



GTC GROUP LIMITED
(formerly Grampian Test & Certification Limited)
(Company Number 122818)

DIRECTORS' REPORT AND ACCOUNTS

30 NOVEMBER 2005



Anderson Anderson & Brown
Chartered Accountants

GTC GROUP LIMITED
DIRECTORS' REPORT



Directors A Gowing
 S M Melville
 G Middleton
 P Dear – Non Executive

Secretaries Iain Smith & Co

Registered office 18 20 Queens Road, Aberdeen

The directors submit their report and the audited accounts of the company for the year ended 30 November 2005

RESULTS AND DIVIDENDS

The loss for the year, amounting to £1,138,844 (2004 profit £267,888), has been dealt with as shown in the profit and loss account. No dividends have been paid or proposed in the year (2004 £nil)

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activities of the company include the supply, repair and recertification of lifting equipment and gear as well as the manufacture and repair of wire rope slings, chain slings, webbing slings and proof load testing. The company also carried out non-destructive testing and inspection of lifting appliances and structures for both onshore and offshore use.

The results for the financial year are disappointing but reflect substantial costs in developing the business, which have resulted in major contracts being awarded since the year end. In addition to this, significant one off costs arose which had a material impact on the results for the year.

With client emphasis on having fewer vendors supplying a wider range of product lines through larger long term contracts it was absolutely necessary that the company aligned with this. The directors firmly believe that the company is now seeing the benefit of this approach and look to the future with confidence.

CHANGE OF NAME

During the year the name of the company was changed from Grampian Test & Certification Limited to GTC Group Limited.

DIRECTORS AND DIRECTORS' INTERESTS

The directors of the company during the year ended 30 November 2005 were as noted above, together with C G Melville who resigned on 12 June 2006.

At 30 November 2005 the directors in office did not hold any beneficial interest in the share capital of the company, as defined by the Companies Act 1985.

The above directors are directors of the holding company, GTC Holdings Limited, and their interests in the share capital of that company are disclosed in its accounts.

AUDITORS

Anderson Anderson & Brown have expressed their willingness to continue in office and a resolution proposing their re appointment will be submitted at the annual general meeting.

By order of the board

Director

GTC GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

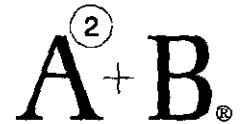


Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether or not applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts, and,
- (d) prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GTC GROUP LIMITED



We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8

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

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2005 and, of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Anderson Anderson Brown

Anderson Anderson & Brown
Chartered Accountants
Registered Auditors
Aberdeen

28 November 2006

GTC GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2005



	Note	2005 £	2004 £
TURNOVER		13,688,579	11,776,804
Operating costs	2	<u>(14,816,424)</u>	<u>(11,243,692)</u>
OPERATING (LOSS)/PROFIT	3	(1,127,845)	533,112
Interest payable and similar charges	6	<u>(130,337)</u>	<u>(118,650)</u>
(LOSS)/PROFIT BEFORE TAXATION		(1,258,182)	414,462
Taxation credit/(charge)	7	<u>119,338</u>	<u>(146,574)</u>
(LOSS)/PROFIT FOR FINANCIAL YEAR		<u>£ (1,138,844)</u>	<u>£ 267,888</u>

The company has made no gains or losses other than as reported above

Movements on reserves are as set out in Note 16

GTC GROUP LIMITED
BALANCE SHEET – 30 NOVEMBER 2005



	Note	2005 £	2004 £
FIXED ASSETS			
Tangible fixed assets	8	<u>2,231,386</u>	<u>2,282,657</u>
CURRENT ASSETS			
Stocks and work in progress	9	1,334,413	2,308,692
Debtors	10	7,588,021	5,836,505
Cash at bank and in hand		<u>5,296</u>	<u>1,966</u>
		8,927,730	8,147,163
CREDITORS <i>amounts falling due within one year</i>	11	<u>(7,731,836)</u>	<u>(4,331,774)</u>
NET CURRENT ASSETS		<u>1,195,894</u>	<u>3,815,389</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,427,280</u>	<u>6,098,046</u>
CREDITORS <i>amounts falling due after more than one year</i>	12	(1,939,182)	(3,338,124)
PROVISION FOR LIABILITIES AND CHARGES	14		(132,980)
		<u>£ 1,488,098</u>	<u>£ 2,626,942</u>
CAPITAL AND RESERVES			
Called up share capital	15	105,000	105,000
Capital redemption reserve	16	104,285	104,285
Profit and loss account	16	<u>1,278,813</u>	<u>2,417,657</u>
SHAREHOLDERS' FUNDS	16	<u>£ 1,488,098</u>	<u>£ 2,626,942</u>

