

CET GROUP HOLDINGS LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

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CET GROUP HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

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CET GROUP HOLDINGS LIMITED
COMPANY INFORMATION
YEAR ENDED 31 MARCH 2009

DIRECTORS: R A Blunden
M J Stansfield (Appointed 30 October 2008)
M J Heaps (Resigned 30 October 2008)
B Scouler (Resigned 24 September 2008)
A M Pickup (Appointed 1 October 2008, Resigned 24 March 2009)

SECRETARY: M J Heaps (Resigned 30 October 2008)

REGISTERED OFFICE: Unit E2 First Floor Suite
Boundary Court
Willow Farm Business Park
Castle Donington
Derby
DE74 2NN

REGISTERED NUMBER: 05340145

AUDITORS: Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors
10 Palace Avenue
Maidstone
Kent
ME15 6NF

BANKERS: HSBC Bank Plc
Global House
High Street
Crawley
East Sussex
RH10 1DL

CET GROUP HOLDINGS LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31 MARCH 2009

The directors present their report and the audited financial statements for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The principal activity of the company is to act as a holding company of a trading group.

The principal activities of the group are: specialist site investigations, drainage contracting, materials testing and emergency building repairs services. These services are provided to the engineering, insurance and construction industries.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company, through its investing partners, holds the entire share capital of CET SAFEHOUSE Limited. The principal activities of CET SAFEHOUSE Limited are: specialist site investigations; drainage contracting; materials testing and emergency building repair services. These services are provided to the engineering, insurance and construction industries.

The turnover of the group for the year was £13,107,022 (2008 - £18,173,903), which has resulted in an operating loss before taxation of £2,136,007 (2008 profit - £441,154).

Two of the wettest summers on record in 2007 and 2008 had a severely detrimental effect on subsidence related sales and hence profitability. These weather conditions have not been experienced by the company since it first started working in the subsidence industry and are expected to be a rare event in the future. In addition the revenue stream from the building repairs as a result of the floods in the summer of 2007 also came to an end and these sales could not be replaced by increasing subsidence sales for the reason stated above.

The Directors have resolved that the reliance on subsidence and therefore a particular set of weather conditions has to be reduced by increasing their presence in existing markets and entering new markets where the core expertise of the company can be utilised to best effect. The Directors have therefore taken a number of actions to realise this new strategy and to return the company to producing strong profits, which it has done

for 7 years out of the past 9 since 2000. These actions include:-

- Discontinuing the growth of the building repairs division
- Seeking further growth in building repair emergency services
- Expanding the drainage repair and survey division
- Accelerating the growth of the Materials Testing Division
- Reducing overheads to increase profitability

To take this strategy forward the top tier management team has been reorganised to include a new Chairman and a revitalised Board. The benefits from this strategy are now being realised and the company has returned to profit and is expanding in new markets.

Principal Risks and Uncertainties

The principal external uncertainties facing the group are weather patterns for the Subsidence divisions and Government infrastructure spending for the Testing division.

CET GROUP HOLDINGS LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
YEAR ENDED 31 MARCH 2009

BUSINESS REVIEW AND FUTURE DEVELOPMENTS (CONTINUED)

Key Performance Indicators

The group uses the following financial key performance indicators (KPIs):

1) Gross profit margins:

This is calculated as sales for the year less the directly attributable costs of those sales, divided by the sales for the year, expressed as a percentage.

Gross profit margins allow management to monitor the group's profitability and to identify market trends. The Gross profit margin for the year ended 31 March 2009 was 17.1% (2008 – 26.3%).

2) Turnover:

This relates to the turnover for the year as shown in the statutory accounts compared to the budget for the year. For the year ended 31 March 2009 this fell short of our budget.

3) Ratio of net debt to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

This is calculated as the ratio of net debt as defined by Financial Reporting Standard 1 'Cash flow statements' (FRS 1) to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). For the year ended 31 March 2009 this equated to (0.17) (2008 – 0.13).

4) Interest cover:

This is calculated as the number of times interest payable is covered by profit before interest and tax. For the year ended 31 March 2009 this equated to (4.23) (2008 - 0.32).

