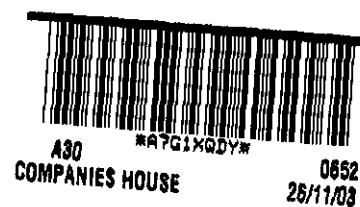


Company Registration No. 3637521 (England and Wales)

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY 2003



HEBRON & MEDLOCK (HOLDINGS) LIMITED

DIRECTORS AND ADVISERS

Directors	D J Medlock P Phipps
Secretary	P Phipps
Company number	3637521
Registered office	St. George's Lodge 33 Oldfield Road Bath BA2 3NE
Registered auditors	Robson Taylor Charter House, The Square Lower Bristol Road Bath BA2 3BH
Bankers	Lloyds TSB Bank Plc 47 Milsom Street Bath BA1 1DN

**HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
CONTENTS**

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Consolidated cash flow statement	7
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Notes to the financial statements	9 - 20

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2003

The directors present their report and financial statements for the year ended 31 July 2003.

On 12 February 2003 Premium Wing Limited changed its name to Hebron & Medlock (Holdings) Limited.

Directors

The following directors have held office since 1 August 2002:

D J Medlock
P Phipps

Principal activities and review of the business

The principal activity of the group continued to be that of the provision of design and manufacturing services to the engineering industry.

The company acts as a holding company to its subsidiary undertakings, whose activities are described in note 10 to the financial statements.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The consolidated profit and loss account for the year is set out on page 4.

Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

Hebron & Medlock (Holdings) Limited

Ordinary shares of 1p each

	31 July 2003	1 August 2002
D J Medlock	192,000	192,000
P Phipps	-	-

Premium Wing Limited

Ordinary shares of 25p each

	31 July 2003	1 August 2002
D J Medlock	-	-

Deferred shares of £300 each

	31 July 2003	1 August 2002
D J Medlock	-	-

Hebron & Medlock Limited

Ordinary shares of £1 each

	31 July 2003	1 August 2002
D J Medlock	1	1

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average, trade creditors at the year end represented 11 (2002 - 10) days' purchases.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Robson Taylor be reappointed as auditors of the company will be put to the Annual General Meeting.

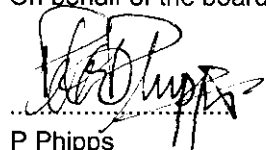
Directors' responsibilities

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 of the group and of the profit or loss of the group 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;
- 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 responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



P Phipps

Director

20/11/03

**HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF HEBRON & MEDLOCK (HOLDINGS) LIMITED**

We have audited the financial statements of Hebron & Medlock (Holdings) Limited on pages 4 to 20 for the year ended 31 July 2003. These financial statements have been prepared under the historical cost convention and 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 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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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 directors' report 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 company is not disclosed.

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

Basis of audit 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 company's and the group's circumstances, consistently applied and adequately disclosed.

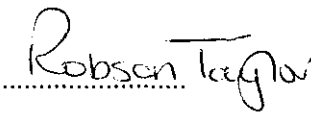
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 the company's and the group's affairs as at 31 July 2003 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Robson Taylor

Chartered Accountants
Registered Auditor


.....

Charter House, The Square
Lower Bristol Road
Bath
BA2 3BH

20 November 2003

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2003

	Notes	2003 £	2002 £
Turnover	2	11,129,321	11,941,170
Cost of sales		(8,730,038)	(9,390,133)
Gross profit		2,399,283	2,551,037
Administrative expenses		(2,142,962)	(2,273,413)
Other operating income		254,812	152,614
Operating profit	3	511,133	430,238
Other interest receivable and similar income		50,248	48,216
Amounts written off investments	4	37,500	25,500
Interest payable and similar charges	5	-	(5,392)
Profit on ordinary activities before taxation		598,881	498,562
Tax on profit on ordinary activities	6	(88,374)	216,390
Profit on ordinary activities after taxation		510,507	714,952
Dividends	8	(3,254,064)	-
Retained (loss)/profit for the year	17	(2,743,557)	714,952

The profit and loss account has been prepared on the basis that all operations are continuing operations.