Signed on behalf of the board of directors


Director – G Middleton

28 NOVEMBER 2006 Date

GTC GROUP LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2005

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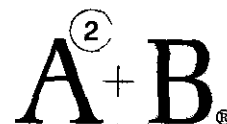
	Note	2005 £	2004 £
Cash from operating activities	18	(397,142)	(240,362)
Returns on investments and servicing of finance	19	(130,337)	(118,650)
Taxation		(208,671)	(197,822)
Capital expenditure	19	(460,932)	(173,835)
		<u>(1,197,082)</u>	<u>(730,669)</u>
Financing – decrease in debt	19	(125,155)	(129,950)
		<u>(125,155)</u>	<u>(129,950)</u>
Decrease in cash in the year		<u><u>£ (1,322,237)</u></u>	<u><u>£ (860,619)</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Note	2005 £	2004 £
Decrease in cash in the year		(1,322,237)	(860,619)
Cash outflow from decrease in lease financing		125,155	129,950
		<u>125,155</u>	<u>129,950</u>
Change in net debt resulting from cash flows		(1,197,082)	(730,669)
New finance leases		(144,622)	
		<u>(144,622)</u>	<u></u>
Movement in net debt in year		(1,341,704)	(730,669)
Net debt at 30 November 2004		(1,920,346)	(1,189,677)
		<u>(1,920,346)</u>	<u>(1,189,677)</u>
Net debt at 30 November 2005	20	<u><u>£ (3,262,050)</u></u>	<u><u>£ (1,920,346)</u></u>

GTC GROUP LIMITED

NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005



1 ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) *Depreciation*

The cost of fixed assets is written off by equal monthly instalments over their expected useful lives as follows

Freehold buildings	5 20 years
Leasehold land and buildings	20 years
Plant and machinery	5 10 years
Computers, furniture and fittings	5 10 years
Motor vehicles	4 6 years

(c) *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items. In the case of work in progress, cost comprises direct materials and labour.

(d) *Deferred taxation*

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

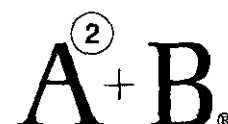
(e) *Hire purchase and lease commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals paid under operating leases are charged to income over the term of the lease.

GTC GROUP LIMITED

NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005

**1 ACCOUNTING POLICIES (continued)****(f) Pensions**

The company operates and contributes towards defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

(g) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

2 OPERATING COSTS

	2005 £	2004 £
Decrease in stocks and work in progress	974,279	549,329
Raw materials and consumables	6,441,119	3,669,208
Staff costs – salaries	3,438,365	2,634,629
social security costs	349,758	256,965
other pension costs	59,103	66,581
Depreciation – owned assets	569,924	569,818
assets held under hire purchase and finance leases	91,693	85,398
Other operating charges	2,892,183	3,411,764
	<u>£ 14,816,424</u>	<u>£ 11,243,692</u>

3 OPERATING (LOSS)/PROFIT is stated after charging/(crediting)

	2005 £	2004 £
Auditors' remuneration	14,500	14,000
Operating lease – equipment	76,538	68,378
land and buildings	120,047	128,235
Gain on sale of fixed assets	(6,056)	(9,697)
Foreign exchange loss	2,572	1,401
	<u>2,572</u>	<u>1,401</u>

GTC GROUP LIMITED

NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005

**4 STAFF NUMBERS**

The average number of persons employed by the company during the year, including the directors, was as follows

	2005 No	2004 No
Management, administration and sales	36	24
Workshop	127	105
	<u>163</u>	<u>129</u>

5 DIRECTORS' REMUNERATION

Directors' remuneration was paid by the holding company. The directors do not believe it is practicable to apportion these amounts between their services as directors of the company and their services as directors of the holding company.

