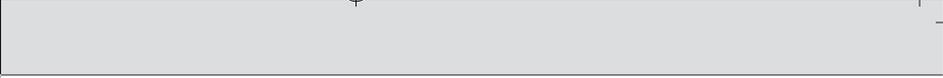


INDITHERM *plc*

Interim Report
for the six months ended
30 June 2012



Inditherm plc



www.inditherm.com



Chairman's Statement

Introduction

The results for the first half of 2012 are almost a mirror image of the prior year performance. After an encouraging first quarter, the second quarter reflected the difficult economic conditions in many markets, compounded by issues in the NHS.

This is somewhat of a disappointment following our efforts to reap the rewards from the recent support from the National Institute for Health and Clinical Excellence (NICE) recommendation issued in August 2011.

Trading in general has been more difficult with the economic pressure reflecting in slow conversion and smaller average order values. Nevertheless significant activity by our sales team has led to a healthy level of enquiries which we believe will realistically produce growth despite slow actual orders in the second quarter.

Financial Review

Revenue was flat at £812k (2011: £817k). Administrative expenses were reduced to £549k (2011: £593k). This held the loss on ordinary activities before taxation at £73k (2011: £74k), resulting in a loss per share of 0.1p (2011: 0.1p).

The cash consumption from operating and investing activities for the 6 months was £97k (2011: £183k), giving a balance of cash and cash equivalents of £1,531k in hand at the half year (31 December 2011: £1,628k).

Operational Review

Trading levels in the Medical business in the first quarter of 2012 continued the positive trend established in the last four months of 2011, with modest profit generated. However protracted decision making and uncertainty in the NHS, combined with a slow start to the year in many of our export markets, led to a fall in Medical turnover in the second quarter.

We have seen a pick up in orders from the NHS more recently which brings the UK back into growth once more. However, the underlying inertia in the NHS often delays recognition of our strong value proposition.

Following the NICE recommendations we have seen significant interest being shown by NHS hospitals although the bulk of this is yet to translate into orders, with only a few prospects already converted. The level of uncertainty gives cause for us to exercise caution in our forecasting.

Orders from overseas distributors (excluding the USA) were down by 5% at the end of June compared to the same period in 2011. Conversion rates are slower than would be expected and export markets appear to be suffering from macro-economic factors; however many of our distributors continue to give a positive outlook. A distributor conference was held in September and we anticipate this will stimulate activity levels. We continue to expand our distribution coverage and believe that a return to growth can be achieved.

The US Medical sector has remained slow but we believe that good prospects exist and though we are limited in the resources that we can afford to dedicate to this region we endeavour to support our distribution network to achieve its potential.

Chairman's Statement

We continue to expand our product range, giving opportunities for additional future growth. A number of the OEM opportunities we are pursuing are progressing and whilst there is no guarantee of success these hold out the possibility of a step increase in sales in the future.

The level of Industrial orders from the retained standard product activities continues to make a positive contribution. We have seen a steady and encouraging level of orders this year for process applications, from our Industrial partner. Overall the Industrial business has held steady with order levels to the end of August comparable to the same period last year.

Outlook

The continuing economic difficulties in many of our export markets are to some extent being offset by wider recognition of our offering. Nevertheless we cannot be confident that we can deliver growth in exports this year, due to the lower average order sizes which we have been experiencing.

Our prospects for the UK have shown a progressive rise over the last twelve months, stimulated by the guidance for our technology from NICE, and leave us with a strong belief that we can show reasonable growth in our home market in 2012 compared to last year.

Overall, we continue to believe in the growth potential in this business, albeit we recognise that there will be a slowdown of growth this year.

MARK ABRAHAMS

Chairman

27 September 2012

Unaudited Consolidated Income Statement

for the six months ended 30 June 2012

	Notes	6 months ended 30 June 2012 £'000	6 months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Turnover		812	817	1,659
Cost of sales		(342)	(303)	(659)
Gross profit		470	514	1,000
Administrative expenses		(549)	(593)	(1,131)
Operating loss		(79)	(79)	(131)
Finance income		6	5	10
Loss on ordinary activities before taxation		(73)	(74)	(121)
Taxation credit from loss on ordinary activities	3	-	-	13
Loss for the period attributable to equity shareholders		(73)	(74)	(108)
Loss per share from total Inditherm Group attributable to equity holders of the Company during the period – basic and diluted	4	(0.1p)	(0.1p)	(0.2p)

All recognised gains and losses are included in the income statement and therefore no statement of comprehensive income is required. As such there is no other comprehensive income.

