

COMPANY REGISTERED NUMBER

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Shiloh

caring for every generation

Shiloh ...caring for every generation



Our aim is to develop innovative, long term mutually-beneficial partnerships with healthcare providers in the supply of continence care, mobility and rehabilitation, prevention of infection and wound management.

Medical	Partnerships that will add value
Active Care	through the supply, distribution and
Sterilisation Services	brand development of the products
	and services we provide.

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"During the year, we have made much progress in changing the shape of the Group and are now in a strong position to move forward and enjoy the benefits arising from these changes. We believe we are now better placed than ever before to develop further the business both organically and through acquisition". Edmund Gartside, Chairman

Highlights of the year

- On a like for like basis* operating profit increased by 56% to £1.1 million (2002: £0.7 million)
- Gross profit as a percentage of sales increased to 27.4% (2002: 26.1%)
- Operating cash inflow before exceptional items of £1.8 million (2002: £1.6 million)
- Total dividend increased to 5.35p (2002: 5.20p)
- Business restructured into three divisions – Medical, Active Care and Sterilisation Services
- Strengthened operational management team
- Good progress on new product launches during the year
 - Comfi range of tubular bandages
 - Sahara range of washable continence care products
 - Conti range of nelaton catheters and urine drainage bags
 - Acquisition of Clinisan emollient cleansing foam

	2003	2002
Turnover	£45.44m	£39.93m
Like for like sales*	£42.0m	£37.0m
Operating profit before exceptional items and amortisation	£1.23m	£1.35m
Profit before tax	£0.49m	£0.82m
Earnings per share before exceptional items and amortisation	12.13p	15.13p
Earnings per share	4.62p	7.92p
Dividend per share	5.35p	5.20p

† Excluding discontinued activities and before exceptional items and amortisation

*Adjusted for the acquisitions made shortly before the start of the year and for the loss of the disposable surgical instruments business in England

Shiloh Profile

Concentrating on innovation,
design and manufacturing
in 3 distinct, inter-related divisions

Medical

This division focuses primarily on disposable products for use within the NHS and the private healthcare sector. It provides product and service solutions for continence care, infection prevention and wound management.

Shiloh is best known as a leading manufacturer and supplier to both the NHS and the private sector of the "Conti" range of absorbent continence care products. As the only UK manufacturer of shaped pads, Shiloh has won over 20 contracts with Primary Care Trusts to deliver the company's product direct to patients' homes.

Shiloh's "Conti" range of wipes has recently been strengthened with the acquisition of the Clinisan brand of emollient cleansing foam and the "Conti" brand has been extended to include nelaton catheters and urine collection bags.

Other healthcare products include surgical wipes, theatre gowns and cotton wool, including our Simply Gentle Organic cotton wool brand, as well as other specialist protective clothing.

The Comfi range of tubular bandages marks Shiloh's first move into the wound management product area. Contracts have already been won in England and Wales and links with key tissue viability nurses established. The Roho range of Dry Flotation pressure sore prevention products also now form part of the healthcare offering.

Specialist computer systems enable product to be delivered both to patients' homes, to the NHS, and to the private healthcare sector or to ward level in Scotland via Shiloh's own distribution business Fast-Aid.

"After more than a century, Shiloh is ready for a new era of growth"

Active Care

The mobility and rehabilitation businesses acquired and built since 2000 are now being re-branded Shiloh Active Care. With 16 specialist centres across the UK, a comprehensive range of mobility and rehabilitation equipment can be supplied and maintained with specialist advice and after sales service being provided where the user needs it.

The range, which is fast taking shape as a common offering throughout the UK, includes wheelchairs, scooters, hoists, slings, stair lifts, ramps, chairs, beds and general aids for daily living. In addition, the Roho and Sumed exclusive distribution agreements place Shiloh Active Care at the forefront of the seating and positioning market.

Most of Shiloh Active Care's sales are to the NHS or Social Services in a combination of product and service contracts. This high quality offering of product and service is also, of course, made available to individual customers through all our 16 specialist centres.

The mobility and rehabilitation market in the UK is fragmented. Shiloh Active Care, with its common range and branding, coupled with exclusive arrangements in key technology areas, is well placed to provide competitive, high quality professional service and help make life a little easier for the elderly and disabled.

Sterilisation Services

Shiloh's Trust Sterile Services division was established six years ago as a new concept for the decontamination of surgical instruments in the private sector. It now operates from custom-built sterilisation facilities at Strathclyde Business Park, Lanarkshire, supporting hospitals across central Scotland.

Using this site as a model, Shiloh plans further expansion in this successful area of activity to meet the growing need to control secondary infection in hospitals, an issue which has prompted the review of decontamination facilities in the NHS throughout England.

Operating state-of-the-art facilities strictly compliant with European regulations, Shiloh has been in discussion with the UK Department of Health about the NHS's future needs. In the years ahead the need for local decontamination is likely to increase over and above the current need for surgical instruments. During 2002, in preparation for the need for quick growth, Shiloh purchased the minority shareholding in the subsidiary whilst retaining the services of the key management.

