

BOOTH

BOOTH INDUSTRIES GROUP PLC

Annual Report & Accounts 2005

Booth Industries Group PLC

BOOTH INDUSTRIES GROUP PLC is a leading niche engineering support services group operating in the nuclear, oil and gas, petrochemical, defence and security sectors.

We design, manufacture, construct, maintain and decommission our clients' assets through their lifecycle.

We specialise in the delivery of complex contracts in technically challenging environments where cost, time and safety management are critical.

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Booth Industries Limited



North Sea offshore oil rig

A world leading expert company in the design, manufacture, installation and maintenance of specialist doors, windows and wall systems. It has a significant design capability that is highly valued by customers which demand the highest bespoke specifications to meet the hostile and challenging conditions in which its products operate.

Its expertise and products are supplied into the infrastructure, oil and gas, defence and nuclear industries.

Jordan Nuclear Limited



Sellafield nuclear engineering centre

A highly regarded mechanical engineering contractor which has operated for over 40 years within the nuclear industry on licensed nuclear sites. The business provides life-cycle support from new construction to decommissioning and is expert in planning, active area working, asset management support and the management and control of heavy lifting.

The unique working environment requires the business to have a highly developed safety and quality culture, to be expert in the management of multi-disciplined contracts and to integrate seamlessly into the client team and systems.

CHB-Jordan Engineering Limited



Process plant

An outsourced engineering support services business with an enviable record of supplying blue chip customers in the oil, gas, chemical, food, pharmaceutical and industrial sectors. It offers a broad range of services including maintenance planning and management, term contracts, shut-down services, project services and tank repair and maintenance.

Jordan Manufacturing Limited



The Lloyds Building

Providing excellence in manufacturing and fabrication of stainless steel products since 1964, it has gained significant knowledge of the materials and their properties which has placed the business in the premier position to offer bespoke design, material selection and procurement, tailored manufacturing processes and specialist surface finishes to meet its customers' unique requirements. Attention to detail and high quality standards have resulted in the business being a preferred supplier within the nuclear sector and for many major architectural projects.

Chairman's Statement

Introduction

It is now five months since I was appointed Chairman and Chief Executive and along with my new management team we have completed a detailed strategic review of the Group's operations. I have spent time at our operating subsidiaries with our senior management gaining a thorough understanding of both the challenges but more importantly the future market opportunities that the Group can capitalise on.

The Group consists of niche engineering service businesses operating on an international basis. We operate with global clients in markets that have growth in the short, medium and long term. Our principal markets include:

**Nuclear
Oil and Gas
Defence, Safety and Security
Transport Infrastructure**

I am encouraged by the Group's prospects in manufacturing and contracting in the nuclear industry and by continued solid demand and performance of Booth Industries Limited in the oil, gas, defence and tunnel infrastructure sectors.

I will expand on the Group's prospects later in my statement.

Trading Results

Trading on ordinary activities for the year ended 30 September 2005 produced an operating loss before exceptional items of £263,000 on turnover of £27.9 million (2004: £28,000 loss on £27.4 million). After exceptional items detailed below, interest and taxation the loss carried to reserves is £3.7 million (2004: £609,000 profit after crediting a further profit on disposal of Oakland Elevators Limited of £846,000).

The impact of the loss on net assets has been mitigated by a revaluation surplus of our freehold and long leasehold properties of £1.0 million at the balance sheet date. The majority of this revaluation has been treated as a prior year adjustment.

Exceptional Item

The results for the year are materially affected by the treatment of two legacy contracts at the year end. We have reviewed these contracts which were undertaken by Jordan Projects during 2002 and provided for the amounts now considered irrecoverable. We continue to progress discussions for a negotiated settlement rather than expose the Company to further extensive legal and professional costs in the pursuit of an arbitrated settlement.

Review of the Year

The overall operating performance of the business was mixed, with the highlight being an improved contribution from Booth Industries Limited, the Group's specialist designer and manufacturer of door and wall systems, whilst the major disappointment was the continued loss at Jordan Manufacturing Limited, our stainless steel fabrication operation.

Booth Industries Limited is a solidly run and solidly performing

business. Turnover in 2005 was marginally down on 2004 but improved margins and tight cost control resulted in an improved operating profit.

Jordan Nuclear Limited is beginning to find its feet as an independent contractor with turnover in nuclear up by 10% on 2004. The major contract undertaken in the year was the completion of the MA 1 Cell contract at Sellafield which totalled £7 million over a two year period.

CHB-Jordan Engineering Limited saw turnover increase by 16% year on year. Margins fell due to the mix of work and the decision taken at Group level to abandon project engineering activity. Tight overhead control enabled this business to return to operating profit.

A major operating loss was made in Jordan Manufacturing Limited as the business failed to recover from the loss of the contract to supply vessels for the transportation of spent nuclear fuel referred to in last year's statement. The award of the first tranche of the Sellafield Product Residue Store ("SPRS") contract at Sellafield should enable this business to return to profit in 2005/6.

Financial Position

The Group has remained cash positive throughout the year and gearing at the year end stood at 3% (2004: 15% adjusted for property revaluation). Cash generated from operating activities was £206,000, after absorbing £738,000 into the defence of legacy contracts, and reflected the robust management of working capital.

In order to give the business more flexibility in its cash management we have secured £3.0 million of senior debt facilities with Bank of Scotland Corporate who will become the Group's bankers.

In light of the positive cash generation in the year, the Board has given notice to redeem on 17 March 2006 a further £500,000 of outstanding unsecured convertible loan stock at par plus accrued redemption premium and interest from existing cash resources.

Dividend

In line with last year, the Board has decided not to recommend a dividend for the year ended 30 September 2005. However, we will return to a dividend payment as soon as sustainable trading profits are achieved.

Trading Prospects

The prospects for the business going forward are most encouraging. The underperformance in recent years can be attributed to many factors including legacy contract issues, unforeseen order cancellations in manufacturing, high central and divisional costs relative to the scale of business and a limited focus in certain operating subsidiaries. To a large extent we believe these issues have been addressed and I look forward to reporting an improved performance in 2005/6.

We are fortunate that trading opportunities for the operating subsidiaries are currently buoyant and we anticipate turnover growth in the current year of approximately 30% enabling the Group as currently structured to return to operating profit. We are also working on ways of restructuring the Group to improve operational and financial efficiency and reduce the impact of central costs which will be more evident in 2006/7.

The principal opportunities that will enhance trading activity this year and next are:

- (i) **Booth Industries** continues to diversify away from its traditional offshore oil and gas market. The business is now recognised as a specialist designer and manufacturer of blast walls and blast, security and tunnel doors.

The threat of worldwide terrorism and safety incidents such as the huge fire at Buncefield provide Booth with increasing opportunities. The business through its design innovation has created new and growing markets in flood defence, nuclear and tunnel infrastructure. Most notably the business is benefiting from major tunnel works undertaken in the Channel Tunnel Rail Link and at Dublin Port.

- (ii) **Jordan Nuclear**, the Group's nuclear mechanical installation and asset maintenance business, has grown over recent years. The creation of the Nuclear Decommissioning Authority ("NDA") in April 2005 has resulted in changes in the procurement strategy of our principal client with a main driver to consolidate its supply chain. This change has resulted in some short-term workflow issues which we expect to reverse as we progress through the year.

The current level of tendering for nuclear infrastructure projects and ongoing maintenance framework contracts from 2007 is significant with the Group in a strong position to bring together the efficiency, innovation and quality of delivery of both nuclear plant manufacture (see below) and installation.

Whilst Jordan Nuclear has been recognised historically as a Sellafield focused business, recent strategy has resulted in contract successes elsewhere including at Trawsfynydd, Wales which has allowed further investment by the business on site. This geographical expansion will be accelerated during the year with additional efforts to develop the Defence Estates market.

- (iii) **CHB-Jordan Engineering's** principal focus will be to extend the current geographical base of facilities management and maintenance contracts to the oil, gas and petro-chemical industries.

With greater returns being made by our principal global petro-chemical clients in the past twelve months, which are allowing them a greater degree of investment for the future, we have decided to extend our offering going forward to project engineering where we consider our expertise can

create additional margin opportunity. We will, of course, consider the business risk in re-introducing this policy.

