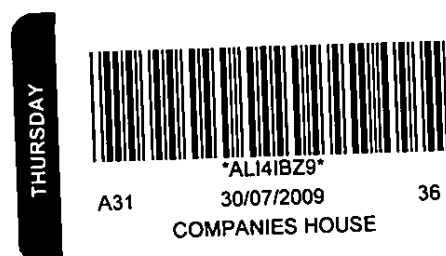


GL Industrial Services UK Ltd
(formerly Advantica Limited)

Annual report and financial statements
for the year ended 31 December 2008

Registered number: 3294136



GL Industrial Services UK Ltd (formerly Advantica Limited)

Annual report and financial statements for the year ended 31 December 2008

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GL Industrial Services UK Ltd (formerly Advantica Limited)

Directors' report for the year ended 31 December 2008

The Directors present their annual report and the audited financial statements of the company for the year ended 31 December 2008.

On 26 March 2009 the company passed a special resolution to change its name to GL Industrial Services UK Ltd.

Directors

The directors of the company who held office during the year and up to the date of signing the financial statements are given below:

A B Gunn	(resigned 30 May 2008)
D A Tiso	(resigned 30 May 2008)
L Wittenberg	(resigned 10 October 2008)
PA Barry	(appointed 30 May 2008, resigned 10 October 2008)
J Davies	(appointed 10 October 2008)
PF Shrieve	(appointed 10 October 2008)
H Berg	(appointed 10 October 2008)
AW Stoddart	(appointed 26 January 2009)

No director had an interest in any contract that the company was a party to.

Principal activities

GL Industrial Services UK Ltd (formerly Advantica Limited) delivers value adding technical and engineering solutions to UK gas transportation companies and other energy sector and utility infrastructure owners and operators internationally. It is also a specialist provider of technology products and services that support the development of gas markets. The company employs world leaders in many disciplines, enabling it to offer bespoke consultancy services. GL Industrial Services UK Ltd (formerly Advantica Limited) is particularly active in the gas and pipelines markets, centring on transmission pipelines, distribution networks and gas measurement, with niche skills in relation to upstream asset performance improvement and energy utilisation.

Review of business and future developments

GL Industrial Services UK Ltd (formerly Advantica Limited) continued to provide technology-based solutions to UK Gas distribution companies and other utilities and pipeline operators worldwide. Turnover for the year was in line with expectations.

The results for the company show a profit before taxation of £4,285,000 (2007: loss of £3,319,000) and a profit of £3,026,000 (2007: loss of £4,993,000) after tax. The directors do not propose the payment of a dividend (2007: £nil).

The company foresees further opportunities worldwide as it extends its range of services across the Germanischer Lloyd global network.

Financial risk management

The company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as debtors and creditors that arise directly from its operations. The main risks from the company financial instruments have been considered below along with the policy for managing these risks.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Directors' report for the year ended 31 December 2008 (continued)

Financial risk management (continued)

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Currency risk

The company is exposed to transaction and translation foreign exchange risk on inter company transactions. Exposures are managed through fixed group exchange rates.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

Sufficient liquidity of the company, in order to meet foreseeable needs, is achieved through retained profits.

Subsequent events

On 1 January 2009 the assets and liabilities of Germanischer Lloyd Industrial Services (UK) Limited were hived up into the entity of GL Industrial Services UK Ltd (formerly Advantica Limited). Germanischer Lloyd Industrial Services (UK) Limited is recognised as an investment as at the year end with a carrying amount of £286,470. The net assets were transferred to GL Industrial Services UK Ltd (formerly Advantica Limited) at £446,210.

Exceptional items

During the year, the company incurred integration charges of £410,000 relating to aligning its business processes and structures to that of its new parent, following the acquisition of GL Industrial Services UK Ltd (formerly Advantica Limited) by Germanischer Lloyd Group in August 2007.

Redundancy charges of £831,000 were incurred with respect to the previous senior management team and other personnel.

