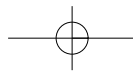
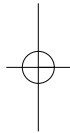
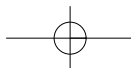
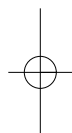
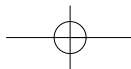


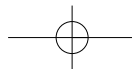
CINPART PLC

Report of the Directors and Financial Statements

For the year ended 31 December 2008







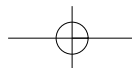
CINPART PLC

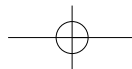
REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

For the year ended 31 December 2008

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CINPART PLC

COMPANY INFORMATION

Country of incorporation:

United Kingdom

Legal Form:

Public limited company

Directors:

P E Palmer
K F Baker
C K Foster

Secretary:

Capita Company Secretarial Services

Registered Number:

3148295

Registered Office:

34 Beckenham Road
Beckenham
Kent
BR3 4TU

Bankers:

HSBC Bank plc
69 Pall Mall
London
SW1Y 5EY

Auditors:

BDO Stoy Hayward LLP
Emerald House
East Street
Epsom
KT17 1HS

Solicitors:

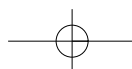
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14 New Street
London
EC2M 4HE

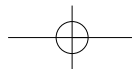
Nominated Advisor:

John East & Partners Limited
10 Finsbury Square
London
EC2A 1AD

Stockbroker:

Rivington Street Corporate Finance Limited
5-11 Worship Street
London
EC2A 28H





CINPART PLC

CHAIRMAN'S REPORT

For the year ended 31 December 2008

Financial review

The year ended 31 December 2008 was a period of mixed results for Cinpart's existing businesses Derlite and Gasignition. Total revenues decreased to £2,028,918 (2007: £2,816,496), resulting in a loss for year of £346,546 (2007: £113,896 profit). Despite the loss for the period, losses attributable to equity holders were only £191,723, due to an exchange rate gain arising on the translation of the results of our foreign operations of £154,823.

The decline in revenue over the year was primarily attributable to the unprecedented global economic downturn, which caused a dramatic slowdown in the housing industry. The downturn has had a profound effect on the sales of 'white goods', the predominant market to which our subsidiaries supply their gas ignition products. In spite of this, the Group significantly improved gross margins over the period from 33.5% to 39.0%.

During the period, the Group was able to retain its core customer base. To mitigate the fall in demand for electrical components, the Group implemented further cost efficiencies including the reduction of headcount by a third and the renegotiation of salary/wage rates for the remainder of the staff. Cinpart has adapted to the current difficult sales climate and remains well positioned to respond to an improved sales environment. The Group has maintained strong sales channels and is established in numerous key international markets. Once the global economy moves into recovery, we expect that both Derlite and Gasignition will continue to provide a secure recurring revenue stream.

Since its recapitalisation under the guidance of Christopher Foster, non-executive director, Cinpart has focused on maximising profitability through strict cost management. Re-establishing the Group on a solid footing meant an unusually high amount of non-recurring central costs were incurred in 2008. However, having already incurred these costs, Cinpart looks forward to a return to profitability on the back of a global economic recovery and the potential of its new investment in Active Energy.

Operating review

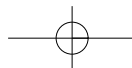
The Group's main activity during the period was the manufacture and sale of gas ignition components necessary for gas powered appliances such as ovens, boilers, heaters and laundry driers through Cinpart's two main subsidiaries; Gasignition and Derlite. Cinpart is an established supplier to major 'white good' and appliance manufacturers such as Electrolux and Glen Dimplex. Cinpart's major markets for gas ignition components are currently the UK, US and Mexico, with peripheral sales generated in Europe, Thailand and Australia.

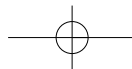
Gasignition, located in England, acts as a distributor for Derlite's Thai manufactured gas ignition systems. Derlite also sells directly to major clients, offering a low cost and flexible manufacturing facility which can be expanded for increased production. During the period, the Group transferred its Gasignition sales office to Thailand from England, creating further cost efficiencies. Unfortunately, the reduced labour cost has been offset by falling demand. In addition, the UK-based operations increased its sales focus by directly representing Derlite's manufacturing capabilities.

In 2008, Derlite received international quality standard ISO9001:2000 accreditation. This accreditation provides Derlite with the opportunity to access numerous new potential customers that demand this standard of its supplier as a prerequisite to buying products.

Post-period events

I am delighted to report that on 5 March 2009 Cinpart completed a £729,000 fundraising at 2p per share, a premium to the 1.87p closing share price on the business day prior to the announcement of the placing. The funds will support the current operations and has allowed the establishment of Active Energy.





CINPART PLC

Active Energy is a direct result of the Group's strategy to identify opportunities that can capitalise on and complement Cinpart's key strengths. To counter the economic decline of 2008, Cinpart actively pursued acquisitional targets to strengthen the Group.

Following the year end, Cinpart announced it had established Active Energy and held a 65% interest. Active Energy owns the rights, intangible assets and intellectual property of VoltageMaster, a range of voltage optimisation equipment, having acquired these from SDC Industries Limited. ('SDC Industries') a recognised designer, manufacturer and supplier of power quality equipment. Active Energy has been created to manufacture, distribute and sell the VoltageMaster; SDC Industries holds a 25% equity interest in the subsidiary with PLUS-listed Alpha Prospects plc holding the remaining 10%.

The VoltageMaster utilises an established, easily installed technology that can be adapted to complement existing infrastructures. It is a sophisticated device that optimises the voltage used in a building by regulating the incoming supply of electricity to produce a constant 220 volts of output to the whole building. Electricity companies are required under an EU directive to provide a larger voltage supply at source to account for dilution of the electricity supply line, however electrical appliances, while they can operate at a range of voltages, produce optimal performance at 220 volts.

The VoltageMaster offers three key advantages:

- Reduction in voltage used (by up to 20%), resulting in a reduction to electricity bills (average saving of 16%)
- Reduction in energy requirements, resulting in reduced carbon emissions
- Appliance life extended (by as much as 60%) as a result of an optimal voltage (and elimination of higher incoming voltage stresses)

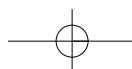
The Board believes that this new business venture has the potential to propel the Group from a small manufacturer and distributor of niche market products, into a medium-sized operation selling a higher value product into a new energy-saving, green early stage market.

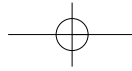
A further incentive for owners of commercial, industrial and intensive energy requirement premises to install the VoltageMaster is international government commitments to reduce carbon emissions. For instance, the UK government has committed itself to reducing carbon emissions from the levels recorded in 1990 through staggered targets; by 2012, 20%; by 2020, 30% (Kyoto Protocol); and 60% by 2050 (Climate Change Bill), in order to reduce global warming.

The VoltageMaster has already been installed by SDC Industries in a range of buildings including prisons, manufacturing facilities, council buildings, retail outlets, educational institutions, leisure facilities and hotels.

Active Energy has estimated that there are over 400,000 buildings in the UK that would benefit from the VoltageMaster voltage optimisation and, given the embryonic stage of the industry, the Board believe there is tremendous growth potential. A key initial target for Active Energy is the UK government's 18,000 buildings, which ministers have pledged to slash the carbon footprint of by 30% over the next 12 years. The Board hopes that by holding excellent credentials including being British owned, developed and produced it will assist Active Energy in meeting its growth targets. Hotels and supermarket chains are also clear candidates with their high power consumption and long operating hours.

Active Energy's initial focus is on the UK market, however the voltage optimisation technology is also appropriate to international markets. The Board anticipates that through the utilisation of Derlite and Gasignition's international channels, and of Derlite's cost effective manufacturing capability, the VoltageMaster could swiftly be rolled out worldwide. The VoltageMaster has a life expectancy of approximately 25 years, and whilst remaining a low maintenance device, periodic inspections and configurations will provide Active Energy with a recurring after sales revenue stream.





CINPART PLC

Adviser and board changes

As Cinpart is now heading in a new direction with a strong focus on Active Energy, it is appropriate that I pass executive responsibilities to my fellow directors Kevin Baker and Christopher Foster. I am stepping down with immediate effect from the role of executive chairman, while retaining the position of non-executive chairman. Christopher Foster, who has been instrumental in the restructuring of Cinpart's business as well as driving forward Active Energy's operations, has been appointed as an executive director of the Group (previously he held a non-executive position).

We will look to strengthen our board as the Company grows. In particular, we will seek to appoint a suitably qualified independent non-executive director in line with best practice under corporate governance guidelines.

I am also pleased to welcome our new advisers John East & Partners Limited (Nominated Adviser) and Rivington Street Corporate Finance Limited (Broker).

Outlook

The Board looks to the future with cautious optimism; both Gasignition and Derlite are well positioned to rebuild healthy sales when market conditions improve. The Board expects that Active Energy will make a substantial contribution to the Group's future revenues; and the Company's fundraising has ensured we have a healthy cash balance from which to grow the business.

Going forward, the Board initially intends to develop national sales of VoltageMaster's power optimising transformers from its existing UK presence. The Group has already identified, and is in talks with numerous local government authorities and blue chip companies and the Board intends to convert these potential opportunities into VoltageMaster sales.

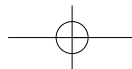
I am proud to have been able to steer the Group through its recovery in 2007 and the establishment of the new venture, Active Energy. I believe there is an exciting future ahead and I look forward to seeing the Group grow.

I also wish to take the opportunity, on behalf of the Board of Directors, to thank the management and staff of the Group. Their continued support and dedication throughout the year has ensured the successful progression of the business.

Philip E. Palmer
Chairman

18 May 2009





CINPART PLC

REPORT OF THE DIRECTORS

For the year ended 31 December 2008

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2008.