- (iv) **Jordan Manufacturing** is participating in the first major construction contract to be let by British Nuclear Group ("BNG") since the formation of the NDA. We have received a £3 million enabling works contract on the new £118 million SPRS facility at Sellafield.

We are the preferred bidder for the balance of the manufacturing order which would total a further £6 million over the next eighteen months. This high profile contract gives Jordan Manufacturing a unique position in the market for bespoke design and manufacture of engineered solutions to the nuclear industry. The business is also well placed to benefit from future NDA capital and decommissioning projects that have already been identified and announced and are expected from 2007.

Whilst opportunities in the nuclear market are buoyant, the business continues to diversify with successes in the specialist stainless steel process engineering and architectural markets.

Change of Name

To avoid confusion between Booth Industries Group PLC and its subsidiary Booth Industries Limited we will propose a change of name for the Group at the AGM to Redhall Group plc.

Staff

The quality of staff across the Group is strong and I believe that the introduction of more autonomy within the management of the trading subsidiaries and the introduction of a growth strategy within the Group will bear fruit in the form of improved trading performance. Morale is high and expectations of reward for performance will be honoured. I am grateful to the staff for their ready acceptance of the new management team.

David Jackson

Chairman & Chief Executive

22 February 2006

Company Information

Directors

D J Jackson ACA

Executive Chairman and Chief Executive

R S Foster LLB

Corporate Development Director

C Lewis-Jones BA, FCA

Group Finance Director

R S McDowell

Non-Executive

R G Jordan

Non-Executive

Secretary

C Lewis-Jones BA, FCA

Registered Office

PO Box 50, Nelson Street,
Bolton, BL3 2AP

Financial Advisers and Stockbrokers

Brewin Dolphin Securities Limited
National House, 36 St Ann Street,
Manchester, M60 2EP

Registered number

263995

Administration Office

1-4 The Courtyard, Gaulby Lane,
Stoughton, LE2 2FL

Solicitors

Hammonds
2 Park Lane,
Leeds, LS3 1ES

Auditors

Grant Thornton UK LLP
8 West Walk,
Leicester, LE1 7NH

Registrars

Capita Registrars
Northern House,
Woodsome Park, Fenay Bridge,
Huddersfield, HD8 0LA

Bankers

Lloyds TSB Commercial
125 Colmore Row,
Birmingham, B1 1BZ

Report of the Directors

The Directors present their report and audited financial statements of the Group and Company for the year ended 30 September 2005.

Principal activity

The principal activity of the Group during the year has been engineering and related services.

Results and dividends

The loss of the Group after taxation is £3,662,000 (2004: profit £609,000).

The Directors do not recommend a dividend (2004: nil) and no interim dividend was made in respect of the year (2004: nil).

A general review of the business and activities of the Group is given in the Chairman's Statement on pages 2 and 3 which should be regarded as part of this report.

Directors

The names of the Directors who served during the year were:

D J Jackson	Appointed 21 September 2005
C Lewis-Jones	
R G Jordan	
R S McDowell	
D N Ablett	Retired 21 September 2005
W Robson	Resigned 18 November 2005

R S Foster was appointed to the Board on 18 November 2005.

Profiles of each Director serving at the date of this report are set out below.

D J Jackson – Executive Chairman and Chief Executive

David Jackson, aged 58, was the executive chairman of Peterhouse Group PLC, the quoted infrastructure services business, until its sale to Babcock International Group PLC in June 2004. He is currently a non-executive chairman of Naylor Industries PLC and various private companies.

R S Foster – Corporate Development Director

Simon Foster, aged 34, was corporate development director of Peterhouse Group PLC, the quoted infrastructure services business, until its sale to Babcock International Group PLC in June 2004. He is a qualified solicitor and was previously a director of corporate finance at Andersen.

C Lewis-Jones – Group Finance Director

Chris Lewis-Jones, aged 46, is a Chartered Accountant and joined the Board as Group Finance Director in November 2001 from Ernst & Young LLP, where he was an assistant director, corporate finance. In that capacity he had been actively involved in managing our acquisition support needs for over five years.

R S McDowell – Non-Executive Director

Roger McDowell, aged 50, joined the Board in September 2002. Previously he was chief executive of Oliver Ashworth Group plc until its acquisition by Compagnie de Saint-Gobain in 1998. Since that date he has been an active strategic investor in smaller capitalised quoted companies. He is a non-executive director of Intec Telecom Systems plc and Augean plc.

R G Jordan – Non-Executive Director

Roy Jordan, aged 64, retired in October 2003 after serving on the Board since 1996 in the successive capacities of Chief Executive and Chairman. He returned to a Non-Executive position on the Board in February 2004.

In accordance with the Company's Articles of Association, resolutions will be proposed at the Annual General Meeting to re-elect R G Jordan who retires by rotation and who, being eligible, offers himself for re-election and to re-elect D J Jackson, having been appointed to the Board on 21 September 2005, and R S Foster, having been appointed to the Board on 18 November 2005, both of whom will retire and being eligible, offer themselves for re-election.

Directors' responsibilities

The Directors are required by United Kingdom company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial period and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are also responsible for ensuring that the Group maintains adequate records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985. In addition, the Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

Report of the Directors

continued

Directors' share interests

The Directors at 30 September 2005 had beneficial interests in shares and share options as set out below:

<i>Shareholdings</i>	At 30 September 2005	At 30 September 2004
D J Jackson	1,266,940	—
W Robson (resigned on 18 November 2005)	425,000	425,000
C Lewis-Jones	—	—
R S McDowell*	3,995,721	3,995,721
R G Jordant	50,000	50,000

* The beneficial shareholdings of R S McDowell and family are held in the name of Willbro Nominees Limited.

† At 30 September 2005 Otani Limited was interested in 2,305,000 ordinary shares (2004: 2,305,000) representing 17.26% of the issued share capital of the Company. The entire issued share capital of Otani Limited is held by ECS International Trustees (Isle of Man) Limited in trust, intended primarily for the benefit of R G Jordan and his family. Since 30 September 2005, Otani has sold 114,000 ordinary shares that were held for the benefit of parties other than R G Jordan and his family.

Share options

Two executive share option schemes and an employee savings related share option scheme were approved in 1999. Options under these schemes may normally be granted only within 42 days following the announcement of either the interim or the final results of the Company.

In respect of the executive schemes, options will normally be exercisable on satisfaction of a three year performance target. For Directors this will be based on a compound rate of increase in earnings per share of 15% above the Retail Price Index for the three year period, and for other employees this will be based on both an increase of pre-tax profit in their subsidiary and a compound increase in earnings per share for the Group of 3% above the Retail Price Index for the three year period.

The beneficial interests in share options of those Directors in office at 30 September 2005 are as follows:

	Class	Options at 30 September 2004 Number	Options at 30 September 2005 Number	Exercise price	Earliest exercise date	Latest exercise date
W Robson (resigned 18 November 2005)	'A' Executive Employee Share Scheme	50,000 8,550	50,000 8,550	33.5p 30.0p	15 February 2003 24 July 2005	14 February 2010 23 January 2006
C Lewis-Jones	'A' Executive	30,000	30,000	26.5p	15 February 2005	14 February 2012

W Robson ceased to be employed by the Company on 18 November 2005 and his share options lapsed on that date.

None of the Directors' options were granted or exercised during the year. Details of share option schemes, including option price and exercise period, are given in note 12. There have not been any changes to Directors' interests in shares or options, other than as noted above, since the year end.

The market price of the Company's ordinary shares on 30 September 2005 was 29.5p and the high and low prices during the year were 29.5p (from 15 to 29 July 2005 and from 16 to 30 September 2005) and 18p (4 and 7 January 2005) respectively. The share price on 21 February 2006 was 32.5p.