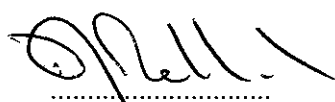
HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2003

	2003 £	2002 £
Profit for the financial year	510,507	714,952
Prior year adjustment	-	231,857
Total gains and losses recognised since last financial statements	<u>510,507</u>	<u>946,809</u>

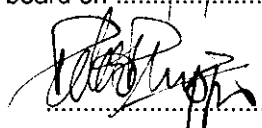
HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
BALANCE SHEETS
AS AT 31 JULY 2003

		Group		Company	
	Notes	2003	2002	2003	2002
		£	£	£	£
Fixed assets					
Tangible assets	9	582,904	519,165	569,771	-
Investments	10	168,750	131,250	171,367	2,617
		<u>751,654</u>	<u>650,415</u>	<u>741,138</u>	<u>2,617</u>
Current assets					
Stocks	11	235,534	1,075,509	-	-
Debtors	12	2,637,965	3,370,556	218,471	-
Investments	13	-	598,669	-	-
Cash at bank and in hand		1,131,101	1,621,907	714	-
		<u>4,004,600</u>	<u>6,666,641</u>	<u>219,185</u>	<u>-</u>
Creditors: amounts falling due within one year	14	(1,813,233)	(1,605,478)	(929,817)	-
Net current assets		<u>2,191,367</u>	<u>5,061,163</u>	<u>(710,632)</u>	<u>-</u>
Total assets less current liabilities		<u>2,943,021</u>	<u>5,711,578</u>	<u>30,506</u>	<u>2,617</u>
Creditors: amounts falling due after more than one year	15	-	(25,000)	-	-
		<u>2,943,021</u>	<u>5,686,578</u>	<u>30,506</u>	<u>2,617</u>
Capital and reserves					
Called up share capital	16	2,617	2,617	2,617	2,617
Profit and loss account	17	2,940,404	5,683,961	27,889	-
Shareholders' funds - equity interests	18	<u>2,943,021</u>	<u>5,686,578</u>	<u>30,506</u>	<u>2,617</u>

The financial statements were approved by the board on 20/11/03



D J Medlock
Director



P Phipps
Director

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2003

	2003		2002	
	£	£	£	£
Net cash inflow from operating activities		2,008,455		1,376,726
Returns on investments and servicing of finance				
Interest received	50,248		48,216	
Interest paid	-		(5,392)	
Net cash inflow for returns on investments and servicing of finance		50,248		42,824
Taxation		189,474		(86,616)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(724,387)		(281,284)	
Receipts from sales of tangible assets	517,414		145,648	
Net cash outflow for capital expenditure		(206,973)		(135,636)
Dividends 'in specie'		(3,254,064)		-
Net cash (outflow)/inflow before management of liquid resources and financing		(1,212,860)		1,197,298
Management of liquid resources				
Current asset investments	598,669		(598,669)	
		598,669		(598,669)
Other creditors	(25,000)		25,000	
Net cash outflow from financing		(25,000)		25,000
Decrease in cash in the year		(639,191)		623,629

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	511,133	381,092
	Cash outflow from exceptional items	-	-
	Depreciation of tangible assets	143,580	196,659
	Profit/(loss) on disposal of tangible assets	(346)	58,814
	Decrease in stocks	839,975	651,801
	Decrease in debtors	503,813	322,106
	Increase/(decrease) in creditors within one year	10,300	(290,869)
	Net effect of foreign exchange differences	-	57,123
	Net cash inflow from operating activities	2,008,455	1,376,726

2	Analysis of net funds	1 August 2002	Cash flow	Other non-cash changes	31 July 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,621,896	(490,806)	-	1,131,090
	Bank overdrafts	(166,984)	(148,385)	-	(315,369)
		<u>1,454,912</u>	<u>(639,191)</u>	<u>-</u>	<u>815,721</u>
	Liquid resources:				
	Current asset investments	598,669	(598,669)	-	-
	Bank deposits	11	-	-	11
		<u></u>	<u></u>	<u></u>	<u></u>
	Debts falling due after one year	(25,000)	25,000	-	-
		<u></u>	<u></u>	<u></u>	<u></u>
	Net funds	2,028,592	(1,212,860)	-	815,732

