BOOTH

BOOTH

BOOTH INDUSTRIES GROUP PLC

Annual Report & Accounts 2003

Booth Industries Group PLC

BOOTH

Booth Industries Limited

Manufactures high integrity doors and fire and blast protection systems

Jordan Projects Limited

Builds and installs high integrity pipework, skid mounted plant and equipment, and renews and maintains process plant pipework

Jordan Manufacturing Limited

Produces high quality stainless steel and non-ferrous products predominantly for use in nuclear energy and architectural applications

CHB-Jordan Engineering Limited

Provides engineering support services for oil, gas, petrochemical and process industries

Contents

Chairman's Statement

Results

Group turnover for the year ended 30 September 2003 was £43.8m (2002: £54.8m). Within that, turnover from continuing operations was £31.7m (2002: £43.2m), the overwhelming part of the decline in turnover occurring within Jordan Projects Limited ("JP").

Net profit after taxation was £2.98m (2002: loss £2.4m). The operating loss from continuing businesses was reduced to £677,000 (2002: loss £2.64m, which includes the goodwill impairment charge taken in that year).

In terms of the group's operating result, each of Booth Industries Limited ("BIL"), Jordan Manufacturing Limited ("JM") and CHB-Jordan Engineering Limited ("CHB-J") performed satisfactorily, showing in aggregate an improvement over the previous year. However, JP had a very difficult year as it went through a programme to withdraw from certain markets and refocus the business on its core skills in the nuclear industry. Finally, the discontinued Oakland Elevators Limited ("OEL") business — normally our strongest contributor — produced a disappointing result for the year.

Disposal

As announced in our interim results, your board has been reviewing ways to revitalise the market price of shares in the group, including restructuring the portfolio of business assets. The exercise, undertaken during the course of the financial year, revealed a significant undervaluation of OEL in the balance sheet and the decision was taken to crystallise a more realistic value through the disposal of that business.

The disposal took place on 30 September 2003, for an initial cash consideration of £6.8m. Some £545,000 of that consideration was returned to the purchaser following determination of the net asset position of OEL at the time of disposal. A further sum to a maximum value of £900,000 may become receivable as deferred consideration, dependent principally upon the performance of OEL in the twelve months following disposal. No account has been taken of this potential, deferred consideration in calculating the profit of £3.9m recorded on the disposal.

In connection with the disposal of OEL, a sum of £760,000 was paid to the final salary pension scheme in which a number of Oakland's employees participated.

Dividend

The group's operating results for last year did not justify the payment of a dividend. However, in recognition of the gain on the disposal of OEL, the board is recommending a final dividend of 5p per share. Shareholders are asked to regard this as a special dividend, funded out of a capital transaction and somewhat in the nature of a partial return of investment. If approved by shareholders, the dividend will be paid on 1 June 2004 to shareholders on the register as at 14 May 2004.

Future dividend recommendations will be made in the light of operating results and the availability of cash surplus to the requirements of the ongoing businesses.

Financial Position

The proceeds of the sale of OEL allowed the group to retire its overdraft facilities in full. Despite a small operating outflow, cash at the year end amounted to some £4.3m, which exceeded the aggregate of loan stock and bank term loan outstanding, resulting in zero gearing at that date.

Operating cash outflow for the year was helped by the presence of two significant, cash positive contracts which were in their early stages at 30 September 2003. In the course of the coming year that cash benefit is to be applied to meet costs on those contracts. Since the year end the costs associated with the disposal of OEL were expended, together with a return of part of the purchase consideration as described above. Further, a dividend amounting to some £668,000 is proposed. For all of these reasons the level of cash recorded at the year end is not anticipated to be sustained in the future.

The group ended the year with a much stronger net asset position of some £5.4 million after charging the proposed dividend noted above. None of our assets are intangible.

Chairman's Statement
continued

Review of the Year

The results for the year under review have been dominated by two major programmes: the refocusing of JP and the disposal of OEL.

As previously reported, the Jordan businesses, acquired in 2001, have required considerably more effort than expected in order to put them on a satisfactory footing. In particular JP, which was heavily engaged in capital projects, was unable to secure and execute profitable contracts in a number of industry sectors in that arena. That resulted in the decision to concentrate its efforts on its core skills in the nuclear industry. This exercise has required a major downsizing of resources and a realignment of its customer base.

We are pleased to report that this major initiative is now almost complete, and that there has been success in achieving a satisfactory workload for the current year — a significant portion of which is for decommissioning and decontamination. We see that area as becoming increasingly important in the current move towards management of the nuclear legacy in the United Kingdom. We are still in the process of closing out non-nuclear contracts; however, to do that purely on negotiated, commercial bases is made more difficult in the absence of potential ongoing relationships with some of our customers. Taking into account the operating results on unsuitable contracts, redundancy costs and final contract provisions, an overall operating loss of some £900,000 was suffered for the year.

OEL has been in the group since 1996. Since that time, its business saw significant growth as it established itself as one of the leading manufacturers of elevators in the UK, with a particularly strong presence in the retail sector. The strategic importance of that position was fully recognised in the value achieved for the business on disposal. The sum of £6.8m was received as initial consideration, of which £545,000 was returned to the purchaser to make good a shortfall against target net asset value. After expenses and associated pension costs and charges arising from the disposal, the transaction produced a gain of £3.9m. A further sum to a maximum value of £900,000 may become receivable as deferred consideration, dependent upon the extent to which OEL retains its service portfolio customers and recovers its trade debtors at the time of disposal. No account has yet been taken of this potential, deferred consideration.

OEL's operating performance in this last year was disappointing, both in terms of its new equipment sales and its service and repair activities; these were compounded by reduced margins and pre-sale provisions against potential environmental and health and safety matters. Overall, a small operating loss was incurred for the year.

BIL was able to consolidate on its operating achievement of the previous year, making a further satisfactory operating profit. In particular, it continued to capture an increasing share of both the onshore and the offshore markets for its fire and blast resistant door and wall systems. This was reflected in a very significant increase in its closing order book.