Principal activity

The principal activity of the Group in the year under review was that of the manufacture and sale of components used in gas ignition systems for gas cookers, gas ovens and gas boilers. The principal place of business for the Group is Samutprakarn, Thailand.

Review of business

The results for the year and financial position of the Company and the Group are as shown in the annexed financial statements.

A review of the Group's activities during the year together with an indication of future developments is given in the Chairman's report on page 3.

Following the recovery of the business in 2007, the Directors have focussed on identifying opportunities for investment that will enable growth in revenue and profit.

In reviewing the current business and its performance in 2008, it is disappointing that sales initiatives have not been as successful as anticipated; there has been significant activity in quoting and the provision of sample products, both activities requiring resources but with limited success. In a number of cases potential new customers have elected to continue to do business with their current supplier after initial indications that the Group's quoted prices were competitive. It is assumed that these potential customers have been able to reduce their costs without the necessity to change supplier.

The Group has lost some smaller customers to lower priced alternatives. These are difficult economic times and the Group's major customers all report significantly reduced sales.

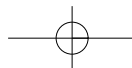
A key success for the Group was the accreditation of Derlite to the international quality standard ISO9001:2000. This was achieved in April 2008 and has enabled access to a number of possible new customers that require this as a minimum standard.

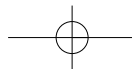
In order to provide further focus on sales, the Group took further restructuring steps within the United Kingdom by transferring the Gasignition sales office to Thailand and expanding the role of the UK based staff to include direct representation of the manufacturing operation Derlite.

The key performance indicators of the business are set out below:

	<i>2008</i>	<i>2007</i>
Gross Margin %	39.0%	33.5%
Stock Turns	3.1	6.6
Debtors Days	72.1	66.2
Creditor days	91.2	59.4
Debt / Equity Ratio	19.0%	15.6%

There was a significant improvement in gross margin achieved during 2008. The decline in sales that was experienced in the last quarter also had a knock on effect with respect to stock turns. Many of the essential raw materials have long supplier lead times; however the Group has been able to attract higher margins because of the commitment to inventory. The Group has also had success in negotiating extended credit with suppliers. These calculations are for continuing operations and based on year end balances. The Group has a maintained strong balance sheet with minimal borrowing.





CINPART PLC

Post balance sheet events

The reorganisation of the Group has continued after the end of the year and the main developments are outlined in note 24 of the financial statements.

Dividends

No dividends will be distributed for the year ended 31 December 2008 (2007: £nil).

Principal risks and uncertainties

The management of the business is subject to a number of risks.

The key business risks affecting the Group are:

- a. **Prevailing Economic Conditions in Primary Markets:** The Group sells its products to manufacturers that serve two main markets, namely USA and United Kingdom. During the last quarter of 2008 the Group experienced a fall of in the level of orders received from the main customers and this reduction has continued through into the first quarter of 2009. Demand for gas ignition systems is connected with white good appliance manufacturing which in turn is affected by housing market activity and in particular new home building. The Groups manufacturing operation has taken steps to match the labour resource with demand.
- b. **Exchange Rate Variations:** The Group sells its products in either US\$ or UK £. There has been significant volatility in exchange rates between these currencies. While gross margins are affected by prevailing exchange rates in particular the £ / \$ cross rate, the Group has a natural hedge in that the majority of raw materials are now purchased from China and these are priced in US\$. Of increasing importance is the exchange rate between Thai Baht and £ Sterling. Gains or losses in the balance sheet that arise on revaluation of the assets in Thailand while attributable to shareholders are not taken to the income statement. It must be noted that there would need to be significant and dramatic changes in the comparative strength of the Thai Baht before these costs make manufacturing in Thailand uneconomic.
- c. **Retention of Customers:** As the world economy has entered a period of negative growth the retention of customers has become increasingly important to the Group. Customers are typically lost because of dissatisfaction with quality, service or prices. Competitors are becoming more aggressive in pursuing the customers of the Group; the experience so far has been that when this occurs the relationship between the Group and its customers is such that a request for price adjustment will be received. To mitigate these risks the Group has a policy of customer focus with target times for responses to enquiries, provision of quotations, etc. Achieving the accreditation to the quality standard ISO 9001 will also assist in the retention of customers.

Research and development

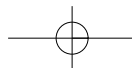
Research and development in the gas ignition business is concentrated on the development of new products capable of maintaining and increasing sales. Primarily this is achieved by developing solutions for specific customer needs.

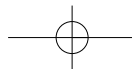
Group's policy on payment of creditors

It is the Groups policy that payments to suppliers are made in accordance with those terms and conditions agreed between the companies of the Group and their respective suppliers, provided that all trading terms and conditions have been complied with. Trade creditors at the year-end amounted to 91 days of average supplies for the year (2007: 59 days). All of these calculations are based on year-end figures.

Financial instruments

Details of the use of financial instruments by the Company and by the Group and its subsidiary undertakings are contained in note 18 of the financial statements.





CINPART PLC

Directors

The Directors during the year under review were:

P E Palmer
K F Baker
C K Foster

The beneficial interests of the Directors holding office on 31 December 2008 in the issued share capital of the Company were as follows:

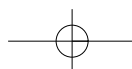
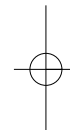
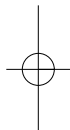
31.12.08 1.1.08

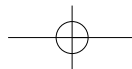
Ordinary shares of 1p each

P E Palmer	3,081,808	3,081,808
K F Baker	163,146	163,146
C K Foster	2,875,071	2,525,071

P E Palmer shareholdings include shares held by Consortia Trustees Limited on behalf of a discretionary trust the beneficiaries of which include the family of P E Palmer.

Details of Directors' interests in options to acquire ordinary shares are shown in note 19.





CINPART PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, for safeguarding the assets of the Group, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 1985.

The Directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The Directors are also required to prepare financial statements for the Group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. The Directors have chosen to prepare financial statements for the company in accordance with IFRSs.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

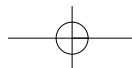
Auditors

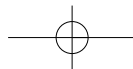
The auditors, BDO Stoy Hayward LLP, will be proposed for re-appointment.

On behalf of the board:

Philip E Palmer
Director

18 May 2008





CINPART PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CINPART PLC for the year ended 31 December 2008

We have audited the Group and parent company financial statements (the "financial statements") of Cinpart plc for the year ended 31 December 2008 which comprise the consolidated income statement, the consolidated and company statements of recognised income and expense, the consolidated and company balance sheets, the consolidated and company cash flow statements and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 International Standards on Auditing (UK and Ireland).

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

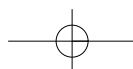
We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors report and the chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

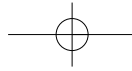
Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and company's circumstances, consistently applied and adequately disclosed.

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





CINPART PLC

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures in note 1 of the financial statements concerning the Group's ability to continue as a going concern. These include the following material uncertainties:

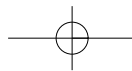
- the achievability of forecasts and key assumptions within the forecasts; and
- the ability to obtain additional funding from alternative sources should it be required.

These conditions, along with other matters as disclosed in note 1, indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

BDO Stoy Hayward LLP
*Chartered Accountants
and Registered Auditors*

Emerald House,
East Street, Epsom KT17 1HS

18 May 2009



CINPART PLC

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2008

	Notes	2008 £	2007 £
Revenue	2	2,028,918	2,816,496
Cost of Sales		<u>(1,236,639)</u>	<u>(1,872,232)</u>
Gross profit		792,279	944,264
Other income		22,292	93,678
Administrative expense		<u>(1,132,349)</u>	<u>(828,314)</u>
Operating (loss)/profit		(317,778)	209,628
Finance expense	4	(18,597)	(72,059)
Finance income	4	<u>1,438</u>	<u>2,676</u>
(Loss)/profit before tax	5	(334,937)	140,245
Tax	6	<u>(3,304)</u>	<u>–</u>
(Loss)/profit from continuing operations		(338,241)	140,245
Loss from discontinued operations net of tax	23	<u>(8,305)</u>	<u>(26,349)</u>
(Loss)/profit for the year attributable to equity holders of the parent		<u><u>(346,546)</u></u>	<u><u>113,896</u></u>
		2008	2007 (restated)
Earnings per share for profit attributable to the equity holders of the parent during the year			
Basic (pence)	8	-1.09	0.57
Diluted (pence)	8	<u>-1.09</u>	<u>0.52</u>
Continuing operations			
Basic (pence)	8	-1.06	0.70
Diluted (pence)	8	<u>-1.06</u>	<u>0.64</u>
Discontinued operations			
Basic (pence)	8	-0.03	-0.13
Diluted (pence)	8	<u>-0.03</u>	<u>-0.13</u>

The notes form part of these financial statements.

CINPART PLC

STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the year ended 31 December 2008

	2008 £	2007 £
Group		
Exchange gain on retranslation of foreign operations	<u>154,823</u>	<u>8,625</u>
Net expense recognised directly in equity (Loss)/profit for the financial year	<u>154,823</u> <u>(346,546)</u>	<u>8,625</u> <u>113,896</u>
Total recognised income and expense for the year	<u><u>(191,723)</u></u>	<u><u>122,521</u></u>
Attributable to:		
Equity holders of the parent	<u><u>(191,723)</u></u>	<u><u>122,521</u></u>
Company		
Loss for the financial year	<u>(67,242)</u>	<u>(368,836)</u>
Total recognised income and expense for the year	<u><u>(67,242)</u></u>	<u><u>(368,836)</u></u>

The notes form part of these financial statements.

