiry or termination of the 2003 Agreement, the total royalties paid to Pegasus are less than £250,000, Inditherm is required to pay the shortfall to Pegasus.

- (j) the Underwriting Agreement described at paragraph 9 above;
- (k) the lease referred to at paragraph 12 below.
- (l) on 8 February 2002 South Yorkshire Small Business Service Limited (Business Link) agreed to provide a grant of up to £132,650 towards completion of a project to take the Company from a product development, prototyping and small batch production stage to a full scale sales and manufacturing company. Payment of the grant is subject to various terms and conditions and the grant may be repayable in certain circumstances. £85,372 of the grant has been received to date.
- (m) on 15 February 2002 the Company invested £250,000 in an AXA International with Profits Bond. The majority of investment was made as security in respect of a two year rent guarantee provided by HSBC, the Company's bank, for £143,000. There is an early surrender charge in the first five years.

11. Taxation

The following information is based upon the law and practice currently in force in the United Kingdom. The comments are of a general nature only, are not a full description of all relevant tax considerations and may not apply to persons who do not hold their Ordinary Shares as investments. Any person who is in any doubt as to his tax position should consult a professional adviser concerning his tax position in respect of the acquisition, holding or disposal of Ordinary Shares and not rely on this paragraph as tax advice.

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(a) *Taxation of Capital Gains for UK resident shareholders*

Current UK law treats the allotment of shares to all the existing shareholders in proportion to existing shareholdings as a reorganisation. Inland Revenue practice is to treat any subscription for shares under an Open Offer, which is equal to or less than a shareholder's entitlement, as a share reorganisation. In which case, to the extent that a Qualifying Shareholder subscribes under the Open Offer for Offer Shares up to his basic entitlement, the Offer Shares so allotted would then, for the purposes of UK tax on capital gains, be treated as having been acquired at the same time as the Qualifying Shareholder's existing holding was acquired. The amount of subscription monies paid for the Offer Shares will be added to the allowable expenditure for the Qualifying Shareholder's existing holding. In the case of a non-corporate Qualifying Shareholder, indexation allowance will not be given for any period after April 1998. For such a shareholder, indexation allowance has been replaced by a tapering relief which subject to certain criteria being fulfilled should reduce the amount of chargeable gain realised on a subsequent disposal of his shareholding, according to a percentage formula determined by reference to how long the shares have been held. In the case of a corporate Qualifying Shareholder, indexation allowance will apply to the amount paid for the Offer Shares only from the date the monies for the Offer Shares are paid or are liable to be paid and not rely on this paragraph as tax advice.

Any allotment of Offer Shares to a Qualifying Shareholder in excess of his basic entitlement will be treated as an acquisition of shares at that date like any other purchase and not as a reorganisation.

You should be aware that special identification rules apply to match disposals with acquisitions and these rules operate irrespective of the specific shares actually disposed of.

(b) *Taxation of dividends for UK shareholders*

The Company will not be required to withhold tax at source from dividend payments it makes.

An individual who is resident in the UK (for the purposes of UK taxation law) is generally entitled to a tax credit in respect of a dividend received. The tax credit for an individual shareholder resident in the UK for tax purposes is $\frac{1}{10}$ of the amount of the dividend. Tax credits are no longer repayable by the Inland Revenue to individual shareholders who are not liable to income tax in respect of their dividend income. Individual shareholders whose income is within the starting or basic rate bands are liable to tax at 10 per cent. on their dividend income. That means that the tax credit continues to satisfy their income tax liability in respect of dividends. Individuals who pay tax at the higher rate should pay income tax on the dividend plus the tax credit at a rate called the Schedule F upper rate (currently 32.5 per cent.). Individuals who pay income tax at the Schedule F upper rate will be able to set-off the tax credit against the liability to income tax.

UK resident corporate shareholders (other than certain insurance companies) are not normally liable to tax in respect of dividends received from the Company, and such dividends and associated tax credits should be treated as franked investment income.

Pension funds and most UK corporate shareholders are not, however, entitled to claim a refund of tax credits from the Inland Revenue.

(c) *Taxation treatment of UK resident trustees*

Trustees of a UK resident discretionary trust will be liable to income tax at 25 per cent. of the gross dividend provided that the income is not distributed. This will mean that the trustee shareholders will have an additional tax liability equal to 16.67 per cent. of the cash dividend received. Trustees of discretionary trusts should, however note that the changes to the tax treatment of dividends might impact adversely on the amount of income distributable to beneficiaries from the trust. Trustees who are in doubt as to their position should consult their own professional advisers.