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	(Decrease)/increase in cash in the year	(639,191)	623,629
	Cash inflow/(outflow) from decrease/(increase) in liquid resources	(598,669)	598,669
	Cash outflow/(inflow) from decrease/(increase) in debt	25,000	(25,000)
	Movement in net funds in the year	(1,212,860)	1,197,298
	Opening net funds	2,028,592	831,294
	Closing net funds	815,732	2,028,592

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 July 2003. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT, trade discounts and intra-group transactions.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	by instalments over 12 years
Plant and machinery	25% and 15% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

1.6 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value. Income is included (together with the related tax credit) in the financial statements of the period in which it is received.

1.8 Stock

Work in progress is valued at prime cost plus attributable overheads based on a normal level of activity.

1.9 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

1 Accounting policies (continued)

1.10 Pensions

The pension cost charge represents amounts payable by the group to employees' personal pension schemes.

1.11 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Segmental analysis by class of business

The analysis by class of business of the group's turnover is as set out below:

Turnover

	2003	2002
	£	£
Class of business		
Property development	1,370,114	2,698,429
Engineering design	9,759,207	9,242,741
	<u>11,129,321</u>	<u>11,941,170</u>

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	143,580	196,659
Operating lease rentals	352,258	364,586
Auditors' remuneration (company £3,625 ; 2002 : £-)	15,658	16,375
and after crediting:		
Rents receivable	136,085	121,743
Management charges receivable	110,000	23,000
Hire of equipment	<u>8,727</u>	<u>7,871</u>

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

4	Amounts written off investments	2003	2002
		£	£
	Amounts written off fixed asset investments:		
	- temporary diminution in value	(37,500)	(25,500)
5	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	-	5,392
6	Taxation		
		£	£
	Domestic current year tax		
	U.K. corporation tax	77,086	21,582
	Adjustment for prior years	-	30,120
	Current tax charge	77,086	51,702
	Deferred tax		
	Deferred tax charge/credit current year	11,288	84,805
	Deferred tax adjust re previous year	-	(352,897)
		88,374	(216,390)
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	598,881	498,562
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)	179,664	149,569
	Effects of:		
	Non deductible expenses	8,314	5,921
	Depreciation add back	35,037	58,998
	Capital allowances	(47,679)	(75,695)
	Tax losses utilised	-	(25,134)
	Adjustments to previous periods	-	30,120
	Other tax adjustments	(98,250)	(92,077)
		(102,578)	(97,867)
	Current tax charge	77,086	51,702

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

7 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2003	2002
	£	£
Holding company's profit for the financial year	2,237,816	-
	<u> </u>	<u> </u>

8 Dividends

	Company	
	2003	2002
	£	£
Ordinary interim paid	2,209,927	-
	<u> </u>	<u> </u>
	2,209,927	-
	<u> </u>	<u> </u>

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

9 Tangible fixed assets
Group

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2002	1,913,807	29,620	470,485	2,413,912
Additions	264,540	202,165	257,682	724,387
Disposals	(1,482,730)	-	(490,101)	(1,972,831)
At 31 July 2003	695,617	231,785	238,066	1,165,468
Depreciation				
At 1 August 2002	1,591,025	25,503	278,219	1,894,747
On disposals	(1,174,146)	-	(281,617)	(1,455,763)
Charge for the year	75,250	15,162	53,168	143,580
At 31 July 2003	492,129	40,665	49,770	582,564
Net book value				
At 31 July 2003	203,488	191,120	188,296	582,904
At 31 July 2002	322,782	4,117	192,266	519,165

