



**Annual Report
and
Financial Statements 2003**



INDITHERM *plc*

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INDITHERM at a glance

Based near Rotherham, South Yorkshire, Inditherm designs and manufactures heating solutions using the Company's innovative low voltage polymer. The technology provides a flexible heating material that can achieve a surface temperature of up to 120°C, powered by a low voltage (6v-48v) power supply. Applications for the technology are wide spread, though the business is focused on key markets which will enable the establishment of a premium brand for heated products. To achieve this goal the Company is organised into the following operating groups.



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



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



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



Formed in November 2002, to handle the development and market exploitation of using the Inditherm technology for various concrete curing applications, working in conjunction with Sheffield Hallam University, School of Construction.

INDITHERM plc _____

Directors and Advisers

Directors M S Abrahams (Chairman)
C R Tarry
P J O'Grady
J H Markham
I D Smith

Secretary and registered office I D Smith, Inditherm House, Houndhill Park, Bolton Road, Wath upon Dearne, Rotherham, S63 7JY

Company number 3587944

Accountants and business advisers Tenon Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

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

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

Nominated adviser and broker Collins Stewart Limited, 8th Floor, 88 Wood Street, London, EC2V 7QR

Legal advisers Freethcartwright, Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH

Registrars Capita IRG Plc, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU

Chairman's Statement

Introduction

In our interim statement I referred to the increase in level of orders for our Industrial products. I am pleased to be able to report that this improvement in business, continued in the second half of the year. In particular, the activity in December increased as anticipated to generate the company's first month in Operating Profit.

During the year significant organisation and product changes have been made. These changes are starting to be reflected in improved product sales. We have strengthened our industrial sales operation with additional sales resource and recovered access to the medical market by exiting the exclusive distribution agreement.

The successful fund raising in December puts the Company in a strong position to build on the improvements made to accelerate the rate of growth.

Results for the year

Turnover for the year reduced by 9.8% to £616,000 (2002: £683,000). After adjusting for one off exclusivity payments, received in 2002, like for like product sales increased by 27%.

Sales in the second half year grew 68%, compared with the same period last year, arising from both increased enquiry levels and improved conversion rates.

Control of the cost base kept administrative expenses (before exceptional items) 16% below 2002 at £951,000 (2002: £1,134,000), leaving an operating loss before exceptional items of £684,000 (2002: £981,000). After restructuring and exceptional costs of £134,000 and net interest income of £16,000 (2002: £42,000) the loss before tax was £802,000 (2002: £739,000).

As a result of the fund raising completed at the end of 2003 the year end cash balance was £5,047,000 (2002: £897,000).

Dividends

I have previously reported the Board's intention to devote the Company's financial resources to business development. This intention, which the Board believes to be in the shareholders' best interest, has been pursued during 2003 and will continue for the foreseeable future. Therefore the Board does not expect to declare a dividend during the Company's continuing formative period.

Management

As announced in January 2004, Ian Smith has joined the Board as Finance Director.

In planning for the next phase of growth we will strengthen the operational management team further by appointing divisional managers to head up the Industrial and Medical groups.

Chairman's Statement (continued)

Employees

We continue to invest in and expand our work force to ensure that we have the appropriate skill levels to meet the increasing level of business activity. On behalf of the Board I thank all of our staff most sincerely for their sustained support.

Outlook

We have commenced the year with a strong level of enquiries in the Industrial market. This will fuel the growth as expected at the time of the fund raising. These prospects are enhanced with the opportunity of providing under pitch heating to sports grounds following a recent order from Falkirk Community Stadium.

Our medical business has been restructured following the exit from the exclusive distribution agreement. Direct sales are being achieved within the UK for our Operating Theatre and Physiotherapy products.

Following the successful fund raising we are well positioned to invest in the business to accelerate the rate of growth seen in the second half of 2003. We have therefore taken the opportunity to increase selling resources with the introduction of new people and further marketing support.

With the focus on Industrial and Medical, the Custom Products group has become a lower priority, whereby we respond reactively to enquiries.

Overall, we expect healthy sales growth and further development of the infrastructure of the business in 2004.



MARK ABRAHAMS
Chairman

24 March 2004

Chief Executive's Review

Introduction

Last year saw significant changes in our products, access to market and organisation. The restructuring has been necessary to establish the platform to exploit our technology and provide a firm basis for growth in the future. The fund raising in December will enable our core activities of Industrial and Medical to grow into sustainable business units, whilst continuing the development of new applications to provide a broader market base for the longer term.

Industrial solutions

Sales of industrial products increased by 116% over the previous year as a result of the stronger performance in the second half of the year. The technology has now been accepted in a wide range of industries for both process and storage applications. Our sales team has been strengthened further in the last quarter to provide greater selling resource for the UK market.

During the year we have established the technology for use on large storage vessels used in both internal and external applications. We have continued to build our product portfolio with the addition of certification for zone 2 hazardous areas and the development of under soil heating systems for sports applications.

Although we are making strong progress in the industrial sector, the conversion time between enquiry and orders remains long, due to the investment climate for capital equipment. By broadening our customer and application base we will continue to grow the level of opportunities to support a sustainable business.