RESULTS AND DIVIDENDS

The group's loss for the year after taxation was £2,518,568 (2008 – £405,435). In the latter part of the year, the company was in breach of bank covenants causing the term loan to become repayable on demand. Subsequent to the year end the bank has reorganised its financing with the bank and further breaches are not anticipated.

The directors do not recommend the payment of a dividend (2008 - £nil).

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

CET GROUP HOLDINGS LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
YEAR ENDED 31 MARCH 2009

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS (continued)

The directors are responsible for keeping proper accounting records which 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

DIRECTORS

The present directors of the company are set out on page 1.

CHARITABLE AND POLITICAL DONATIONS

During the current financial year the group made charitable donations of £105 (2008 - £845). No political donations were made during the current year (2008 - £nil).

REGISTERED NUMBER

The registered number of the company is 05340145.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

A resolution for the reappointment of Horwath Clark Whitehill LLP as auditors in accordance with Section 485 of the Companies Act 2006 will be proposed at the Annual General Meeting.

This report was approved by the board on 25 November 2009 and signed on its behalf.



R A Blunden
Director

CET GROUP HOLDINGS LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
CET GROUP HOLDINGS LIMITED

We have audited the consolidated financial statements of CET Group Holdings Limited for the year ended 31 March 2009, set out on pages 7 to 25. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 company's shareholders 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 in the Statement of Directors' Responsibilities the directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company and group 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 and group is not disclosed.

We read the Report of the Directors 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 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 judgements 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 the information in the financial statements.

CET GROUP HOLDINGS LIMITED
REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
CET GROUP HOLDINGS 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 and group's affairs as at 31 March 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- are consistent with the information provided in the Report of the Directors

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants and
Registered Auditors
10 Palace Avenue
Maidstone
Date: 25 November 2009

CET GROUP HOLDINGS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
TURNOVER	2	13,107,022	<i>18,173,903</i>
Cost of sales		<u>(10,830,669)</u>	<u>(13,394,563)</u>
GROSS PROFIT		2,276,353	<i>4,779,340</i>
Financial and other expenses		(288,200)	(274,080)
Administration expenses		<u>(4,014,006)</u>	<u>(4,064,106)</u>
OPERATING PROFIT	3	(2,025,853)	<i>441,154</i>
Exceptional items	6	(276,351)	-
Interest receivable and similar income	4	4,965	35,991
Interest payable and similar charges	5	<u>(710,740)</u>	<u>(698,972)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,007,979)	<i>(221,827)</i>
Taxation	10	<u>489,411</u>	<u>(183,608)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(2,518,568)</u>	<u><i>(405,435)</i></u>

All amounts relate to continuing operations.



There were no recognised gains or losses for 2009 or 2008 other than those included in the profit and loss account.

The notes on pages 11 to 25 form part of these financial statements.

CET GROUP HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEET
31 MARCH 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Intangible fixed assets	12	8,632,538	9,161,890
Tangible fixed assets	13	359,004	435,086
		<u>8,991,542</u>	<u>9,596,976</u>
CURRENT ASSETS			
Stocks	15	30,830	1,678,647
Debtors	16	2,808,003	5,261,740
Cash at bank and in hand		35,172	619,681
		<u>2,874,005</u>	<u>7,560,068</u>
CREDITORS: amounts falling due within one year	17	(7,509,431)	(9,802,949)
NET CURRENT ASSETS		<u>(4,635,426)</u>	<u>(2,242,881)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,356,116</u>	<u>7,354,095</u>
CREDITORS: amounts falling due after more than one year	18	(5,274,328)	(5,767,606)
NET ASSETS		<u>(918,212)</u>	<u>1,586,489</u>
CAPITAL AND RESERVES			
Called up share capital	20	9,308	9,308
Capital redemption reserve	21	692	692
Share premium account	21	703,158	703,158
Share option reserve	21	20,230	6,363
Profit and loss account	21	(1,651,600)	866,968
SHAREHOLDERS' FUNDS		<u>(918,212)</u>	<u>1,586,489</u>

The financial statements were approved and authorised for issue by the board on 25 November 2009 and signed on its behalf:



R A Blunden  } Directors
M J Stansfield  }

The notes on pages 11 to 25 form part of these financial statements.