9 Tangible fixed assets (continued)
Company

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2002	-	-	-	-
Additions	227,538	202,165	217,389	647,092
Disposals	-	-	(7,476)	(7,476)
At 31 July 2003	227,538	202,165	209,913	639,616
Depreciation				
At 1 August 2002	-	-	-	-
Charge for the year	28,442	15,162	26,241	69,845
At 31 July 2003	28,442	15,162	26,241	69,845
Net book value				
At 31 July 2003	199,096	187,003	183,672	569,771

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

10 Fixed asset investments
Group

	Listed investments	Total
Cost	£	£
At 1 August 2002	150,000	150,000
Additions	112,500	112,500
Disposals	(150,000)	(150,000)
	<u>112,500</u>	<u>112,500</u>
At 31 July 2003	112,500	112,500
	<u>112,500</u>	<u>112,500</u>
Provisions for diminution in value		
At 1 August 2002	18,750	18,750
On disposals	(37,500)	(37,500)
Charge for the year	(37,500)	(37,500)
	<u>(56,250)</u>	<u>(56,250)</u>
At 31 July 2003	(56,250)	(56,250)
	<u>(56,250)</u>	<u>(56,250)</u>
Net book value		
At 31 July 2003	168,750	168,750
	<u>168,750</u>	<u>168,750</u>
At 31 July 2002	131,250	131,250
	<u>131,250</u>	<u>131,250</u>

10 Fixed asset investments
Company

	Listed investments	Shares in group undertakings	Total
	£	£	£
Cost			
At 1 August 2002	-	2,617	2,617
Additions	112,500	2,209,927	2,322,427
Disposals	-	(2,209,927)	(2,209,927)
	<u>112,500</u>	<u>2,617</u>	<u>115,117</u>
At 31 July 2003	112,500	2,617	115,117
	<u>112,500</u>	<u>2,617</u>	<u>115,117</u>
Provisions for diminution in value			
At 1 August 2002	-	-	-
Charge for the year	(56,250)	-	(56,250)
	<u>(56,250)</u>	<u>-</u>	<u>(56,250)</u>
At 31 July 2003	(56,250)	-	(56,250)
	<u>(56,250)</u>	<u>-</u>	<u>(56,250)</u>
Net book value			
At 31 July 2003	168,750	2,617	171,367
	<u>168,750</u>	<u>2,617</u>	<u>171,367</u>
At 31 July 2002	-	2,617	2,617
	<u>-</u>	<u>2,617</u>	<u>2,617</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

HEBRON & MEDLOCK (HOLDINGS) LIMITED
(FORMERLY PREMIUM WING LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Premium Wing Limited	England & Wales	Ordinary	100
Hebron & Medlock Limited	England & Wales	Ordinary	100
			0

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Premium Wing Limited	Dormant
Hebron & Medlock Limited	Engineering design

11 Stocks and work in progress

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Work in progress	235,534	731,289	-	-
Long term contract balances:				
- Net cost less foreseeable losses	-	343,970	-	-
Finished goods and goods for resale	-	250	-	-
	<u>235,534</u>	<u>1,075,509</u>	<u>-</u>	<u>-</u>

12 Debtors

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	2,209,841	2,693,819	22,643	-
Other debtors	122,707	105,852	113,707	-
Prepayments and accrued income	266,104	302,794	42,808	-
Deferred tax asset	39,313	268,091	39,313	-
	<u>2,637,965</u>	<u>3,370,556</u>	<u>218,471</u>	<u>-</u>

HEBRON & MEDLOCK (HOLDINGS) LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

13 Current asset investments

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Other unlisted investments	-	598,669	-	-

14 Creditors : amounts falling due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts	315,369	166,984	315,369	-
Trade creditors	258,954	267,608	-	-
Amounts owed to group undertakings	-	-	142,000	-
Corporation tax	108,353	59,283	7,756	-
Taxes and social security costs	406,773	291,176	213,103	-
Other creditors	167,272	347,224	41,820	-
Accruals and deferred income	556,512	473,203	209,769	-
	<u>1,813,233</u>	<u>1,605,478</u>	<u>929,817</u>	<u>-</u>