Charitable and political donations

The company made no political donations during 2008 (2007: nil).

Charitable donations were made in 2008 to Care International of £1,750 (2007: nil) and Rainbows of £912 (2007: nil). In 2007, donations were made to Maggie's mega hike of £500 and to Viva Las Village of £250.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Directors' report for the year ended 31 December 2008 (continued)

Branches outside UK

The company has a representative branch office in Beijing, China. This office supports the sales and marketing activities in China.

The company also has a branch office in Abu Dhabi, United Arab Emirates, for the purpose of providing consulting services to local customers.

Land and buildings

There are no material differences between the book value and market value of assets classified under land and buildings. These assets represent costs incurred in altering leased premises.

Research and development

Costs incurred in relation to research and development activity are charged to the profit and loss account in the period in which they are incurred, other than costs of plant and equipment, which are capitalised.

As part of the company's services to customers, the company undertakes certain research and development activities on their behalf. Turnover and costs associated with such activities are treated in the same way as all other service activities.

Key performance indicators ("KPIs")

Germanischer Lloyd AG manages the group's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business of GL Industrial Services UK Ltd (formerly Advantica Ltd). The development, performance and position of Germanischer Lloyd AG's activities are discussed in the group's annual report, which does not form part of this report.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to:

- changes in laws or regulation;
- breaches in environmental or health and safety law or regulation;
- achievement of business performance objectives;
- business development activities;
- changes in tax rates; and
- changes in accounting standards.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Directors' report for the year ended 31 December 2008 (continued)

Disabled persons

The company remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find appropriate alternative jobs for those who are unable to continue in their existing job due to disability.

Employee involvement

The company and Germanischer Lloyd AG have well established and effective arrangements, through electronic mail, intranet and in-house publications, as well as videos and briefing meetings, at each business location, for communication and consultation with both employees and trade union representatives and for communication of the company's and Group's results and significant business issues.

Policy and practice on payment of creditors

It is the company's policy to agree the terms of the payment at the start of business with each supplier, ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations.

The company had 41 days' purchases outstanding at 31 December 2008 (2007: 41 days) based on the average daily amount invoiced by suppliers during the year /period.

Directors' insurance

The company has purchased insurance to cover the directors against liabilities in relation to the company.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Directors' report for the year ended 31 December 2008 (continued)

Statement of directors' responsibilities in respect of the Annual Report and the financial statements (continued)

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

Statement on disclosure of information to the auditors

In accordance with section 234ZA of the Companies Act, each director who was a director at the time the report was approved confirms the following:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each has taken all steps that each ought to have taken as a director to make himself aware of any relevant information and to establish that the company's auditors are aware of that information

Ultimate parent company

The ultimate parent company is Germanischer Lloyd AG, which is registered in Germany and consolidates the accounts of the company. Copies of the consolidated accounts of Germanischer Lloyd AG may be obtained from Companies' House.

Auditors

Under Section 487 the Companies Act 2006 the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board



AW Stoddart
Director

Date: 17th JULY 2009

Registered office
Holywell Park
Ashby road
Loughborough
Leicestershire
LE11 3GR
Company No: 3294136

Independent auditors' report to the members of GL Industrial Services UK Ltd (formerly Advantica Limited)

We have audited the financial statements of GL Industrial Services UK Ltd (formerly Advantica Limited) for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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' information and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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.

Independent auditors' report to the members of GL Industrial services UK Ltd (formerly Advantica Limited) (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham

17 July 2009

GL Industrial Services UK Ltd (formerly Advantica Limited)

Profit and loss account for the year ended 31 December 2008

	Note	Year ended 31 December 2008			Nine months ended 31 December 2007		
		Before excep- tional items	Excep- tional items	Total	Before excep- tional items	Excep- tional items	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Turnover	1	44,011	-	44,011	30,664	-	30,664
Net operating expenses	2	(38,838)	(1,238)	(40,076)	(31,963)	(2,306)	(34,269)
Operating profit / (loss)		5,173	(1,238)	3,935	(1,299)	(2,306)	(3,605)
Interest receivable and similar income	4a			413			286
Interest payable and similar charges	4b			(63)			-
Profit / (loss) on ordinary activities before taxation				4,285			(3,319)
Tax on profit / (loss) on ordinary activities	8			(1,259)			(1,674)
Profit / (loss) for the financial year / period	21			3,026			(4,993)

The profit / (loss) for the year / period is in respect of continuing operations.