(d) *Taxation of non- UK resident shareholders*

The right of a shareholder not resident in the UK for tax purposes to the benefit of a tax credit in respect of a dividend received and to claim payment of any part of the tax credit will depend, in general, on the existence and terms of any double tax convention or agreement between the UK and the country in which the holder is resident. Qualifying Shareholders who are not resident in the UK for tax purposes should consult their own tax advisers concerning their tax liabilities on dividends received, whether they are entitled to claim any part of the tax credit and, if they are so entitled, the procedure for doing so. Such shareholders should note that the decrease in the rate of the tax credit to 10 per cent. from 6 April 1999 has generally reduced or eliminated the amount in respect of this tax credit that may be paid under the terms of a double taxation agreement.

(e) *Venture capital trust*

The company has sought and received advance clearance from the Inland Revenue of the Company's eligibility as a qualifying VCT investment. The advance clearance which, in accordance with customary Inland Revenue practice, relates to the qualifying status of the Company only, has been obtained on the basis of the facts supplied. Whilst the company cannot guarantee to conduct its activities in a way to remain as a qualifying VCT investment, the Directors intend, as far as possible, to do so.

(f) *UK stamp duty and stamp duty reserve tax*

Except in relation to depository receipt arrangements and clearance services where special rules apply:

- (i) no stamp duty or stamp duty reserve tax will be payable on the issue of Offer Shares by the Company;
- (ii) the conveyance or transfer on sale of Ordinary Shares following the allotment of shares and issue of definitive share certificates will normally be subject to stamp duty at the rate of 0.5 per cent. rounded up if necessary to the nearest £5 subject to stamp duty at a rate of 50p per £100 (or part thereof rounded up to the nearest £5 or multiple thereof) of the amount or value of the consideration. Where an agreement to purchase Ordinary Shares is not, before the seventh day of the month following the month in which the agreement was entered into, completed by a duly stamped transfer in favour of the purchaser under the agreement a charge to stamp duty reserve tax ("SDRT") will arise at a rate of 0.5 per cent, of the amount of the value of the consideration. The rules in respect of roundings described above do not apply to SDRT. Any SDRT paid can be reclaimed if a duly stamped instrument is entered into within six years of the agreement and the appropriate stamp duty paid. Where the sale transaction takes place in CREST, generally SDRT will be automatically deducted and no stamp duty will arise. Stamp duty and SDRT are generally paid by the purchaser of Ordinary Shares.

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- (iii) UK stamp duty and SDRT apply to UK resident and to non-UK resident shareholders in the manner set out above.

12. Premises

The Group operates from leasehold premises at Inditherm House, Houndhill Park, Bolton Road, Wath upon Dearne, Rotherham S63 7JY. The lease was entered into on 11 March 2002 and is for a term of 15 years from 11 March 2002. The annual rent in the period from 1 December 2002 to 31 May 2004 is £47,640 and in the period from 1 June 2004 is £71,460, in each case plus service charge and insurance. The lease contains an upwards only rent review, the first of which is on 11 March 2007.

13. Patents and Other Intellectual Property

13.1 Intellectual Property

- (a) The Inditherm technology was initially developed by Mr Patrick O'Grady and Mr John Buckley and a UK patent application (number 9826596.0) was filed in the name of PJO Industrial Limited (Registered Number: 1945247) which has been assigned as set out in paragraph (k) below.
- (b) Based upon two UK patent applications (numbers 9826596.0 and 9908504.5) the Company filed an international patent application (GB/99/04/087) using the mechanism of the Patent Cooperation Treaty (PCT). This followed a standard application path designating all European Patent Convention member countries and Canada, China, Japan and USA.
- (c) Under the PCT application process, there is a preliminary examination of the application and a search of published patent applications (representing the "prior art", that is, the body of known published knowledge at that point). The purpose of the search is to try to identify any prior art that may reveal that the invention(s) described in the application is either (i) an obvious step based on the prior art or (ii) not new.
- (d) The preliminary international examination did not reveal any relevant prior art that pre-dates the applications but further examinations by the patent offices of the countries in which the applications have been made is necessary. The PCT application is still being considered under the National Phase in Europe, Canada, China, Japan and the USA (EP 99958389.1, CA 2353456 CN 99815386.9, JP 2000-587339 and US 09/857241).
- (e) Renewal fees are payable on 3 December 2004 to maintain the applications in Europe and Canada (EP 99958389.1 and CA 2353456).
- (f) Any patents granted pursuant to the applications will belong to the Company.
- (g) The Company has also filed two applications in Hong Kong (HK 02100868.7 and HK 02102585.5) claiming priority from Europe patent (EP 99958389.1) and UK patent (number 9826596.0) respectively. These applications are due for renewal on 3 September 2007 and 3 December 2007.
- (h) The Company has filed three further UK patent applications for different applications of Inditherm. These are for a steering wheel cover (number: 0112119.3), a supplementary conductive rail (number: 0316327.6) and a surface heater (number: 0323539.7). The first of these has now been expanded to an international application using the PCT system (GB/02/02178).