15 Creditors : amounts falling due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Other creditors	-	25,000	-	-

16 Share capital

	2003	2002
	£	£
Authorised		
1,000,000 Ordinary shares of 1p each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
261,682 Ordinary shares of 1p each	<u>2,617</u>	<u>2,617</u>

HEBRON & MEDLOCK (HOLDINGS) LIMITED
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17 Statement of movements on profit and loss account
Group

	Profit and loss account £
Balance at 1 August 2002	5,683,961
Retained loss for the year	(2,743,557)
Balance at 31 July 2003	2,940,404

Company

	Profit and loss account £
Retained profit for the year	27,889
Balance at 31 July 2003	27,889

18 Reconciliation of movements in shareholders' funds
Group

	2003 £	2002 £
Profit for the financial year	510,507	714,952
Dividends	(3,254,064)	-
Net (depletion in)/addition to shareholders' funds	(2,743,557)	714,952
Opening shareholders' funds	5,686,578	4,971,626
Closing shareholders' funds	2,943,021	5,686,578

Company

	2003 £	2002 £
Profit for the financial year	2,237,816	-
Dividends	(2,209,927)	-
Net addition to shareholders' funds	27,889	-
Opening shareholders' funds	2,617	2,617
Closing shareholders' funds	30,506	2,617

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FOR THE YEAR ENDED 31 JULY 2003

19 Financial commitments

At 31 July 2003 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2003	2002
	£	£
Expiry date:		
Within one year	-	58,667
In over five years	87,500	47,500
	<u>87,500</u>	<u>106,167</u>

20 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	199,554	-
Company pension contributions to money purchase schemes	250,000	-
	<u>449,554</u>	<u>-</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	199,554	-
Company pension contributions to money purchase schemes	250,000	-
	<u>449,554</u>	<u>-</u>

HEBRON & MEDLOCK (HOLDINGS) LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2003

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003	2002
	Number	Number
Recruitment, administration and design	34	34
Engineering design	112	121
Engineering manufacture	-	6
	<u>146</u>	<u>161</u>

Employment costs

	£	£
Wages and salaries	4,621,722	4,606,953
Social security costs	474,500	450,758
Other pension costs	285,634	340,687
	<u>5,381,856</u>	<u>5,398,398</u>

HEBRON & MEDLOCK (HOLDINGS) LIMITED
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22 Related party transactions

Group

During the year the company entered into the following transactions involving the directors:-

(i) Rent was paid to L Medlock, a director, of £80,000 (2002: £80,000) in respect of property used by the group.

(ii) Rent was paid to D J Medlock, a director, of £103,000 (2002: £122,800) in respect of property used by the group.

D J Medlock is a director of and has a controlling interest in the following companies, GED Sitec Limited, GED UK Limited and GED (Holdings) Limited.

During the year the group made sales of £164,682 (2002: £47,254), recharged insurance costs of £nil (2002: £2,889) and sold motor vehicles to the value of £nil (2002: £69,650) to GED Sitec Limited.

During the year the group made purchases totalling £116,761 (2002: £135,802), received sponsorship money of £nil (2002: £12,000), received rental income of £23,732 (2002: £26,310) and received management charges of £nil (2002: £11,000) from GED Sitec Limited.

Included within trade debtors is an amount due from GED Sitec Limited of £23,732 (2002: £43,908).

Included in prepayments is an amount due from GED Sitec Limited of £nil (2002: £11,000).

Included within trade creditors is an amount due to GED Sitec Limited of £33,239 (2002: £14,920).

Included within accruals is an amount due to GED Sitec Limited of £nil (2002: £32,235).

During the year sales of £61,869 (2002: £1,092) were made to GED UK Limited.

During the year the group paid management charges of £83,000 (2002: £nil) and received management charges of £65,000 (2002: £nil) from GED (Holdings) Limited.

Included within creditors is an amount due to GED (Holdings) Limited of £9,000 (2002: £nil).

During the year the group sold a motor vehicle for £4,000 (2002: £5,000) and received management charges of £24,000 (2002: £12,000) from Aquatravel Limited, a company of which D J Medlock is a director.