Medical products

Medical sales reduced significantly as a result of distributor issues during 2003. As reported in our interim results, we have renegotiated the distributor arrangements, returning access of the market to the Company. In the last quarter we commenced the task of re-establishing ourselves in the market with our range of patient warming products.

Backed by a growing body of clinical evidence that supports the use of our technology, we are starting to secure business in the UK market. The products are being accepted as a viable alternative to traditional means of patient warming and will benefit from the general trend away from disposable products on the grounds of hygiene and cost.

Custom products

Sales continue to make steady progress. All products in the group are now in production, albeit at low levels, as our partners establish their products in the respective markets of automotive, pharmaceutical and food delivery systems. Development of new applications has been slowed to enable our in house resources to concentrate on the Industrial and Medical sectors.

Chief Executive's Review *(continued)*

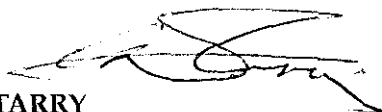
Outlook

We will continue to focus on our core activities of industrial and medical, investing in both business units to accelerate growth and to strengthen the management and sales teams. They will be supported by a wider marketing effort to increase our profile and demand.

Whilst our priorities lay with industrial and medical, further development in the custom and construction groups will be continued on a reactive basis.

The demands of large projects, such as the under soil pitch heating, will enable us to improve our manufacturing techniques in order to yield greater production efficiencies. We will continue to make small capital investments in our production facility to enable the scaling up of the manufacturing process to meet increased demand.

We look forward to the challenges of growth and establishing Inditherm at the forefront of our markets. This year will see the business take significant strides forward in exploiting our technology.



COLIN TARRY
Chief Executive

24 March 2004

Financial Review

Trading results

Industrial Sales in the second half showed an increase of 224% over the first half and 116% over last year. The customer and industry base continues to broaden.

Medical Sales were severely restricted by distributor issues but should now return to growth.

Margins in the second half benefited from additional volume and pricing improvements. As a result year on year margins increased from 21% to 43% before exceptional items.

Total administration expenses before exceptional items were reduced through the tight cost containment that was in existence during the year, £951,000 compared with £1,134,000 in 2002. In the year ahead the business will incur additional investment costs in the Industrial and Medical operations.

The operating loss before exceptional items of £684,000 is a reduction of £297,000 on the same period last year.

Exceptional costs of £134,000 have resulted from the reorganisation of the finance function (£89,000) and a provision as part of the renegotiation of the Medical distribution arrangement (£45,000).

Cash resources generated net interest income for the year of £16,000 (2002: net income £42,000), giving a pre tax loss of £802,000 (2002: £739,000).

Cash resources and net assets

Net cash outflow from operations for the year was £501,000 (2002: £855,000), reflecting the operating loss incurred plus a £230,000 reduction in working capital.

The funds generated from the placing (£ 4.71 million net of expenses) were received on 18 December 2003 and have been placed on short term deposits with AA rated banks until required by the business.

Capital expenditure during the year was £33,000 (2002: £318,000).

Net funds at the year end after deduction of hire purchase and factoring liabilities were £4.99 million (2002: £738,000). Cash and short term deposits totalled £5.04 million (2002: £897,000). The £250,000 current asset investment is partly used as security for our current premises.

Shareholder funds amounted to £5.41 million (2002: £1.48 million), reflecting the retained deficit for the year and the £4.71 million raised from the Placing and Open offer.

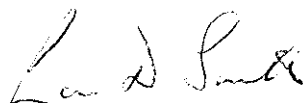
Taxation

As the Company has continued to incur trading losses no corporation tax liability has yet arisen. Accumulated tax losses to the end of 2003 of £1.68 million (2002: £1.1 million) are available which should be recoverable against future trading profits. The Company's continuing investment in research and development has given rise to a tax credit provision of £16,000 in the year on qualifying expenditure.

IAN D SMITH

Finance director

24 March 2004



Directors and Board Committees

Directors

*Mark Abrahams (Aged 49, Chairman) **

Mark is currently the chief executive of Fenner Plc and was formerly non executive chairman of the Darby Group Plc. At Fenner he led a strategy of converting the group from a power transmissions manufacturer to a world leader in reinforced polymers. He is a Chartered Accountant and a Companion of the Institute of Management.

Colin Tarry (Aged 44, Chief Executive)

Colin joined the company in 1999 and became Chief Executive in 2003. He has extensive experience in growing technology businesses in international markets. A production engineer by training, he has 15 years experience at board level in successful turnaround and start up businesses in both the UK and USA. He also has been a member of group acquisition and strategy panels for technology divisions of Penny and Giles Plc and Bowthorpe Plc.

Patrick O'Grady (Aged 60, Executive Director)

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

Ian Smith (Aged 47, Finance Director)

Ian joined the Company in January 2004. He is a Chartered Accountant and qualified Corporate Treasurer and has over 25 years international industrial experience gained at both group and operating company level in a wide range of industries. Ian has most recently been Finance Director for Portakabin Ltd and Holset Engineering Co Ltd the turbocharging division of Cummins Engine Co Inc.