The benefits of the re-streaming exercise for the Jordan businesses, undertaken in the previous year, were evident in the performance of CHB-J, which produced a much improved operating result from its site-based maintenance activities for process industries. CHB-J is now able to offer services over a much wider geographical area, winning important shutdown work for major customers.

JM suffered a reduced workflow for the year. However, operating results were improved in that business as a result of careful margin and cost control.

Pensions

In common with other employers operating final salary pension schemes, changing actuarial assumptions with regard to life expectancy and investment returns have impacted on the group's pension scheme arrangements producing an assessed deficit at 30 September 2003. Unfortunately, such new legislation as is currently being proposed will not be helpful to the ongoing control and management of the group's scheme and your board remains watchful in this respect.

In recognition of the sale of OEL and a consequent reduction in the number of active employees in the group's final salary scheme, it was decided to recognise that deficit to the extent of £1.1m. Concurrent with that, it was considered appropriate to accede to the Trustees' request to make a cash contribution into the scheme of £760,000.

Directors

I became chairman in October 2003, following the retirement of Roy Jordan, who had held that post in both executive and non-executive capacities since 1997. I am pleased to report that Mr Jordan agreed to rejoin the board in February of this year, in a non-executive role. At the forthcoming Annual General Meeting his appointment will be put to members for ratification. At that meeting, C Lewis-Jones will retire by rotation and offers himself for re-election.

Employees

This has been a challenging year for our employees and senior management, both in terms of redirecting some of our businesses, and also in seizing those positive opportunities which have become available. However, I am pleased to be able to express our sincere appreciation of their efforts in driving through the programmes of change needed in the year. I wish to offer particular thanks to the employees of OEL and trust that they will continue to develop that business under its new ownership.

Prospects

The group enters the current year in a shape very different to that of last year. The disposal of OEL has permitted us to effect a significant reduction in debt, but the group is a much smaller entity and is now without its largest historical contributor to profits. We must also concede that growth by acquisition is not a possibility. Our efforts will be to continue to refine the remaining businesses in order to enhance their values and move them all towards stable profitability. Whilst we have some concerns about the workflow at JM, we are encouraged by the strength of the order book at BIL and the new focus in JP towards remaining, and succeeding, within its competencies. Further, we believe that CHB-J is capable of taking benefit from its new operational structure.

Notwithstanding the improvement in our share price since the disposal of OEL, we remain sensitive to the way in which the market reflects the value of our businesses and are keen to ensure that shareholders will be able to achieve an exit from their investment on a proper basis.

D N Ablett
Chairman
25 March 2004

Directors and Officers

Directors:

D N Ablett Non-executive Chairman
W Robson Group Managing Director (and Secretary)
C Lewis-Jones Group Finance Director
R S McDowell Non-executive
R G Jordan Non-executive

Registered Office

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

Administration Office

1–4 The Courtyard, Gaulby Lane
Stoughton, Leicestershire, LE2 2FL

Auditors

Ernst & Young LLP
One Colmore Row
Birmingham, B3 2DB

Bankers

Lloyds TSB Commercial
125 Colmore Row
Birmingham, B1 1BZ

Financial Advisers and Stockbrokers

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

Solicitors

Martineau Johnson
St Philips House, St Philips Place
Birmingham, B3 2PP

Registrars

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

Report of the Directors

The directors present their report and audited financial statements for the year ended 30 September 2003.

Results and dividends

The results for the year are set out in the consolidated profit and loss account on page 12.

The directors recommend a dividend of 5p per share, payable on 1 June 2004 to shareholders on the register on 14 May 2004 (2002: nil); no interim dividend was made in respect of the year (2002: nil).

A general review of the business and activities of the group is given in the Chairman's Statement on pages 1 to 3 which should be regarded as part of this report.

Principal activity

The principal activity of the group during the year has been engineering and related services, comprising in particular the production, installation and maintenance of fire and blast protection door and wall systems, passenger and goods elevators (until the disposal of OEL on 30 September 2003) and process plant pipework.

Directors

The names of the directors who served throughout the year are shown on page 4. C Lewis-Jones will retire by rotation and, being eligible, offers himself for re-election. Brief biographical information on the directors follows.

Derek Ablett (non-executive), aged 61, gained 18 years of experience with a major UK clearing bank then joined a merchant bank for 11 years, where he was the director responsible for corporate finance in the Midlands. He is an experienced non-executive director, having been involved with companies operating in several sectors. He is currently a non-executive director of Medisys plc and of various private companies.

Bill Robson, aged 55, joined the group in 1996, and has held the positions of Group Finance Director and of Managing Director of OEL before being appointed Group Managing Director in July 2001. Previously, he had worked in commerce and industry since 1970, performing commercial and management roles in a number of private companies.

Chris Lewis-Jones, aged 44, 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.

Roger McDowell (non-executive), aged 48, 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 Oystertec plc.

Roy Jordan (non-executive), aged 62, retired in October 2003 after serving on the board since 1996 in the successive capacities of chief executive and chairman. Roy returned to a non-executive position on the board in February 2004.

Directors' share interests

The directors at 30 September 2003 had the following beneficial interests in shares and share options:

Shareholdings

	At 30 September 2003 and 2002
D N Ablett	**32,000**
W Robson	**425,000**
C Lewis-Jones	**—**
R S McDowell*	**3,995,721**
R G Jordan† (retired 16 October 2003, reappointed 17 February 2004)	**50,000**

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

† At 30 September 2003 Otani Limited was interested in 2,305,000 ordinary shares (2002: 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.

Report of the Directors
continued

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.

		Class	At 30 September 2003 and 2002
W Robson	(1)	'A' Executive	**50,000**
	(2)	Employee Share Scheme	**8,550**
C Lewis-Jones	(3)	'A' Executive	**30,000**
R G Jordan	(1)	'B' Executive	**60,000**

The options are exercisable between the following dates and at the following prices:
(1) 15 February 2003 and 14 February 2010 at 33.5p
(2) 24 July 2005 and 23 January 2006 at 30p
(3) 15 February 2005 and 14 February 2012 at 26.5p

None of the directors' options were granted, exercised or lapsed during the year. Details of share option schemes, including option price and exercise period are given in note 13.