There are no recognised gains or losses which have not been included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the period and their historical cost equivalents.

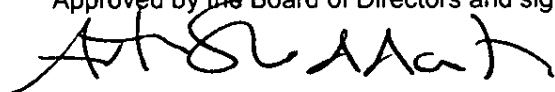
GL Industrial Services UK Ltd (formerly Advantica Limited)

Balance sheet as at 31 December 2008

	Note	31 December 2008 £'000	31 December 2007 £'000
Fixed assets			
Intangible assets	9	29	99
Tangible assets	10	980	889
Investments	11	9,770	1,450
		10,779	2,438
Current assets			
Stocks	12	34	37
Debtors	13	21,657	30,384
Cash at bank and in hand		3,280	5,003
		24,971	35,424
Creditors: amounts falling due within one year	14	(13,118)	(18,154)
Net current assets		11,853	17,270
Total assets less current liabilities		22,632	19,708
Provisions for liabilities and charges	15	-	(102)
Net assets		22,632	19,606
Capital and reserves			
Called up share capital	17	30,882	30,882
Profit and loss account	21	(8,250)	(11,276)
Total shareholders' funds	22	22,632	19,606

The notes on pages 10 to 30 form part of these financial statements.

Approved by the Board of Directors and signed on their behalf on 17/07/2009



AW Stoddart
Director

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008

1 Accounting policies

The financial statements have been prepared in accordance with the historical cost convention, with the Companies Act 1985 and in accordance with applicable accounting standards in the United Kingdom, and on a going concern basis. The accounting policies have been applied consistently.

Consolidated accounts

The financial statements provide information about GL Industrial Services UK Ltd (formerly Advantica Limited) as an individual company and do not contain consolidated financial information as the parent company of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Germanischer Lloyd AG, a company registered in Germany.

Turnover

Turnover is based on invoiced values to customers for goods and services, excluding value added tax. Long-term contracts are included in turnover on the basis of the sales value of work performed during the year by reference to the total contract value and stage of completion of these contracts.

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Fixed assets and depreciation

Depreciation of tangible fixed assets is provided on cost in equal instalments over the estimated useful economic life. The principal rates of depreciation are as follows:

Land and Buildings	50 years
Fixtures, Fittings and Equipment	5 years
Short Life Computer Equipment	3 years

Fixed asset investments are valued at cost, less provision for any impairment. Investment income is accounted for on a cash receipts basis.

Investments

Investments are valued at cost, less provision for any impairment.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Accounting policies (continued)

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated at the rates of exchange ruling at the year end. Differences on translation are dealt with through the profit and loss account for the year. Fixed asset investment balances and other non-monetary assets are translated at the historical foreign exchange rate when the transaction took place.

Leases

Rentals under operating leases are charged to the profit and loss account as incurred. Income from operating leases is recognised on a straight-line basis over the life of the lease.

Share based payments

Where shares or rights to shares are granted to third parties, including employees, a charge is recognised in the profit and loss account based on the fair value of the shares at the date the grant of shares or right to shares is made.

Pensions

The majority of employees of the company were members of the National Grid UK Pension Scheme (formerly named the Lattice Group Pension Scheme) (the Scheme), sponsored by National Grid plc, the company's former parent company. The Scheme is a group scheme, although the company's employees were only included for an interim period until 29 February 2008. The company accounts for the Scheme as a defined contribution scheme, as required by FRS 17 (Retirement Benefits). Reported pension costs will be equal to the amounts payable by the company to National Grid plc. The disclosures required by FRS 17 in respect of the scheme assets and liabilities are reported in the accounts of National Grid plc.