Substantial shareholdings

At the date of this report, the following interests of 3% or more in the issued ordinary shares of the Company had been notified or were known to the Company:

	Number	Percentage
Willbro Nominees Limited	3,995,721	29.92
Otani Limited	2,191,000	16.40
Mr D J Jackson	1,266,940	9.49
Fircroft Limited	570,000	4.27
Mrs J L Davies	502,445	3.76
Richard Emslie and Senlac Enterprises Limited	448,000	3.35
Mr W Robson	425,000	3.18
The Gerrard Booth 1997 Discretionary Settlement	415,556	3.11

Financial risk management

Policies, objectives and strategies

The Company's liquidity, interest rate and foreign exchange risks are managed centrally following guidelines laid down by the Board. All non-routine transactions require Board approval.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. An analysis of the maturity of the Group's borrowings is given in note 11(c) to the accounts. Generally, management believes it is appropriate to have borrowings on a floating interest rate basis, although this is kept under review.

Financing

The Group's principal financial instruments are cash and a medium term loan provided by Lloyds TSB Commercial. Cash is held on treasury deposit and earns interest at variable rates. The term loan bears interest that is variable and linked to the bank's base rate. In addition, unsecured convertible loan stock and unsecured loan stock were issued in connection with the acquisition of Jordan Engineering UK Limited. Interest is fixed on the unsecured convertible loan stock at 6% per annum, and interest on the unsecured loan stock is variable and linked to the base rate of Lloyds TSB Bank plc.

With regard to the Group's working capital needs, as at 30 September 2005 there was cash in hand of £1.4m (2004: £1.2m). The level of cash in hand will be maintained at a level in order to meet the cash outflows from seasonal working capital needs and debt repayments foreseen in the following twelve months. For longer-term investment needs the Group arranges borrowings on terms consistent with asset lives.

Currency management

The Group does not use financial derivatives except for currency options that are used to provide protection against foreign exchange exposures, typically in relation to contract amounts receivable that are significant. There were currency options to put Euro 1.6m and Norwegian Krone 5.3m in place at 30 September 2005 (2004: currency option to put Euro 135,000). Such financial derivatives are used only to manage risk and speculation is not permitted.

Payment of creditors

The Company's policy on payment practice is to endeavour to ensure that all suppliers are paid in accordance with such agreed or customary payment terms as are in place. At 30 September 2005 the Company, which is a holding company, had no trade creditors (2004: none).

Employment policies

The Group places great importance on the involvement of its employees, the majority of whom are able to work closely with their managers on a daily basis. Certain key employees are encouraged to be involved in the Group's performance through the use of share options. Employees have frequent opportunities to meet and have discussions with management. The Group aims to keep employees regularly informed of the financial and economic factors affecting the performance of the Group and its objectives.

The Group's policy is that, where it is reasonable and it is practicable within existing legislation, all employees, including disabled persons, are treated in the same way in matters relating to employment, training and career development.

Political and charitable donations

The Group made no political donations during this year (2004: nil). Charitable donations amounted to £750 (2004: £178).

Annual General Meeting

At the Annual General Meeting, notice of which is set out on page 37, three items of special business are to be considered:

- Resolution 6 is to grant authority to the Directors to issue shares up to a limit of the existing unissued share capital of £2,286,036 which authority will last for five years. This represents the renewal of the Directors' existing authority.
- Resolution 7 is to grant authority to the Directors to issue shares wholly for cash and on a non pre-emptive basis, otherwise than in connection with a rights issue, up to a maximum nominal amount of £457,207, which authority will terminate at the earlier of the subsequent Annual General Meeting and 15 months from the date of this year's Annual General Meeting. This represents the renewal of the Directors' existing authority.
- Resolution 8 is to change the name of the company to Redhall Group plc as referred to in the Chairman's Statement.

Auditors

A resolution to reappoint Grant Thornton UK LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

The Report of the Directors was approved by the Board on 22 February 2006 and signed on its behalf by:

C Lewis-Jones

Secretary

Corporate Governance

The Board supports the principles of good corporate governance although as an AIM listed company it is not required to apply the Combined Code ("the Code"). However, the Board believes that the application of the Code is in the best interests of the Company and its stakeholders and has sought to apply the principles of the Code in a manner which is appropriate for the size of the Group. This report sets out the way in which those principles have been applied.

The Board

The Board currently comprises three executive and two Non-Executive Directors and is chaired by David Jackson.

The Board is responsible for the Group's strategy and reviewing operational and functional matters. The Executive Directors meet on a regular and frequent basis and are in continual discussion with the operational management to ensure that the business objectives of the Group are achieved. The Non-Executive Directors have a particular responsibility to ensure that the strategies proposed by the Executive Directors are fully considered. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed by the Company Secretary to all Directors in advance of Board meetings. The Chairman ensures that the Directors take independent professional advice as required.

All of the Company's Non-Executive Directors are considered by the Board to be independent of management and they bring a breadth of experience which is welcomed by the Executive Directors.

Shareholder relationships

The Directors seek to build on a mutual understanding of objectives shared between the Group and its principal shareholders. The Board welcomes the attendance of private shareholders at the Annual General Meeting and the opportunity to address any questions that they may have.

Internal control

The Board is ultimately responsible for the Group's system of internal control safeguarding shareholders' investment and the Company's assets. Such systems are designed to manage, rather than eliminate, the risk of failing to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Following the appointment of new directors in 2005 they undertook a comprehensive review of the Group's operations and the associated risk profiles. This has led to the refinement of the policies and procedures by which these risks are managed.

The current procedures in place are summarised as follows:

- Organisational structure with clearly defined lines of responsibility, delegation of authority and reporting requirements to the Group Board.

- Operating company management is charged with the ongoing responsibility for identifying risks facing each of the businesses and for putting in place procedures to mitigate and monitor risks.
- Regular discussions between management of the subsidiaries and the Group Executive Directors. Each operating company has at least one of the Group Executive Directors on its own board who chairs the monthly operating company board meetings.
- An annual budget for each operating company is prepared in detail, reviewed by executive management and formally adopted by the Board. The Board also formally adopts the Group's overall budget and plans.
- Monthly actual results of sales, profitability and cash are reported against budget and prior year and significant variances are explained.
- There is weekly cash and treasury reporting to the Group Finance Director and periodic reporting to the Board.
- Internal financial control is exercised within a clearly defined organisational structure which operates a system of financial management controls, including financial reporting procedures and levels of authority for commitment to contracts and expenditure.

Audit Committee

The Audit Committee currently comprises Roger McDowell (Chairman) and Roy Jordan.

The committee, and the Group Finance Director by invitation, meets with the independent external auditors to review the Group's annual accounts. The committee keeps under review the nature and extent of non-audit work carried out by the independent external auditors with a view to maintaining the auditors' objectivity.

Remuneration Committee

The Remuneration Committee currently comprises Roy Jordan (Chairman) and Roger McDowell and is attended by David Jackson as Group Chairman.

The committee determines the remuneration and terms of service of the Executive Directors including incentive arrangements and duration of notice periods.

Nominations Committee

The Nominations Committee comprises David Jackson (Chairman), Roger McDowell and Roy Jordan.

The committee is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. In appropriate cases, recruitment consultants are used to assist the process. All Directors are subject to re-election at least every three years.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Independent Auditors' Report to the members of Booth Industries Group PLC

We have audited the financial statements of Booth Industries Group PLC for the year ended 30 September 2005 which comprise the statement of accounting policies, consolidated profit and loss account, consolidated statement of total recognised gains and losses, group balance sheet, company balance sheet, consolidated cash flow statement, and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

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

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom auditing standards.

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 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 Group is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the report of the directors, the chairman's statement and the corporate governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risks and control procedures. Our responsibilities do not extend to any other information.

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 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 Group'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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 September 2005 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Leicester
22 February 2006

- i. The maintenance and integrity of the website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- ii. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Statement of Accounting Policies

Convention

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom under the historical cost convention, except for the revaluation of long leasehold and freehold land and buildings. A summary of the more important Group accounting policies, which have remained unchanged from the previous year, except for the revaluation of long leasehold and freehold land and buildings (which have been treated in these financial statements as a prior year adjustment), are set out below.

Profit and loss account format

The consolidated profit and loss account included within these financial statements has been prepared using Format 2 as defined in Schedule 4 of the Companies Act 1985 which, in the opinion of the Directors, is the format most appropriate to the business.

Basis of consolidation

The Group financial statements include the financial statements of the parent company and its subsidiaries made up to 30 September 2005, which have been prepared under the acquisition method of accounting.