6 INTEREST PAYABLE

	2005 £	2004 £
Bank overdraft	116,638	106,020
Hire purchase and finance leases	13,699	12,630
	<u>£ 130,337</u>	<u>£ 118,650</u>

GTC GROUP LIMITED

NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005


7 TAXATION (credit) / charge for the year comprises

	2005 £	2004 £
UK corporation tax		208,000
Transfer from deferred tax	(132,980)	(57,152)
	(132,980)	150,848
<i>Adjustments relating to prior years</i>		
UK corporation tax	13,642	(1,178)
Deferred tax		(3,096)
	<u>£ (119,338)</u>	<u>£ 146,574</u>

There is no tax charge for the year due to losses incurred

8 TANGIBLE FIXED ASSETS

	Freehold buildings £	Leasehold land & buildings £	Plant & machinery £	Computers, furniture & fittings £	Motor vehicles £	Total £
COST						
At 1 December 2004	573,901	256,932	3,926,247	141,254	146,828	5,045,162
Additions		3,155	686,451	49,132	95,037	833,775
Disposals		(1,672)	(329,474)	(61,120)	(4,425)	(396,691)
At 30 November 2005	<u>573,901</u>	<u>258,415</u>	<u>4,283,224</u>	<u>129,266</u>	<u>237,440</u>	<u>5,482,246</u>
DEPRECIATION						
At 1 December 2004	161,183	113,591	2,282,993	86,102	118,636	2,762,505
Charge for year	18,679	20,908	558,396	31,772	31,862	661,617
Relating to disposals		(1,672)	(106,045)	(61,120)	(4,425)	(173,262)
At 30 November 2005	<u>179,862</u>	<u>132,827</u>	<u>2,735,344</u>	<u>56,754</u>	<u>146,073</u>	<u>3,250,860</u>
Net book amounts at 30 November 2005	<u>£ 394,039</u>	<u>£ 125,588</u>	<u>£ 1,547,880</u>	<u>£ 72,512</u>	<u>£ 91,367</u>	<u>£ 2,231,386</u>
30 November 2004	<u>£ 412,718</u>	<u>£ 143,341</u>	<u>£ 1,643,254</u>	<u>£ 55,152</u>	<u>£ 28,192</u>	<u>£ 2,282,657</u>

The net book value of tangible fixed assets includes an amount of £320,366 (2004 £275,865) in respect of assets held under hire purchase and finance lease contracts

GTC GROUP LIMITED

NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005

**9 STOCKS AND WORK IN PROGRESS**

	2005 £	2004 £
Raw materials and consumables	634,127	1,147,332
Work in progress	700,286	1,161,360
	<u>£ 1,334,413</u>	<u>£ 2,308,692</u>

10 DEBTORS

	2005 £	2004 £
Trade debtors	4,312,712	3,630,180
Prepayments and accrued income	1,887,643	2,206,159
Corporation tax recoverable	200,000	
Amounts due from related company	387,729	
Other debtors	799,937	166
	<u>£ 7,588,021</u>	<u>£ 5,836,505</u>

11 CREDITORS *amounts falling due within one year*

	2005 £	2004 £
Bank overdraft	3,076,393	1,750,826
Trade creditors	3,539,480	1,530,669
Hire purchase and finance lease creditor (Note 13)	112,519	104,610
Corporation tax	12,971	208,000
Section 419 tax	200,000	
Other taxes and social security	285,397	439,812
Accruals and deferred income	505,076	297,857
	<u>£ 7,731,836</u>	<u>£ 4,331,774</u>

The bank borrowings are secured by a standard security over the company's property and by a bond and floating charge over the assets of the company

GTC GROUP LIMITED

NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005

**12 CREDITORS** *amounts falling due after more than one year*

	2005 £	2004 £
Hire purchase and finance lease creditor (Note 13)	78,434	66,876
Amounts due to parent company	1,860,748	3,271,248
	<u>£ 1,939,182</u>	<u>£ 3,338,124</u>

13 OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASE CONTRACTS

	2005 £	2004 £
<i>Amounts repayable</i>		
Within one year (Note 11)	112,519	104,610
Between two and five years (Note 12)	78,434	66,876
	<u>£ 190,953</u>	<u>£ 171,486</u>