*John Markham OBE (Aged 57) **

John joined the company in March 2002. He has a degree in chemical engineering, is a Chartered Engineer and is also a Fellow of the Institute of Chemical Engineers. He was awarded the OBE in 1995 for services to British industry. After spending 20 years with I.C.I. followed by a period at Albright and Wilson, he became Chief Executive of Hickson International PLC. John is currently Chief Executive of C6 Solutions Ltd.

* Non-executive

Board committees

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

Audit committee	Remuneration committee	Nomination committee
Mark Abrahams <i>Chairman</i>	John Markham <i>Chairman</i>	Mark Abrahams <i>Chairman</i>
John Markham	Mark Abrahams	John Markham
		Colin Tarry

Statement of Corporate Governance

The Board is committed to high standards of corporate governance in relation to its size and sets out below details of how it has applied those provisions considered appropriate to the company's circumstances:

Board composition

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

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

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

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

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

Board committees

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

Audit Committee

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

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

Remuneration Committee

The report of the Remuneration Committee is set out on page 11.

Nomination Committee

The Nomination Committee considers succession planning, reviews the structure, size and composition of the Board and nominates candidates to fill Board vacancies.

Board appointments

Following nominations from the Nomination Committee any decision to appoint further directors to the Board is a decision taken by the entire Board in formal meeting. Where necessary new members of the Board will be provided with appropriate training in respect of their role and duties as a public company director.

Statement of Corporate Governance (continued)

Relations with shareholders

The company places a great deal of importance on communication with its shareholders.

John Markham has been identified as the Company's Senior Independent Director. He is available to shareholders who wish to raise any concerns that they have been unable to resolve through other channels and to attend meetings between management and major investors.

The notice of the AGM will be sent to shareholders at least 21 working days before the meeting. At the forthcoming AGM, the company will indicate the level of proxy voting and members of the Board committees will be available to answer questions.

Internal control

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

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

The directors acknowledge that improvements in the control environment have been limited but are confident that, following the restructuring of the finance function, continuous action will be taken to strengthen and extend the level of controls in operation.

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

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

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

- An ongoing process of risk assessment to identify, evaluate and manage business risks.
- Management structure with clearly defined responsibilities and authority limits.
- A comprehensive system of reporting financial results to the Board.
- Quality control systems certified under ISO 9001.
- Appraisal and authorisation of capital expenditure.

The Company does not currently operate an internal audit function. The Board keeps this requirement under review in relation to the size and complexity of the business.

Going concern

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

Remuneration Report

Composition

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

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

Policy on remuneration of executive directors and senior executives

Remuneration policy

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

As a result of difficult trading conditions during 2003 the Directors volunteered to accept pay cuts of up to 10%. This has now been reviewed and Mr Tarry's salary has been increased by 5% with effect from 1 January 2004 with the remaining 5% being payable based on defined performance targets being achieved.

The main components in determining pay are:

- *Basic salary/fees and benefits*

Salary ranges are reviewed annually and when an individual changes position or responsibility. Benefits comprise the provision of a vehicle allowance and private health insurance.

- *Annual bonus*

Annual performance targets for executive directors are set for both the short and long term. The bonus scheme includes individual objectives and targets linked to the group's performance for its key performance indicators. The maximum potential payment for the annual bonus is 50% of basic annual salary, excluding benefits in kind and pension contributions, although additional bonuses may be paid for the achievement of particular strategic goals.

- *Executive share options schemes*

Share options are granted to Executive directors to encourage its participants to deliver sustained long term growth.

Except in exceptional circumstances the value of options granted in any year will not exceed one times basic salary and the total value of options outstanding will not exceed four times salary.

Service contracts

C R Tarry and P J O'Grady have service contracts requiring 12 months written notice given by either party. I D Smith has a service contract requiring 6 months written notice by either party.

Remuneration Report (continued)

Directors' pension policy

Executive directors under the terms of service contracts are entitled to receive pension contributions of up to 5% of salary. Due to the difficult trading conditions during the year the Executive directors volunteered to waive this entitlement. Details of payments made are reported in note 4 on page 23. In the case of Mr Tarry the pension entitlement was reinstated with effect from 1 January 2004.

Non-executive directors

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

The non-executive directors do not participate in decisions about their own terms of appointment or remuneration package.

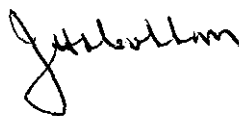
Mr Abrahams letter of appointment was renewed after the expiry of the first two year period on 19 November 2003 with Directors fees at the rate of £35,000 per annum.

Mr Markham's letter of appointment was renewed after the expiry of the first two year period on 14 March 2004 with Directors fees at the rate of £22,500 per annum.

J H MARKHAM

Chairman, Remuneration Committee

24 March 2004



Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departure disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Directors

For the year ended 31 December 2003

The directors present their report together with the group's audited financial statements for the year ended 31 December 2003.

Results and dividends

The profit and loss account is set out on page 17 and shows the result for the year. The directors do not recommend the payment of an ordinary dividend.

Principal activity and business review

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

Research and development

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

Directors

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

	Ordinary shares of 1p each 2003 Number	Ordinary shares of 1p each 2002 Number
M S Abrahams	151,546	25,773
C R Tarry	297,500	277,500
P J O'Grady	3,489,536	3,449,536
J H Markham	14,366	7,183
K A Lees (resigned 16 January 2004)	—	—

I D Smith was appointed as a director on 16 January 2004.