The company is now a member of a defined contribution scheme, the GL Industrial Services (formerly Advantica) UK Defined Contribution Pension Scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension contributions into the scheme are charged to the profit and loss account in the year that they fall due.

Research and development

Costs incurred in relation to research and development are charged to the profit and loss account in the year in which they are incurred.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value on a first in first out basis.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

1 Accounting policies (continued)

Goodwill

On acquisitions, fair values are attributed to the net assets acquired. Goodwill, which represents the difference between the purchase consideration and the fair value of the net assets acquired, is capitalised. Goodwill capitalised is amortised on a straight-line basis over a period of 20 years.

Impairment of Goodwill

In accordance with FRS 10 (Goodwill and intangible assets), goodwill is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. In the opinion of the directors goodwill attributable from past acquisitions made is not recoverable and has therefore been written down to nil.

Other intangibles

Under FRS 10, the company accounts for its other intangible assets at cost less accumulated amortisation. Amortisation is charged on other intangibles over equal instalments over the estimated useful economic life. This has been set at 5 years for the rights to software packages.

Provisions

Under FRS 12 (Provisions, contingent liabilities and contingent assets), the company accounts for provisions where an obligation has arisen as a result of a past event and the liability is of an uncertain amount or of uncertain timing.

2 Segmental reporting

A geographical analysis of turnover, profit before taxation and net assets is provided below:

Geographical analysis

	Turnover 2008	Turnover 2007	Profit before taxation 2008	Profit before taxation 2007	Net assets 2008	Net assets 2007
	£'000	£'000	£'000	£'000	£'000	£'000
UK	32,265	24,182	3,063	(2,617)	10,243	8,875
Europe	3,790	1,811	319	(196)	1,203	647
North America	1,899	681	227	(74)	8,660	8,660
Asia Pacific and Africa	6,057	3,990	676	(432)	2,526	1,424
Total	44,011	30,664	4,285	(3,319)	22,632	19,606

All activities above relate to the company's principal activity.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

3 Operating profit/(loss) on ordinary activities before interest and tax

	Year ended 31 December 2008	9 months ended 31 December 2007
	£'000	£'000
Profit/(loss) on ordinary activities before tax is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
- owned assets	418	331
Amortisation of other intangible fixed assets	70	56
Operating lease rentals - machinery and equipment	703	514
Other operating lease rentals – land and buildings	2,567	3,062
Operating lease income – land and buildings	-	(482)
Auditors fees – statutory audit	37	27
– taxation services	37	14
Exceptional items:		
– exceptional redundancy costs (note 15)	831	(211)
– exceptional pension augmentation to employees	-	2,000
– integration costs associated with change in ownership	407	517

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

4 a) Interest receivable and similar income

	Year ended 31 December 2008	9 months ended 31 December 2007
	£'000	£'000
Bank interest receivable	101	25
Interest receivable from group undertakings	312	261
	413	286

b) Interest payable and similar charges

	Year ended 31 December 2008	9 months ended 31 December 2007
	£'000	£'000
Interest payable from group undertakings	63	-
	63	-

5 Directors' emoluments

The aggregate amount of emoluments paid to directors in respect of qualifying services was £369,892 (2007: £473,124) for the year under review. This amount does not include payments made for loss of office / early retirement which totalled £704,283. The highest paid director received aggregate emoluments totalling £481,598 (2007: £287,771). His accrued pension at the year-end was £nil (2007: £nil). The aggregate value of company contributions, or treated as paid, to a money purchase pension scheme in respect of directors' qualifying services was £53,703 (2007: £44,459).