Goodwill

Goodwill, representing the excess of the purchase consideration over the fair value of net assets of subsidiaries acquired since 1 October 1997, has been capitalised and has been amortised over the expected economic life thereof.

Prior to that date goodwill was written off to reserves in the year of acquisition and all such goodwill relates to acquisitions prior to 1 January 1989; those amounts have been excluded from disclosure as the information needed to calculate the amount with material accuracy is not readily available.

Goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Upon disposal of businesses any unamortised goodwill, or goodwill eliminated against reserves, is taken into account determining the profit or loss on disposal.

Negative goodwill

Negative goodwill, representing the excess of the fair value of net assets over the purchase consideration of subsidiaries acquired since 1 October 1997, has been capitalised and has been released to the profit and loss account as the non-monetary assets to which it relates were recovered through sale or depreciation.

Turnover

Turnover represents the value of work executed on contracts during the year and the net amount receivable for goods and services supplied to external customers and excludes Value Added Tax.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation.

Depreciation of tangible fixed assets is provided so as to write off the cost or valuation less estimated residual value of each asset over its expected useful life at the following annual rates:

Freehold buildings	2%
Leasehold buildings	Equal annual instalments over the period of the lease
Plant and machinery	10% to 33.3%
Furniture, fixtures and fittings	10% to 20%
Computers and electronic equipment	10% to 20%
Motor vehicles	25%

No depreciation is provided in respect of freehold land.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment in value.

Stocks

Stocks consist of raw materials and consumable stores and are valued at the lower of cost and net realisable value.

Contracts

Turnover on contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty.

Amounts recoverable on contracts are stated at cost plus attributable profits, less provision for any known or anticipated losses, and are included in debtors.

Payments on account in excess of amounts recoverable are included in creditors.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Any deferred tax asset considered recoverable in respect of the FRS17 pension scheme deficit (disclosed within note 21) is adjusted against that balance.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised and the capital element of outstanding instalments is included in creditors. Depreciation is provided on the same basis as owned assets. The interest element of repayments is charged in the profit and loss account in proportion to the capital element outstanding. Operating lease rentals are charged in the profit and loss account as incurred.

Convertible loan stock

Convertible loan stock is accounted for in accordance with the provisions of FRS4.

Pensions

Defined benefit scheme

The expected cost of pensions in respect of the Group's defined benefit pension scheme is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Variations from the regular costs are spread over the remaining service lives of current employees in the scheme. The pension cost is assessed in accordance with the advice of a qualified actuary and accounted for in accordance with SSAP24.

Defined contribution schemes

The pension cost represents contributions payable by the Group in the year.

Employee share schemes

Provision is made for employer National Insurance contributions on options granted under its unapproved share option scheme over the period from the date of grant to the first date upon which the option could be exercised. Advantage is taken of the exemption from making a UITF17 charge in respect of options granted under savings related share option schemes.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are translated at the rate ruling at the balance sheet date and all differences are taken to the profit and loss account.

Consolidated Profit and Loss Account

Year ended 30 September 2005

	Note	Before exceptional items 2005 £000	Exceptional items 2005 £000	Total 2005 £000	2004 £000
Turnover	1a	27,899	(3,326)	24,573	27,442
Cost of sales	1b	(28,162)	—	(28,162)	(27,470)
Total operating loss		(263)	(3,326)	(3,589)	(28)
Profit on sale of land		148	—	148	—
Profit on disposal of discontinued operations		—	—	—	846
Net interest payable	2	(143)	—	(143)	(212)
(Loss)/profit on ordinary activities before taxation	3	(258)	(3,326)	(3,584)	606
Tax on (loss)/profit on ordinary activities	5	(78)	—	(78)	3
(Loss)/profit on ordinary activities after tax transferred to reserves	13	(336)	(3,326)	(3,662)	609
(Loss)/earnings per share	6				
— basic		(2.52)p	(24.90)p	(27.42)p	4.56p
— diluted		(2.52)p	(24.90)p	(27.42)p	4.30p

There is no material difference between the results computed on an historical cost basis and the results set out above.

Consolidated Statement of Total Recognised Gains and Losses

Year ended 30 September 2005

	Note	2005 £000	2004 £000
(Loss)/profit for the financial year		(3,662)	609
Surplus on revaluation of properties		14	—
Total recognised (losses)/gains relating to the year		(3,648)	609
Prior year adjustment	7	1,019	
Total recognised loss since the last annual report		(2,629)	

Balance Sheets

At 30 September 2005

	Note	Group		Company	
		2005 £000	Restated 2004 £000	2005 £000	Restated 2004 £000
Fixed assets					
Tangible assets	7	2,444	2,530	1,008	1,104
Investments in subsidiary undertakings	8	—	—	4,655	4,655
		2,444	2,530	5,663	5,759
Current assets					
Stocks	9	184	187	—	—
Debtors	10	8,045	12,182	5,705	6,090
Cash at bank		1,442	1,190	1,033	950
		9,671	13,559	6,738	7,040
Creditors — amounts falling due within one year	11	(7,307)	(7,044)	(2,549)	(2,326)
Net current assets		2,364	6,515	4,189	4,714
Total assets less current liabilities		4,808	9,045	9,852	10,473
Creditors — amounts falling due after more than one year (including convertible loan stock)	11	(1,390)	(1,979)	(1,386)	(1,979)
Net assets		3,418	7,066	8,466	8,494
Capital and reserves					
Called-up share capital	12	3,338	3,338	3,338	3,338
Share premium account	13	578	578	578	578
Merger reserve	13	294	294	294	294
Revaluation reserve	13	1,033	1,019	598	588
Profit and loss account	13	(1,825)	1,837	3,658	3,696
Equity shareholders' funds	14	3,418	7,066	8,466	8,494

The financial statements were approved by the Board on 22 February 2006 and signed on its behalf by:

D J Jackson
Chairman

C Lewis-Jones
Group Finance Director

Consolidated Cash Flow Statement

Year ended 30 September 2005

	Note	2005		2004	
		£000	£000	£000	£000
Cash inflow/(outflow) from operating activities	15		206		(1,380)
Returns on investments and servicing of finance					
Interest paid		(185)		(137)	
Interest received		48		43	
Interest element of finance lease rentals		(1)	(138)	(7)	(101)
Taxation					
UK corporation tax paid			—		—
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(200)		(88)	
Proceeds from disposals of tangible fixed assets		277	77	10	(78)
Disposal					
Disposal of Oakland Elevators Limited:					
Cash proceeds		846		—	
Repayment following agreement of completion accounts plus costs		—	846	(630)	(630)
Dividends					
Equity dividends paid			—		(668)
Net cash inflow/(outflow) before financing			991		(2,857)
Financing					
Finance lease repayments		(11)		(18)	
Loan stock repayments		(528)		(28)	
Medium term loan repayments		(200)	(739)	(200)	(246)
Increase/(decrease) in cash in the year	17		252		(3,103)

Notes to the Financial Statements

1a. Segmental analysis

All net assets are based in the United Kingdom. All turnover and profit before taxation originated within the United Kingdom and arose from one class of business, that of engineering and related services, all of which related to continuing operations. Turnover by geographical destination is as follows:

	2005	2004
	£000	£000
United Kingdom	21,998	24,541
Overseas	2,575	2,901
	24,573	27,442

The exceptional items incurred during the year are included in the above analysis wholly within the United Kingdom. The exceptional items relate to the treatment of two legacy contracts at the year end. The Directors have reviewed these contracts which were undertaken by Jordan Projects during 2002 and provided for the amounts now considered irrecoverable. The Directors continue to progress discussions for a negotiated settlement rather than expose the Company to further extensive legal and professional costs in the pursuit of an arbitrated settlement. The impact of the exceptional items in the year was a cash outflow of £738,000 and it had no effect on the tax charge.