Substantial interests

At 18 March 2004 the Company had been notified of the following interests (excluding the interests of the directors) which amounted to 3% or more of the issued capital of the Company.

Shareholder	Number of shares	Percentage holding
Axa	2,952,085	14.0%
Cazenove Fund Management Limited	2,732,500	13.0%
RBSI Custody Bank	1,782,085	8.5%
Brymarc Limited	1,229,000	5.8%
Allianz Cornhill Insurance plc-Equity fund	1,153,128	5.5%
Schroder UK Smaller Company Fund	890,000	4.2%
Aviva	650,000	3.0%

Charitable and political donations

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

Creditor payment policy and practice

It is normally the group's policy to settle all trade creditors within the normal commercial terms of trade agreed with each supplier. In 2003 the group failed to apply this policy consistently although this situation has been rectified from January 2004. The number of days purchases represented by trade creditors at the year end was 78 (2002: 56).

Re-appointment of Auditors

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

Special Business

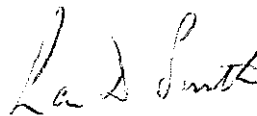
- Resolution 5 in the Notice of Annual General Meeting on page 33 renews the authority of the Directors to allot relevant securities. The nominal amount of securities to which the authority relates is £15,000, which represents approximately 7% of the Company's current issued share capital. This authority will expire at the earlier of either the 2005 Annual General Meeting or 15 months from the date the Resolution is passed. The Directors have no present intention of exercising this authority.
- Resolution 6 waives the statutory pre-emption rights under s.89 of the Companies Act 1985 in respect of the allotment of equity securities for cash. The nominal amount of equity securities which may be issued without being offered to existing shareholders is £15,000, as noted above for Resolution 5. There is no present intention to make any such allotment of equity securities, but the Directors consider it desirable to maintain the flexibility afforded by this power.
- The Directors believe that both of the above Resolutions are in the best interests of the Company and shareholders and they therefore recommend shareholders' to vote in favour of the Resolution.

By order of the Board

ID SMITH

Secretary

24 March 2004



Independent Auditors' Report to the shareholders of Inditherm plc

We have audited the financial statements of Inditherm plc for the year ended 31 December 2003 which comprise the consolidated Profit and Loss Account, consolidated Balance Sheet, company Balance Sheet, Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDITHERM plc _____

Independent Auditors' Report to the shareholders of Inditherm plc (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 December 2003 and of the result of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

BLUEPRINT AUDIT LIMITED

*Chartered Accountants
and Registered Auditor*

24 March 2004

Consolidated Profit and Loss Account

For the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Turnover	2	616	683
Cost of sales		(349)	(330)
Gross profit		267	353
Administrative expenses		(1,085)	(1,134)
Operating loss before exceptional items		(684)	(981)
Exceptional (costs)/income	5	(134)	200
Operating loss	5	(818)	(781)
Interest receivable		23	49
Interest payable	6	(7)	(7)
Loss on ordinary activities before taxation		(802)	(739)
Taxation credit from loss on ordinary activities	7	16	22
Sustained deficit for the year	19	(786)	(717)
Loss per share - basic and diluted	8	(7.2)p	(6.8)p

All amounts relate to continuing activities.

All recognised gains and losses are included within the profit and loss account.

The notes on pages 21 to 31 form part of these financial statements.

INDITHERM plc

Consolidated Balance Sheet

at 31 December 2003

	Notes	2003 £'000	2003 £'000	2002 £'000	2002 £'000
Fixed assets					
Intangible assets	9		69		84
Tangible assets	10		309		386
			<u>378</u>		<u>470</u>
Current assets					
Stocks	12	69		63	
Debtors	13	572		282	
Investment	14	250		250	
Cash at bank and in hand		5,047		897	
		<u>5,938</u>		<u>1,492</u>	
Creditors: amounts falling due within one year	15	(635)		(435)	
Net current assets			<u>5,303</u>		<u>1,057</u>
Total assets less current liabilities			<u>5,681</u>		<u>1,527</u>
Creditors: amounts falling due after more than one year	16		(21)		(46)
Provision for liabilities and charges	17		(250)		-
Net assets			<u>5,410</u>		<u>1,481</u>
Capital and reserves - equity					
Called up share capital	18		211		105
Share premium	19		7,409		2,800
Other reserve	19		50		50
Profit and loss account	19		(2,260)		(1,474)
Shareholders' funds	20		<u>5,410</u>		<u>1,481</u>

Approved by the Board on 24 March 2004 and signed on its behalf by:



C R TARRY
Director



I D SMITH
Director


The notes on pages 21 to 31 form part of these financial statements.

