

Company Registration No. 3637521 (England and Wales)

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
ANNUAL REPORT
FOR THE YEAR ENDED 31 JULY 2004



SITEC GROUP 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

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
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SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2004

The directors present their report and financial statements for the year ended 31 July 2004.

On 21 September 2004 Hebron & Medlock (Holdings) Limited changed its name to Sitec Group Limited.

Directors

The following directors have held office since 1 August 2003:

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 2004	1 August 2003
D J Medlock	192,000	192,000
P Phipps	-	-

Premium Wing Limited

	Ordinary shares of 25p each	
	31 July 2004	1 August 2003
D J Medlock	-	-

	Deferred shares of £300 each	
	31 July 2004	1 August 2003
D J Medlock	-	-

Hebron & Medlock Limited

	Ordinary shares of £1 each	
	31 July 2004	1 August 2003
D J Medlock	1	1

On 31 August 2004 Sitec Group Limited merged with GED (Holdings) Limited. The company acquired the entire share capital of GED (Holdings) Limited in exchange for matching shares in Sitec Group Limited to the existing GED (Holdings) Limited shareholders.

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

Charitable contributions

During the year the group made charitable donations of £7,655 (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 7 (2003- 11) 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


04/02/05

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

We have audited the financial statements of Sitec Group Limited on pages 4 to 19 for the year ended 31 July 2004. 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

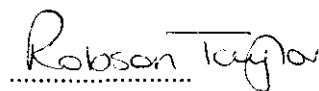
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 2004 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

11 February 2005

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004

	Notes	2004 £	2003 £
Turnover	2	13,095,377	11,129,321
Cost of sales		(11,045,235)	(8,730,038)
Gross profit		2,050,142	2,399,283
Administrative expenses		(1,541,499)	(2,142,962)
Other operating income		254,290	254,812
Operating profit	3	762,933	511,133
Other interest receivable and similar income		71,356	50,248
Amounts written off investments	4	9,375	37,500
Interest payable and similar charges	5	(771)	-
Profit on ordinary activities before taxation		842,893	598,881
Tax on profit on ordinary activities	6	36,064	(88,374)
Profit on ordinary activities after taxation		878,957	510,507
Dividends (including those in respect of non-equity shares)	8	(40,000)	(3,254,064)
Retained profit/(loss) for the year	15	838,957	(2,743,557)

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

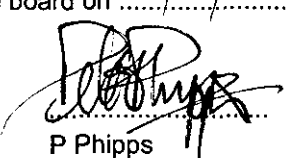
There are no recognised gains and losses other than those passing through the profit and loss account.

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
BALANCE SHEETS
AS AT 31 JULY 2004

		Group		Company	
	Notes	2004	2003	2004	2003
		£	£	£	£
Fixed assets					
Tangible assets	9	620,382	582,904	607,249	569,771
Investments	10	178,125	168,750	180,742	171,367
		<u>798,507</u>	<u>751,654</u>	<u>787,991</u>	<u>741,138</u>
Current assets					
Stocks	11	208,056	235,534	-	-
Debtors	12	3,049,763	2,637,965	199,972	205,924
Cash at bank and in hand		2,704,412	1,131,101	2,159,341	714
		<u>5,962,231</u>	<u>4,004,600</u>	<u>2,359,313</u>	<u>219,185</u>
Creditors: amounts falling due within one year	13	(1,978,760)	(1,813,233)	(2,084,630)	(929,817)
Net current assets		<u>3,983,471</u>	<u>2,191,367</u>	<u>274,683</u>	<u>(710,632)</u>
Total assets less current liabilities		<u>4,781,978</u>	<u>2,943,021</u>	<u>1,062,674</u>	<u>30,506</u>
		<u>4,781,978</u>	<u>2,943,021</u>	<u>1,062,674</u>	<u>30,506</u>
Capital and reserves					
Called up share capital	14	1,002,617	2,617	1,002,617	2,617
Profit and loss account	15	3,779,361	2,940,404	60,057	27,889
	16	<u>4,781,978</u>	<u>2,943,021</u>	<u>1,062,674</u>	<u>30,506</u>
Equity interests		3,781,978	2,943,021	62,674	30,506
Non-equity interests		1,000,000	-	1,000,000	-
		<u>4,781,978</u>	<u>2,943,021</u>	<u>1,062,674</u>	<u>30,506</u>