CINPART PLC

CONSOLIDATED BALANCE SHEET

31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
Assets			
Non-current assets			
Goodwill	9	105,028	105,028
Property, plant and equipment	10	202,479	178,280
		<u>307,507</u>	<u>283,308</u>
Current assets			
Inventories	12	404,169	281,961
Trade and other receivable	13	547,692	787,796
Cash and cash equivalents	14	22,059	98,717
		<u>973,920</u>	<u>1,168,474</u>
Total assets		<u>1,281,427</u>	<u>1,451,782</u>
Liabilities			
Current liabilities			
Trade and other payables	15	436,898	475,124
Financial liabilities - interest bearing loans and borrowings	16	109,096	118,483
Corporate Tax		3,304	-
		<u>549,298</u>	<u>593,607</u>
Net current assets		<u>424,622</u>	<u>574,867</u>
Non-current liabilities			
Financial liabilities - interest bearing loans and borrowings	16	25,135	13,498
Total liabilities		<u>574,433</u>	<u>607,105</u>
Net assets		<u>706,994</u>	<u>844,677</u>
Equity			
Called up share capital	19	3,766,748	3,759,763
Share premium	20	2,233,163	2,186,108
Merger reserve	20	128,571	128,571
Retained earnings	20	(5,549,235)	(5,202,689)
Foreign exchange reserve	20	127,747	(27,076)
Total equity		<u>706,994</u>	<u>844,677</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2009 and were signed on its behalf by:

Philip E. Palmer
Director

The notes form part of these financial statements.

CINPART PLC

COMPANY BALANCE SHEET

31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
Assets			
Non-current assets			
Property, plant and equipment	10	1,925	2,759
Investment	11	<u>150,172</u>	<u>150,160</u>
		<u>152,097</u>	<u>152,919</u>
Current assets			
Trade and other receivable	13	654,892	585,725
Cash and cash equivalents	14	<u>1,322</u>	<u>13,356</u>
		<u>656,214</u>	<u>599,081</u>
Total assets		808,311	752,000
Liabilities			
Current liabilities			
Trade and other payables	15	<u>279,472</u>	<u>209,959</u>
Net current assets		<u>376,742</u>	<u>389,122</u>
Total liabilities		279,472	209,959
Net assets		<u>528,839</u>	<u>542,041</u>
Equity			
Called up share capital	19	3,766,748	3,759,763
Share premium	20	2,233,163	2,186,108
Merger reserve	20	128,571	128,571
Retained earnings	20	<u>(5,599,643)</u>	<u>(5,532,401)</u>
Total equity		<u>528,839</u>	<u>542,041</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18 May 2008 and were signed on its behalf by:

Philip E. Palmer
Director

The notes form part of these financial statements.

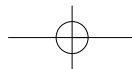
CINPART PLC

CASH FLOW STATEMENTS

for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
GROUP			
Cash flows from operating activities			
Cash used in operations	26	(86,498)	(135,040)
Cash flow from investing activities			
Acquisition of subsidiary, cash acquired		–	10,886
Purchase of property, plant and equipment		(29,468)	(87,591)
Sale of property plant and equipment		46,374	25,385
Interest received		1,438	2,676
Net cash generated by/(used in) investing activities		18,344	(48,644)
Cash flow from financing activities			
Repayment of loans		(14,184)	(13,000)
Repayment of finance leases		(19,543)	(11,774)
Repayment of bank loans and other borrowing		(10,397)	(424,065)
Proceeds on issue of shares		54,040	815,513
Interest paid		(18,420)	(62,167)
Net cash (used in)/generated from financing activities		(8,504)	304,507
Net (decrease)/increase in cash and cash equivalents		(76,658)	120,823
Cash and cash equivalents at beginning of year	27	98,717	(22,106)
Cash and cash equivalents at end of year	27	<u>22,059</u>	<u>98,717</u>
COMPANY			
Cash flows from operating activities			
Cash used in operations	26	(65,934)	(761,129)
Cash flow from investing activities			
Purchase of property, plant and equipment		(223)	(3,021)
Investment in subsidiary		(100)	
Interest received		183	2,190
Net cash used in investing activities		(140)	(831)
Cash flow from financing activities			
Proceeds on issue of shares		54,040	815,513
Interest paid		–	(3,200)
Net cash generated from financing activities		54,040	799,313
Net (decrease)/increase in cash and cash equivalents		(12,034)	37,353
Cash and cash equivalents at beginning of year	27	13,356	(23,997)
Cash and cash equivalents at end of year	27	<u>1,322</u>	<u>13,356</u>

The notes form part of these financial statements.

**CINPART PLC****NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 December 2008****1. Accounting policies****Basis of preparation**

Both the Company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards, International Accounting Standards and IFRIC interpretations (collectively IFRS) as adopted by the European Union, and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The principal accounting policies adopted in preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented unless otherwise stated.

At 31 December 2008, certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, and which the Group has opted not to adopt early. These are:

IAS 23 Borrowing costs (revised) (effective for accounting periods beginning on or after 1 January 2009). Management is currently assessing the impact of the revised standard on the accounts.

IFRS 2 Share based payment (amendment) (effective for accounting periods beginning on or after 1 January 2009). Management is currently assessing the impact of the amendment on the financial statements.

IAS 1 Presentation of Financial Statements – Revised presentation (effective for accounting periods beginning on or after 1 January 2009). Management is currently assessing the impact of the amendment to the standard on the presentation of the accounts.

IAS 27 Consolidated and separate financial statements (amendment) (effective for accounting periods beginning on or after 1 July 2009). Management is currently assessing the impact of the amendment to the standard on the accounts.

IAS 32 and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (amendment) (effective for accounting periods beginning on or after 1 January 2009). Management is currently assessing the impact of the amendment to the standard on the presentation of the accounts.

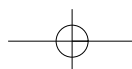
IAS 39 and IFRS 7 Reclassification of Financial Instruments – (effective for accounting periods beginning on or after 1 July 2008). As the Group has no non-derivative financial assets available for sale this amendment has no impact on the financial statements.

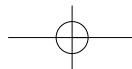
IFRS 1 and IAS 27 Cost of investment in a jointly owned subsidiary – (effective for accounting periods beginning on or after 1 January 2009). Management is currently assessing the impact of the amendment to the standard on the presentation of the accounts.

IAS 39 Financial Instruments – Recognition and Measurement Eligible Hedged Items (amendment) (effective for accounting periods beginning on or after 1 July 2009). As the Group has no hedged items this amendment will have no impact on the financial statements.

IFIC 9 and IAS 39 Embedded Derivatives (amendment) (effective for accounting periods beginning on or after 1 January 2009). As the Group has no embedded derivatives this amendment has no impact on the financial statements.

IFRS 7 Improving Disclosures about Financial Instruments – (effective for accounting periods beginning on or after 1 January 2009). Management is currently assessing the impact of the amendment to the standard on the presentation of the accounts.





CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

IFRIC 13 Customer Loyalty Programmes – (effective for accounting periods beginning on or after 1 July 2008). As the Group has no customer loyalty programmes this amendment has no impact on the financial statements.

IFRIC 15 Agreement for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009). As the Group has no activity in the construction of real estate this amendment will have no impact on the financial statements.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation – (effective for accounting periods beginning on or after 1 October 2008). As the Group has no hedges with respect to its investment in foreign operations this amendment has no impact on the financial statements.

IFRIC 17 Distribution of Non Cash Assets to Owners (effective for accounting periods beginning after 1 July 2009). Currently the Group does not pay dividends to shareholders, this policy will be reviewed and considered when it is resolved to pay a dividend, there are no dividends to be paid from discontinued operations.

IFRIC 18 Transfer of Assets from Customers (effective for assets received from customers after 1 July 2009). Management is currently assessing the impact of the amendment on the presentation of the accounts.

IFRS 8 Operating Segments (effective for accounting periods beginning after 1 July 2009). As this is a disclosure standard, it will not have any impact on the results or net assets of the Group.

IFRSs Improvements (effective for accounting periods beginning after 1 January 2009). Management is currently assessing the impact of the amendment to the standard on the presentation of the accounts.

IFRS 1 First Time Adoption of International Financial Reporting Standards effective for accounting periods beginning after 1 January 2009). This revision has an improved structure but does not contain any technical changes.

IFRS 3 Business combinations (revised) (effective for accounting periods beginning on or after 1 July 2009). Management is currently assessing the impact of the revised standard on the accounts.

Basis of consolidation

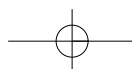
The financial information incorporates the results of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The consolidated financial statements present the financial results of the Company and its subsidiaries (the Group) as if they formed a single entity.

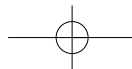
The results of subsidiaries acquired or disposed during the year are included in the consolidated income statements from the effective date of acquisition or up to the effective date of disposal, as appropriate, using the purchase method.

Where necessary, adjustments are made to the results of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

In the Company's own balance sheet, investments in subsidiaries are stated at cost less provisions for any permanent diminution in value and dividends paid from pre-acquisition profits.





CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

Goodwill

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. Goodwill arising on consolidation is recognised as an intangible asset and reviewed for impairment at least annually by comparing the carrying value of the asset to the recoverable amount. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and any recognised impairment loss. Cost includes the purchase price and all directly attributable costs. The corresponding liability is recognised within provisions.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold improvements	– 5 years
Plant and equipment	– 3 - 10 years
Furniture and office equipment	– 3 - 5 years

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

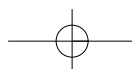
Investments are classified as either held-for trading or available for sale at initial recognition. At the balance sheet date all such investments are classified as available-for-sale. Investments are initially measured at cost. Transaction costs are included in the cost of assets available for sale but excluded from the cost of assets held for trading. At subsequent reporting dates available-for-sale investments are measured at fair value or at a cost where fair value is not readily ascertainable. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss recognised previously in equity is included in the net profit or loss for the period.

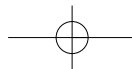
Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in the income statement.

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loan, overdrafts and other loans are recorded at the proceeds received, net of direct issue costs. Finance costs are accounted for on an accruals basis in the income statement using the effective interest method.