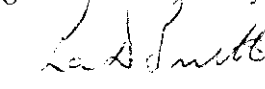
Company Balance Sheet

at 31 December 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	10	309	386
Investments	11	—	—
		<u>309</u>	<u>386</u>
Current assets			
Stocks	12	69	63
Debtors: amounts falling due within one year	13	572	282
Debtors: amounts falling due after more than one year	13	974	988
Investment	14	250	250
Cash at bank and in hand		5,046	896
		<u>6,911</u>	<u>2,479</u>
Creditors: amounts falling due within one year	15	<u>(635)</u>	<u>(435)</u>
Net current assets		<u>6,276</u>	<u>2,044</u>
Total assets less current liabilities		<u>6,585</u>	<u>2,430</u>
Creditors: amounts falling due after more than one year	16	(21)	(46)
Provision for liabilities and charges	17	(250)	—
Net assets		<u>6,314</u>	<u>2,384</u>
Capital and reserves - equity			
Called up share capital	18	211	105
Share premium	19	7,409	2,800
Other reserve	19	50	50
Profit and loss account	19	(1,356)	(571)
Shareholders' funds	20	<u>6,314</u>	<u>2,384</u>

Approved by the Board on 24 March 2004 and signed on its behalf by:


C R TARRY
 Director


I D SMITH
 Director

The notes on pages 21 to 31 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Net cash outflow from operating activities	21	(501)	(855)
Returns on investments and servicing of finance			
Interest received		23	49
Interest paid		(1)	(2)
Interest element of hire purchase payments		(6)	(5)
Net cash inflow from returns on investments and servicing of finance		16	42
Taxation received		22	—
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(33)	(318)
Sale of tangible fixed assets		38	10
Purchase of current asset investment	14	—	(250)
Net cash inflow/(outflow) from capital expenditure and financial investment		5	(558)
Net cash outflow before management of liquid resources and financing		(458)	(1,371)
Management of liquid resources			
(Increase)/decrease in cash on short-term deposit	22	(3,764)	1,158
Financing			
Issue of shares		5,268	125
Expenses paid in connection with share issues		(553)	(9)
Capital element of hire purchase payments	22	(31)	(37)
Movement on factoring account	22	(69)	64
Net cash inflow from financing		4,615	143
Increase/(decrease) in cash	23	393	(70)

The notes on pages 21 to 31 form part of these financial statements.

Notes forming part of the financial statements

For the year ended 31 December 2003

1 Accounting Policies

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

Basis of consolidation

The financial statements of the group consolidate the financial statements of Inditherm plc and its subsidiary undertakings up to 31 December 2003 using acquisition accounting. The results of subsidiary undertakings acquired during a financial period are included from the effective date of acquisition.

The company has taken advantage of the exemption under Section 230 of the Companies Act 1985 and has not presented its own profit and loss account.

Turnover

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

Intangible fixed assets

Purchased intellectual property rights are capitalised and amortised over the Directors' estimate of their useful economic life of 10 years. In addition, provision is made for any impairment in value.

Research and development costs

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

Investments

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

Depreciation

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

Fixtures and fittings	– 10% - 15% per annum
Plant, machinery and office equipment	– 20% per annum
Motor vehicles	– 25% per annum

Stocks

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

Notes forming part of the financial statements (continued)

For the year ended 31 December 2003

1 Accounting Policies (continued)

Leasing and hire purchase commitments

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

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Financial instruments

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

Employee share schemes

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

Pension costs

Contributions to the group's stakeholder pension scheme and to employees' personal pension schemes are charged to the profit and loss account in the year to which they relate.

Grants receivable

Revenue based grants are credited to the profit and loss account against related expenditure whilst grants of a capital nature are treated as deferred income and are transferred to the profit and loss account over the expected useful lives of the relevant assets.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

2 Turnover

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

3 Employees

	2003 £'000	2002 £'000
Staff costs consist of:		
Wages and salaries	609	596
Social security costs	52	52
Pension costs	8	16
	<u>669</u>	<u>664</u>
Average number of persons including executive directors employed:		
	2003 Number	2002 Number
Management and administration	5	4
Sales	3	4
Development	2	4
Production	10	8
	<u>20</u>	<u>20</u>

4 Directors

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

	Salary £'000	Compensation for loss of office £'000	Pension contrib- ution £'000	Benefits in kind £'000	2003 Total £'000	2002 Total £'000
M S Abrahams	11	—	—	—	11	10
C R Tarry	81	—	—	18	99	105
P J O'Grady	50	—	2	20	72	111
K A Lees	73	74	2	12	161	83
J H Markham	13	—	—	—	13	11
	<u>228</u>	<u>74</u>	<u>4</u>	<u>50</u>	<u>356</u>	<u>320</u>

Contributions to a defined contribution pension scheme were paid on behalf of 2 directors (2002: 3) during the year.

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

	Date of Grant	Option Price	2003 Number	2002 Number
M S Abrahams	10/12/01	97p	207,540	207,540
C R Tarry	10/12/01	97p	206,863	206,863
K A Lees	10/12/01	97p	51,546	51,546
J H Markham	09/04/02	222p	30,000	30,000

Outstanding options are exercisable within ten years of the date of grant.

K A Lee's options lapsed upon his resignation on 16 January 2004.