CET GROUP HOLDINGS LIMITED
COMPANY BALANCE SHEET
31 MARCH 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Investments	14	<u>11,142,696</u>	<u>11,142,696</u>
CURRENT ASSETS			
Debtors	16	<u>68,000</u>	<u>142,287</u>
Cash at bank and in hand		<u>24,677</u>	<u>-</u>
		92,677	142,287
CREDITORS: amounts falling due within one year	17	<u>(8,546,492)</u>	<u>(7,206,983)</u>
NET CURRENT LIABILITIES		<u>(8,453,815)</u>	<u>(7,064,696)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,688,881	4,077,800
CREDITORS: amounts falling due after more than one year	18	<u>(5,274,328)</u>	<u>(5,767,606)</u>
NET LIABILITIES		<u>(2,585,447)</u>	<u>(1,689,606)</u>
CAPITAL AND RESERVES			
Called up share capital	20	9,308	9,308
Capital redemption reserve	21	692	692
Share premium account	21	703,158	703,158
Share option reserve	21	20,230	6,363
Profit and loss account	21	<u>(3,318,835)</u>	<u>(2,409,127)</u>
SHAREHOLDERS' FUNDS		<u>(2,585,447)</u>	<u>(1,689,606)</u>

The financial statements were approved and authorised for issue by the board on 25 November 2009 and signed on its behalf:

R A Blunden  } Directors
M J Stansfield  }

The notes on pages 11 to 25 form part of these financial statements.

CET GROUP HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
CASH FLOW FROM OPERATING ACTIVITIES	25	1,325,904	742,393
Returns on investment and servicing of finance	26	(705,775)	(516,684)
Taxation		(252,345)	(287,001)
Capital expenditure and financial investment			
Payment for tangible fixed assets		(105,776)	(202,515)
Receipts on sale of tangible fixed assets		(9,625)	-
CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		252,383	(263,807)
Financing	26	(909,151)	(872,396)
DECREASE IN CASH		(656,768)	(1,136,203)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
(NOTE 27)

	2009 £	2008 £
Decrease in cash in the year	(656,768)	(1,136,203)
Increase in debt from non cash movements	-	523
Cash inflow from decrease in debt and lease financing	909,151	872,396
Movement in net debt during the year	252,383	(263,284)
NET DEBT AT 1 APRIL 2008	(9,486,883)	(9,223,599)
NET DEBT AT 31 MARCH 2009	(9,234,500)	(9,486,883)

The notes on pages 11 to 25 form part of these financial statements.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

c) Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities.

Goodwill is being amortised to the profit and loss account over 20 years.

d) Basis of Consolidation

The consolidated financial statements consolidate the accounts of the company and its subsidiary undertakings at 31 March 2009. All sales and profit figures relate to external transactions only.

Under Section 230 of the Companies Act 1985 the parent company is exempt from the requirement to present its own profit and loss account. The loss for the financial year, of the parent company, as approved by the Board, was £909,708.

e) Tangible Fixed Assets and Depreciation

Depreciation is provided on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to this recoverable amount. Any such write down would be charged to operating profit. The principal annual rates used are:

Freehold property	Straight line over forty years
Motor vehicles	Straight line over three years
Office equipment	Straight line over four years
Premises improvements	Straight line over four years

Land is not depreciated.

f) Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (CONTINUED)

g) Deferred Taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

h) Investments

Investments are shown at cost less any provision for impairment.

i) Pensions

The group operates a stakeholder pension scheme and contributes towards the personal pension plans of certain staff and directors. The charge in the profit and loss account represents the amounts paid into the schemes during the year.

j) Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

k) Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

l) Share-based payments

The group has applied the requirements of FRS 20 'share-based payment'. In accordance with the transitional provisions of FRS 20, FRS 20 has been applied to all grants of equity instruments after the company's formation that had not vested as of 7 November 2002.