1b. Cost of sales

	2005	2004
	£000	£000
Raw materials and consumables	9,979	6,354
Other external charges	1,302	3,131
Staff costs (note 4)	12,899	13,800
Depreciation	191	228
Other operating costs	3,791	3,957
	28,162	27,470

2. Interest payable

	2005	2004
	£000	£000
Interest on medium term bank loan	13	22
Finance lease charges	3	7
Interest on convertible and non-convertible loan stock	85	101
Redemption premium accrued on loan stock	76	111
Other interest	14	14
Interest received	(48)	(43)
	143	212

Notes to the Financial Statements

continued

3. (Loss)/profit on ordinary activities before taxation is stated after charging/(crediting):

	2005	2004
	£000	£000
Depreciation of owned assets	184	218
Depreciation of assets held under hire purchase	7	10
(Profit)/loss on sale of tangible fixed assets	(3)	3
Auditors' remuneration — audit fees paid to current auditors	38	38
— audit fees paid to former auditors	—	3
— tax compliance fees paid to current auditors	8	1
— other tax advice fees paid to current auditors	8	—
— tax compliance fees paid to former auditors	—	14
— other tax advice fees paid to former auditors	—	2
Hire of plant	859	1,650
Plant operating lease rentals	145	150
Other operating lease rentals	313	309

The Company's audit fee was £8,000 (2004: £8,000).

4. Employees

	2005	2004
	£000	£000
Employee costs during the year, including Directors:		
Wages and salaries	11,577	12,488
Social security costs	1,139	1,097
Other pension costs	183	215
	12,899	13,800

Other pension costs are stated before charging the amortisation of the pension scheme deficit of £77,000 (2004: £77,000).

The average number of persons employed by the Group during the year:

	Number	Number
Engineering	358	373
Sales and administration	40	43
	398	416

Directors' remuneration

Directors' emoluments comprise:

	2005	2004
	£000	£000
Emoluments for services as Directors	212	218
Pension contributions	16	20
	228	238

The emoluments of the highest paid Director were £100,000 and contributions to his defined benefit pension arrangement were £11,000 (2004: emoluments £104,000; pension contributions £14,000).

On 18 November 2005 W Robson resigned as a Director. In accordance with his contractual entitlement he is to receive £105,000.

4. Employees continued

Directors' pension benefits

One Director earned defined benefit pensions during the year. Accrued pension benefits as at 30 September 2005 were:

Mr W Robson (aged 56; normal retirement age 62)

	£000
Accrued pension at 30 September 2005	32
Accrued pension at 30 September 2004	30
Increase in pension during the year	2
Increase in pension during the year, allowing for inflation	2
Transfer value of accrued pension at 30 September 2005	413
Transfer value of accrued pension at 30 September 2004	314
Increase in transfer value less Director's contributions	95

Pension payments are guaranteed for five years and increase at a rate of 5% per annum compound in payment to the age of 65 and then at the lower of 5% or LPI (Limited Price Index).

A spouse's pension is payable at a rate of 50% of the member's pension on death after retirement. The spouse's pension on death before retirement and after leaving age is calculated as the greater of half of the accrued Guaranteed Minimum Pension and 1/60th of the member's Final Pensionable Earnings (i.e. 18.75% of the pension accruing) for each year of contracted out service.

Early retirement pensions are permitted with the consent of the employer. Part of the pension may be exchanged for a lump sum or a pension for a dependant.

No allowance is made for discretionary benefits in the calculation of transfer values.

The member is contracted-out of the State Earnings Related Pension Scheme under the Reference Scheme basis during the year.

Transfer values are calculated in accordance with Actuarial Guidance Note GN11.

In addition to the above, C Lewis-Jones is the only Director who is a member of a Company sponsored money purchase pension arrangement. The Company paid a contribution of £5,648 for the year ended 30 September 2005 (2004: £5,828) in respect of this member.

Notes to the Financial Statements

continued

5. Taxation

	2005	2004
	£000	£000
(a) Tax on (loss)/profit on ordinary activities		
The tax charge/(credit) is made up as follows:		
Current tax:		
United Kingdom corporation tax	—	—
Total current tax charge	—	—
Deferred tax:		
Origination and reversal of timing differences (note 5d)	78	(3)
Tax on (loss)/profit on ordinary activities	78	(3)

(b) Factors affecting the current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the United Kingdom of 30% (2004: 30%). The differences are reconciled below:

	2005	2004
	£000	£000
(Loss)/profit on ordinary activities before tax	(3,584)	606
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 30% (2004: 30%)	(1,075)	182
Expenses not deductible for tax purposes (including goodwill amortisation and impairment)	452	13
Profit on disposal of subsidiary not subject to tax	—	(254)
Difference between depreciation and accelerated capital allowances	(80)	64
Difference between pension contributions and pension charges	29	(113)
Utilisation of tax losses from earlier accounting periods	(33)	(177)
Unutilised tax losses carried forward	667	285
Chargeable gains not subject to tax	40	—
Total current tax charge (note 5a)	—	—

5. Taxation continued

(c) Factors that may affect the future tax charge

The Group has tax losses arising in the United Kingdom of £5,320,000 (2004: £3,033,000) that are available indefinitely for offset against future taxable profits of those businesses in which the losses arose. Deferred tax assets have not been recognised on any (2004: any) of those losses as their recovery is uncertain.

(d) Deferred tax

Group — The deferred tax included in the balance sheet is as follows:

	2005	2004
	£000	£000
Accelerated capital allowances	(194)	(272)
Short term timing differences	(7)	(7)
Tax losses carried forward	—	—
Deferred tax asset (note 10)	(201)	(279)
At 1 October 2004	(279)	(276)
Deferred tax movement in group profit and loss account	78	(3)
At 30 September 2005	(201)	(279)

Company — The deferred tax included in the balance sheet is as follows:

	2005	2004
	£000	£000
Accelerated capital allowances	—	—
Tax losses carried forward	—	—
Deferred tax asset (note 10)	—	—

Notes to the Financial Statements

continued

6. (Loss)/earnings per share

Basic (loss)/earnings per share

The basic calculation of (loss)/earnings per share is based on 13,353,606 shares (2004: 13,353,606), being the weighted average number of shares in issue throughout the year and on a loss of £3,662,000 (2004: profit £609,000).

Adjusted loss per share

In addition to disclosing loss per share on the basis of accounting standards it is shown on an adjusted basis to take account of the charge for exceptional items incurred in 2005. The loss for the financial year under this adjusted basis is £336,000. The weighted average number of shares in issue throughout the year is 13,353,606.

The loss figure is reconciled as follows:

	2005
	£000
Loss for the year after tax	(3,662)
Exceptional items	3,326
Loss for the year after tax and before exceptional items	(336)

Diluted (loss)/earnings per share

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted loss per share for the year ended 30 September 2005 are identical to those used for the basic loss per share. This is because the exercise of share options and the conversion of convertible loan stock would have the effect of reducing the loss per share and is, therefore, not a dilution under the terms of FRS14.

The diluted earnings per share for the year ended 30 September 2004 is based on an adjusted profit for the year of £754,000 and on 17,513,606 ordinary shares as calculated below. Share options in issue did not have a dilutive effect as their exercise price was greater than the average share price during that year.

	2004
	£000
Earnings:	
Profit on ordinary activities after tax	609
Interest and redemption premium on convertible loan stock	207
Tax relating to interest and redemption premium	(62)
Adjusted profit	754

	Number
Basic weighted average number of shares	13,353,606
Dilutive effect of provision for convertible loan stock to be issued	4,160,000
Adjusted weighted average number of shares	17,513,606

7. Fixed assets

(a) Tangible fixed assets — Group	Long leasehold land, buildings and improvements £000	Freehold land and buildings £000	Machinery, equipment and vehicles £000	Total £000
Cost or Valuation				
At 1 October 2004	442	570	5,207	6,219
Surplus on revaluation	406	507	—	913
At 1 October 2004 restated	848	1,077	5,207	7,132
Additions	17	—	200	217
Disposals	—	(102)	(77)	(179)
At 30 September 2005	865	975	5,330	7,170
Depreciation				
At 1 October 2004	94	81	4,533	4,708
Depreciation written back on revaluation	(25)	(81)	—	(106)
At 1 October 2004 restated	69	—	4,533	4,602
Provision for the year	4	10	177	191
Disposals	—	—	(53)	(53)
Depreciation written back on revaluation	(4)	(10)	—	(14)
At 30 September 2005	69	—	4,657	4,726
Net book value				
At 30 September 2005	796	975	673	2,444
Net book value				
At 30 September 2004 restated	779	1,077	674	2,530

The revaluation of long leasehold and freehold land and buildings has been adopted for the first time in these financial statements and has been accounted for as a prior year adjustment. Independent, professional valuations were performed as at 30 September 2005 and have been used as the basis of the Directors' valuation at 30 September 2004 as they do not believe that there is a material difference in value between the two dates.