- (i) In addition to its own patent applications the Company had assigned to it, in settlement of a dispute, a PCT application filed in Spain (ES/01/000121) for a heated steering wheel for motor vehicles. Having compared this PCT to the Company's own patent applications (UK patent number 0112119.3 and PCT number GB/02/02178) the Company has decided that this application does not add any further benefit and the Company has allowed it to lapse by not designating any countries for protection under the PCT system.
- (j) The Company has chosen to seek patent protection for only part of its "knowledge" and to keep information about the precise formulation of Inditherm and related know-how secret.
- (k) On 30 November 2001 PJO Industrial Limited, Mr O'Grady and Mr Buckley assigned to the Company all of their intellectual property rights in and to Inditherm.

13.2 Trade Marks

- (a) The Company has three registered trade marks. It has INDITHERM registered in the UK alone (number 2138561) and as a Community Trade Mark ("CTM") (1634773). It also has a further CTM registration for CLOTHERM (1634831).
- (b) The UK registration of INDITHERM covers "Electrically heated blankets for medical use" in class 10 and "Electrically heated blankets for industrial use" in class 11.
- (c) The CTM registration of INDITHERM covers "Electrically conductive heatable means; electrically conductive heatable sheets; electrically conductive flexible and heatable materials; electrically heated covers for indoor or outdoor equipment; electrically heated articles of clothing" in class 9, "Heated mattresses for surgical use; heated blankets or covers for patients; heated blankets or covers for emergency services" in class 10 and "Heated mattresses and blankets for domestic use; heated jackets for domestic water cylinders; under floor heaters; heated lagging for pipes; heated conveyor linings" in class 11.
- (d) The CTM registration of CLOTHERM covers "Electrically conductive heatable means; electrically conductive heatable sheets; electrically conductive flexible and heatable materials; electrically heated covers for indoor and outdoor equipment; electrically heated articles of clothing" in class 9, "Heated mattresses for surgical use; heated blankets or covers for patients; heated blankets or covers for emergency services" in class 10 and heated jackets for domestic water cylinders; under floor heaters; heated lagging for pipes; heated conveyor linings" in class 11.
- (e) The Company also has a pending application to register INDITHERM as a trade mark in the USA. The opposition period for this application has expired and a statement of use must be filed on or before 23 March 2004. This application is for a wider range of goods and service than the earlier trade marks and registration is sought for "electrically heated articles of clothing; heated boots and shoes" in class 09, "heated mattresses for surgical use; heated blankets and covers for patients; heated blankets and covers for emergency medical services; heated containers for medical use, namely, heated containers for carrying drugs, vaccines, blood, blood products and organs" in class 10, electrically heated mattresses and blankets for domestic use; heated jackets for domestic water

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cylinders; under floor heaters for domestic use; under floor heating elements; heated food containers; heated seat pads for vehicles; heated steering wheel covers for vehicles; electronically conductive flexible and heatable materials, namely, items having carbon based polymers coated thereon, or impregnated therein, that are capable of being heated, and which can be inserted into, or wrapped around, a product to be heated; electrically heated covers for indoor and outdoor equipment, heated lagging for pipes; heated coatings for pipes; heated conveyor linings; heated covers for land and sea pipelines; heated insulating covers for pipelines and for containers, heater pads for clothing; heater pads for boots and shoes in class 11.

Except as disclosed in this document there are no patents or other intellectual property rights, licences or particular contracts that are or may be of fundamental importance to the business of the Company.

14. Miscellaneous

14.1 No significant change

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Company since 30 June 2003 the end of the period for which the last unaudited results of the Company have been published.

14.2 Working capital

The Directors having made due and careful enquiry, are of the opinion that, taking into account the net proceeds of the Placing and Open Offer and the Company's banking facilities, the working capital available to the Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

14.3 Litigation

No member of the Group is involved in any legal or arbitration proceedings which are having or may have a significant effect on the Group's financial position nor is any member of the Group aware that any such proceedings are pending or threatened.

14.4 Expenses

The total costs and expenses relating to the Placing and Open Offer (which are payable by the Company) are estimated to amount to £0.5 million (including VAT) and accordingly the net proceeds which it is expected will be raised by the Placing and Open Offer (after the deduction of expenses) are £4.8 million.

14.5 Consents

Collins Stewart has given and has not withdrawn its written consent to the issue of this document and the references to its name in the form and context in which they are included.

14.6 Exceptional factors

The Directors are not aware of any exceptional factors which have influenced the Group's activities.

14.7 Investments in progress

The Group has no significant investments in progress.

14.8 Arrangements

Save as disclosed herein, there are no agreements, arrangements or understandings (including any compensation arrangements) between any of the Directors, recent directors, shareholders or recent shareholders of the Company having any connection with or dependence upon the Placing and Open Offer and Admission.