The financial statements were approved by the board on 04/02/05


D J Medlock
Director


P Phipps
Director

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2004

	2004		2003	
	£	£	£	£
Net cash inflow from operating activities		654,536		2,008,455
Returns on investments and servicing of finance				
Interest received	71,356		50,248	
Interest paid	(771)		-	
Net cash inflow for returns on investments and servicing of finance		70,585		50,248
Taxation		1		189,474
Capital expenditure and financial investment				
Payments to acquire tangible assets	(286,980)		(724,387)	
Receipts from sales of tangible assets	65,516		517,414	
Net cash outflow for capital expenditure		(221,464)		(206,973)
Dividends 'in specie'		-		(3,254,064)
Net cash inflow/(outflow) before management of liquid resources and financing		503,658		(1,212,860)
Management of liquid resources				
Current asset investments	-		598,669	
		-		598,669
Financing				
Issue of preference share capital	1,000,000		-	
Other creditors	-		(25,000)	
Net cash inflow/(outflow) from financing		1,000,000		(25,000)
Increase/(decrease) in cash in the year		1,503,658		(639,191)

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2004

1	Reconciliation of operating profit to net cash inflow from operating activities		2004	2003
			£	£
	Operating profit		762,933	511,133
	Cash outflow from exceptional items		-	-
	Depreciation of tangible assets		186,963	143,580
	Profit on disposal of tangible assets		(2,977)	(346)
	Decrease in stocks		27,478	839,975
	(Increase)/decrease in debtors		(424,345)	503,813
	Increase in creditors within one year		104,484	10,300
	Net cash inflow from operating activities		654,536	2,008,455

2	Analysis of net funds	1 August 2003	Cash flow	Other non-cash changes	31 July 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,131,090	1,573,311	-	2,704,401
	Bank overdrafts	(315,369)	(69,653)	-	(385,022)
		815,721	1,503,658	-	2,319,379
	Liquid resources:				
	Bank deposits	11	-	-	11
	Net funds	815,732	1,503,658	-	2,319,390

3	Reconciliation of net cash flow to movement in net debt	2004	2003
		£	£
	Increase/(decrease) in cash in the year	1,503,658	(639,191)
	Cash (outflow)/inflow from (increase)/decrease in liquid resources	-	(598,669)
	Cash (inflow)/outflow from (increase)/decrease in debt	-	25,000
	Movement in net funds in the year	1,503,658	(1,212,860)
	Opening net funds	815,732	2,028,592
	Closing net funds	2,319,390	815,732

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

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 2004. 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.

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:

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 Pensions

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

1.10 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.

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

1 Accounting policies (continued)

1.11 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

	2004	2003
	£	£
Class of business		
Property development	-	1,370,114
Engineering design	13,095,377	9,759,207
	<u>13,095,377</u>	<u>11,129,321</u>

3 Operating profit

	2004	2003
	£	£

Operating profit is stated after charging:

Depreciation of tangible assets	186,963	143,580
Operating lease rentals	363,643	352,258
Auditors' remuneration (company £14,700; 2003: £3,625)	14,700	15,658

and after crediting:

Rents receivable	123,751	136,085
Management charges receivable	125,600	110,000
Hire of equipment	4,939	8,727

4 Amounts written off investments

	2004	2003
	£	£

Amounts written off fixed asset investments:

- temporary diminution in value	(9,375)	(37,500)
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5 Interest payable

	2004	2003
	£	£

On bank loans and overdrafts	771	-
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SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

6 Taxation

	£	£
Domestic current year tax		
U.K. corporation tax	59,743	77,086
Adjustment for prior years	(108,353)	-
	<u>(48,610)</u>	<u>77,086</u>
Current tax charge		
Deferred tax		
Deferred tax charge/credit current year	12,300	11,288
Deferred tax adjust re previous year	246	-
	<u>(36,064)</u>	<u>88,374</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>842,893</u>	<u>598,881</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	<u>252,868</u>	<u>179,664</u>
Effects of:		
Non deductible expenses	9,366	8,314
Depreciation add back	55,196	35,037
Capital allowances	(67,496)	(47,679)
Adjustments to previous periods	(108,353)	-
Other tax adjustments	(190,191)	(98,250)
	<u>(301,478)</u>	<u>(102,578)</u>
Current tax charge	<u>(48,610)</u>	<u>77,086</u>