As at 31 December 2008, retirement benefits were accruing to no directors (2007: none) under a defined benefit scheme.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

6 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year/period was:

	Year ended 31 December 2008	9 months ended 31 December 2007
	Number	Number
By activity		
Technical	327	306
Selling and distribution	25	24
Administration	77	86
	429	416

7 Employee costs

	Year ended 31 December 2008	9 months ended 31 December 2007
	£'000	£'000
Wages and salaries	16,468	12,370
Social security costs	1,925	1,248
Other pensions costs (note 26)	2,287	3,256
Staff costs	20,680	16,874

The wages and salaries charge includes costs in respect of redundancies (see note 3).

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Tax on profit / (loss) on ordinary activities

	Year ended 31 December 2008	9 months ended 31 December 2007
	£'000	£'000
Taxation on the profit / (loss) for the year/period		
UK corporation tax on profit / loss for the year/period	495	(925)
Adjustment in respect of previous years	55	2,475
Overseas tax	486	279
Total current tax charge	1,036	1,829
Deferred tax		
Current year / period deferred tax charge / (credit)	362	(110)
Adjustment in respect of previous years	(139)	(45)
Total deferred tax charge	223	(155)
Tax on profit / (loss) on ordinary activities	1,259	1,674

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

8 Tax on profit / (loss) on ordinary activities (continued)

The tax assessed for the year is lower (2007: higher) than the standard rate of corporation tax in the UK (28.5 %). The differences are explained as follows:

	Year ended 31 December 2008	9 months ended 31 December 2007
	£'000	£'000
Profit / (loss) on ordinary activities before taxation	4,285	(3,319)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in UK of 28.5% (2007: 30%)	1,221	(996)
Effect of:		
Income not chargeable for tax purposes	(58)	(89)
Capital allowances for the year in excess of depreciation	(20)	(33)
Movement in other short term timing differences	(350)	192
Overseas tax suffered	486	279
Double tax relief	(298)	-
Group relief surrendered and not paid for	-	1
Adjustments in respect of previous years	55	2,475
Current tax for the year/period	1,036	1,829

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly the company's profits for this accounting period are taxed at a rate of 28.5% and will be taxed at 28% in the future.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

9 Intangible fixed assets

	Goodwill	Other	Total
	£'000	£'000	£'000
Cost			
At 31 December 2007 and 31 December 2008	6,533	291	6,824
Accumulated depreciation			
At 1 January 2008	(6,533)	(192)	(6,725)
Charge for the year	-	(70)	(70)
At 31 December 2008	(6,533)	(262)	(6,795)
Net book amount			
At 31 December 2008	-	29	29
At 31 December 2007	-	99	99

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

10 Tangible fixed assets

	Land and buildings	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost			
At 1 January 2008	262	6,173	6,435
Additions	-	509	509
At 31 December 2008	262	6,682	6,944
Accumulated depreciation			
At 1 January 2008	(61)	(5,485)	(5,546)
Charge for the year	(5)	(413)	(418)
At 31 December 2008	(66)	(5,898)	(5,964)
Net book amount			
At 31 December 2008	196	784	980
At 31 December 2007	201	688	889

The net book value of £196,000 (2007:£201,000) in respect of land and buildings all relates to short leaseholds.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

11 Investments included in fixed assets

	Subsidiary companies	Associated under- takings	Other invest- ments	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2008	2,390	3,132	447	5,969
Additions – loan to group undertaking	8,704	-	-	8,704
Additions – equity investment	286	-	-	286
Liquidations	(670)	-	-	(670)
At 31 December 2008	10,710	3,132	447	14,289
Accumulated amortisation				
At 1 January 2008 and 31 December 2008	(940)	(3,132)	(447)	(4,519)
Net book amount				
At 31 December 2008	9,770			9,770
At 31 December 2007	1,450	-	-	1,450

The company owns 100% of the ordinary share capital of the following dormant companies, all of which are registered in England and Wales:

Risx Limited
Risx Environmental Management Limited
Stoner Associates (Europe) Limited.

These companies are all in members' voluntary liquidation and distributions of £670,000 were received during the year.