There is no difference between the results stated above and those prepared on the basis of historic cost equivalents.

Unaudited Consolidated Balance Sheet

as at 30 June 2012

	6 months ended 30 June 2012 £'000	6 months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Assets			
Non-current assets			
Property, plant and equipment	24	35	26
Intangible assets	37	67	50
	61	102	76
Current assets			
Inventories	173	183	165
Trade and other receivables	257	359	233
Tax receivable	13	25	13
Cash and cash equivalents	1,531	1,518	1,628
	1,974	2,085	2,039
Liabilities			
Current liabilities			
Trade and other payables	(227)	(276)	(238)
Net current assets	1,747	1,809	1,801
Net assets	1,808	1,911	1,877
Shareholders' equity			
Called up share capital	511	511	511
Share premium account	9,929	9,929	9,929
Share based payment reserve	138	134	134
Retained earnings	(8,770)	(8,663)	(8,697)
Total equity	1,808	1,911	1,877

Unaudited Consolidated Cash Flow Statement

for the six months ended 30 June 2012

Group and Company	6 months ended 30 June 2012 £'000	6 months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
	Operating loss for the period	(79)	(79)
Profit on disposal of property, plant and equipment	-	-	(4)
Depreciation and amortisation	25	32	64
Share based payments	4	-	-
Increase in inventories	(8)	(51)	(33)
(Increase)/decrease in trade and other receivables	(24)	(121)	5
(Decrease)/increase in trade and other payables	(11)	38	-
Interest received	6	5	10
Taxation received	-	7	32
Net cash outflow from operating activities	(87)	(169)	(57)
Cash flow from Investing activities			
Purchase of property, plant and equipment	(8)	(5)	(7)
Capitalised development costs	(2)	(9)	(13)
Proceeds from sale of property, plant and equipment	-	-	4
Net cash used in investing activities	(10)	(14)	(16)
Net decrease in cash and cash equivalents	(97)	(183)	(73)
Cash and cash equivalents at the beginning of the period	1,628	1,701	1,701
Cash and cash equivalents at the end of the period	1,531	1,518	1,628

Unaudited Consolidated Statement of Changes in Shareholder Equity

for the six months ended 30 June 2012

	6 months ended 30 June 2012 £'000	6 months ended 30 June 2011 £'000	Audited Year ended 31 December 2011 £'000
Opening shareholders' equity	1,877	1,985	1,985
Loss for the period	(73)	(74)	(108)
Share based payments	4	-	-
Closing shareholders' equity	1,808	1,911	1,877

Notes to the Interim Report

1. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with AIM rule 18 in relation to half year reports. This information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2. Going-concern basis

The group meets its day-to-day working capital requirements through its cash resources. The current economic conditions continue to create uncertainty particularly over the level of demand for the group's products. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should be able to operate within the level of its current resources. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated interim financial statements.

3. Taxation

No corporation tax has been provided for in the period due to the projected result for the period not exceeding the losses brought forward.

Deferred tax assets arising from accelerated capital allowances and trading losses have not been recognised on the basis that their future economic benefit is uncertain.

4. Loss per share

The calculation of loss per ordinary share is based on a loss £73,000 (30 June 2011: Loss £74,000, 31 December 2011: loss £108,000) and on a weighted average number of shares of 51,112,581 in issue for all periods.

The outstanding share options are currently anti-dilutive.

Notes to the Interim Report

continued

5. Interim financial information

The interim financial information for the period ended 30 June 2012 is unaudited and does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial information for the period ended 30 June 2011 are also unaudited and were approved by the Board of Directors on 29 September 2011. The comparative figures for the financial year ended 31 December 2011 are extracted from the audited accounts for that period. The Company's annual report and financial statements for the year ended 31 December 2011 which were prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU at the time of preparing those statements. The annual report and financial statements have been delivered to the Registrar of Companies with an unqualified audit report.

Copies of the announcement will be sent to shareholders and are available to members of the general public from the Company Secretary, Inditherm plc, Inditherm House, Houndhill Park, Bolton Road, Wath upon Dearne, S63 7LG or via the Company website at www.indithermplc.com.

Financial Calendar

- **Preliminary Announcement** – March
- **Annual General Meeting** – May
- **Half Year End** – June
- **Interim Announcement** – September
- **Year End** – December



Headquarters and Registered Office:

Inditherm House
Houndhill Park
Bolton Road
Wath-upon-Dearne
Rotherham, S63 7LG

Telephone: +44 (0) 1709 761000
Fax: +44 (0) 1709 761066

e-mail: sales@indithermplc.com
website: www.indithermplc.com