There have not been any changes to directors' interests in shares or share options since the year end.

The market price of the company's ordinary shares on 30 September 2003 was 14.5p and the high and low prices during the year were 21.5p (between 1 and 4 October 2002) and 12.5p (between 3 June 2003 and 31 July 2003) respectively. The share price on 24 March 2004 was 30p.

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 of shares	% of issued share capital
Willbro Nominees Limited	3,995,721	29.92
Otani Limited	2,305,000	17.26
Intrinsic Value plc	1,246,940	9.34
Fircroft Limited	950,000	7.11
Mrs J L Davies	502,445	3.76
Mr W Robson	425,000	3.18
The Gerrard Booth 1997 Discretionary Settlement	415,556	3.11

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 (2002: nil). Charitable donations amounted to £200 (2002: £494).

General Authorities under the Companies Act 1985

At the Annual General Meeting, notice of which is set out at page 32, two items of special business are to be considered (both of which are renewals of directors' existing authorities):

— The authority granted to the directors to issue shares up to a limit of the existing unissued share capital of £2,286,598, which authority will last for five years.

— The authority granted 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 £457,319, 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.

Treasury

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 12(c) to the accounts. The group's principal financial instruments are cash and a medium term loan provided by Lloyds TSB Commercial. Cash is held on deposit and earns interest at variable rates. The term loan bears interest which 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, interest on the unsecured loan stock is variable and linked to the base rate of Lloyds TSB Bank plc. Generally, management believes it is appropriate to have borrowings on a floating interest rate basis, although this is kept under review.

With regard to the group's working capital needs, as at 30 September 2003 there was cash in hand of £4.3m principally as a result of the sale of OEL (2002: £2.7m unused overdraft facility). Subject to matters mentioned in the Chairman's Statement, 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.

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 which are significant. There were no currency options in place at 30 September 2003 (2002: none). Such financial derivatives are used only to manage risk and speculation is not permitted.

Payment Policy

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 2003 the company had no trade creditors (2002: none).

Report of the Directors
continued

Directors' responsibilities

The directors are required by UK 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;
- 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.

Auditors

A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

W Robson
Secretary
25 March 2004

Independent Auditor's Report to the Members of Booth Industries Group PLC

We have audited the group's financial statements for the year ended 30 September 2003 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, and the related notes 1 to 23. These financial statements have been prepared on the basis of 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

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 the Report of the Directors and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Birmingham
25 March 2004

Statement of Accounting Policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies is 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.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The group financial statements include the financial statements of the parent company and its subsidiaries made up to 30 September 2003.

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 is being 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 only unamortised goodwill, or goodwill eliminated against reserves, is taken into account in 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 is being released to the profit and loss account as the non-monetary assets to which it relates are recovered through sale or depreciation.

Turnover

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

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.

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.

Depreciation

Depreciation on the cost of tangible fixed assets is provided so as to write off each asset over its expected useful life. Annual rates are:

Freehold buildings	2%
Freehold land	Nil
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%

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.

Pensions

The expected cost of pensions in respect of the group's defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular costs are spread over the remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of a qualified actuary and accounted for in accordance with Statement of Standard Accounting Practice No. 24.

Investments

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

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 UITF 17 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. All differences are taken to the profit and loss account.

Consolidated Profit and Loss Account

For the year ended 30 September 2003

	Note	2003 £000	2002 £000
Turnover	1a		
Continuing operations		**31,727**	43,237
Discontinued operations		**12,049**	11,588
		43,776	54,825
Cost of sales	1b	**(44,517)**	(56,883)
Total operating loss			
Continuing operations		**(677)**	(2,642)
Discontinued operations		**(64)**	584
		(741)	(2,058)
Exceptional items			
Profit on disposal of discontinued operations	2	**3,887**	—
Interest payable	3	**(396)**	(327)
Profit/(loss) on ordinary activities before taxation	4	**2,750**	(2,385)
Tax on profit/(loss) on ordinary activities	6	**230**	(9)
Profit/(loss) on ordinary activities after tax		**2,980**	(2,394)
Dividend on equity shares	21	**(668)**	—
Profit/(loss) for the financial year transferred to reserves	14	**2,312**	(2,394)
Earnings/(loss) per share	7		
— basic		**22.32p**	(17.93)p
— diluted		**17.69p**	(17.93)p

Movements in reserves are set out in notes 14 and 15.

There are no other recognised gains or losses either in the current year or the preceding year other than those shown above.

Balance Sheets
At 30 September 2003

		Group		Company	
		2003	2002	**2003**	2002
	Note	**£000**	£000	**£000**	£000
Fixed assets					
Intangible assets — Goodwill	8	**—**	—	**—**	—
— Negative goodwill	8	**—**	(63)	**—**	—
Tangible assets	8	**1,664**	2,100	**519**	538
Investments in subsidiary companies	9	**—**	—	**4,655**	5,605
		1,664	2,037	**5,174**	6,143
Current assets					
Stocks	10	**184**	580	**—**	—
Debtors	11	**11,201**	14,293	**2,042**	2,270
Cash at bank		**4,293**	—	**5,229**	—
		15,678	14,873	**7,271**	2,270
Creditors — amounts falling due within one year	12	**(9,780)**	(11,526)	**(3,012)**	(1,837)
Net current assets		**5,898**	3,347	**4,259**	433
Total assets less current liabilities		**7,562**	5,384	**9,433**	6,576
Creditors — amounts falling due after more than one year (including convertible loan stock)	12	**(2,124)**	(2,258)	**(2,124)**	(2,255)
		5,438	3,126	**7,309**	4,321
Capital and reserves					
Called-up share capital	13	**3,338**	3,338	**3,338**	3,338
Reserves					
Share premium	14	**578**	578	**578**	578
Merger reserve	14	**294**	294	**294**	294
Profit and loss account	14	**1,228**	(1,084)	**3,099**	111
Equity shareholders' funds	15	**5,438**	3,126	**7,309**	4,321

The financial statements were approved by the board of directors on 25 March 2004.