**CINPART PLC****NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 December 2008 (continued)****Inventories**

Inventories are initially recorded at cost, and subsequently stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

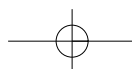
Revenue recognition

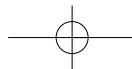
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Research and development

Research expenditure is recognised as an expense as incurred.





CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets if it can be demonstrated that:

- It is technically feasible to develop the product for to be sold;
- Adequate resources are available to complete development;
- There is an intention to complete and sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

Other development expenditure are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have a finite useful life and that have been capitalised are amortised from the commencement of the commercial production of the product on a straight line basis over the period of its expected benefit, not exceeding five years.

Foreign currencies

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange gains and losses on short-term foreign currency borrowings and deposits are included with net interest payable. Exchange differences on all other transactions, except relevant foreign currency loans, are taken to operating profit.

On consolidation, the results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from the retranslation of the opening net assets and results of foreign subsidiary undertakings are taken to the foreign exchange reserves.

All other differences are taken to the income statement.

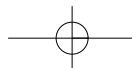
Hire purchase and leasing commitments

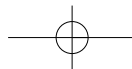
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments over the lease term. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Share based payments

Where employees receive remuneration in the form of shares or share options, the fair value of the share-based employee compensation arrangement at the date of the grant is recognised as an employee benefit expense in the consolidated income statement.





CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of the grant. The assumptions underlying the number of awards expected to vest are subsequently adjusted for the effects of non market-based vesting to reflect the conditions prevailing at the balance sheet date. Fair value is measured by the use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of the non-transferability, exercise restrictions and behavioural considerations.

Invoice discounting

The Group discounts a proportion of its trade receivables. The accounting policy is to include trade debt within trade receivables due within one year and record cash advances within trade payables due within one year. Discounting fees and interest are charged to the income statement when incurred. Bad debts are borne by the Group and are charged to the income statement when incurred.

Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Group has made an operating loss from continuing operations for the year ended 31 December 2008.

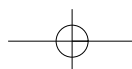
Subsequent to the year end, the Company raised new funds of £692,923 net of expenses via a share placing to fund the working capital requirements of the existing business and to invest in a new business venture, Active Energy Limited.

Management has prepared detailed cash flow forecasts for the existing business and the new venture for the following two financial years which indicate that risks exist in respect of the future performance of the existing business as demand for gas ignition components reduces in line with the decline in the new housing market. Furthermore there is uncertainty over the achievability of the forecast revenues of the new business. It is therefore acknowledged that this could result in the need for additional funding. The Directors believe there are a number of options available to them to meet any additional funding requirements, which include establishing a new invoice discounting facility in respect of the trade receivables of Active Energy, or a further placing of shares, although the availability of such financing is currently uncertain.

Having reviewed the cash flow forecasts and key assumptions, together with assessing the possible options for additional funding, the Directors have a reasonable expectation that the Group will be able to meet its liabilities as they fall due for the foreseeable future. It is on this basis that the Directors consider it appropriate to prepare the Group's financial statements on a going concern basis.

However for the reasons described above, the Directors recognise that there are material uncertainties that may cast doubt on the Group's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. These material uncertainties comprise:

- the achievability of forecasts and key assumptions within the forecasts; and
- the ability to obtain additional funding from alternative sources should it be required.



CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

2. Segment reporting

The primary reporting format for reporting segment information is by geographical segment.

	2008			2007				
	Europe	America	Asia	Total	Europe	America	Asia	Total
	£	£	£	£	£	£	£	£
By destination:								
Total segment revenue	1,254,820	956,358	24,812	2,235,990	2,394,256	922,649	499,228	3,816,133
Inter segment revenue	(207,072)	–	–	(207,072)	(513,894)	–	(485,743)	(999,637)
Revenue	1,047,748	956,358	24,812	2,028,918	1,880,362	922,649	13,485	2,816,496
Operating (loss)/profit from continuing operation	(185,796)	(151,971)	19,989	(317,778)	89,347	112,250	8,031	209,628
Finance income				1,438				2,676
Finance costs				(18,597)				(72,059)
Profit before tax				(334,937)				
Tax expense				(3,304)				
(Loss)/profit from continuing operations				(338,241)				140,245
Loss from discontinued operations			(8,305)	(8,305)	(17,591)	(8,632)	(126)	(26,349)
(Loss)/profit for the year				(346,546)				113,896

Other segment items included in the income statement are as follows:

	2008			2007				
	Europe	America	Asia	Total	Europe	America	Asia	Total
	£	£	£	£	£	£	£	£
Depreciation	29,452	26,883	697	57,032	19,081	9,363	137	28,581

Segmental assets and liabilities as at 31 December 2008 and 2007, capital expenditure for the year then ended are as follows:

	2008			2007				
	Europe	America	Asia	Total	Europe	America	Asia	Total
	£	£	£	£	£	£	£	£
Segment Assets	244,321	223,009	5,786	473,116	859,289	470,256	7,520	1,337,065
Unallocated corporate assets				808,311				114,717
Consolidated total assets				1,281,427				1,451,782
Segment Liabilities	152,320	139,034	3,607	294,961	317,203	155,644	2,275	475,122
Unallocated corporate liabilities				279,472				131,981
Consolidated total liabilities				574,433				607,103
Capital Expenditure	39,165	35,750	928	75,843	77,246	37,903	554	115,703

The secondary reporting format is by business segment. The Group operates one business segment, the manufacture of components used in gas cooking and gas heating appliances.

CINPART PLC

3. Employees and Directors

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
Staff costs (including directors) comprise				
Wages and salaries	612,138	583,964	167,183	130,500
Social security costs	24,515	16,724	13,212	7,120
Share based payments	–	88,081	–	88,081
	<u>636,653</u>	<u>688,769</u>	<u>180,395</u>	<u>225,701</u>

The average monthly number of employees during the year was as follows:

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
Current:				
Directors	3	4	3	4
Manufacturing	126	136	–	–
Sales	5	2	2	–
Administration	4	–	–	–
Research and development	5	3	–	–
	<u>143</u>	<u>141</u>	<u>5</u>	<u>4</u>

Directors and key management personnel remuneration

Directors and key management personnel consists only of the directors of the company listed on page 8.

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
Directors' emoluments	186,680	112,800	102,000	52,500
Compensation for loss of office	–	78,000	–	78,000
	<u>186,680</u>	<u>190,800</u>	<u>102,000</u>	<u>130,500</u>

Compensation for loss of office includes payments to third parties amounting to £Nil (2007: £60,000). No director receives contributions to a pension scheme.

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

4. Net finance costs

	2008 £	2007 £
Finance income:		
Deposit account interest	658	2,676
Interest on other loans	780	–
	<u>1,438</u>	<u>2,676</u>
Finance expense:		
Interest on bank loans and overdrafts	–	21,841
Interest on shareholder loan	4,179	6,238
Finance charges payable under finance leases and hire purchase contracts	3,487	74
Factoring interest and fees	10,931	43,906
	<u>18,597</u>	<u>72,059</u>
Net finance cost	<u>17,159</u>	<u>69,383</u>

5. (Loss)/profit from operations

The loss (2007 – profit) from operations is stated after charging/(crediting):

	2008 £	2007 £
Operating leases – Property	46,918	52,160
Depreciation of property, plant and equipment	57,032	28,581
Loss on disposal of property, plant and equipment	–	3,736
Auditors' remuneration	40,000	57,500
– audit fee	4,650	3,430
– subsidiary audit	34,350	7,500
– non-audit services: taxation	(21,734)	(741)
Foreign exchange differences	–	60,746
Share based payments	22,234	13,741
Research and development expenditure	<u>22,234</u>	<u>13,741</u>

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

6. Tax*Analysis of the tax charge*

	2008 £	2007 £
Current tax:		
Foreign corporation tax	3,304	–
	<u>3,304</u>	<u>–</u>

Factors affecting the tax charge

The tax assessed for the year ended 31 December 2008 is higher (2007 – lower) than the standard rate of corporation tax in the UK. The difference is explained below.

	2008 £	2007 £
Factors affecting the tax charge		
(Loss)/profit before tax	<u>(343,242)</u>	<u>113,896</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 28% (2007 – 30%)	(96,108)	34,169
Effects of:		
Expenses not deductible for tax purposes	12,080	10,657
Non taxable income	(20,217)	(153,359)
Current year tax losses	114,213	51,366
Utilisation of tax losses	(124)	(11,293)
Losses no longer available	–	(7,360)
Excess of capital allowances over depreciation on qualifying assets	(453)	–
Other timing differences	(6,306)	59,272
Difference in tax rates	219	–
Adjustment to deferred tax in respect of prior years	–	16,548
Total tax	<u>3,304</u>	<u>–</u>

7. Loss of parent company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these financial statements. The parent Company's loss for the financial year was £(67,242) (2007 – £(368,836)).

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

8. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	<i>Earnings</i> £	<i>2008</i> <i>Weighted</i> <i>average</i> <i>number</i> <i>of</i> <i>shares</i>	<i>Per-share</i> <i>amount</i> <i>pence</i>
Basic EPS			
Earnings attributable to ordinary shareholders	(346,546)	31,920,728	-1.09
Effect of dilutive securities			
Options	—	3,501,182	—
Adjusted earnings	<u>(346,546)</u>	<u>35,421,910</u>	<u>-1.09</u>
Continuing operations			
Basic EPS			
Earnings attributable to ordinary shareholders	(338,241)	31,920,728	-1.06
Effect of dilutive securities			
Options	—	3,501,182	—
Adjusted earnings	<u>(338,241)</u>	<u>35,421,910</u>	<u>-1.06</u>
Discontinued operations			
Basic EPS			
Earnings attributable to ordinary shareholders	(8,305)	31,920,728	-0.03
Effect of dilutive securities			
Options	—	3,501,182	—
Adjusted earnings	<u>(8,305)</u>	<u>35,421,910</u>	<u>-0.03</u>

Adjusted EPS shows a lower loss per share than the basic loss per share and therefore has not been disclosed.