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:

	2004 £	2003 £
Holding company's profit for the financial year	<u>72,168</u>	<u>2,237,816</u>

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

8 Dividends	Company	
	2004	2003
	£	£
Dividends on equity shares:		
Ordinary interim paid	-	2,209,927
Dividends on non-equity shares:		
Preference final proposed	40,000	-
	<u>40,000</u>	<u>2,209,927</u>

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

9 Tangible fixed assets
Group

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2003	695,617	231,785	238,066	1,165,468
Additions	44,431	-	242,549	286,980
Disposals	-	-	(69,078)	(69,078)
At 31 July 2004	740,048	231,785	411,537	1,383,370
Depreciation				
At 1 August 2003	492,129	40,665	49,770	582,564
On disposals	-	-	(6,539)	(6,539)
Charge for the year	67,992	28,050	90,921	186,963
At 31 July 2004	560,121	68,715	134,152	762,988
Net book value				
At 31 July 2004	179,927	163,070	277,385	620,382
At 31 July 2003	203,488	191,120	188,296	582,904

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

9 Tangible fixed assets (continued)
Company

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2003	227,538	202,165	209,913	639,616
Additions	44,431	-	242,549	286,980
Disposals	-	-	(69,078)	(69,078)
At 31 July 2004	271,969	202,165	383,384	857,518
Depreciation				
At 1 August 2003	28,442	15,162	26,241	69,845
On disposals	-	-	(6,539)	(6,539)
Charge for the year	67,992	28,050	90,921	186,963
At 31 July 2004	96,434	43,212	110,623	250,269
Net book value				
At 31 July 2004	175,535	158,953	272,761	607,249
At 31 July 2003	199,096	187,003	183,672	569,771

10 Fixed asset investments
Group

	Listed investments	Total
	£	£
Cost		
At 1 August 2003 & at 31 July 2004	112,500	112,500
Provisions for diminution in value		
At 1 August 2003	(56,250)	(56,250)
Charge for the year	(9,375)	(9,375)
At 31 July 2004	(65,625)	(65,625)
Net book value		
At 31 July 2004	178,125	178,125
At 31 July 2003	168,750	168,750

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

10 Fixed asset investments (continued)

10 Fixed asset investments
Company

	Listed investments	Shares in group undertakings	Total
	£	£	£
Cost			
At 1 August 2003 & at 31 July 2004	112,500	2,617	115,117
Provisions for diminution in value			
At 1 August 2003	(56,250)	-	(56,250)
Charge for the year	(9,375)	-	(9,375)
At 31 July 2004	(65,625)	-	(65,625)
Net book value			
At 31 July 2004	178,125	2,617	180,742
At 31 July 2003	168,750	2,617	171,367

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.

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
HM Sitec Limited	England & Wales	Ordinary	100

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

	Principal activity
Premium Wing Limited	Dormant
HM Sitec Limited	Engineering design

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

11 Work in progress

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Work in progress	208,056	235,534	-	-

12 Debtors

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	2,772,494	2,209,841	27,474	22,643
Other debtors	8,991	122,707	8,991	113,707
Prepayments and accrued income	241,512	266,104	136,741	42,808
Deferred tax asset	26,766	39,313	26,766	39,313
	<u>3,049,763</u>	<u>2,637,965</u>	<u>199,972</u>	<u>218,471</u>

13 Creditors : amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts	385,022	315,369	-	315,369
Trade creditors	219,567	258,954	14,344	-
Amounts owed to group undertakings	-	-	1,740,577	142,000
Corporation tax	59,743	108,353	23,340	7,756
Taxes and social security costs	520,737	406,773	7,261	213,103
Other creditors	131,922	167,272	16,772	41,820
Accruals and deferred income	621,769	556,512	242,336	209,769
Proposed dividend	40,000	-	40,000	-
	<u>1,978,760</u>	<u>1,813,233</u>	<u>2,084,630</u>	<u>929,817</u>