Signed on behalf of the board of directors
D N Ablett Director

Consolidated Cash Flow Statement

For the year ended 30 September 2003

	Note	2003 £000	2003 £000	2002 £000	2002 £000
Cash (outflow)/inflow from operating activities	16		**(336)**		923
Returns on investments and servicing of finance					
Interest paid			**(317)**		(280)
Interest element of finance lease rentals			**(7)**		(5)
Taxation					
UK Corporation tax paid			**—**		(27)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		**(277)**		(262)	
Proceeds from disposals of tangible fixed assets		**8**	**(269)**	15	(247)
Disposal and acquisition					
Disposal of Oakland Elevators Limited — Cash proceeds		**6,800**		—	
— Pension scheme payment		**(760)**	**6,040**	—	—
Acquisition of Kleenco Industrial Services Limited		**—**	**—**	(75)	(75)
Dividends					
Equity dividends paid			**—**		(67)
Net cash inflow before financing			**5,111**		222
Financing					
Finance leases		**(37)**		(34)	
Medium term loan repayments		**(200)**	**(237)**	(200)	(234)
Increase/(decrease) in cash for the year	17		**4,874**		(12)

Notes to the Financial Statements

1a. Segmental analysis

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

	2003 £000	2002 £000
United Kingdom	**41,525**	50,455
Overseas	**2,251**	4,370
	43,776	54,825

1b.

Cost of sales	**Continuing £000**	**Discontinued £000**	**2003 Total £000**
Raw materials and consumables	**6,362**	**3,899**	**10,261**
Other external charges	**5,796**	**659**	**6,455**
Staff costs (note 5)	**16,332**	**5,138**	**21,470**
Depreciation	**318**	**70**	**388**
Release of negative goodwill	**(63)**	**—**	**(63)**
Other operating costs	**3,659**	**2,347**	**6,006**
	32,404	**12,113**	**44,517**

Cost of sales	Continuing £000	Discontinued £000	2002 Total £000
Raw materials and consumables	7,455	3,800	11,255
Other external charges	8,483	898	9,381
Staff costs (note 5)	22,369	4,450	26,819
Depreciation	366	69	435
Amortisation of goodwill	200	—	200
Impairment of goodwill	2,521	—	2,521
Release of negative goodwill	(60)	—	(60)
Other operating costs	4,545	1,787	6,332
	45,879	11,004	56,883

Notes to the Financial Statements
Continued

2. Disposal of subsidiary undertaking

The disposal of Oakland Elevators Limited was completed on 30 September 2003. The summary of net assets sold was as follows:

	£000
Tangible fixed assets	347
Stock and work in progress	454
Debtors	3,360
Creditors	(3,604)
Net assets	557
Associated pension costs	1,720
Proceeds	6,164
Profit on disposal	3,887
Proceeds comprise:	
Initial cash consideration	6,800
Repayment on agreement of completion accounts	(545)
Costs of disposal	(91)
	6,164

The initial cash consideration was calculated by reference to the net assets derived from unaudited completion accounts prepared as at the date of completion of the disposal. Following agreement of the final completion accounts a repayment of £545,000 was made to the purchaser in February 2004. In addition to the net cash consideration, deferred consideration of up to £900,000 is receivable following the first anniversary of disposal. The amount of deferred consideration is dependent upon the extent to which Oakland retains, at the first anniversary, its service portfolio customers; and upon the recovery by the first anniversary of trade debtors outstanding at the date of disposal. No account has been taken of the deferred consideration in determining the profit on disposal.

Oakland made a loss before tax of £64,000 and contributed £581,000 to the group's operating cash flows and utilised £158,000 for capital expenditure and financial investment and did not incur cash flows in respect of taxation or financing.

3. Interest payable

	2003 £000	2002 £000
Interest payable on bank overdrafts	148	131
Interest on medium term bank loan	32	45
Finance lease charges	4	5
Interest on convertible and non-convertible loan stock	101	102
Redemption premium accrued on loan stock	72	39
Other interest	39	5
	396	327

4. Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

		2003 £000	2002 £000
Depreciation of owned assets		**356**	406
Depreciation of assets held under hire purchase		**32**	29
Amortisation of goodwill		**—**	200
Release of negative goodwill		**(63)**	(60)
Impairment of goodwill		**—**	2,521
Profit on sale of tangible fixed assets		**(5)**	(9)
Auditors' remuneration	— audit fees	**50**	55
	— non-audit fees	**20**	33
Hire of plant		**1,445**	1,734
Plant operating lease rentals		**584**	558
Other operating lease rentals		**155**	313
Amortisation of pension scheme surplus (see note 23)		**(6)**	(245)

The company's audit fee was £10,000 (2002: £10,000).

5. Employees

	2003 £000	2002 £000
Employee costs during the year, including directors:		
Wages and salaries	**19,838**	24,635
Social security costs	**1,194**	1,724
Other pension costs	**438**	460
	21,470	26,819

Other pension costs are stated before crediting the amortisation of pension scheme surpluses of £6,000 (2002: £245,000) and before charging the pension costs associated with the disposal of Oakland Elevators Limited (note 2).

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

	Number	Number
Engineering	**526**	650
Sales and Administration	**119**	139
	645	789

Directors' remuneration

Directors' emoluments comprise:

	2003 £000	2002 £000
Emoluments for services as directors	**306**	278
Pension contributions	**5**	5
	311	283

The emoluments of the highest paid director were £117,000 (2002: £104,000).