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured based upon the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

2. TURNOVER

An analysis of turnover by class is as follows:

	2009 £	2008 £
Insurance	9,485,818	14,846,903
Materials Testing	3,621,204	3,327,000
	<u>13,107,022</u>	<u>18,173,903</u>

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2009 £	2008 £
Depreciation of tangible fixed assets – owned	181,196	199,172
Depreciation of tangible fixed assets – leased	-	27,563
Amortisation of positive goodwill	529,352	529,352
Operating lease rentals – plant and machinery	31,632	13,812
Operating lease rentals – other operating leases	365,576	309,827

4. INTEREST RECEIVABLE

	2009 £	2008 £
Bank interest receivable	<u>4,965</u>	<u>35,991</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
On bank loans and overdrafts	214,011	279,103
On other loans	453,541	371,623
On finance leases	5,115	10,173
Preference dividends	38,073	38,073
	<u>710,740</u>	<u>698,972</u>

6. EXCEPTIONAL ITEMS

	2009 £	2008 £
Restructuring costs	<u>276,351</u>	<u>-</u>

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

7. STAFF COSTS (including directors)

	2009 £	2008 £
Wages and salaries	4,745,373	4,679,217
Social security costs	256,720	471,290
Pension costs	38,832	24,760
	<u>5,040,925</u>	<u>5,175,267</u>

The average number of employees employed by the group during the year was:

	2009	2008
Directors	5	5
Administration	30	43
Site workers	135	130
	<u>170</u>	<u>178</u>

8. REMUNERATION OF THE DIRECTORS

	2009 £	2008 £
Aggregate emoluments	<u>528,994</u>	<u>490,587</u>

The cost of directors' remuneration is met in full by the subsidiary, CET SAFEHOUSE Limited.

The highest paid director received remuneration of £166,137 (2008 - £166,137).

The highest paid director received £3,400 (2008 - £3,400) in the form of contributions to his personal pension plan. The company paid total pension contributions, in relation to all directors, amounting to £9,350 (2008 - £10,200).

A total of £30,000 (2008 - £72,200) was paid to directors during the year for compensation for loss of office.

9. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
Fees payable to the Group's auditors for other services to the Group		
The audit of the Company and its subsidiaries pursuant to legislation	19,550	15,000
Other services relating to taxation	5,916	3,000
Other services pursuant to legislation	1,620	-
Total fees	<u>27,086</u>	<u>18,000</u>

The audit fees of the Company are paid by its subsidiary.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

10. TAXATION

	2009 £	2008 £
Taxation on profit on ordinary activities		
Corporation tax		
Current year	(115,999)	114,209
Adjustments in respect of prior period	(65,660)	57,312
Total corporation tax charge	<u>(181,659)</u>	<u>171,521</u>
Deferred tax		
Current year	(308,980)	12,087
Adjustments in respect of prior periods	1,228	-
Total deferred tax charge	<u>(307,752)</u>	<u>12,087</u>
Total tax charge for the year	<u>(489,411)</u>	<u>183,608</u>

Factors affecting current tax charge for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £	2008 £
Consolidated loss on ordinary activities before tax	(3,007,979)	(221,827)
Loss on ordinary activities multiplied by standard rate of corporation tax of 28% (2008 – 30%)	(842,234)	(66,548)
Effects of:		
Ineligible depreciation	8,974	5,772
Expenses not deductible for tax purposes	30,116	17,810
Change of rate on losses carried back	(7,733)	-
Losses carried forward	544,747	-
Adjustment to IBA assets to assets ineligible for depreciation	(370)	-
Depreciation in excess of capital allowances	1,409	3,168
Other short term timing differences	4,436	(4,799)
Goodwill amortisation	144,656	158,806
Adjustments to tax in respect of the previous period	(65,660)	57,312
	<u>(181,659)</u>	<u>171,521</u>

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

11. DIVIDENDS

There were no dividends paid or proposed during the year (2008 - £nil).

12. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost	
At 1 April 2008 and at 31 March 2009	<u>10,587,044</u>
Amortisation	
At 1 April 2008	1,425,154
Charge for the year	<u>529,352</u>
At 31 March 2009	<u>1,954,506</u>
Net book values	
At 31 March 2009	<u>8,632,538</u>
At 31 March 2008	<u>9,161,890</u>

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

13. TANGIBLE FIXED ASSETS

GROUP	Land and buildings £	Motor vehicles £	Equipment £	Premises improvements £	Total £
Cost					
At 1 April 2008	52,000	177,933	1,671,164	207,630	2,108,727
Additions	33,238	-	70,266	2,273	105,777
Disposals	-	(28,079)	(6,500)	-	(34,579)
At 31 March 2009	85,238	149,854	1,734,930	209,903	2,179,925
Depreciation					
At 1 April 2008	10,400	158,510	1,309,887	194,844	1,673,641
Charge for the year	11,871	9,221	147,683	12,421	181,196
Eliminated on disposal	-	(27,417)	(6,499)	-	(33,916)
At 31 March 2009	22,271	140,314	1,451,071	207,265	1,820,921
Net book values					
At 31 March 2009	62,967	9,540	283,859	2,638	359,004
<i>At 31 March 2008</i>	<i>41,600</i>	<i>19,423</i>	<i>361,277</i>	<i>12,786</i>	<i>435,086</i>

The net book value of assets held under finance leases or hire purchase contracts are as follows:

	2009 £	2008 £
Motor vehicles	-	2,330
Equipment	-	13,160
	-	15,490

14. INVESTMENTS

COMPANY	Shares in group undertakings £
At 1 April 2008 and 31 March 2009	11,142,696

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

14. INVESTMENTS (CONTINUED)

Direct subsidiary undertakings	Interest in ordinary shares and voting rights	Country of incorporation	Principal activity
CET SAFEHOUSE Limited	100%	England	Specialist investigation, drainage contracting, building repairs service and materials testing

CET SAFEHOUSE Limited holds 100% of the share capital of Construction Engineering Testing Group Limited, Economy Services Limited and Safehouse UK Limited, which are all dormant companies.

15. STOCKS

	2009		2008	
	Group £	Company £	Group £	Company £
Raw materials	14,668	-	44,940	-
Work in progress	16,162	-	1,633,707	-
	<u>30,830</u>	<u>-</u>	<u>1,678,647</u>	<u>-</u>

16. DEBTORS

	2009		2008	
	Group £	Company £	Group £	Company £
Trade debtors	2,143,666	-	4,893,278	-
Amounts owed by group undertakings	-	-	-	-
Deferred tax asset (note 17)	348,145	-	40,393	-
Other debtors	136,447	68,000	82,089	68,000
Prepayments and accrued income	179,745	-	245,980	74,287
	<u>2,808,003</u>	<u>68,000</u>	<u>5,261,740</u>	<u>142,287</u>

Included within prepayments are loan arrangement fees of £57,143 (2008 - £74,286).

Included within other debtors is £27,255 relating to corporation tax repayable.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

17. CREDITORS: amounts falling due within one year

	2009		2008	
	Group £	Company £	Group £	Company £
Bank loans	2,908,437	2,908,437	3,811,437	3,811,437
Bank overdrafts	627,514	-	555,255	555,255
Loan notes	600,000	600,000	68,650	68,650
Obligations under finance leases	-	-	6,151	-
Trade creditors	881,656	7,336	761,050	-
Corporation tax	-	-	406,747	-
Amounts owed to group undertakings	-	4,159,731	-	2,267,040
Other taxation and social security costs	765,797	226,991	512,508	361,871
Other creditors	23,542	-	13,858	-
Accruals and deferred income	1,702,485	643,997	3,667,293	142,730
	<u>7,509,431</u>	<u>8,546,492</u>	<u>9,802,949</u>	<u>7,206,983</u>

HSBC Bank Plc holds a debenture and Sand Aire Private Equity Limited (The Trustee) also holds a composite guarantee and debenture. These incorporate a fixed and floating charge over the undertaking and all property and assets, present and future, including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery.

HSBC Bank Plc also holds a charge over the assignment of the life policy of R A Blunden.

Net obligations under finance leases and hire purchase contracts are secured upon the underlying assets.