The independent, professional valuations of long leasehold land and buildings and freehold land and buildings were based on the existing use value on 30 September 2005 and were conducted by Humberts, Chartered Surveyors and Joseph Jackson & Sons, Chartered Surveyors respectively. These valuations were undertaken in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors in the United Kingdom.

The disposal of freehold land and buildings was in respect of surplus land adjacent to the manufacturing facility at Bolton. This surplus land was excluded from revaluation at 30 September 2004 in view of its sale during the year ended 30 September 2005. Freehold land with a book amount of £500,000 is not being depreciated.

Machinery, equipment and vehicles include assets at a net book value of £28,000 (2004: £31,000) acquired by finance lease or hire purchase.

Notes to the Financial Statements

continued

7. Fixed assets continued

	Leasehold land and buildings £000	Freehold land and buildings £000	Machinery, equipment and vehicles £000	Total £000
(b) Tangible fixed assets — Company				
Cost or Valuation				
At 1 October 2004	4	570	72	646
Surplus on revaluation	—	507	—	507
At 1 October 2004 restated	4	1,077	72	1,153
Additions	—	—	26	26
Disposals	—	(102)	(25)	(127)
30 September 2005	4	975	73	1,052
Depreciation				
At 1 October 2004	4	81	45	130
Depreciation written back on revaluation	—	(81)	—	(81)
At 1 October 2004 restated	4	—	45	49
Provision for the year	—	10	14	24
Disposals	—	—	(19)	(19)
Depreciation written back on revaluation	—	(10)	—	(10)
At 30 September 2005	4	—	40	44
Net book value				
At 30 September 2005	—	975	33	1,008
Net book value				
At 30 September 2004 restated	—	1,077	27	1,104

7. Fixed assets continued

(c) Historical cost amounts

If long leasehold land and buildings and freehold land and buildings had not been revalued, they would have been included at the following historical cost amounts:

	Group Long leasehold land and buildings £000	Group Freehold land and buildings £000	Company Long leasehold land and buildings £000	Company Freehold land and buildings £000
Cost	459	570	4	570
Accumulated depreciation	(98)	(91)	(4)	(91)
Net book value at 30 September 2005	361	479	—	479
Net book value at 30 September 2004	348	489	—	489

	Group Negative goodwill £000	Group Goodwill £000
(d) Intangible fixed assets		
At 1 October 2004 and 30 September 2005	(138)	3,228
Amortisation		
At 1 October 2004 and 30 September 2005	138	(3,228)
Net book value at 30 September 2005	—	—
Net book value at 30 September 2004	—	—

Notes to the Financial Statements

continued

8. Fixed asset investments

Ordinary shares held by the Company in unlisted subsidiaries:

	At cost £000	Provision £000	Net book value £000
At 1 October 2004 and 30 September 2005	8,257	(3,602)	4,655

The results of all subsidiaries are included in the consolidated results for the year. The wholly owned subsidiary companies which, in the opinion of the Directors, principally affected the amount of the results or net assets of the Group were:

Booth Industries Limited	Specialist door manufacture
Jordan Nuclear Limited	Engineering and other services to the nuclear industry
Jordan Manufacturing Limited	Engineering fabrication
CHB-Jordan Engineering Limited	Engineering fabrication and maintenance services (intermediate holding company — CHB Holdings Limited)
Jordan Projects Limited	Supports delivery of Jordan Nuclear services

Those subsidiaries are registered in England and operate principally within the United Kingdom.

9. Stocks

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Raw materials and consumables	184	187	—	—

10. Debtors

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Amounts recoverable on contracts	2,320	6,647	—	—
Trade debtors	4,764	3,759	—	—
Amounts owed by subsidiary undertakings	—	—	5,694	5,214
Other debtors	239	75	1	1
Deferred tax	201	279	—	—
Prepayments and accrued income	521	1,422	10	875
	8,045	12,182	5,705	6,090

Trade debtors include £424,000 (2004: £98,000), which is due after more than one year. Deferred tax assets are also recoverable after more than one year.

Other debtors include £91,000 (2004: amount included in other creditors £99,000) in respect of an SSAP24 balance.

11. Creditors

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
(a) Amounts falling due within one year:				
Bank loan and overdraft	100	200	100	230
Obligations under finance leases and hire purchase contracts	12	16	8	—
Payments on account	987	573	—	—
Trade creditors	4,057	3,940	—	—
Amounts owed to subsidiary undertakings	—	—	2,327	1,712
Corporation tax	19	19	19	19
Other creditors including taxation and social security	1,607	1,551	20	27
Accruals and deferred income	497	717	47	310
Loan stock due in less than one year (note 11(c))	28	28	28	28
	7,307	7,044	2,549	2,326

The bank loan is secured by fixed and floating charges over the Group's assets and bears interest at variable rates based on Lloyds TSB Bank's base rate.

Other creditors include £39,000 (2004: £38,000) in respect of pension contributions outstanding which were subsequently paid by their due date in October 2005.

Notes to the Financial Statements

continued

11. Creditors continued

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
(b) Amounts falling due after more than one year:				
Bank loan	—	100	—	100
Obligations under finance leases and hire purchase contracts	9	—	5	—
Loan stock (note 11(c))	1,381	1,879	1,381	1,879
	1,390	1,979	1,386	1,979

	Bank loan and overdrafts	Finance leases	Loan stock	Total
	£000	£000	£000	£000
(c) maturity analysis of financial liabilities — Group				
2005				
Repayable within one year:				
Finance leases and hire purchase contracts	—	12	—	12
Loans	100	—	28	128
Finance leases and hire purchase contracts repayable years 1–2	—	9	—	9
Loans repayable years 1–2	—	—	1,381	1,381
Loans repayable years 2–5	—	—	—	—
Total borrowings	100	21	1,409	1,530
2004				
Repayable within one year:				
Finance leases and hire purchase contracts	—	16	—	16
Loans	200	—	28	228
Loans repayable years 1–2	100	—	1,629	1,729
Loans repayable years 2–5	—	—	250	250
Total borrowings	300	16	1,907	2,223

11. Creditors continued

(d) Financial assets and liabilities

The Group's policies on treasury management and financial instruments are given in the Report of the Directors on page 7. As permitted by FRS13, short-term debtors and creditors have been excluded from the disclosures below.

Financial assets

The Group's financial assets comprise cash and debtors due after more than one year, all of which are denominated in sterling. Cash earns interest at floating rates and the debtors do not attract interest. There is no difference between the book and fair values of the financial assets.

Financial liabilities

The Group's principal financial liability is loan stock that comprises £1.1m (2004: £1.6m) of unsecured convertible loan stock plus accrued redemption premium of £253,000 (2004: £222,000) and £57,000 (2004: £85,000) of unsecured loan stock issued on 19 March 2002. The unsecured convertible loan stock may convert, at the request of the holder, into ordinary shares at any time following the second anniversary of the issue at rates ranging between 2.6 and 2.3 ordinary shares per £1 of loan stock or alternatively may be redeemed at the request of the Company at any time between the second and fifth anniversary of issue at rates ranging from £1.09 to £1.27 per £1 of loan stock. Unless previously redeemed or converted, the Company shall redeem the stock on the fifth anniversary of issue at a redemption price of £1.27 per £1 of loan stock plus all accrued interest. The unsecured loan stock is to be redeemed at par in four equal annual instalments together with all accrued interest from the second anniversary of issue. Interest is fixed on the unsecured convertible loan stock at 6% per annum; interest on the unsecured loan stock is variable and linked to the base rate of Lloyds TSB Bank plc.

Fair value of financial instruments

Financial instruments include the borrowings above. Total fixed rate borrowings are £1,365,000 (2004: £1,838,000) at a weighted average rate of 15.0% (2004: 12.9%), which reflects the redemption premium on unsecured convertible loan notes.