14 PROVISION FOR LIABILITIES AND CHARGES
comprises deferred taxation as follows

	2005 £	2004 £
Accelerated capital allowances	<u>£</u>	<u>£ 132,980</u>

Deferred taxation has been provided in full

15 CALLED UP SHARE CAPITAL

	2005 & 2004
Authorised: 105,000 Ordinary shares of £1 each	<u>£ 105,000</u>
Allotted, called up and fully paid: 105,000 Ordinary shares of £1 each	<u>£ 105,000</u>

GTC GROUP LIMITED**NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005****16 RECONCILIATION OF SHAREHOLDERS' FUNDS
AND MOVEMENTS ON RESERVES**

	Share capital £	Capital redemption reserve £	Profit and loss account £	Total £
At 30 November 2003	105,000	104,285	2,149,769	2,359,054
Profit for year			267,888	267,888
At 30 November 2004	105,000	104,285	2,417,657	2,626,942
Loss for year			(1,138,844)	(1,138,844)
At 30 November 2005	<u>£ 105,000</u>	<u>£ 104,285</u>	<u>£ 1,278,813</u>	<u>£ 1,488,098</u>

17 OTHER FINANCIAL COMMITMENTS

At 30 November 2005 the company had annual commitments under non cancellable operating leases as follows

	Equipment		Land & buildings	
	2005	2004	2005	2004
	£	£	£	£
<i>Operating leases which expire</i>				
In less than one year	9,128			8,000
Within two to five years	61,914	57,039	133,500	75,000
After five years			15,150	15,150
	<u>£ 71,042</u>	<u>£ 57,039</u>	<u>£ 148,650</u>	<u>£ 98,150</u>

**18 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO
NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2005 £	2004 £
Operating (loss)/profit	(1,127,845)	533,112
Depreciation charge	661,617	655,216
Gain on sale of tangible fixed assets	(4,792)	(9,697)
Increase in debtors	(1,551,516)	(2,094,869)
Increase in creditors	651,115	126,547
Decrease in stock and work in progress	974,279	549,329
Net cash outflow	<u>£ (397,142)</u>	<u>£ (240,362)</u>

GTC GROUP LIMITED

NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005


**19 ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT**

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest paid	(130,337)	(118,650)
Net cash outflow from returns on investments and servicing of finance	<u>£ (130,337)</u>	<u>£ (118,650)</u>
Capital expenditure		
Purchase of tangible fixed assets	(689,153)	(200,461)
Sale of tangible fixed assets	228,221	26,626
Net cash outflow from capital expenditure	<u>£ (460,932)</u>	<u>£ (173,835)</u>
Financing		
Capital element of finance lease rental payments	(125,155)	(129,950)
Net cash outflow from financing	<u>£ (125,155)</u>	<u>£ (129,950)</u>

20 ANALYSIS OF NET DEBT

	At 30 November 2004 £	Cash flow £	Other charges £	At 30 November 2005 £
Cash at bank and in hand	(1,748,860)	(1,322,237)		(3,071,097)
Finance leases	(171,486)	125,155	(144,622)	(190,953)
Total	<u>£ (1,920,346)</u>	<u>£ (1,197,082)</u>	<u>£ (144,622)</u>	<u>£ (3,262,050)</u>

GTC GROUP LIMITED

NOTES ON THE ACCOUNTS – 30 NOVEMBER 2005

**21 RELATED PARTIES****Control**

During the year the company was controlled by the directors. The directors' interests in the share capital throughout the year are as stated in the directors' report.

Transactions

The company had the following transactions with related parties during the year

Related party	Transaction	£	Balance at year end £
C G Melville, shareholder and former director	Amount due – fully repaid since year end	799,736	799,736
GTC Holdings Limited, the parent company	Management fees	(914,000)	
	Rentals	(144,000)	
	Costs recharged	1,207,497	
	Amounts repaid	1,261,000	(1,860,748)
Assembly Solutions and Tools Limited	Loan advanced	442,773	387,729
	Assets transferred	172,710	
	Purchases	(238,047)	
	Sales	36,245	

22 ULTIMATE PARENT COMPANY

The ultimate parent company is GTC Holdings Limited, a company registered in Scotland

23 CONTINGENT LIABILITY

The company has given a guarantee in respect of the bank borrowings of the other group companies. At 30 November 2005, total group bank borrowings amounted to £7,562,729