Notes to the Financial Statements
Continued

5. Employees (Continued)

Directors' pension benefits

One director earned defined benefit pensions during the year. Accrued pension benefits as at 30 September 2003 were:

Mr W Robson (aged 55; normal retirement age 62)

	£'000
Accrued pension at 30 September 2003	25
Accrued pension at 30 September 2002	21
Increase in pension during the year	4
Increase in pension during the year, allowing for inflation	3
Transfer value of accrued pension at 30 September 2003	239
Transfer value of accrued pension at 30 September 2002	172
Increase in transfer value less director's contributions	63

Pension payments are guaranteed for five years and increase at a rate of 5% per annum compound in payment.

Spouse's pensions are payable at a rate of 50% of the member's pension on death after retirement. Spouse's pensions on death before retirement and after leaving age 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 was 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 £5,288 for the period ended 30 September 2003 (2002: £4,783) in respect of this member.

6. Taxation

(a) Tax on profit/(loss) on ordinary activities	**2003** **£000**	2002 £000
The tax charge/(credit) is made up as follows:		
Current tax:		
UK corporation tax	**19**	—
Tax over-provided in previous years	**—**	(38)
Total current tax charge/(credit)	**19**	(38)
Deferred tax:		
Origination and reversal of timing differences (note 6d)	**(249)**	47
Tax on profit/(loss) on ordinary activities	**(230)**	9

6. Taxation (Continued)

(b) Factors affecting the current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002: 30%). There is no tax payable on the sale of OEL. The differences are reconciled below:

	2003 **£000**	2002 £000
Profit/(loss) on ordinary activities before tax	**2,750**	(2,385)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	**825**	(715)
Expenses not deductible for tax purposes (including goodwill amortisation and impairment)	**113**	832
Profit on disposal of subsidiary not subject to tax	**(1,166)**	—
Accelerated capital allowances	**109**	64
Pension contributions in excess of pension charges	**(12)**	(81)
Utilisation of tax losses from earlier accounting periods	**(120)**	(100)
Unutilised tax losses carried forward	**249**	—
Other permanent differences	**21**	—
Tax over-provided in previous years	**—**	(38)
Total current tax charge (note 6a)	**19**	(38)

(c) Factors that may affect the future tax charge

The group has tax losses arising in the UK of £2,225,000 (2002: £1,749,000) 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 £1,988,000 (2002: £891,000) of those losses as they may not be used to offset taxable profits elsewhere in the group.

(d) Deferred tax

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

	2003 **£000**	2002 £000
Accelerated capital allowances	**(205)**	(138)
Short-term timing differences	**—**	247
Tax losses carried forward	**(71)**	(258)
Deferred tax asset (note 11)	**(276)**	(149)
At 1 October 2002	**(149)**	(196)
Deferred tax (credit)/charge in group profit and loss account	**(249)**	47
Deferred tax asset transferred on disposal of OEL	**122**	—
At 30 September 2003	**(276)**	(149)

The deferred tax asset relating to losses is mainly in respect of a subsidiary company and the recovery of this asset is reasonably foreseen.

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

	2003 **£000**	2002 £000
Accelerated capital allowances	**1**	4
Short-term timing differences	**—**	49
Tax losses carried forward	**(1)**	(53)
Deferred tax asset (note 11)	**—**	—

Notes to the Financial Statements
Continued

7. Earnings per share

The basic calculation of earnings per share is based on 13,353,606 shares (2002: 13,353,606), being the weighted average number of shares in issue throughout the year, and on a profit of £2,980,000 (2002: loss £2,394,000).

The diluted earnings per share is based on profit for the year of £3,098,000 and on 17,513,606 ordinary shares as calculated below. Share options in issue do not have a dilutive effect as their exercise price is greater than the average share price during the year. In 2002 the loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purpose of calculating the diluted earnings per share are identical to those used for the basic earnings per share. This is because the exercise of share options and the conversion of loan stock would have the effect of reducing the loss per ordinary share and is, therefore, not a dilution under the terms of FRS 14.

	2003 £000	2002 £000
Earnings:		
Basic earnings	**2,980**	—
Interest and redemption premium on convertible loan stock	**168**	—
Tax relating to interest and redemption premium	**(50)**	—
	3,098	—
	Number	
Basic weighted average number of shares	**13,353,606**	—
Dilutive effect of provision for convertible loan stock to be issued	**4,160,000**	—
	17,513,606	—

8. 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				
At 1 October 2002	442	570	5,999	7,011
Additions	—	—	302	302
Businesses disposed of	—	—	(999)	(999)
Disposals	—	—	(134)	(134)
At 30 September 2003	**442**	**570**	**5,168**	**6,180**
Depreciation				
At 1 October 2002	74	63	4,774	4,911
Provision for the year	11	9	368	388
Businesses disposed of	—	—	(652)	(652)
Disposals	—	—	(131)	(131)
At 30 September 2003	**85**	**72**	**4,359**	**4,516**
Net book value				
At 30 September 2003	**357**	**498**	**809**	**1,664**
Net book value				
At 30 September 2002	368	507	1,225	2,100

Machinery, equipment and vehicles include assets at a net book value of £69,000 (2002: £84,000) acquired by finance lease or hire purchase.

8. Fixed assets (Continued)

(b) Tangible fixed assets — Company	Leasehold land and buildings £000	Freehold land and buildings £000	Machinery, equipment and vehicles £000	Total £000
Cost				
At 1 October 2002 and 30 September 2003	**4**	**570**	**55**	**629**
Depreciation				
At 1 October 2002	4	63	24	91
Provision for the year	—	9	10	19
At 30 September 2003	**4**	**72**	**34**	**110**
Net book value				
At 30 September 2003	**—**	**498**	**21**	**519**
Net book value				
At 30 September 2002	—	507	31	538

(c) Intangible fixed assets

	Group Negative goodwill £000	Group Goodwill £000
Cost		
At 1 October 2002 and 30 September 2003	**(138)**	**3,228**
Amortisation		
At 1 October 2002	75	(3,228)
Release for the year	63	—
At 30 September 2003	**138**	**(3,228)**
Net book value		
At 30 September 2003	**—**	**—**
Net book value		
At 30 September 2002	(63)	—