Notes forming part of the financial statements (continued)

For the year ended 31 December 2003

5 Operating loss

	2003 £'000	2002 £'000
This is arrived at after charging/(crediting):		
Depreciation of owned assets	46	27
Depreciation of assets held under hire purchase contracts	26	23
Amortisation of intangible fixed assets	15	13
Loss on disposal of fixed assets	-	3
Operating lease costs – plant and machinery	14	18
– other operating leases	32	26
Auditors' remuneration	15	15
Research and development	66	118
Exceptional income	-	(200)
Exceptional costs	134	-
Grant income	(23)	(36)

The exceptional income included in sales in 2002 relates to the sale of worldwide distribution rights in the medical market for particular products developed by the group.

The exceptional costs in 2003 include £89,000 in respect of reorganising the finance function and a provision of £45,000 as part of the renegotiation of the Medical distribution arrangement.

6 Interest payable

	2003 £'000	2002 £'000
Bank overdraft and loans	1	2
Hire purchase	6	5
	<u>7</u>	<u>7</u>

7 Taxation credit from loss on ordinary activities

(a) Analysis of credit in year

	2003 £'000	2002 £'000
Current tax:		
UK corporation tax	<u>(16)</u>	<u>(22)</u>

7 Taxation credit from loss on ordinary activities (continued)

(b) Factors affecting tax credit for year

The tax assessed for the year is different from the expected rate of corporation tax. The differences are explained below:

	2003 £'000	2002 £'000
Loss on ordinary activities before taxation	(802)	(739)
Loss on ordinary activities multiplied by expected rate of corporation tax of 19% (2002: 19%)	(152)	(140)
Effects of:		
Expenses not deductible for tax purposes	3	15
Depreciation in excess of capital allowances	11	8
Research and development tax credit	(16)	(22)
Trading losses carried forward	138	117
	(16)	(22)

(c) Factors that may affect future tax charges

The group has tax losses estimated at £1,681,000 (2002: £1,108,000) available for relief against future trading profits.

8 Loss per share

The calculation of loss per ordinary share is based on losses of £786,000 (2002: £717,000) and on a weighted average of 10,967,935 (2002: 10,486,691) ordinary shares in issue during the year. The share options are anti-dilutive due to the loss in the year.

9 Intangible fixed assets

Group	Intellectual property rights £'000
Cost	
At 1 January 2003 and 31 December 2003	136
Amortisation	
At 1 January 2003	52
Provided for the year	15
At 31 December 2003	67
Net book value	
At 31 December 2003	69
At 31 December 2002	84

Notes forming part of the financial statements (continued)

For the year ended 31 December 2003

10 Tangible fixed assets

Group and Company	Fixtures and fittings £'000	Plant, machinery and office equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 January 2003	209	78	154	441
Additions	-	1	32	33
Disposals	-	-	(54)	(54)
At 31 December 2003	209	79	132	420
Depreciation				
At 1 January 2003	16	10	29	55
Provided for the year	24	15	33	72
Disposals	-	-	(16)	(16)
At 31 December 2003	40	25	46	111
Net book value				
At 31 December 2003	169	54	86	309
At 31 December 2002	193	68	125	386

The net book value of tangible fixed assets includes an amount of £67,000 (2002: £99,000) in respect of assets held under hire purchase contracts.

11 Fixed asset investments - Company

Investments in subsidiaries at cost:

	£
At 1 January 2003 and 31 December 2003	104

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

Name	Nature of business	Class of share
Inditherm (Medical) Limited	Holding company for intellectual property rights	Ordinary
Inditherm (Industrial) Limited	Dormant	Ordinary
Inditherm Construction Limited	Dormant	Ordinary

12 Stocks

	Group and Company	
	2003 £'000	2002 £'000
Raw materials	69	61
Work in progress	—	2
	<u>69</u>	<u>63</u>

13 Debtors

	Group		Company	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
Trade debtors	249	148	249	148
Amount owed by subsidiary undertaking	—	—	974	988
Other debtors	43	128	43	128
Prepayments	280	6	280	6
	<u>572</u>	<u>282</u>	<u>1,546</u>	<u>1,270</u>

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

14 Current asset investment

	Group and Company
Unlisted investment	£'000
At 31 December 2003 and 2002	<u>250</u>

The current asset investment is a with profits bond which secures the leasehold premises.

15 Creditors: amounts falling due within one year

	Group and Company	
	2003 £'000	2002 £'000
Bank overdraft	—	7
Factoring account	—	69
Trade creditors	190	141
Other creditors – placing expenses	136	—
Taxation and social security	21	18
Obligations under hire purchase contracts	31	37
Accruals and deferred income	257	163
	<u>635</u>	<u>435</u>

Amounts due to the debt factor were secured against the trade debtors to which they relate. The bank overdraft was unsecured.

Notes forming part of the financial statements (continued)

For the year ended 31 December 2003

16 Creditors: amounts falling due after more than one year

	Group and Company	
	2003 £'000	2002 £'000
Obligations under hire purchase contracts	21	46
Obligations under hire purchase contracts are due as follows:		
	2003 £'000	2002 £'000
Within one year	31	37
Between one and two years	17	37
Between two and five years	4	9
	52	83

Financial instruments

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

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

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

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

17 Provision for liabilities and charges

	Group and Company Royalty provision £'000
Balance at 1 January 2003	—
Charge for year	250
Balance at 31 December 2003	250

The provision is in respect of the minimum royalty payments due on medical sales resulting from the renegotiation of distributor arrangements. The charge is included in prepayments and will be recognised in line with the sales agreement.