18. CREDITORS: amounts falling due in more than one year

	2009		2008	
	Group £	Company £	Group £	Company £
Loan notes	4,453,852	4,453,852	4,985,203	4,985,203
Preference shares	679,868	679,868	679,868	679,868
Accruals	140,608	140,608	102,535	102,535
	<u>5,274,328</u>	<u>5,274,328</u>	<u>5,767,606</u>	<u>5,767,606</u>

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

**18. CREDITORS: amounts falling due
in more than one year (Continued)**

	2009		2008	
	Group £	Company £	Group £	Company £
Repayable				
1-2 years	1,245,476	1,245,476	233,288	233,288
2-5 years	4,028,852	4,028,852	1,538,523	1,538,523
Over 5 years	-	-	3,995,795	3,995,795
	<u>5,274,328</u>	<u>5,274,328</u>	<u>5,767,606</u>	<u>5,767,606</u>

In accordance with FRS 25 'Financial Instruments: disclosure and presentation' the company's preference shares are shown within long term debt. On 22 July 2005 the company issued 679,800 preference shares of 1p each, at a premium of 99p per share, for a total consideration of £679,868. The preference shares give the preference shareholders the right to receive a fixed cumulative cash dividend at the rate of 5.6% per annum on the aggregate of the subscription price of the preference shares held by them and any preference dividend in respect of any prior year.

The preference dividend shall accrue from day to day but shall only be paid on the redemption of the relevant preference shares and shall compound annually on the anniversary of the date of issue of the relevant preference share.

The company shall redeem all the preference shares then outstanding immediately prior to a sale or listing or, if earlier, and subject to the prior redemption in full of the loan notes then in issue and the B loan notes then in issue, on 31 March 2011, for a cash payment to be made by the company to the preference shareholders of the aggregate of:

- the subscription price of the preference shares held by them; and
- an amount equal to any accrued, unpaid preference dividend to be calculated down to the date of return of capital.

On a winding up, preference shareholders have priority to any payment over the ordinary shareholders.

Accruals falling due in more than 1 year relate to accrued preference share dividends.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

19. DEFERRED TAXATION

The movements in deferred tax are as follows:

	2009		2008	
	Group £	Company £	Group £	Company £
Balance at 1 April 2008	40,393	-	52,480	-
Profit and loss account credit	307,752	-	(12,087)	-
Balance at 31 March 2009	348,145	-	40,393	-

The deferred tax asset is in respect of accelerated capital allowances of £35,434 (2008 - £36,689), short term timing differences of £8,140 (2008 - £nil) and tax losses carried forward of £304,572 (2008 - £3,705).

20. SHARE CAPITAL

	2009 £	2008 £
Authorised		
Equity		
519,405 A ordinary shares of 1p each	5,194	5,194
480,595 ordinary shares of 1p each	4,806	4,806
	10,000	10,000
Allotted, called up and fully paid		
Equity		
519,405 A ordinary shares of 1p each	5,194	5,194
411,395 ordinary shares of 1p each	4,114	4,114
	9,308	9,308

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

21. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

GROUP	Share capital £	Share premium £	Share option reserve £	Capital redemption £	Profit and loss account £	Total £
At 1 April 2007	9,308	703,158	-	692	1,272,403	1,985,561
Loss for the year pre-FRS 20 charges	-	-	-	-	(399,072)	(399,072)
FRS 20 share option charge for the year	-	-	6,363	-	(6,363)	-
At 31 March 2008	9,308	703,158	6,363	692	866,968	1,586,489
Loss for the year pre-FRS 20 charges	-	-	-	-	(2,504,701)	(2,504,701)
FRS 20 share option charge for the year	-	-	13,867	-	(13,867)	-
At 31 March 2009	9,308	703,158	20,230	692	(1,651,600)	(918,212)
COMPANY	Share capital £	Share premium £	Share Option Reserve £	Capital redemption £	Profit and loss Account £	Total £
At 1 April 2007	9,308	703,158	-	692	(1,674,546)	(961,388)
Loss for the year	-	-	-	-	(728,218)	(728,218)
FRS 20 share option charge for the year	-	-	6,363	-	(6,363)	-
At 31 March 2008	9,308	703,158	6,363	692	(2,409,127)	(1,689,606)
Loss for the year	-	-	-	-	(895,841)	(895,841)
FRS 20 share option charge for the year	-	-	13,867	-	(13,867)	-
At 31 March 2009	9,308	703,158	20,230	692	(3,318,835)	(2,585,447)

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

22. SHARE OPTION RESERVE

CET Group Holdings Limited has a share option scheme for certain employees of the group. Options are exercisable at a price of £10.65 per share option. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the option holder leaves the group before the options vest.