(d) Capital commitments

	Group and Company	
	2003	2002
	£000	£000
Contracted for	**—**	2

Notes to the Financial Statements
Continued

9. Fixed asset investment

Ordinary shares held by the company in unlisted subsidiaries:

	At cost £000	Provision £000	Net book value £000
At 1 October 2002	9,207	(3,602)	5,605
Disposals during the year	(950)	—	(950)
At 30 September 2003	**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)
Oakland Elevators Limited (elevator manufacture) (disposed on 30 September 2003)
CHB-Jordan Engineering Limited (fabrication and maintenance services) (intermediate parent — CHB Holdings Limited)
Jordan Projects Limited (fabrication and maintenance services)
Jordan Manufacturing Limited (fabrication)

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

10. Stocks

	Group		Company	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Raw materials and consumables	**184**	580	**—**	—

11. Debtors

	Group		Company	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Trade debtors	**4,635**	7,227	**—**	—
Amounts owed by subsidiary undertakings	**—**	—	**1,937**	2,089
Other debtors	**269**	410	**1**	1
Deferred tax	**276**	149	**—**	—
Prepayments and accrued income	**505**	2,057	**104**	180
Amounts recoverable on contracts	**5,516**	4,450	**—**	—
	11,201	14,293	**2,042**	2,270

Included in trade debtors is £142,000 (2002: £538,000) and included in prepayments and accrued income is £nil (2002: £1,167,000) being prepaid pension contributions amounts which are due after more than one year.

12. Creditors

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
(a) Amounts falling due within one year:				
Bank loan and overdrafts	**200**	781	**200**	1,410
Obligations under finance leases and hire purchase contracts	**34**	40	**3**	9
Payments on account	**1,018**	344	**—**	—
Trade creditors	**4,566**	5,701	**—**	—
Amounts owed to subsidiary undertakings	**—**	—	**1,067**	117
Corporation tax	**19**	—	**19**	—
Other creditors including taxation and social security	**1,800**	2,706	**47**	132
Accruals and deferred income	**1,475**	1,954	**1,008**	169
Proposed dividend	**668**	—	**668**	—
	9,780	11,526	**3,012**	1,837

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 plc base rate.

Other creditors include £47,000 (2002: £48,000) in respect of pension contributions outstanding which were subsequently paid by their due date in October 2003. Other creditors also include £98,000 (2002: £nil) in respect of an SSAP 24 balance.

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
(b) Amounts falling due after more than one year:				
Bank loan	**300**	500	**300**	500
Obligations under finance leases and hire purchase contracts	**—**	6	**—**	3
Loan stock (note 17)	**1,824**	1,752	**1,824**	1,752
	2,124	2,258	**2,124**	2,255

(c) Financial Instruments

2003	**Bank loan and overdrafts £000**	**Finance leases £000**	**Loan stock £000**	**Total £000**
Repayable within one year:	**—**	**34**	**—**	**34**
Loans	**200**	**—**	**—**	**200**
Loans repayable years 1–2	**200**	**—**	**1,667**	**1,867**
Loans repayable years 2–5	**100**	**—**	**157**	**257**
Total borrowings	**500**	**34**	**1,824**	**2,358**
2002				
Repayable within one year:	—	40	—	40
Overdrafts	581	—	—	581
Loans	200	—	—	200
Loans repayable years 1–2	200	6	1,667	1,873
Loans repayable years 2–5	300	—	85	385
Total borrowings	1,281	46	1,752	3,079

Notes to the Financial Statements
Continued

12. Creditors (Continued)

Loan stock comprises £1.6 million of unsecured convertible loan stock plus accrued redemption premium of £111,000 (2002: £39,000) and £113,540 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 principal sum. 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 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.

Financial instruments comprise the borrowings above. Total fixed rate borrowings are £1,745,000 (2002: £1,685,000) at a weighted average rate of 10.5% (2002: 10.3%) 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. Short-term debtors and creditors are excluded from the above disclosure. Further details on the group's treasury management and financial instruments are given in the report of the directors on page 7. Any cash balances attract interest at floating commercial rates.

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.

The group had no undrawn committed overdraft facilities at the year end (2002: £2.7m).

Net monetary assets and liabilities of the group that are not denominated in the functional currency are as follows:

	Net monetary assets/(liabilities)				
Functional currency	**US Dollar**	**Hong Kong Dollar**	**Euro**	**Norwegian Krone**	**Total**
2003	**£000**	**£000**	**£000**	**£000**	**£000**
Sterling	13	53	(4)	(5)	57
2002					
Sterling	257	42	(125)	193	367

The group did not have any currency options in place during the year and no options in place at the year end (30 September 2002: no currency options in place).

13. Called-up share capital

	Group and company	
Ordinary shares of 25p each	**2003**	2002
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 (p)**	**Exercise dates: between**	**and**
1999 "A" Executive	15/2/2000	200,000	33.5	15/2/2003	14/2/2010
	15/2/2002	50,000	26.5	15/2/2005	14/2/2012
1999 "B" Executive	15/2/2000	60,000	33.5	15/2/2003	14/2/2010
1999 Employee Share Scheme	24/7/2000	250,200	30.0	24/7/2005	23/1/2006

14. Reserves

Group	Merger reserve £000	Share premium £000	Profit and loss account £000
At 1 October 2002	294	578	(1,084)
Profit for the year	—	—	2,312
At 30 September 2003	**294**	**578**	**1,228**
Company			
At 1 October 2002	294	578	111
Profit for the year	—	—	2,988
At 30 September 2003	**294**	**578**	**3,099**

15. Reconciliation of movement in shareholders' funds

	Group		Company	
	2003 £000	2002 £000	**2003 £000**	2002 £000
Profit/(loss) for the year	**2,312**	(2,394)	**2,988**	(162)
Net movement in shareholders' funds	**2,312**	(2,394)	**2,988**	(162)
Opening shareholders' funds	**3,126**	5,520	**4,321**	4,483
Closing shareholders' funds	**5,438**	3,126	**7,309**	4,321