18 Share capital

Issued, called up and fully paid

	Number	Ordinary shares of 1p each £	Share premium (net of issue costs) £'000
Share capital at 1 January 2003	10,534,990	105,350	2,800
Issue of shares at 50 pence per share on 17 December 2003	10,534,990	105,350	4,609
Share capital at 31 December 2003	21,069,980	210,700	7,409
Authorised share capital at 31 December 2002 and 2003		1,000,000	

19 Reserves

	Share premium account £'000	Group Other reserve £'000	Profit and loss account £'000
At 1 January 2003	2,800	50	(1,474)
Loss for the year	–	–	(786)
Premium on shares issued	5,162	–	–
Expenses of share issue	(553)	–	–
At 31 December 2003	7,409	50	(2,260)

	Share premium account £'000	Company Other reserve £'000	Profit and loss account £'000
At 1 January 2003	2,800	50	(571)
Loss for the year	–	–	(785)
Premium on shares issued	5,162	–	–
Expenses of share issue	(553)	–	–
At 31 December 2003	7,409	50	(1,356)

The group loss for the year includes an amount of £785,000 (2002: £717,000) in respect of the parent company.

Notes forming part of the financial statements (continued)

For the year ended 31 December 2003

20 Reconciliation of movements in shareholders' funds

	Group		Company	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
Loss for the year	(786)	(717)	(785)	(717)
Issue of share capital (including premium)	5,268	125	5,268	125
Expenses of share issue	(553)	(9)	(553)	(9)
Net movement in shareholders' funds	3,929	(601)	3,930	(601)
Opening shareholders' funds	1,481	2,082	2,384	2,985
Closing shareholders' funds	5,410	1,481	6,314	2,384

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

	2003	2002
	£'000	£'000
Operating loss	(818)	(781)
Depreciation and amortisation	87	63
Loss on disposal of fixed assets	-	3
(Increase)/decrease in stocks	(6)	1
(Increase)/decrease in debtors	(296)	121
Increase/(decrease) in creditors	282	(262)
Increase in provisions	250	-
Net cash outflow from operating activities	(501)	(855)

22 Analysis of changes in net funds

	1 January	Cash flow	31 December
	2003	flow	2003
	£'000	£'000	£'000
Cash at bank and in hand	897	4,150	5,047
Overdraft	(7)	7	-
Less: deposits treated as liquid resources	(842)	(3,764)	(4,606)
	48	393	441
Factoring account	(69)	69	-
Obligations under hire purchase contracts	(83)	31	(52)
Term deposits	842	3,764	4,606
	738	4,257	4,995

23 Reconciliation of net cash flow to movement in net funds

	2003 £'000	2002 £'000
(Increase)/decrease in cash in year	393	(70)
Cash outflow/(inflow) from decrease/(increase) in debt	100	(27)
Cash outflow/(inflow) from increase/(decrease) in liquid resources	3,764	(1,158)
(Increase)/decrease in net funds from cash flows	4,257	(1,255)
Inception of hire purchase contracts	–	(110)
Movement in net funds in the year	4,257	(1,365)
Net funds at the beginning of the year	738	2,103
Net funds at the end of the year	4,995	738

24 Commitments under operating leases

As at 31 December 2003 annual commitments under non cancellable operating leases were as follows:

	Group and Company			
	2003		2002	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire:				
Within two to five years	–	7	–	15
After five years	55	–	32	–

25 Related party transactions

During the year various expenses and salary costs which totalled £Nil (2002: £61,433) were charged to the company from PJO Industrial Limited, a company of which P J O'Grady is a director. These were charged in the normal course of business at commercial rates.

At 31 December 2003 included in trade creditors were amounts due to PJO Industrial Limited of £Nil (2002: £3,173).

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

INDITHERM plc

Five year Summary

Profit and Loss

	Year ended 31 December				Proforma
	2003	2002	2001	2000	1999
	£'000	£'000	£'000	£'000	£'000
Continuing income from product sales	616	483	277	161	143
Non recurring income	–	200	200	–	–
Turnover	616	683	477	161	143
Gross margins	267	353	84	94	(7)
Overheads	(951)	(1,134)	(519)	(412)	(195)
Operating loss before exceptionals	(684)	(981)	(435)	(318)	(202)
Exceptional income (costs)	(134)	200	200	–	–
Loss on ordinary activities after taxation	(786)	(717)	(212)	(329)	(213)
Loss per share - basic and diluted	(7.2)p	(6.8)p	(3.0)p	(4.7)p	n/a

The first periods results date from the commencement of trading on 1 January 1999 and is compiled from accounts for the 11 months to 30 June 1999 and the six month period ending 31 December 1999.