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

	<i>Earnings</i> £	<i>2007</i> <i>Weighted</i> <i>average</i> <i>number of</i> <i>shares</i> <i>(Restated)</i>	<i>Per-share</i> <i>amount</i> <i>pence</i> <i>(Restated)</i>
Basic EPS			
Earnings attributable to ordinary shareholders	113,896	20,147,697	0.57
Effect of dilutive securities			
Options	—	<u>1,859,696</u>	—
Diluted EPS			
Adjusted earnings	<u>113,896</u>	<u>22,007,393</u>	<u>0.52</u>
Continuing operations			
Basic EPS			
Earnings attributable to ordinary shareholders	140,245	20,147,697	0.70
Effect of dilutive securities			
Options	—	<u>1,859,696</u>	—
Diluted EPS			
Adjusted earnings	<u>140,245</u>	<u>22,007,393</u>	<u>0.64</u>
Discontinued operations			
Basic EPS			
Earnings attributable to ordinary shareholders	(26,349)	20,147,697	-0.13
Effect of dilutive securities			
Options	—	<u>1,859,696</u>	—
Diluted EPS			
Adjusted earnings	<u>(26,349)</u>	<u>22,007,393</u>	<u>-0.13</u>

A detailed review of the option agreements supporting the weighted average 3,849,262 option shares that were reported as being in place in the 2007 financial statements has determined that the quantity stated should be restated as 1,859,696. This change arises due to reconsideration of the expiry dates of options issued in the period 19 September 1997 through 18 February 2005.

On 5 March 2009 the Company issued 36,469,613 new ordinary shares, had these been issued on 1 January 2008 the basic loss attributable to ordinary shareholders would have been 0.05 per ordinary share.

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

9. Goodwill

<i>Group</i>	£
Cost	
At 1 January 2007	1,555,952
Additions	105,028
Retired	<u>(1,555,952)</u>
At 31 December 2007	<u>105,028</u>
At 1 January 2008	105,028
Additions	-
Retired	<u>-</u>
At 31 December 2008	<u>105,028</u>
Accumulated impairment losses	
At 1 January 2007	1,555,952
Retired	<u>(1,555,952)</u>
At 31 December 2007	<u>-</u>
At 1 January 2008	-
Retired	<u>-</u>
Impairment losses	<u>-</u>
At 31 December 2008	<u>-</u>
Net book value	
At 31 December 2008	<u><u>105,028</u></u>
At 31 December 2007	<u><u>105,028</u></u>
At 1 January 2007	<u><u>-</u></u>

Goodwill values have been tested for impairment by comparing them against the value in use of the relevant cash generating units. Goodwill at 31 December 2008 relates to the acquisition of Gasignition Limited in 2007 which constitutes one cash generating unit. The value in use calculations are based on projected pre-tax profits for the one year, derived from the latest forecasts approved by the Board, discounted at 15% per annum to calculate their net present value. The net present value is higher than the carrying value of goodwill and therefore the conclusion was reached that no impairment has taken place.

Goodwill that has been retired relates to the acquisition of DK Gas Components Limited which went into liquidation in 2006.

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

10. Property, plant and equipment

<i>Group</i>	<i>Leasehold Improvements</i> £	<i>Plant and equipment</i> £	<i>Furniture and office equipment</i> £	<i>Totals</i> £
Cost				
At 1 January 2007	88,722	810,025	–	898,747
Additions	7,261	105,421	3,021	115,703
Disposals	(82,281)	(684,796)	–	(767,077)
Exchange differences	285	5,581	–	5,866
At 31 December 2007	<u>13,987</u>	<u>236,231</u>	<u>3,021</u>	<u>253,239</u>
At 1 January 2008	13,987	236,231	3,021	253,239
Reclassify	–	(11,159)	11,159	–
Additions	–	71,674	4,169	75,843
Disposals	–	(47,951)	–	(47,951)
Exchange differences	4,645	79,472	4,462	88,579
At 31 December 2008	<u>18,632</u>	<u>328,267</u>	<u>22,811</u>	<u>369,710</u>
Depreciation				
At 1 January 2007	87,062	695,280	–	782,342
Charge for the year	1,397	26,922	262	28,581
Eliminated on disposal	(85,249)	(652,707)	–	(737,956)
Exchange differences	80	1,912	–	1,992
At 31 December 2007	<u>3,290</u>	<u>71,407</u>	<u>262</u>	<u>74,959</u>
At 1 January 2008	3,290	71,407	262	74,959
Reclassify	–	(1,370)	1,370	–
Charge for the year	3,055	49,894	4,083	57,032
Eliminated on disposals	–	(1,577)	–	(1,577)
Exchange differences	1,764	33,933	1,120	36,817
At 31 December 2008	<u>8,109</u>	<u>152,287</u>	<u>6,835</u>	<u>167,231</u>
Net book value				
At 31 December 2008	<u>10,523</u>	<u>175,980</u>	<u>15,976</u>	<u>202,479</u>
At 31 December 2007	<u>10,697</u>	<u>164,824</u>	<u>2,759</u>	<u>178,280</u>
At 1 January 2007	<u>1,660</u>	<u>114,745</u>	<u>–</u>	<u>116,405</u>

The net book value of tangible fixed assets included within plant and equipment, includes an amount of £70,732 (2007: £28,112) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged in the year on assets under finance leases was £12,993 (2007: £Nil).

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008 (continued)

<i>Company</i>	<i>Furniture and office equipment</i> £
Cost	
At 1 January 2007	–
Additions	3,021
Disposals	–
	3,021
At 31 December 2007	3,021
At 1 January 2008	3,021
Additions	223
Disposals	–
	3,244
At 31 December 2008	3,244
Depreciation	
At 1 January 2007	–
Charge for the year	262
Eliminated on disposal	–
	262
At 31 December 2007	262
At 1 January 2008	262
Charge for the year	1,057
Eliminated on disposal	–
	1,319
At 31 December 2008	1,319
Net book value	
At 31 December 2008	1,925
At 31 December 2007	2,759
At 1 January 2007	–

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

11. Investments

<i>Company</i>	<i>Shares in Group Undertakings £</i>
Cost	
At 1 January 2007	1,022,896
Additions	150,000
Disposals	(2)
At 31 December 2007	<u>1,172,894</u>
At 1 January 2008	1,172,894
Additions	100
Disposals	(88)
At 31 December 2008	<u>1,172,906</u>
Provisions	
At 1 January 2007	1,022,734
Charge for the year	—
At 31 December 2007	<u>1,022,734</u>
At 1 January 2008	1,022,734
Charge for the year	—
At 31 December 2008	<u>1,022,734</u>
Net book value	
At 31 December 2008	<u>150,172</u>
At 31 December 2007	<u>150,160</u>
At 1 January 2007	<u>162</u>

At 31 December 2008 the Group held 100% of the share capital of the following companies:

<i>Subsidiary undertaking</i>	<i>Country of incorporation</i>	<i>Nature of business</i>	<i>Date of incorporation/ acquisition</i>
Derlite Co. Limited (Thailand)*	Thailand	Manufacturing	21 February 2003
Buckland Group (Hong Kong) Ltd	Hong Kong	Holding	29 October 2003
Gasignition Ltd	United Kingdom	Trading	30 June 2007
Component Imports Ltd	United Kingdom	Trading	21 May 2008

* Indicates an investment held through an intermediate holding Company. All companies within the Group have co-terminus year ends.

On 21 May 2008 the Group established Component Imports Limited with an initial share capital of £100. On 16 January 2009 the name of this company was changed to Active Energy Limited.

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

12. Inventories

	<i>Group</i>	
	2008	2007
	£	£
Raw materials	241,790	110,478
Work-in-progress	97,264	91,389
Finished goods	<u>65,115</u>	<u>80,094</u>
	<u>404,169</u>	<u>281,961</u>

The amount of inventories recognised as an expense during the year was £1,083,313 (2007: £1,577,380). There is no material difference between the replacement costs of stocks and the amounts stated above.

13. Trade and other receivables

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
	£	£	£	£
Current:				
Trade receivables	400,631	510,794	–	–
Amount owed by Group undertakings	–	–	635,014	533,397
Loans to related parties	8,000	16,000	–	–
Other receivables	4,034	–	–	–
VAT receivable	8,240	58,184	7,964	22,037
Prepayment and accrued income	<u>126,787</u>	<u>202,818</u>	<u>11,914</u>	<u>30,291</u>
	<u>547,692</u>	<u>787,796</u>	<u>654,892</u>	<u>585,725</u>

At 31 December 2008 £91,447 (2007: £115,750) of trade receivables had been factored.

All financial assets are classified as loans and receivables under IAS39. In the director's opinion the carrying values of trade and other receivables are stated at their fair value, after deduction of appropriate allowances for irrecoverable amounts as these assets are not interest bearing and receipts occur over a short period and are subject to an insignificant risk of changes in value. All trade and other receivables that are neither past due nor impaired are considered recoverable.

As at 31 December 2008, trade receivables of £107,268 (2007: £20,292) were past due but not impaired. They relate to customers with no default history. All the past dues have subsequently been received. The aging of these receivables is as follows:

<i>Group</i>	2008	2007
	£	£
Up to 3 months	106,775	–
3 to 6 months	–	12,104
6 to 12 months	<u>493</u>	<u>8,188</u>
	<u>107,268</u>	<u>20,292</u>

The company has no trade receivables.