14.9 Minimum amount

Pursuant to paragraph 21(a) of Schedule 1 of the POS Regulations, the minimum amount which, in the opinion of the Directors, must be raised is £4.5 million, which will be applied as follows:

(i)	the purchase price of property	£nil
(ii)	expenses and commissions payable in respect of the Placing and Open Offer	£0.5 million
(iii)	repayment of current borrowing facilities	£nil
(iv)	working capital	£4.0 million

14.10 Nominated adviser and broker

Collins Stewart, whose principal office is at 9th Floor, 88 Wood Street, London, EC2V 7QR and is regulated in the United Kingdom by the Financial Services Authority, is acting as the Company's nominated adviser and broker.

14.11 The accounting reference date of the Company is 31 December.

14.12 The Issue Price represents a premium of 49p over the nominal value of 1p per Ordinary Share.

14.13 Monies received from applicants pursuant to the Placing and Open Offer will be held in accordance with the terms of the application procedures issued by Collins Stewart until such time as the Placing and Open Offer become unconditional in all respects. If the Underwriting Agreement does not become unconditional in all respects by 3.00 pm on 31 December 2003 subscription monies will be returned to applicants as soon as practicable at their own risk and without interest.

14.14 It is expected that definitive share certificates for the Offer Shares will be despatched by first class post on 22 December 2003. No temporary documents of title will be issued. In respect of uncertificated shares, it is expected that shareholders' CREST stock accounts will be credited by 17 December 2003.

14.15 Other than AIM, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for there to be dealings in the Ordinary Shares.

14.16 In making any investment decision in respect of the Placing and Open Offer, no information or representation should be relied on in relation to the Placing, the Company or the Offer Shares, other than as contained in this document. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised. Neither the delivery of this document nor any subscription made under it shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date of this document.

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15. Availability of document

Copies of this document will be available to the public, free of charge at the offices of Collins Stewart, 9th Floor, 88 Wood Street, London EC2V 7QR from the date of this document until at least one month after Admission.

Dated 20 November 2003

INDITHERM PLC

(registered in England and Wales number 3587944)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the Company will be held at Tankersley Manor Hotel, Church Lane, Tankersley, Barnsley, South Yorkshire, S75 3DQ on 15 December 2003 at 10.00 am for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

1. THAT subject to and conditional upon (but effective immediately prior to) the admission of the Offer Shares to be issued by way of the Placing and Open Offer (as such terms are defined in the circular dated 20 November 2003 of which this notice forms part) to trading on the Alternative Investment Market of the London Stock Exchange and to such admission becoming effective, in addition to all existing authorities, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot and make offers or agreements to allot relevant securities (within the meaning of section 80(2) of the Act) up to: an aggregate nominal value of £105,349.90 in connection with the Placing and Open Offer for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of 15 months from the date of the passing of this resolution and the conclusion of the next annual general meeting of the Company after the passing of this resolution, provided that this authority shall allow the Company to make offers or agreements before such expiry which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired;

SPECIAL RESOLUTION

2. THAT subject to and conditional upon the passing of the Ordinary Resolution numbered 1 contained in the notice of which this resolution forms part, in addition to all existing authorities, the directors be generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred on them by such Ordinary Resolution as if section 89(1) of the Act did not apply to the allotment provided that this power:
 - 2.1 expires on the earlier of 15 months from the date of passing of this resolution and the conclusion of the next annual general meeting of the Company after the passing of this resolution, and provided that this authority shall allow the Company to make offers or agreements before such expiry which would or might require equity securities to be allotted after expiry of this authority and the directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired; and

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2.2 is limited to:

2.2.1 allotments of equity securities where such securities are offered under the Open Offer to holders of ordinary shares in the capital of the Company up to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offer as they deem necessary or expedient to deal with equity securities to deal with legal or practical problems under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory; and

2.2.2 the allotment of equity securities up to an aggregate nominal value of £105,349.90 in connection with the Placing and Open Offer.

By order of the Board

Registered office
Inditherm House
Houndhill Park
Bolton Road
Wath upon Dearne
Rotherham S63 7JY

20 November 2003

Notes:

1. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only holders of Ordinary Shares registered in the Register of Members of the Company as at 6.00 pm on 12 December 2003 shall be entitled to vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after 6.00 pm on 12 December 2003 shall be disregarded in determining the right of any person to attend and vote at the meeting.
2. A member of the Company who is entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A form of proxy is enclosed. In order to be valid, an instrument appointing a proxy and any power of attorney under which it is signed (or a notarially certified copy thereof) must be deposited with the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the meeting. The completion and return of a form of proxy will not, however, preclude Shareholders from attending and voting in person at the meeting should they so wish.