Details of the share options outstanding during the year are as follows:

	Year ended 31 March 2009	Year ended 31 March 2009 Weighted Average Exercise Price (£)	Year ended 31 March 2008 Number of share options	Year ended 31 March 2008 Weighted Average Exercise Price (£)
Outstanding at the beginning of the year	40,000	10.65	-	-
Granted during the year	-	-	40,000	10.65
Forfeited during the year	(8,000)	10.65	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	32,000	10.65	40,000	10.65
Exercisable at the end of the year	32,000	10.65	40,000	10.65

The FRS 20 fair value charge for the year ended 31 March 2009 was £13,867 (2008 - £6,363).

No new options have been issued during the last year. At the time of the issue of options the inputs into the Black-Scholes option pricing model were as follows:

Expected volatility	70%
Expected life	3 years
Risk-free rate	4.00%
Dividend yield	Nil
Non-marketability factor	75%

Expected volatility was determined by the directors to reflect the nature and size of the business and business plan. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The non-marketability factor is included as the group's shares are not quoted on a recognised market and therefore do not have an active market in which they can be traded.

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

23. CAPITAL COMMITMENTS

At 31 March 2009, the group had no capital expenditure commitments contracted but not provided for (2008 - £Nil).

24. PENSIONS

As at the year end pension contributions amounting to £2,681 (2008 - £5,277) were outstanding and have been included within other creditors.

25. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating (loss) / profit	(2,302,204)	441,154
Amortisation of goodwill	529,352	529,352
Depreciation of tangible fixed assets	181,196	226,736
Loss on disposal of tangible fixed assets	10,287	3,637
FRS 20 share option charge	13,867	6,363
<i>Working capital movements</i>		
Decrease / (increase) in stocks	1,647,817	(453,365)
Decrease / (increase) in debtors	2,761,491	(1,604,772)
(Decrease) / increase in creditors	(1,515,902)	1,593,288
Net cash inflow from operating activities	1,325,904	742,393

26. CASH FLOW STATEMENT NOTES

	2009 £	2008 £
Returns on investment and servicing of finance		
Interest received	4,965	35,991
Interest paid	(705,625)	(542,502)
Interest element of finance lease payments	(5,115)	(10,173)
	(705,775)	(516,684)

	2009 £	2008 £
Financing		
Repayment of long term loan	(903,000)	(853,000)
Capital element of finance lease repayments	(6,151)	(19,396)
	(909,151)	(872,396)

CET GROUP HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 MARCH 2009

27. ANALYSIS OF NET DEBT

	At 1 April 2008 £	Non cash movements £	Cash flow £	At 31 March 2009 £
Cash at bank and in hand	619,681	-	(584,509)	35,172
Bank overdraft	(555,255)	-	(72,259)	(627,514)
Debt due after one year				
Preference shares	(679,868)	-	-	(679,868)
Loan notes	(4,985,203)	531,350	-	(4,453,853)
Debt due within one year				
Bank loans	(3,811,437)		903,000	(2,908,437)
Finance leases	(6,151)	-	6,151	-
Loan notes	(68,650)	(531,350)	-	(600,000)
	(9,551,309)	-	909,151	(8,642,158)
Net debt	(9,486,883)	-	252,383	(9,234,500)

28. RELATED PARTY TRANSACTIONS

Sand Aire GP Nominees holds 56% of the company's shares on behalf of investors in the Equity Harvest Fund Limited Partnership. It has no beneficial interest in the shares of the company.

The company has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose details of transactions with other entities that are part of the same group, where group accounts are publicly available and 100% of the voting rights are controlled within the group.

29. OPERATING LEASE COMMITMENTS

At 31 March 2009 the group had annual commitments under non-cancellable operating leases as follows:

	2009		2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
- within 1 year	-	76,995	-	140,805
- in 2-5 years	9,000	356,280	-	61,181
- after 5 years	157,950	-	128,475	-
	166,950	433,275	128,475	201,986