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

The carrying values of the Group's trade and other receivables are denominated in the following currencies:

	<i>Group</i>		<i>Company</i>	
	2008 £	2007 £	2008 £	2007 £
Pound sterling	137,196	166,691	654,892	585,725
US Dollar	308,277	395,167	–	–
Thai Baht	102,219	225,938	–	–
	<u>547,692</u>	<u>787,796</u>	<u>654,892</u>	<u>585,725</u>

Movement on the Group provision for impairment to trade receivables are as follows:

	2008 £	2007 £
At beginning of the year	48,596	31,218
(Utilised)/Provided in the year	(48,596)	17,378
	<u>–</u>	<u>48,596</u>

All provisions for impairment relate to 100% of the related trade receivable balance.

The Company has no trade receivable balance.

14. Cash and cash equivalents

	<i>Group</i>		<i>Company</i>	
	2008 £	2007 £	2008 £	2007 £
Cash in hand	32	2,582	–	–
Bank accounts	22,027	96,135	1,322	13,356
	<u>22,059</u>	<u>98,717</u>	<u>1,322</u>	<u>13,356</u>

At the year end the Group held £4,033 in Thai Baht (2007: £6,621) and £604 in US\$ (2007: £Nil).

Cash balances are held in current accounts earning market rates of interest.

15. Trade and other payables

	<i>Group</i>		<i>Company</i>	
	2008 £	2007 £	2008 £	2007 £
Current:				
Trade payables	308,980	304,626	139,840	74,343
Amounts owed to Group undertakings	–	–	38,424	–
Social security and other taxes	8,830	26,171	1,861	21,181
Accruals and deferred income	119,088	144,327	99,347	114,435
	<u>436,898</u>	<u>475,124</u>	<u>279,472</u>	<u>209,959</u>

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

All financial liabilities are classified as financial liabilities at amortised cost. In the Directors' opinion the carrying values of trade and other payables are stated at their fair value as they are not interest bearing and payments occur over a short period and are subject to an insignificant risk of changes in value. All trade and other payables are considered to be payable within 3 months.

16. Financial liabilities – borrowings

	<i>Group</i>		<i>Company</i>	
	<i>2008</i>	<i>2007</i>	<i>2008</i>	<i>2007</i>
	£	£	£	£
Current:				
Bank loans	63,559	73,956	–	–
Shareholder loans	23,594	37,778	–	–
Finance lease creditor (see note 17)	21,943	6,749	–	–
	<u>109,096</u>	<u>118,483</u>	<u>–</u>	<u>–</u>
Non-current:				
Finance lease creditor	25,135	13,498	–	–
	<u>25,135</u>	<u>13,498</u>	<u>–</u>	<u>–</u>

All financial liabilities are classified as financial liabilities at amortised cost. Loans and borrowings are carried in the consolidated balance sheet at fair value of the liabilities which is calculated based on estimated future cash flow using a market interest rate.

Term and debt repayment schedule:

Group

	<i>Currency</i>	<i>Nominal Rate %</i>	<i>Year of Maturity</i>
Other loans:			
Shareholder	£	12	2009

The gross amount payable in respect of the shareholder loan at 31 December 2008 is £23,594 (2007: £41,309).

Amounts due under finance leases and hire purchase contracts are secured on the assets to which they relate.

The bank loans relate to the factored trade receivables, refer to Note 18. These loans are due for payment as the associated trade receivable payment is received. The finance lease creditor relates to future interest due with respect to finance leases, refer to Note 17.

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

17. Leasing Agreements

Group

Future lease payments fall due as follows:

Finance leases

	2008 £	2007 £
<i>Amount payable under finance lease:</i>		
Within one year	25,060	8,520
Later than one year less than five years	<u>25,307</u>	<u>17,040</u>
	50,367	25,560
<i>Less future finance charges</i>	3,289	5,313
<i>Present value of lease obligations:</i>		
Within one year	21,943	6,749
Later than one year less than five years	<u>25,135</u>	<u>13,498</u>
	<u>47,078</u>	<u>20,247</u>

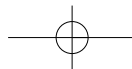
The fair value of the Group's lease obligations approximates to their carrying amount.

The company does not hold any assets under finance leases.

Non-cancellable operating leases

The total value of minimum lease payments in respect of operating leases all of which relate to property are due as follows:

	<i>Group</i>		<i>Company</i>	
	2008 £	2007 £	2008 £	2007 £
Within one year	–	44,681	–	8,880
Later than one year less than five years	<u>168,898</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>168,898</u>	<u>44,681</u>	<u>–</u>	<u>8,880</u>



CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

18. Financial Instruments

The Company's treasury policy is to avoid transactions of a speculative nature. In the course of trade the Group is exposed to a number of financial risks that can be categorised as market, credit and liquidity. The board has identified the risks within each category and considers the impact on the activities of the Group as part of their regular meeting routine.

<i>Item</i>	<i>Classification</i>	<i>Risk Category</i>	<i>Type</i>	<i>Refer Note</i>
Trade receivables	Loans and receivables	Market	Currency	13
Trade receivables	Loans and receivables	Credit	Operational	13
Other receivables	Loans and receivables	Market	Operational	13
Bank accounts	Available for sale	Market	Currency	14
Trade payables	Other liabilities	Market	Operational	15
Other payables	Other liabilities	Market	Operational	15
Loans	Other liabilities	Market	Interest	16

Market Risk

Currency risk

With the manufacturing base in Thailand and customers around the world the Group experiences translational and transactional exchange risk.

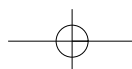
The significant investment in overseas operations in Thailand does mean the Groups balance sheet, expressed in sterling, can be affected by exchange fluctuations between £ sterling and Thai Baht. The board regularly reviews the respective rates and feels the prevailing financial conditions in Thailand preclude the need to hedge against the Baht.

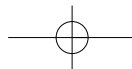
There is also exposure to currency risk arising from the mix of trading currencies; during 2008 the ratio of US\$ revenue compared with £ sterling revenue increased markedly; consequentially the proportion of US\$ denominated trade receivables also increased to 79.3% of all trade receivables at 31 December 2008 (2007: 30%). A significant value of raw materials are purchased from China and these purchases are denominated in US\$. The proportion of US\$ denominated accounts payable at 31 December 2008 was 23.9% (2007: 50%). There were significant changes in US\$ / £ sterling exchange rates in the latter part of 2008. The collapse of £ sterling against a number of currencies was unexpected.

The fact that the Group operates with three currencies £ sterling, US\$ and Thai Baht and that there are both receipts and payments in all three currencies provides a degree of natural hedging, board has considered these factors and has concluded that under normal circumstances gains or losses arising from exchange changes can be considered an acceptable risk.

The table below shows, in sterling, the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency. Foreign exchange differences on re-translation of these assets are taken to the income statement of the Group companies and the Group.

The Company operates in GBP and therefore is not exposed to foreign exchange risk.




CINPART PLC
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008 (continued)

<i>Functional currency of operation</i>	<i>Net foreign currency monetary assets/(liabilities)</i>		
	<i>Euro</i>	<i>GBP</i>	<i>USD</i>
At 31 December 2008			
Thai Baht	(1,750)	(41,402)	236,245
GBP	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2007			
Thai Baht	–	6,249	10,797
GBP	<u>–</u>	<u>–</u>	<u>–</u>

During 2008 the average monthly US\$/£ exchange rates varied between 1.9701 \$/£ and 1.4906 \$/£. Had the dollar been 10% weaker, the impact on post tax profit would have been a loss of £55,152. Had the dollar been 10% stronger, the impact on post tax profit would have been a gain of £67,409. This assumes that the exchange rate between Thai Baht and £ remained constant throughout.

The average monthly Thai Baht/£ exchange rates varied between 64.9629 Baht/£ and 50.0390 Baht/£. Had the Baht been 10% weaker, the impact on post tax profit would have been a gain of £159,790. Had the baht been 10% stronger, the impact on post tax profit would have been a loss of £195,300. This assumes that the US\$/£ exchange rate remained constant throughout.

Interest rate risk

The Group and Company finances its operations through equity introductions and bank borrowings. The Group and Company exposure to interest rate fluctuations on its borrowings has been limited by the new equity and debt for equity swaps actioned during the year and is therefore the Directors do not consider the Group or company to be materially sensitive to interest rate risk.

During the year ended 31 December 2008 interest fees relating to invoice discounting amounted to £10,931 a 10% adjustment would impact on interest charge by just £1,093.

Credit risk
Operational

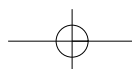
The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings, taking into account local business practices are then factored into any decisions. The Group does not enter into any derivatives to manage credit risk. The maximum exposure to credit risk at 31 December 2008 is £400,631 (2007: £510,794).

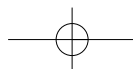
Financial

Financial risk relates to non-performance by banks in respect cash deposits and is mitigated by the selection of institutions with a strong credit rating.

Liquidity risk

The Group is exposed to liquidity risk as part of its normal trading cycle. The Group's policies ensure sufficient liquidity is available to meet foreseeable needs through the preparation of short and long term forecasts. The Groups requirements are constant throughout the year and relate largely to working capital which is managed through the use of invoice finance facilities where possible.





CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

Loans

Buckland Hong Kong has a loan due to a shareholder, Millstream Solutions Limited. This loan was restructured in 2007 and is due for payment on 6 May 2009. The balance due at 31 December 2008 was £23,594 (2007: £37,778). The interest rate payable is 12% per annum (2007: 12%). Of the amount due £23,417 (2007: £37,778) is related to capital and £177 (2007: £Nil) to interest.

Bank loans

Bank Loans amounting to £63,559 (2007: £73,956) relate to invoice finance facilities. The borrowings bear interest of 2% over base rate (2007: 2% per annum). These become due for payment as customers make payments in settlement of the invoices discounted.