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

	2003 £000	2002 £000
Operating (loss)	**(741)**	(2,058)
Goodwill impairment	**—**	2,521
Depreciation charge	**388**	435
Amortisation of goodwill and release of negative goodwill	**(63)**	140
Profit on sale of tangible fixed assets	**(5)**	(9)
Decrease in stock	**56**	40
(Increase)/decrease in debtors	**(131)**	3,174
Increase/(decrease) in creditors	**160**	(3,320)
	(336)	923

Notes to the Financial Statements
Continued

17. Analysis of changes in net funds/(debt)

	1 October 2002 £000	Cash flow £000	New finance leases £000	Non-cash movements £000	30 Sept 2003 £000
(Overdraft)/cash	(581)	**4,874**	**—**	**—**	**4,293**
Loans and finance leases	(746)	**237**	**(25)**	**—**	**(534)**
Loan stock	(1,752)	**—**	**—**	**(72)**	**(1,824)**
Total	(3,079)	**5,111**	**(25)**	**(72)**	**1,935**

Non-cash movements relate to the accrual of loan stock redemption premium (note 12(c)).

The cash flow effect of the disposal of Oakland Elevators Limited is given in note 2.

18. Reconciliation of net cash flow to movement in net funds/(debt)

	2003 £000	2002 £000
Increase/(decrease) in cash in the year	**4,874**	(12)
Cash outflow from decrease in debt and lease financing	**237**	234
Change in net debt arising from cash flows	**5,111**	222
New finance leases	**(25)**	(17)
Loan stock	**(72)**	(129)
Decrease in net debt during the year	**5,014**	76
Opening net debt at 1 October	**(3,079)**	(3,155)
Closing net funds/(debt) at 30 September	**1,935**	(3,079)

19. Contingent liabilities

The group had contract guarantees outstanding at 30 September 2003 totalling £255,000 (2002: £134,000) against which no claims are expected.

20. Financial commitments

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Operating leases for plant and equipment payable within one year for leases expiring:				
Within 1 year	**50**	157	**2**	7
2–5 years	**104**	338	**8**	3
	154	495	**10**	10

	Group		Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Operating leases for property payable within one year for leases expiring:				
Within 1 year	**44**	60	**14**	14
2–5 years	**—**	27	**—**	—
Over 5 years	**247**	327	**125**	125
	291	414	**139**	139

21. Dividend

	2003	2002
	£000	£000
Final proposed: 5p per share (2002: nil)	**668**	—

There was no interim dividend made in respect of the year (2002: nil).

22. Profit/(loss) for the financial year attributable to the members of Booth Industries Group PLC

	2003	2002
	£000	£000
Dealt with in the accounts of the company	**3,656**	(162)

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

23. Pensions

SSAP 24 Disclosures

The group operated two funded defined benefit pension schemes. In November 2002 all of the assets and liabilities of the Oakland Elevators Limited Pension and Life Assurance Scheme ("Oakland Scheme") were bulk transferred into the Booth Industries Group Staff Pension & Life Assurance Scheme ("Booth Scheme"). The Oakland Scheme is now in the process of being formally wound up. The remaining Booth Scheme is funded by the payment of contributions to separately administered trust funds. 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.

Accordingly, as a consequence of a reduction in the number of active members in the scheme following the disposal of Oakland Elevators Limited, an amount of £589,000 relating to the SSAP 24 prepayment and, to the extent of £1.1m, an amount in respect of the assessed deficit in the scheme were charged against the profit on disposal of Oakland Elevators Limited. A special cash payment of £760,000 was, at that time, paid into the scheme.

Pension costs are assessed in accordance with the advice of qualified actuaries on the basis of triennial valuations using the projected accrued benefit method on the Booth Scheme and the attained age method for the Oakland Scheme. The results of the most recent full valuations, which were conducted as at 6 April 2000 and 5 April 2000 respectively, are set out below. The triennial valuation as at 6 April 2003 has not yet been finalised.

	Booth Scheme	Oakland Scheme
Main assumptions:		
Rate of return on investments (% per annum)	7.5%	6.0%
Rate of salary increases (% per annum)	5.0%	3.5%
Rate of pension increases:		
Pre-1997 (% per annum)	3.25%	3.0%
Post-1997 (% per annum)	3.0%	2.5%
Market value of scheme assets (£000)	5,132	6,684
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	126%	102%

FRS 17 Disclosures

The following disclosures by way of note are required under the transitional arrangements for FRS17. These disclosures, which relate to final salary pension schemes ("FSPS"), do not reflect the longer term nature of such arrangements.

In particular, the market value of the equity element of FSPS funds is required to be included at market value at the balance sheet date. In the short term, such values may fluctuate to a material extent. Equity investments are an essential part of the funding programme for a FSPS, as it proceeds towards the time when its portfolio is rebalanced in favour of less volatile, fixed interest investments, in line with the changing profile of the maturity of liabilities.

The company sponsors the Booth Scheme which is a defined benefit arrangement. The last full valuation of this scheme was carried out by a qualified independent actuary as at 6 April 2000. The calculations underlying this disclosure note are based on the membership information as at 30 September 2003.

The transitional arrangements of FRS17 require disclosure of assets and liabilities as at 30 September 2003 calculated in accordance with the requirements of FRS17. They also require disclosure of the items which would appear in the profit and loss account and in the statement of total recognised gains and losses were the full requirements of FRS17 in place. For the purpose of these financial statements, all of these figures are illustrative only and do not impact on the balance sheet as at 30 September 2003 nor on the performance statements for the year then ended.

The liabilities of the members of the Oakland Scheme and their corresponding assets were transferred into the Booth Scheme with effect from 30 November 2002. The disclosures which follow and the comparative amounts are in respect of the enlarged Booth Scheme. The comparative amounts have been aggregated by the scheme actuary as though the Oakland Scheme had been transferred into the Booth Scheme throughout the period.