The company owns 100% of the ordinary shares of Advantica Corporate Ventures Limited, a company registered in England and Wales, and whose principal activity is to make investments in the equity of small innovative companies, either through a venture capital fund or via direct investment. The cost of investment is £2.

The company owns 100% of the ordinary shares of Advantica Intellectual Properties Limited, a company registered in England and Wales, and whose principal activity is that of holding the corporate trademarks and patents of the company and certain of its subsidiaries. The cost of investment is £780,000.

The company owns 100% of the ordinary shares of GL Industrial Holdings USA Inc (formerly Advantica Group US Holdings Inc) (219 shares of US \$0.01 per share), a company registered in Delaware USA, and whose principal activity is that of holding the US trading subsidiary. The cost of investment is £1.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

11 Investments included in fixed assets (continued)

The company has made a US \$ loan of £8,704,000 to a subsidiary undertaking, GL Industrial Holdings USA Inc (formerly Advantica Group US Holdings Inc). The amount bears interest at a three month US Libor rate. Although the loan is technically repayable on the earlier of 31 December 2009 and on a request being made by the company, the directors believe that this is effectively a long term investment as it will be rolled-over each year. As such, the long-term loan has been treated as a fixed asset investment balance and is held at the historical exchange rate, rather than being retranslated at the year-end exchange rate.

On 1 October 2008, the company acquired 100% of the ordinary shares and preference shares of Germanischer Lloyd Industrial Services (UK) Limited (registered number – 1297192), a company registered in England and Wales, and whose principal activity is that of technical assurance and industrial inspection services for £285,000. The company acquired 5,334 ordinary shares of £1 each for £110,000 and 175,040 preference shares of £1 each for £175,040, being 100% of the ordinary shares in issue and 100% of the preference shares in issue.

The company owns equity shares in Emerald BioAgriculture, a company registered in USA. A review of this investment was carried in March 2003 and in the opinion of the directors the realisable value of the holding was significantly below its original cost and as a result the carrying amount was reduced to £nil. The directors consider that this is still appropriate at 31 December 2008.

The company also holds equity shares (totalling £3,131,816 at cost) in an unrelated associated undertaking, Interotex Limited, a company registered in England and Wales. The company develops and licences proprietary gas heat pump technology throughout the world. The company holds 38% of the 'A' ordinary shares. In the opinion of the directors, the fair value of this asset is £nil.

12 Stocks

	31 December 2008	31 December 2007
	£'000	£'000
Raw materials and consumables	34	37

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

13 Debtors

	31 December 2008	31 December 2007
	£'000	£'000
Trade debtors	9,195	8,064
Amounts owed by group undertakings	5,664	12,390
Group relief debtor	870	925
Prepayments	489	472
Amounts recoverable on contracts	4,990	7,861
Deferred taxation (note 16)	449	672
	21,657	30,384

All the amounts disclosed above are falling due within one year.

Amounts owed by group undertakings are unsecured, interest bearing at 5% per annum and repayable on demand.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

14 Creditors: amounts falling due within one year

	31 December 2008	31 December 2007
	£'000	£'000
Trade creditors	1,429	2,148
Amounts owed to group undertakings	4,463	5,697
Other creditors	128	190
Taxation and social security	1,315	2,209
Corporation tax	495	-
Accruals and deferred income	3,618	6,575
Payments on account	1,670	1,335
	13,118	18,154

The amounts owed to group undertakings are unsecured, interest bearing at 5% per annum and repayable on demand.

15 Provisions for liabilities and charges

	Redundancy provision
	£'000
At 1 January 2008	102
Credited to the profit and loss account	831
Utilised during the year	(933)
At 31 December 2008	-

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

16 Deferred tax

	31 December 2008	31 December 2007
	£'000	£'000
Accelerated capital allowances	169	181
Other short term timing differences	280	467
Losses	-	24
Deferred tax asset	449	672
Asset at the start of the year/period	672	517
Deferred tax movement – against profit & loss	(223)	155
Asset at the end of the year/period	449	672

The deferred tax asset is recognised within debtors (note 12).