Balance Sheet

Net current assets/(liabilities)	5,303	1,057	1,966	(121)	1
Net assets/(liabilities)	5,410	1,481	2,082	(64)	(153)
Net funds/(debt)	4,995	738	2,103	(168)	(326)

Notice of Annual General Meeting

Notice is given that the 2004 Annual General Meeting of the Company will be held at Wentbridge House Hotel, Wentbridge, Pontefract, West Yorkshire WF8 3JJ on Friday 30 April 2004 at 10.30 am for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the accounts of the Company for the year ended 31 December 2003 together with the director's report and the auditors report and to consider the recommendation of the directors that no dividend be declared in respect of the year.
2. To reappoint Blueprint Audit Limited as auditors of the Company until the conclusion of the next general meeting of the Company at which accounts are laid before the members and to authorise the directors to determine their remuneration.
3. To re-appoint Mr Mark Simon Abrahams, retiring by rotation, as director in accordance with the provisions of the Articles of Association.
4. To confirm the recommendation of the directors that Mr Ian Smith, who was appointed as a director during the year since the previous annual general meeting, be re-appointed as a director.

SPECIAL BUSINESS

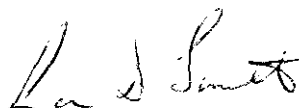
To consider, and if thought fit, pass the following resolutions, of which Resolution 5 will be proposed as an ordinary resolution and Resolution 6 will be proposed as a special resolution

5. To generally and unconditionally authorise the Directors (subject to the passing of Resolution 5 below and in substitution for all existing authorities) to exercise all the powers of the Company to allot relevant securities, within the meaning of Section 80 of the Companies Act 1985 ("the Act") up to an aggregate nominal amount of £15,000. Such authority will expire at the conclusion of the Annual General Meeting next following the passing of this Resolution or, if earlier, 15 months after the date of this Ordinary Resolution. Nevertheless the Company may, before the expiry of the authority conferred hereby, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of the authority conferred hereby and the Directors may allot the relevant securities, in pursuance of such offer or agreement, as if the authority conferred hereby had not expired.

Notice of Annual General Meeting (continued)

6. To empower the directors (subject to the passing of Resolution 5 above) pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority conferred by Resolution 5 as if sub-section (1) of Section 89 of the Act did not apply to the allotment of equity securities for cash up to an aggregate nominal amount of £15,000.

By Order of the Board
I D SMITH
Secretary



24 March 2004

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

Notes:

1. 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 in his/her place. A proxy need not be a member of the Company.
2. A form of proxy is enclosed. To be valid an instrument appointing a proxy and any power of attorney under which it is signed/or a duly certified copy of it (failing previous registration with the Company), must be deposited at the office of the Company's registrar, Capita Registrars, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by 10.30am on 28 April 2004. Completion of the proxy does not preclude a member from subsequently attending and voting at the meeting in person if he or she so wishes.
3. The register of interests of the directors and their families in the share capital of the Company and copies of contracts of service of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays and public holidays excepted) from the date of this notice until the conclusion of the AGM.
4. In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 10.30 am on 28 April 2004 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting shall be entitled to attend and vote at the meeting.

Proxy form for Annual General Meeting

For use by holders of ordinary shares of 1p each in Inditherm plc in respect of the 2004 Annual General Meeting to be held at Wentbridge House Hotel, Wentbridge, Pontefract, West Yorkshire WF8 3JJ on Friday 30 April 2004 at 10.30 am and at any adjournment thereof.

I/We.....

of

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

of

or failing him the Chairman of the Meeting as my/our proxy to vote for me/ us on my/ our behalf at the 2004 Annual General Meeting of the Company to be held on Friday 30 April 2004 and at any adjournment thereof.

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

Ordinary Business	For	Against
1. Adoption of Directors' report and accounts		
2. Reappointment of Blueprint Audit Limited		
3. Reappointment of Mark Simon Abrahams		
4. Reappointment of Ian Smith		
Special Business		
5. Authority to allot shares		
6. Waiver of Pre-emption rights		

Signed

Name/s.....

On thisday of2004

NOTES:

1. Members entitled to attend and vote at the Annual General Meeting are entitled to appoint one or more proxies to attend and, upon a poll, vote in their place. A proxy need not be a member of the Company.
2. To be valid a proxy form together with any power of attorney or other written authority under which it is signed or a duly certified copy of it (failing previous registration with the Company) must be lodged with the Company's registrar, Capita Registrars, the Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by 10.30am on 28 April 2004. Completion and return of proxy forms will not preclude shareholders from attending and voting at the Meeting in person should they wish to do so.
3. Only holders of ordinary shares or their proxies are entitled to attend and vote at the Annual General Meeting.
4. In the case of a corporation this form of proxy must be given under its common seal, or signed by two directors or by a director and the secretary, or signed on its behalf by an attorney or a duly authorised officer of the corporation.
5. In the case of joint holders, any one of them may sign but the names of all joint holders should be stated. The vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members.

Second Fold

BUSINESS REPLY SERVICE
Licence No. MB122

2



Capita Registrars
34 Beckenham Road
Beckenham
Kent
BR3 4TU

First Fold

Third Fold

Headquarters and Registered Office:

**Inditherm House
Houndhill Park
Bolton Road
Wath-upon-Dearne
Rotherham S63 7JY**

Telephone: +44 (0) 1709 761000

Fax: +44 (0) 1709 761066

e-mail: sales@indithermplc.com

website: www.indithermplc.com