Bank overdrafts

The Group had no overdraft at 31 December 2008 (2007: Nil) and no debentures or personal guarantees were in place.

Fair values

The fair value of short term deposits, long term borrowings, loans, overdraft and other financial assets approximates to the carrying amount because of the short maturity of these instruments.

Capital risk management

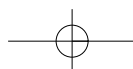
Management consider capital to include ordinary and deferred shares issued, share premium and share options – see note 19 for a detailed breakdown thereof.

The Group's objective when managing capital is to establish and maintain a capital structure that safeguards the Group as a going concern and then provides a return to shareholders.

The Group has entered into debt for equity conversions and restricted dividends to achieve the right capital structure to achieve its objectives.

19. Called up share capital

	<i>2008</i>	<i>2007</i>
	<i>Number</i>	<i>Number</i>
Authorised:		
New ordinary shares of 1p each	500,000,000	500,000,000
Deferred shares of 9.5p each	15,409,000	15,409,000
New deferred shares of 0.49p each	404,779,408	404,779,408
	<u>920,188,408</u>	<u>920,188,408</u>
	<i>2008</i>	<i>2007</i>
	<i>Value £</i>	<i>Value £</i>
Authorised:		
New ordinary shares of 1p each	5,000,000	5,000,000
Deferred shares of 9.5p each	1,463,855	1,463,855
New deferred shares of 0.49p each	1,983,419	1,983,419
	<u>8,447,274</u>	<u>8,447,274</u>



CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

	<i>2008</i> <i>Number</i>	<i>2007</i> <i>Number</i>
Allotted, issued and fully paid:		
New ordinary shares of 1p each	31,947,511	31,249,011
Deferred shares of 9.5p each	15,409,000	15,409,000
New deferred shares of 0.49p each	404,779,408	404,779,408
	<u>452,135,919</u>	<u>451,437,419</u>

	<i>2008</i> <i>Value £</i>	<i>2007</i> <i>Value £</i>
Allotted, issued and fully paid:		
New ordinary shares of 1p each	319,475	312,489
Deferred shares of 9.5p each	1,463,855	1,463,855
New deferred shares of 0.49p each	1,983,418	1,983,419
	<u>3,766,748</u>	<u>3,759,763</u>

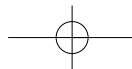
The deferred shares, which are not listed, have no voting rights, no rights to dividends and are not entitled to any payment on winding up.

On 15 January 2008 165,176 new ordinary 1p shares were issued to Dr Leon Sharples with consideration of 8.5p per share as part of his termination agreement and 533,333 new ordinary 1p shares with consideration of 7.5p per share were allotted Millstream Solutions Limited as part of their loan restructure. This issue of new shares had previously been announced on 6 December 2007.

Options

The Company has entered into the following option arrangements under which the holders are entitled to subscribe for a percentage of the Company's ordinary share capital from time to time. All options are exercisable from the date of grant.

	<i>Price</i>	<i>Granting Date</i>	<i>Expiry Date</i>	<i>At 31 December 2008</i>	<i>At 1 January 2008</i>	<i>At 1 January 2007</i>
Holder						
Consortia Trustees	7.5p	19/07/2006	30/09/2009	27,777	27,777	27,777
	7p	12/12/2006	30/09/2009	29,761	29,761	29,761
	7p	29/06/2007	06/06/2017	857,142	857,142	
	1p	29/06/2007	06/06/2017	450,000	450,000	
KF Baker	7p	29/06/2007	06/06/2017	357,142	357,142	
CK Foster	7p	29/06/2007	06/06/2017	357,142	357,142	
	1p	29/06/2007	06/06/2017	500,000	500,000	
LK Sharples	7.5p	19/07/2006	30/09/2009	27,777	27,777	27,777
	7p	12/12/2006	30/09/2009	29,761	29,761	29,761
	7p	29/06/2007	30/09/2009	357,142	357,142	
	1p	29/06/2007	30/09/2009	450,000	450,000	
PR Rogers	7.5p	19/07/2006	30/09/2009	27,777	27,777	27,777
	7p	12/12/2006	30/09/2009	29,761	29,761	29,761
				<u>3,501,182</u>	<u>3,501,182</u>	<u>172,614</u>

**CINPART PLC****NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 December 2008 (continued)**

All options under the Company share based payment scheme have been valued using the Hoadley model. To establish the fair value of the options the inputs to the model were: option value 6p, volatility 80%, expected dividend yield Nil %, risk free interest rate 4.5% and expected terms of 10 years. The expected volatility is based on the historic volatility over the previous 10 year period.

The options held by Consortia Trustees Limited are held on behalf of a discretionary trust, beneficiaries of which include the family of P E Palmer.

PR Rogers resigned as a director on 6 June 2007; LK Sharples resigned as a director on 7 December 2007.

In respect of any ordinary shares for which the holder is entitled to subscribe as a result of a rights issue, placing, open offer or similar the exercise price shall be the price at which such ordinary shares are issued.

In respect of any ordinary shares for which the holder is entitled to subscribe as a result of any capitalisation of reserves or profits, or a capital reduction or otherwise or on the making of an exempt distribution by virtue of Chapter II Part VI of the Income and Corporation Taxes Act 1998, the exercise price may be varied.

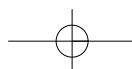
In respect of any ordinary shares for which the holder is entitled to subscribe as a result of the exercise by any other person, firm or corporation or any rights granted to subscribe for ordinary shares (whether by way of option, warrant or otherwise), the exercise price per ordinary share shall be equal to the average market price of the ordinary shares on each of the five business days preceding the date of the exercise of said rights, as derived from the Stock Exchange Daily Official List.

The ordinary shares allotted to the option holder shall rank pari passu in all respects with the ordinary shares of the Company then in issue and shall carry the right to receive all dividends and other distributions declared, made or paid by the Company in respect of the ordinary shares on and after the date of the exercise of any of the options.

The company did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

There is no charge for equity settled share based payments in the year ended 31 December 2008 (2007: £88,081).

The above disclosures apply to both the Company and the Group.



CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

20. Changes in equity

Group	Share	Foreign	Retained	Merger	Share	Totals
	Capital	Exchange	Earnings	Reserve	Premium	
	£	Reserve	£	£	£	£
At 1 January 2007	3,533,397	(35,701)	(5,404,666)	–	1,084,627	(822,343)
Profit for the year	–	–	113,896	–	–	113,896
Issue of ordinary shares	226,366	–	–	128,571	1,233,302	1,588,239
Share issue costs	–	–	–	–	(131,821)	(131,821)
Share based payments	–	–	88,081	–	–	88,081
Exchange differences	–	8,625	–	–	–	8,625
At 31 December 2007	<u>3,759,763</u>	<u>(27,076)</u>	<u>(5,202,689)</u>	<u>128,571</u>	<u>2,186,108</u>	<u>844,677</u>
At 1 January 2008	3,759,763	(27,076)	(5,202,689)	128,571	2,186,108	844,677
Loss for the year	–	–	(346,546)	–	–	(346,546)
Issue of ordinary shares	6,985	–	–	–	47,055	54,040
Share issue costs	–	–	–	–	–	–
Share based payments	–	–	–	–	–	–
Exchange differences	–	154,823	–	–	–	154,823
At 31 December 2008	<u>3,766,748</u>	<u>127,747</u>	<u>(5,549,235)</u>	<u>128,571</u>	<u>2,233,163</u>	<u>706,994</u>

Company	Share	Foreign	Retained	Merger	Share	Totals
	Capital	Exchange	Earnings	Reserve	Premium	
	£	Reserve	£	£	£	£
At 1 January 2007	3,533,397	–	(5,251,646)	–	1,084,627	(633,622)
Loss for the year	–	–	(368,836)	–	–	(368,836)
Issue of ordinary shares	226,366	–	–	128,571	1,233,302	1,588,239
Share issue costs	–	–	–	–	(131,821)	(131,821)
Share based payments	–	–	88,081	–	–	88,081
At 31 December 2007	<u>3,759,763</u>	<u>–</u>	<u>(5,532,401)</u>	<u>128,571</u>	<u>2,186,108</u>	<u>542,041</u>
At 1 January 2008	3,759,763	–	(5,532,401)	128,571	2,186,108	542,041
Loss for the year	–	–	(67,242)	–	–	(67,242)
Issue of ordinary shares	6,985	–	–	–	47,055	54,040
Share issue costs	–	–	–	–	–	–
Share based payments	–	–	–	–	–	–
At 31 December 2008	<u>3,766,748</u>	<u>–</u>	<u>(5,599,643)</u>	<u>128,571</u>	<u>2,233,163</u>	<u>528,839</u>

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

The following describes the nature and purpose of each reserve within equity:

<i>Reserve</i>	<i>Description and purpose</i>
Share capital	Amount subscribed for share capital at nominal value
Foreign exchange	Gains/losses arising on retranslating the net assets of overseas operations into sterling
Retained earnings	Cumulative net gains and losses recognised in the income statement
Merger reserve	Amount subscribed for share capital in excess of nominal value in respect of shares issued for a share for share exchange
Share premium	Amount subscribed for share capital in excess of nominal value

21. Related party disclosures

Details of director's remuneration are given in note 3.

On 30 November 2007 Buckland (Hong Kong) Limited advanced a loan to K F Baker of £16,000. This loan is unsecured, is to be repaid by eight quarterly instalments commencing on 29 February 2008 and attracts interest of 6% per annum. The balance outstanding at 31 December 2008 was £8,000 (2007: £16,000).

In accordance with normal business practice in Thailand whereby borrowings by an overseas owned company often must be supported by a personal guarantee from a Thai national, K F Baker's spouse has provided a personal guarantee value at 31 December 2008 £50,367, with respect to the finance leases of Derlite Company Limited.