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

14 Share capital	2004	2003
	£	£
Authorised		
1,000,000 Ordinary shares of 1p each	10,000	10,000
1,000,000 Preference shares of £1 each	1,000,000	-
	<u>1,010,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
261,682 Ordinary shares of 1p each	2,617	2,617
1,000,000 Preference shares of £1 each	1,000,000	-
	<u>1,002,617</u>	<u>2,617</u>
15 Statement of movements on profit and loss account Group		
	Profit and loss account £	
Balance at 1 August 2003	2,940,404	
Retained profit for the year	838,957	
	<u>3,779,361</u>	
Company		
	Profit and loss account £	
Balance at 1 August 2003	27,889	
Retained profit for the year	32,168	
	<u>60,057</u>	

SITEC GROUP LIMITED
(FORMERLY HEBRON & MEDLOCK (HOLDINGS) LIMITED)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2004

16 Reconciliation of movements in shareholders' funds	2004	2003
Group	£	£
Profit for the financial year	878,957	510,507
Dividends	(40,000)	(3,254,064)
	838,957	(2,743,557)
Proceeds from issue of shares	1,000,000	-
Net addition to/(depletion in) shareholders' funds	1,838,957	(2,743,557)
Opening shareholders' funds	2,943,021	5,686,578
Closing shareholders' funds	4,781,978	2,943,021
	2004	2003
Company	£	£
Profit for the financial year	72,168	2,237,816
Dividends	(40,000)	(2,209,927)
	32,168	27,889
Proceeds from issue of shares	1,000,000	-
Net addition to shareholders' funds	1,032,168	27,889
Opening shareholders' funds	30,506	2,617
Closing shareholders' funds	1,062,674	30,506

17 Financial commitments

At 31 July 2004 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2004	2003
	£	£
Expiry date:		
Between two and five years	44,865	-
In over five years	47,500	87,500
	92,365	87,500

SITEC GROUP LIMITED
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18 Directors' emoluments	2004	2003
	£	£
Emoluments for qualifying services	192,901	199,554
Company pension contributions to money purchase schemes	-	250,000
	<u>192,901</u>	<u>449,554</u>

19 Employees

Number of employees

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

	2004	2003
	Number	Number
Recruitment, administration and design	31	34
Engineering design	141	112
	<u>172</u>	<u>146</u>

Employment costs

	£	£
Wages and salaries	4,935,592	4,621,722
Social security costs	535,787	474,500
Other pension costs	34,357	285,634
	<u>5,505,736</u>	<u>5,381,856</u>

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20 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 £87,500 (2003: £80,000) in respect of property used by the group.

(ii) Rent was paid to D J Medlock, a director, of £121,000 (2003: £103,000) 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 £263,212 (2003: £164,682) to GED Sitec Limited.

During the year the group made purchases totalling £295,680 (2003: £116,761) and received rental income of £nil (2003: £23,732) from GED Sitec Limited.

Included within trade debtors is an amount due from GED Sitec Limited of £30,195 (2003: £23,732).

Included in prepayments is an amount due from GED Sitec Limited of £59,000 (2003: £nil).

Included within trade creditors is an amount due to GED Sitec Limited of £2,167 (2003: £33,239).

Included within other creditors is an amount due to GED Sitec Limited of £40,126 (2003: £nil).

During the year sales of £nil (2003: £61,869) were made to GED UK Limited.

During the year the group paid management charges of £nil (2003: £83,000) and received management charges of £nil (2003: £65,000) from GED (Holdings) Limited.

Included within creditors is an amount due to GED (Holdings) Limited of £nil (2003: £9,000).

During the year the group made sales of £1,500 (2003: £nil), sold a motor vehicle for £nil (2003: £4,000) and received management charges of £12,000 (2003: £12,000) from Aquatravel Limited, a company of which D J Medlock is a director.

21 Post Balance Sheet Events

Group

On 31 August 2004 Sitec Group Limited (formerly Hebron & Medlock (Holdings) Limited merged with GED (Holdings) Limited. Sitec Group Limited acquired the entire share capital of GED (Holdings) Limited in exchange for matching shares in Sitec Group Limited to the existing GED (Holdings) Limited shareholders.