23. Pensions (Continued)

Assumptions

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

	2003	2002	2001
Rate of inflation	**2.75% p.a.**	2.50% p.a.	2.75% p.a.
Salary increases	**3.25% p.a.**	3.00% p.a.	3.25% p.a.
Rate of discount	**5.25% p.a.**	5.25% p.a.	5.75% p.a.
Pension in payment increases	**2.50% for pensions increasing at 5% p.a. or RPI if less**	2.25% 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% p.a.**	2.50% p.a.	2.75% p.a.

Illustrative balance sheet figures

	2003 £000	2002 £000	2001 £000
Assets	**9,908**	8,601	10,070
Liabilities	**(14,841)**	(11,918)	(11,063)
Deficit in scheme	**(4,933)**	(3,317)	(993)
Related deferred tax asset	**—**	995	318
Net pension liability	**(4,933)**	(2,322)	(675)

Assets

	2003 £000	2002 £000	2001 £000
Equities	**5,211**	4,164	6,150
Bonds	**2,937**	2,981	2,402
Property	**764**	888	—
Cash and other assets	**996**	568	1,518
	9,908	8,601	10,070

Expected long-term rate of return

	2003 %	2002 %	2001 %
Equities	**8.50%**	8.67%	7.00%
Bonds	**5.25%**	5.25%	5.50%
Property	**5.25%**	5.25%	—
Cash and other assets	**4.00%**	4.50%	5.00%

23. Pensions (Continued)

Analysis of the amount which would be charged to operating profit

	2003 £000	2002 £000
Current service cost	**371**	391
Employee contributions	**(102)**	(110)
Total operating charge	**269**	281

Analysis of the amount which would be credited after operating profit

	2003 £000	2002 £000
Curtailment of service	**(149)**	—

The scheme currently has agreed contribution rates of 5% (2002: 5%) for certain employees and 6% (2002: 6%) of relevant earnings for other employees, and 18% (2002: nil for Booth Scheme and 15.25% for Oakland Scheme) for employer. Total employer contributions, including the special cash contribution of £760,000, were £957,000 (2002: £254,000).

FRS 17 requires the following disclosure — 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.

Analysis of the amount which would be credited to other finance income

	2003 £000	2002 £000
Expected return on pension scheme assets	**593**	643
Interest on pension scheme liabilities	**(630)**	(642)
Net return	**(37)**	1

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

	2003 £000	
Difference between expected and actual return on assets	**(129)**	(1)% of scheme assets at 30 September 2003
Experience gains and losses arising on the scheme liabilities	**(330)**	(2)% of the present value of scheme liabilities at 30 September 2003
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	**(1,957)**	(13)% of the present value of the scheme liabilities at 30 September 2003
Total actuarial loss	**(2,416)**	(16)% of the present value of the scheme liabilities at 30 September 2003

23. Pensions (Continued)

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

	2002 £000	
Difference between expected and actual return on assets	(2,213)	(26)% of scheme assets at 30 September 2002
Experience gains and losses arising on the scheme liabilities	(83)	(1)% of the present value of scheme liabilities at 30 September 2002
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities	(2)	(–)% of the present value of the scheme liabilities at 30 September 2002
Total actuarial loss	(2,298)	(19)% of the present value of the scheme liabilities at 30 September 2002

Movement in illustrative balance sheet deficit figure during the year

	2003 £000	2002 £000
Deficit in scheme at beginning of the year	**(3,317)**	(993)
Movement in year:		
Current service cost	**(371)**	(391)
Contributions	**1,059**	364
Curtailment of service	**149**	—
Other finance income	**(37)**	1
Actuarial loss	**(2,416)**	(2,298)
Deficit in scheme at the year end	**(4,933)**	(3,317)

Reconciliation of reserves

	2003 £000	2002 £000
Profit and loss reserves	**1,228**	(1,084)
Eliminate SSAP 24 related balances	**98**	(575)
Scheme deficit (FRS17)	**(4,933)**	(2,322)
Profit and loss reserves	**(3,607)**	(3,981)

Notice of Annual General Meeting

Notice is hereby given that the 72nd Annual General Meeting of Booth Industries Group PLC will be held at The Stage Hotel, Leicester Road, Wigston Fields, Leicester, on 29 April 2004 at 10.00 am for the following purposes:

Resolution 1 To receive and adopt the financial statements for the year ended 30 September 2003 and the reports of the directors and auditors thereon.

Resolution 2 To declare a final dividend of 5p per ordinary share as recommended by the directors.

Resolution 3 To re-elect C Lewis-Jones as a director.

Resolution 4 To re-elect R G Jordan as a director.

Resolution 5 To reappoint the auditors, Ernst & Young 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 number 7 as a Special Resolution.

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 £2,286,598, such authority to expire on 28 April 2009 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 sub-paragraph (a) of this Resolution 7), provided that the maximum nominal value of equity securities so allotted does not exceed in aggregate £457,319;

and so that such power shall expire on the date of the Annual General Meeting of the company to be held in 2005 (or, if earlier, on 28 July 2005) 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.

By order of the board

W Robson Secretary
PO Box 50
Nelson Street
Bolton BL3 2AP

25 March 2004

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 PO Box 25, Beckenham, Kent, BR3 4BR 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 Stage Hotel, Leicester Road, Wigston Fields, Leicester from 15 minutes prior to, and until the conclusion of, the meeting.

Shareholder Notes

Form of Proxy

I/We, the undersigned, being (a) Member(s) of Booth Industries Group PLC, hereby appoint Mr Derek N Ablett or failing him, Mr William Robson, both directors of the company,*

or ....

as my/our proxy to vote in my/our name(s) and on my/our behalf at the Annual General Meeting of the company to be held on 29 April 2004 and at any adjournment thereof.

Name ....
(block capitals)

Address ....

....

Date .... Signature ....

Please indicate with a '**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**
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, PO Box 25, Beckenham, Kent, BR3 4BR 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
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Capita Registrars
Proxy Department
PO Box 25
BECKENHAM
Kent
BR3 4BR

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First fold