The immediate and controlling party of the Group is Cinpart plc. Transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation. However, during the year in the Company's financial statements, there have been Group provision adjustments as outlined below, cash advances to fellow Group companies of £Nil (2007: £277,584), advances from fellow Group companies of £38,424 (2007: £Nil), recharge of expenses of £72,194 (2007: £44,262) and payment of amounts owed to fellow Group companies of £Nil (2007: £133,652). Intercompany receivable and payable balances remain outstanding at the year end as follows:

	2008 £	2007 £
Doubtful debts provision released to income statement	<u>(372,880)</u>	<u>(85,794)</u>
Amounts due from related parties	635,014	1,355,407
Provisions against amounts due from related parties	<u>–</u>	<u>(822,010)</u>
	<u>635,014</u>	<u>533,397</u>
Amounts due to related parties	<u>38,424</u>	<u>–</u>

CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

Movements in the impairment against amounts due from related parties are as follows:

	2008 £	2007 £
At the beginning of the year	822,010	1,977,804
Credit to the income statement	(372,880)	(85,794)
Utilised in the year	(449,130)	(1,070,000)
	<u>–</u>	<u>822,010</u>

22. Deferred tax**Unprovided deferred tax**

	<i>Group</i>		<i>Company</i>	
	2008 £	2007 £	2008 £	2007 £
Accelerated capital allowance	(664)	(790)	(664)	(790)
Short term timing differences	–	(59,535)	–	–
Losses	(938,677)	(820,865)	(938,293)	(820,736)
	<u>(939,341)</u>	<u>(881,190)</u>	<u>(938,957)</u>	<u>(821,526)</u>

No provision for the deferred tax asset has been made in the Group or Company due to the uncertainty of the Group or Company being able to generate sufficient future taxable profits from which the future reversal of the timing difference can be deducted.

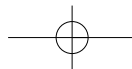
23. Discontinued operations

	2008 £	2007 £
Results of discontinued operations:		
Cost of sales	–	–
Other operating income	–	1,344
Administrative expense	(8,305)	(27,693)
Loss on discontinued operations	<u>(8,305)</u>	<u>(26,349)</u>
Basic loss per share (pence)	-0.03	-0.13
Diluted loss per share (pence)	-0.03	-0.13

The operation classified as discontinued is the connector business (being the manufacture and sale of cable connectors for cathode ray televisions and computers). This business ceased trading in 2006 and the expenses shown above relate to the costs of preparing accounts prior to liquidation. On 21 April 2008 an application for the registration of dissolution of Euro Asia Connectors Co Limited and Euro Asia Strip Tinning Co Limited was made to the Partnership and Company Registration Office in Samutprakarn, Thailand.

24. Post balance sheet events

On 5 March 2009 the Company entered into agreements to establish the new business Active Energy Limited and on the same day the Company placed 36,469,613 new ordinary shares of 1p each in the capital of the Company at 2p per share.



CINPART PLC

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

On the same date the Company sold a 25% minority interests in Active Energy Limited to Stephen Coomes the owner of SDC Industries and 10% to Alpha Prospects Plc. Active Energy Limited in turn entered into agreements with SDC Industries Limited to acquire the intellectual property rights for the VoltageMaster range of power optimisers. The Company has the right, but not the obligation, to acquire all but not part of the minority interest held by Stephen Coomes and/or Alpha in Active Energy. This right continues for a period of five years. The option is exercisable during the 30 days following the announcement of Cinpart's results for the year to 31 December 2009 and each successive financial year until 31 December 2014.

On 30 April 2009 one of the Group's subsidiaries Derlite Company Limited made 42 employees redundant. The redundancy compensation liability incurred was £57,784. An average 8% reduction in wage rates was negotiated with the remaining hourly rate work force. The combined savings in wages is expected to be approximately £82,000 over a twelve month period.

25. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. No provision for impairment was made in the period and the carrying value of goodwill at the balance sheet date was £105,028. The value in use calculations are based on cash flow projections from formally approved budgets covering a two year period to 31 December 2010 and a discount rate of 15%.

Share based payments

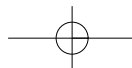
In determining the fair value of equity settled share based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates, including the Group's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Group's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Group could materially affect the reported value of share based payments.

Inventory provisions

To evaluate the provisions relating to inventory, the policy is to assess the future life of inventory based on the projected annual sales of each product. A provision is made against the value of inventory that is projected to still be on hand in two years time.

Trade receivable provisions

A provision is made against trade receivables when there is a reasonable expectation that payment will not be received within six months and that the likely cost of legal recovery will exceed the value of the outstanding amount.



CINPART PLC

NOTES TO THE CASH FLOW STATEMENTS

for the year ended 31 December 2008

26. Reconciliation of profit/(loss) before tax to cash generated from operations

	<i>Group</i>		<i>Company</i>	
	2008 £	2007 £	2008 £	2007 £
(Loss)/profit before tax	(343,242)	113,896	(67,242)	(368,836)
Depreciation charges	57,032	28,581	1,057	262
Closure of subsidiaries	–	(62,477)	88	2
Share based payments	–	60,746	–	60,746
Loss on sale of property, plant and equipment	–	3,736	–	–
Exchange translation loss	103,060	4,751	–	–
Finance costs	18,597	72,059	–	13,092
Finance income	(1,438)	(2,676)	(183)	(2,190)
	<u>(165,991)</u>	<u>218,616</u>	<u>(66,280)</u>	<u>(296,924)</u>
Decrease/(increase) in trade & other receivable	240,104	(159,797)	(69,167)	(399,983)
(Decrease)/increase in trade & other payables	(38,403)	(172,994)	69,513	(64,222)
Increase in inventories	(122,208)	(20,865)	–	–
Cash used in operations	<u>(86,498)</u>	<u>(135,040)</u>	<u>(65,934)</u>	<u>(761,129)</u>

Included in Group cash flows from operating activities is a cash outflow of £8,305 (2006:£26,349) in respect of discontinued operations.

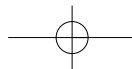
Non-cash transactions are as follows:

Other loans and interest exchanged for shares	–	273,900	–	273,900
Subsidiary acquired by share exchange	–	150,000	–	150,000
Supplier liabilities exchanged for shares	–	136,100	–	136,100
Placing costs settle by shares	–	47,335	–	47,335
New finance lease acquired	46,374	28,112	–	–
	<u>46,374</u>	<u>28,112</u>	<u>–</u>	<u>–</u>

27. Cash and cash equivalents

The amount disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amounts:

	<i>Group</i>		<i>Company</i>	
	2008 £	2007 £	2008 £	2007 £
Cash	22,059	98,717	1,322	13,356
	<u>22,059</u>	<u>98,717</u>	<u>1,322</u>	<u>13,356</u>

**CINPART PLC****Notice of Annual General Meeting****CINPART PLC****Company No. 3148295****(the "Company")**

Notice is hereby given that the Annual General Meeting of the Company (the "**Meeting**") will be held on 25 June 2009 at 2nd Floor, Berkeley Square House, Berkeley Square, London W1J 6BD at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following Ordinary Resolutions:-

ORDINARY BUSINESS

1. To receive the Company's annual accounts for the financial year ended 31 December 2008 together with the director's report and the auditor's report thereon.
2. To reappoint BDO Stoy Hayward LLP as the Company's auditors to hold office from the conclusion of the Meeting until the conclusion of the next meeting at which accounts are laid before the Company.
3. To authorise the directors to fix the remuneration of the auditors or to determine the manner in which such remuneration is to be fixed.
4. To re-elect Mr P Palmer who retires by rotation and being eligible offers himself for re-election as a director of the Company.

SPECIAL BUSINESS

5. To consider whether any, and if so what, steps should have been taken to deal with the fact that the net assets of the Company have fallen to less than half of its called up share capital in accordance with the requirements of Section 142 of the Companies Act 1985.

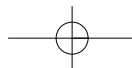
Dated: 2 June 2009

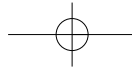
By Order of the Board
CAPITA COMPANY SECRETARIAL SERVICES LIMITED
Secretary

Registered Office:
The Registry, 34 Beckenham Road
Beckenham
Kent BR3 4TU

NOTES:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy need not be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy are set out in the notes to the proxy form.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy complete and submit more than one proxy form and make it clear how many shares the proxy has voting rights over. Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member on the record date will result in the proxy appointment being invalid.
4. Use of the proxy form does not preclude a member attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.





CINPART PLC

5. The manner in which the proxy is to vote should be indicated by marking "For" or "Against" on the proxy form. If neither is marked the proxy may vote or abstain at his/her discretion.
6. To be valid, a form of proxy and the power of attorney or other written authority, if any, under which it is signed, or an office or notarially certified copy in accordance with the Powers of Attorney Act 1971 of such power and written authority must be delivered to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time fixed for the holding of the Meeting or any adjourned Meeting (or in the case of a poll before the time appointed for taking the poll) at which the proxy is to speak and to vote.
7. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 10.00 am on 23 June 2009. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the company's registrars no later than 10.00 am on 23 June 2009.

Explanation relating to Agenda Item 5:

Loss of Capital

The losses incurred in the period to 31 December 2008 have resulted in the net assets of the Company, as at the date of this document, being less than half of the Company's paid-up share capital. Section 142 of the Companies Act 1985 requires the Directors to convene a general meeting of the Company for the purpose of considering whether any, and if so what, measures should be taken to deal with the situation.

While there can be no certainty that the Company will be successful in achieving its aims, the Board has no alternative proposals to place before Shareholders at the present time and believes that its plans represent the best available strategy to deal with the loss of capital. Accordingly, the Directors do not consider that any further steps need to be taken at present to deal with the Company's net asset situation, although Shareholders will nonetheless have an opportunity at the Annual General Meeting to raise any matters relevant to the loss of capital.