17 Called up share capital

	31 December 2008	31 December 2007
	£'000	£'000
Authorised (000's)		
50,000 (2007: 50,000) ordinary shares of £1 each	50,000	50,000
Allotted and fully paid		
30,881,700 (2007: 30,881,700) ordinary shares of £1 each	30,882	30,882

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

18 Share based payment charges

Under UK GAAP, a charge is made to the profit and loss account based on the fair value of grants in accordance with FRS 20 'Share-based Payment'. All share awards are equity settled and relate to the shares in the previous ultimate parent company, National Grid plc.

The charge to the profit and loss account for the year ended 31 December 2008 was £nil (2007: £385,000).

Awards under share option plans

The average share prices at the date of options being granted during each of the financial periods were as follows:

	Dec 2008	Dec 2007
Where the exercise price is less than the market price at the date of grant	n/a	846.0p

The average exercise prices of the options granted during each of the financial periods were as follows:

	Dec 2008	Dec 2007
Where the exercise price is less than the market price at the date of grant	n/a	655.0p

The average fair values of the options granted during each of the financial periods were as follows:

	Dec 2008	Dec 2007
Where the exercise price is less than the market price at the date of grant	n/a	190.0p

The fair values of the options granted were estimated using the following principal assumptions:

	Dec 2008	Dec 2007
Dividend yield (%)	-	4.5
Volatility (%)	-	15.6-18.9
Risk-free investment rate (%)	-	4.2
Average life (years)	-	3.8

The fair values of awards under the Sharesave scheme have been calculated using the Black Scholes model. This is considered appropriate given the short exercise window of sharesave options.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

18 Share based payment charges (continued)

Volatility has been derived based on the following:

- a) implied volatility in traded options over National Grid shares;
- b) historical volatility of National Grid shares from October 2002 (the date of the merger of National Grid Group plc and Lattice Group plc); and
- c) implied volatility of comparator companies where options in their shares are traded.

Volatility is assumed to revert from its current implied level to its long run mean, based on historical volatility under (b) above.

Awards under other share scheme plans

The average share prices and fair values at the date share awards were granted during each of the financial periods were as follows:

	Dec 2008	Dec 2007
Average share price	-	766.9p
Average fair value	-	522.8p

The fair values of the options granted were estimated using the following principal assumptions:

	Dec 2008	Dec 2007
Dividend yield (%)	-	4.4
Volatility (%)	-	15.6
Risk-free investment rate (%)	-	4.1

PSP fair values have been calculated using a Monte Carlo simulation model, which better reflects the total shareholder return performance conditions of the plan.

For other share scheme awards, where the primary vesting condition is that employees complete a specified number of years service, the fair value has been calculated as the share price at grant date, adjusted to recognise the extent to which participants do not receive dividends over the vesting period. Volatility for share awards has been calculated on the same basis as used for share options, as described above.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

19 Related party transactions

The company has taken advantage of the FRS 8 (Related party disclosures) exemption not to disclose transactions with Germanischer Lloyd AG companies on the basis that greater than 90% of its voting rights are controlled by Germanischer Lloyd AG and consolidated financial results in which the company's financial results are included are publicly available.

During the year ended 31 December 2008, the company made sales of £3,200 (2007: £2,000) to and purchases of £50,300 (2007: £229,000) from Cogsys Ltd, a company in which GL Industrial Services UK Ltd controls less than 90% of the voting rights. The balance due from Cogsys Ltd at 31 December 2008 is £808,526 (2007: £957,000).

20 Cash flow statement

The company has taken advantage of the exemption in FRS1 (revised 1996) Cash flow statements not to prepare a cash flow statement on the basis that greater than 90% of its voting rights are controlled by Germanischer Lloyd AG and consolidated financial results in which the company's financial results are included are publicly available.

