

---

**Thermal Energy buys U.K. partner**

*By Krystle Chow, Ottawa Business Journal Staff*

*Mon, Apr 7, 2008 10:00 AM EST*

Thermal Energy International Inc. is buying its U.K.-based partner Gardner Energy Management Ltd. for up to \$8.1 million.

The Ottawa-based energy and emissions reduction systems maker said it has entered into an agreement to buy GEM, which makes the steam traps that Thermal Energy markets exclusively to the Canada, United States and China.

Thermal Energy will be buying all of GEM's shares for a base price of 2.7 million pounds, or approximately C\$5.5 million, and paying up to an additional 1.3 million pounds in cash and shares on an earn-out basis over a three-year period, based on the future performance of the GEM business line.

"Since integrating the GEM product line into our offerings in North America and China starting in 2006, Thermal Energy has been very impressed with the product performance and our customers' strong positive response," said Thermal Energy CEO Tim Angus in a statement. "Our familiarity with GEM products and business and the strong synergies between GEM and Thermal Energy made this acquisition a natural progression."



Thermal Energy's Tim Angus. (Darren Brown, OBJ)

Thermal Energy said the acquisition would give the company greater access to a \$40-billion global market, with approximately \$8 billion annually of that value in the United States alone.

The company added that approximately three million steam traps are sold and installed each year around the world, with approximately 800,000 of those in Europe. GEM itself has more than 50,000 of its steam traps installed worldwide.

GEM founder Tim Gardner will stay on for at least a year to help Thermal Energy ease into the transition, the company said.

The deal is expected to close by July 4.

*More to come...*