There is no material difference between the book and fair value of financial instruments based on prevailing interest rates and the prospect of conversion. All financial instruments are sterling denominated.

Monetary assets and liabilities denominated in a foreign currency

Net monetary assets/(liabilities) of the Group that are not denominated in the functional currency are as follows:

Functional currency	US	Hong Kong	Norwegian		Total
	Dollar	Dollar	Euro	Krone	
	£000	£000	£000	£000	£000
2005					
Sterling	143	(1)	248	16	406
2004					
Sterling	5	26	13	176	220

The Group had currency options in place during the year to limit the currency risk in respect of Euro and Norwegian Krone and options in place at the year end in respect of Euro (£1,045,000) and Norwegian Krone (£445,000) (30 September 2004: Euro options equal to £90,000).

Borrowing facilities

The Group had no undrawn committed overdraft facilities at the year end (2004: nil).

Notes to the Financial Statements

continued

12. Called-up share capital

		Group and Company	
		2005	2004
Ordinary shares of 25p each			
Authorised	Number	22,500,000	22,500,000
	£	5,625,000	5,625,000
Issued	Number	13,353,606	13,353,606
	£	3,338,402	3,338,402

Share options

Share option scheme	Date of grant	Shares under option		Exercise price	Exercise dates:	
		2005	2004		Earliest	Latest
1999 "A" Executive	15/2/2000	115,000	115,000	33.5p	15/2/2003	14/2/2010
	15/2/2002	50,000	50,000	26.5p	15/2/2005	14/2/2012
1999 Employee Share Scheme	24/7/2000	87,975	87,975	30.0p	24/7/2005	23/1/2006

W Robson ceased to be employed by the Company on 18 November 2005 and, as noted in the Report of the Directors, his share options lapsed on that date.

On 13 January 2006 the Company allotted 2,250 ordinary shares of 25p each following the exercising of options under the 1999 Employee Share Scheme, and all other options under that scheme have lapsed.

13. Reserves

Group	Share premium £000	Merger reserve £000	Revaluation reserve £000	Profit and loss account £000
At 1 October 2004 as previously reported	578	294	—	1,837
Prior year adjustment (see note 7)	—	—	1,019	—
At 1 October 2004 restated	578	294	1,019	1,837
Loss for the year	—	—	—	(3,662)
Revaluation surplus	—	—	14	—
At 30 September 2005	578	294	1,033	(1,825)
Company				
At 1 October 2004 as previously reported	578	294	—	3,696
Prior year adjustment (see note 7)	—	—	588	—
At 1 October 2004 restated	578	294	588	3,696
Loss for the year	—	—	—	(38)
Revaluation surplus	—	—	10	—
At 30 September 2005	578	294	598	3,658

14. Reconciliation of movement in shareholders' funds

	Group		Company	
	2005	Restated 2004	2005	Restated 2004
	£000	£000	£000	£000
(Loss)/profit for the year	(3,662)	609	(38)	597
Surplus on revaluation	14	—	10	—
Net movement in shareholders' funds	(3,648)	609	(28)	597
Opening shareholders' funds (see below)	7,066	6,457	8,494	7,897
Closing shareholders' funds	3,418	7,066	8,466	8,494

Group: Opening shareholders' funds originally £6,047,000 before prior year adjustment of £1,019,000.

Company: Opening shareholders' funds originally £7,906,000 before prior year adjustment of £588,000.

Notes to the Financial Statements

continued

15. Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2005	2004
	£000	£000
Operating loss	(3,589)	(28)
Depreciation charge	191	228
(Profit)/loss on sale of tangible fixed assets	(3)	3
Decrease/(increase) in stock	3	(3)
Decrease/(increase) in debtors	3,194	(113)
Increase/(decrease) in creditors	410	(1,467)
Net cash inflow/(outflow)	206	(1,380)

16. Analysis of changes in net funds

	1 October 2004 £000	Cash flow £000	New finance leases £000	Non-cash movements £000	30 September 2005 £000
Cash	1,190	252	—	—	1,442
Loans and finance leases	(316)	211	(16)	—	(121)
Loan stock	(1,907)	528	—	(30)	(1,409)
Total	(1,033)	991	(16)	(30)	(88)

Non-cash movements relate to the accrual of loan stock redemption premium (note 11(d)).

17. Reconciliation of net cash flow to movement in net debt

	2005	2004
	£000	£000
Increase/(decrease) in cash in the year	252	(3,103)
Cash outflow from decrease in debt and lease financing	739	246
Change in net debt arising from cash flows	991	(2,857)
New finance leases	(16)	—
Loan stock	(30)	(111)
Decrease/(increase) in net debt during the year	945	(2,968)
Opening net (debt)/funds at 1 October	(1,033)	1,935
Closing net debt at 30 September	(88)	(1,033)

18. Contingent liabilities

The Group had no contract guarantees outstanding at 30 September 2005 (2004: £156,000).

19. Financial commitments

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Operating leases for plant and equipment payable within one year for leases expiring:				
Within 1 year	26	26	2	—
2–5 years	72	111	—	8
	98	137	2	8

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Operating leases for property payable within one year for leases expiring:				
Within 1 year	50	45	17	15
2–5 years	72	—	—	—
Over 5 years	183	255	125	125
	305	300	142	140

20. (Loss)/profit for the financial year attributable to the members of Booth Industries Group PLC

	2005	2004
	£000	£000
Dealt with in the accounts of the company	(38)	597

As permitted by S230 of the Companies Act 1985, a profit and loss account for the parent company alone has not been presented.

Notes to the Financial Statements

continued

21. Pensions

The Group operates a number of defined contribution pension schemes and sponsors a defined benefit pension scheme in the United Kingdom, the Booth Industries Group PLC Staff Pension and Life Assurance Scheme ("the Booth Scheme"). All pension schemes operated by the Group are accounted for in accordance with SSAP24 and the required disclosures under that standard are set out below. Additional disclosures regarding the Booth Scheme are also required under the transitional provisions of FRS17 and these are set out later.

SSAP 24 Disclosures

The Booth Scheme is funded by the payment of contributions to a self-administered trust fund.

The expected cost of pensions in the scheme is charged to the profit and loss account over the working lifetimes of employees in the scheme. Actuarial surpluses and deficits are spread over the expected remaining working lifetime of employees.

Pension costs are assessed in accordance with the advice of qualified actuaries on the basis of triennial valuations using the attained age method. The results of the most recent full valuation, which was conducted as at 6 April 2003, are set out below.

Main assumptions:

Rate of return on investments (% per annum)	6.0%
Rate of salary increases (% per annum)	3.5%
Rate of pension increases:	
Pre-1997 (% per annum)	3.5%
Post-1997 (% per annum)	2.5%
Market value of scheme assets (£000)	8,707
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases	68.3%

This valuation revealed a deficit in the scheme of £4.04m. The deficit is being eliminated by a special contribution of £760,000 paid in 2003 and additional contributions of £250,000 per annum that commenced in June 2004 and which are rising by 3% per annum over 15 years.

The pension cost charge for the year of £162,000 in respect of this scheme includes an adjustment of £21,000 (2004: £21,000) as a result of amortisation of the deficit.

21. Pensions continued

FRS 17 Disclosures

The pension costs set out below are determined with the advice of an independent qualified actuary on the basis of triennial valuations and using the projected unit method. The last full valuation was as at 6 April 2003. The results of that valuation have been adjusted on the advice of a qualified actuary to take account of the requirements of FRS17 in order to assess the liabilities of the scheme as at 30 September 2005.

Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2005	2004	2003
Rate of inflation	2.75%	3.00%	2.75%
Salary increases	3.25%	3.50%	3.25%
Rate of discount	5.00%	5.50%	5.25%
Pension in payment increases	2.50% for pensions increasing at 5% p.a. or RPI if less	2.75% for pensions increasing at 5% p.a. or RPI if less	2.50% for pensions increasing at 5% p.a. or RPI if less
Revaluation rate on non-GMP benefits for deferred pensioners	2.75%	3.00%	2.75%

The expected long-term rates of return on the scheme assets on an FRS17 basis are:

	2005	2004	2003
Equities	8.00%	8.50%	8.50%
Bonds	5.00%	5.50%	5.25%
Property	5.00%	5.50%	5.25%
Cash and other assets	4.50%	4.75%	4.00%

Notes to the Financial Statements

continued

21. Pensions continued

Illustrative pension expense

The amount which would be charged to operating profit on an FRS17 basis is:

	2005	2004
	£000	£000
Current service cost	124	119
Employee contributions	(34)	(38)
Total operating charge	90	81

The scheme currently has agreed contribution rates of between 5% and 6% (2004: 5% to 6%) for employees, and 12.5% (2004: 12.5%) for employer contributions. Total employer contributions, including the additional contributions referred to earlier, were £320,000 (2004: £177,000).

For closed schemes and those in which the age profile of the active membership is rising significantly, under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The amount which would be charged against other finance income on an FRS17 basis is:

	2005	2004
	£000	£000
Expected return on pension scheme assets	710	677
Interest on pension scheme liabilities	(831)	(779)
Net charge	(121)	(102)

21. Pensions continued

Illustrative amounts which would be included within the statement of total recognised gains and losses

The history of experience gains and losses on an FRS17 basis is:

	2005	2004	2003	2002
	£000	£000	£000	£000
Difference between expected and actual return on scheme assets	875	55	(129)	(2,213)
Percentage of scheme assets	7%	1%	(1)%	(26)%
Experience gains and losses arising on the scheme liabilities	(373)	(50)	(330)	(83)
Percentage of scheme liabilities	(2)%	—	(2)%	(1)%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(756)	301	(1,957)	(2)
Percentage of scheme liabilities	(5)%	2%	(13)%	—
Total amount recognised in the statement of total recognised gains and losses	(254)	306	(2,416)	(2,298)
Percentage of scheme liabilities	(2)%	2%	(16)%	(19)%

Illustrative balance sheet figures

The market value of the assets in the scheme and present value of the liabilities in the scheme on an FRS17 basis are:

	2005	2004	2003
	£000	£000	£000
Equities	4,305	5,113	5,211
Bonds	5,291	3,860	2,937
Property	1,148	1,053	764
Cash and other assets	1,057	448	996
Total market value of scheme assets	11,801	10,474	9,908
Present value of scheme liabilities	(16,579)	(15,107)	(14,841)
Deficit in scheme	(4,778)	(4,633)	(4,933)
Related deferred tax asset	—	—	—
Net pension liability	(4,778)	(4,633)	(4,933)

Notes to the Financial Statements

continued

21. Pensions continued

Movement in deficit during the year

Movements in the scheme deficit on an FRS17 basis are:

	2005	2004
	£000	£000
Deficit in scheme at beginning of the year	(4,633)	(4,933)
Current service cost	(90)	(81)
Contributions	320	177
Other finance income	(121)	(102)
Actuarial (loss)/gain	(254)	306
Deficit in scheme at the year end	(4,778)	(4,633)

Reconciliation of reserves

If the amounts noted above had been recognised in the financial statements, the Group's profit and loss reserve at 30 September 2005 would be:

	2005	2004
	£000	£000
Profit and loss reserves as reported using SSAP24	(1,825)	1,837
Eliminate SSAP24 related balances	(91)	99
Less scheme deficit on an FRS17 basis	(4,778)	(4,633)
Profit and loss reserves	(6,694)	(2,697)

Notice of Annual General Meeting

Notice is hereby given that the 74th Annual General Meeting of Booth Industries Group PLC will be held at the offices of Hammonds Solicitors, 2 Park Lane, Leeds on 5 April 2006 at 12.00 noon for the following purposes:

- Resolution 1 To receive and adopt the financial statements for the year ended 30 September 2005 and the reports of the Directors and auditors thereon.
- Resolution 2 To re-elect R G Jordan as a Director.
- Resolution 3 To re-elect D J Jackson as a Director.
- Resolution 4 To re-elect R S Foster as a Director
- Resolution 5 To reappoint the auditors, Grant Thornton UK LLP, and to authorise the Directors to fix their remuneration.

Special Business

To consider as special business and, if thought fit, to pass the following resolutions, of which number 6 will be proposed as an Ordinary Resolution and numbers 7 and 8 as Special Resolutions.

- Resolution 6 That, in substitution for any such existing authority, the Directors of the Company be and they are hereby authorised pursuant to Section 80 of the Companies Act 1985 ("the Act") generally and unconditionally to exercise each and every power of the Company to allot relevant securities (as defined in that section) up to a maximum amount in nominal value of £2,286,036, such authority to expire on 4 April 2011 and that the Company be and is hereby authorised to make before the authority conferred by this resolution has expired one or more offers or agreements which would or might require relevant securities (as so defined) to be allotted after this authority has expired and the Directors be and they are hereby permitted to allot relevant securities (as so defined) after the authority conferred by this resolution has expired in pursuance of each and every such offer or agreement made by the Company.

Resolution 7

That, upon their recommendation, the Directors of the Company be and they are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority conferred by Resolution 6 above as if sub-section (1) of section 89 of the Act did not apply to any such allotments, provided that such power shall be limited to:

- (a) the allotment of equity securities in connection with any rights issue in favour of the holders of any equity securities where the equity securities respectively attributable to the interest of all the holders of equity securities are proportionate (as nearly as may be) to the respective numbers of equity securities held by them subject to such exclusions or arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements otherwise arising or legal or practical problems under the laws or regulations of any territory regulatory body or stock exchange; and
- (b) the allotment of equity securities which are or are to be wholly paid up in cash (otherwise than as mentioned in subparagraph (a) of this Resolution 7), provided that the maximum nominal value of equity securities so allotted does not exceed in aggregate £457,207;

and so that such power shall expire on the date of the Annual General Meeting of the Company to be held in 2007 (or, if earlier, on 4 July 2007) save that the Company may make any offer or agreement before the expiry of this power which would or might require equity securities to be allotted pursuant thereto after the expiry date and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

Resolution 8

That the name of the Company be changed to Redhall Group plc.

By Order of the Board
C Lewis-Jones Secretary
PO Box 50
Nelson Street
Bolton, BL3 2AP
22 February 2006

Notice of Annual General Meeting

continued

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the Company.
2. A prepaid form of proxy is enclosed. To be valid any form of proxy and power of attorney or other authority under which it is signed or a notarially certified or office copy of such power of authority must be lodged with the Company's registrars, Capita Registrars, Proxy Department, at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received not less than 48 hours before the time appointed for the meeting or any adjourned meeting. The return of a form of proxy will not preclude a member from attending and voting at the meeting in person should he subsequently decide so to do.

Copies of the Directors' service contracts and the register of Directors' interests will be available for inspection at the Company's registered office during normal business hours and at the offices of Hammonds Solicitors, 2 Park Lane, Leeds from 15 minutes prior to, and until the conclusion of, the meeting.

Form of Proxy

I/We, the undersigned, being (a) Member(s) of Booth Industries Group PLC, hereby appoint Mr David Jackson or failing him, Mr Christopher Lewis-Jones, both directors of the Company,*

or

as my/our proxy to vote in my/our names and on my/our behalf at the Annual General Meeting of the Company to be held on 5 April 2006 and at any adjournment thereof.

Name
(block capitals)

Address

Date Signature

Please indicate with an 'X' in the appropriate spaces below how you wish your proxy to vote. If the Form is returned duly signed but with no direction as to the manner in which your proxy is to vote, he will vote or abstain at his discretion.

RESOLUTION	1	2	3	4	5	6	7	8
FOR								
AGAINST								

Notes

* If you desire someone else to act as your proxy, delete these names and insert the name and address of the person desired. To be valid, this form of proxy must reach the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time appointed for the meeting or any adjournment thereof. When this proxy is executed by a corporation it must be either under its Common Seal or under the hand of an officer or attorney duly authorised. In the case of joint holders the signature of any joint holder is sufficient.



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BUSINESS REPLY SERVICE
Licence No. MB 122

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**Capita Registrars
Proxy Department
PO Box 25
BECKENHAM
Kent
BR3 4BR**

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and tuck in flap opposite

BOOTH

BOOTH INDUSTRIES GROUP PLC