21 Reserves

	Profit and loss account
	£'000
At 1 January 2008	(11,276)
Profit for the financial year	3,026
At 31 December 2008	(8,250)

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

22 Reconciliation of movements in total shareholders' funds

	31 December 2008	31 December 2007
	£'000	£'000
Profit / (loss) for the financial year/period	3,026	(4,993)
Issue of share capital	-	780
Share based payments	-	160
	3,026	(4,053)
Opening total shareholders' funds	19,606	23,659
Closing total shareholders' funds	22,632	19,606

23 Ultimate holding company and controlling parties

At the 31 December 2008, the company was a wholly owned subsidiary of Germanischer Lloyd Industrial Services Holdings (UK) Ltd, a company registered in England.

As at 31 December 2008 the ultimate holding company and ultimate controlling party was Germanischer Lloyd AG, which is registered in Germany and consolidates the accounts of the Company. Copies of the ultimate parent's consolidated financial statements may be obtained from Companies' House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The largest and smallest group in which the accounts are consolidated are those of Germanischer Lloyd AG, which is registered in Germany. Copies of the consolidated financial statements may be obtained from Companies' House, Crown Way, Maindy, Cardiff, CF14 3UZ.

24 Capital commitments

The company had no capital commitments contracted for but not provided as at 31 December 2008 (2007: £nil).

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

25 Operating lease commitments

At 31 December 2008, the company was committed to making the following payments during the next year in respect of operating leases:

	31 December 2008		31 December 2007	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases which expire:				
Within one year	323	47	237	181
Within two to five years	3,198	159	1,573	289
After five years	20	-	147	-
	3,541	206	1,957	470

26 Pensions and post-retirement benefits

GL Industrial Services UK Ltd (formerly Advantica Limited) participated in the National Grid UK Pension Scheme (formerly named the Lattice Group Pension Scheme) (the Scheme), sponsored by National Grid plc, the company's previous parent company for an interim period until 29 February 2008. National Grid plc charges its subsidiary undertakings with an allocation of the total Scheme cost. GL Industrial Services UK Ltd's (formerly Advantica Limited) share of the underlying assets and liabilities of the Scheme cannot be identified separately. GL Industrial Services UK Ltd (formerly Advantica Limited) costs of the Scheme for the year/period, together with unfunded pension costs, were £522,000 (2007: £3,256,000).

Substantially all of the Company's employees were members of the Scheme. The Scheme provided final salary defined benefits for employees joining up to 31 March 2002. A defined contributions section has been added from 1 April 2002 for employees joining from that date. The Scheme is self-administered and funded to cover pension liabilities in respect of service up to the balance sheet date. It is subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rate of employers' contributions which, together with the specified contributions payable by the employees and proceeds from the Scheme's assets, are expected to be sufficient to fund the benefits payable under the Scheme.

The deficit in the Scheme amounted to £371m as at 31 March 2006. For details of the Scheme see the National Grid plc Annual Report and Accounts.

Contributions by GL Industrial Services UK Ltd (formerly Advantica Limited) employees to the National Grid UK Pension Scheme ceased on 29 February 2008 as a requirement of the change of ownership of the company. Employees were given the option to become members of the Advantica UK Defined Contribution Pension Scheme. GL Industrial Services UK Ltd (formerly Advantica Limited) costs of the Scheme for the year were £1,765,000 (2007 - £nil).

The company operates a defined contribution pension plan, the Advantica UK Defined Contribution Pension Scheme, whereby it contributes to the personal pension plans of certain individual employees up to 8.25% of the gross salary of the individuals. There were no amounts outstanding or prepaid in respect of pension costs at year end.

GL Industrial Services UK Ltd (formerly Advantica Limited)

Notes to the financial statements for the year ended 31 December 2008 (continued)

27 Subsequent Events

On 1 January 2009 the company purchased the trade, and assets and liabilities, from its subsidiary undertaking, Germanischer Lloyd Industrial services (UK) Ltd, for a consideration of £446,210.