Chairman's Statement

"We are now in a strong position to move forward"

Profit before tax, exceptionals, goodwill and interest is £1.23 million (2002: £1.35 million).

Sales have risen by £5.5 million to £45.4 million, an increase of 14%.

Group profit before tax is £490,000 (2002:£817,000) after charging exceptional costs of £395,000 and amortisation of intangible assets of £223,000.

Earnings per share before amortisation of intangible assets and exceptional costs are 12.13p (2002:15.13p).

The Directors recommend a final dividend of 3.85p per share making the total dividend for the year 5.35p, an increase of 3% on the dividend of 5.2p paid last year.

Once again the Group has achieved excellent sales growth, but the profit has been adversely affected by the loss of the disposable tonsillectomy instrument contract arising out of the English Health authorities' policy decision to revert back to reusable instruments, and the cost of restructuring and repositioning the business into markets and products which will ultimately give a higher gross margin.

Like for like sales, excluding the lost tonsillectomy instrument sales and adjusting for the acquisition made shortly before the start of the year, rose from £37 million to £42 million.

As part of the restructuring we have divided the Group into three divisions, namely Medical, Active Care, and

Sterilisation services. This is explained in detail in the Chief Executive's Review.

In the Medical division the emphasis has been on margin improvement with the introduction of our new range of woundcare products and the acquisition of Clinisan emollient cleansing foam for an initial consideration of £0.9 million. The addition of Clinisan to our range of incontinence products strengthens our position in the continence care market, which continues to be the most important market for our Medical division.

Our mobility companies have been brought together during the year to form the Active Care division and, with the addition of the Roho and Sumed brands, the division is well placed to secure an increased share of this fast growing market.

The Sterilisation Division has done well to offset the loss of the disposable instrument contract by expanding its core business, which is the provision of sterilisation services to hospitals in the Glasgow and Lanarkshire areas of Scotland. The plans for the expansion of this division, to which I have referred in previous statements, have been delayed because the National Health Service has deferred the implementation of its programme for upgrading sterilisation services on a national basis.

I reported at the half-year that we hoped to be able to exchange contracts for the sale of our two surplus mill properties, Park Mill, Royton, and Swan Lane Mill, Bolton.

We expected to complete the sale of these properties before the end of our financial year, but unfortunately this has not materialised. We now expect the sales to go through during the new financial year at prices which should realise approximately £1.9 million in cash.

There have been changes to the Board during the year. Mark Lewis, Managing Director of the Healthcare division, resigned in July. Lincoln Jones, previously Managing Director of Shiloh Healthcare Ltd, retired in March on reaching the age of 65. I would like to thank both for their contribution to Shiloh over the years. Lincoln Jones in particular has been largely responsible for building up our core healthcare business from small beginnings when he joined us in 1970 to the substantial business it is today.

I am very pleased to announce that since the year-end Mr Robert Hough has been appointed a non-executive director. Robert is Deputy Chairman of Peel Holdings plc and a non-executive director of Alfred McAlpine plc and the Cheshire Building Society. He will bring further strength and experience to the Board.

Graham Collyer was appointed Chief Executive on 1st January 2003. Graham brings with him a wealth of experience of the healthcare industry and considerable knowledge and experience of the markets in which we operate. He has reorganised the senior management structure and taken a major initiative in introducing new products into our product range.

Darrell Shaw has announced his intention of retiring from the Board in June after 43 years as a Director and 55 years service with the Company. Darrell more than anyone else has played a major role in changing the direction of the company from textile spinning into healthcare, and I would like to thank Darrell for his enormous contribution, not only in assisting with the management of this change, but in keeping the spinning business afloat and profitable for many years under the most difficult conditions thus enabling the Company to generate the cash to invest in the healthcare business.

With the progress that has been made during the year in changing the shape of the Group we are now in a strong position to move forward and enjoy the benefits of these changes. We believe we are now better placed than ever before to develop the business both organically and through acquisition.

Finally, I thank all employees for their dedication and hard work during the year and I look forward to all sharing in the success of the company in the coming year.

Edmund T. Gartside
Chairman

During the year, we have restructured the business into three divisions – Medical, Active Care and Sterilisation Services – to enable the Group to be understood more easily and to ensure that it is appropriately structured to support future growth.

A key focus for the year has been on higher margin activity. Gross profit as a percentage of sales increased from 26.1% to 27.4%, reflecting the improving margins within the business, despite the adverse impact of the strengthening Euro in the second half.

Exceptional charges were less than anticipated at the interim results and totalled £395,000 for the year. These non-recurring costs comprised £23,000 on aborted corporate transactions, £301,000 on organisational restructuring and £71,000 pension top up payments.

“ We will continue to focus on strong operating cash flow generation ... ”

Chief Executive's Review

However, the anticipated exceptional gains from property disposals did not materialise as the sales were not completed within the financial year.

Cash flow was a key focus for the Group during the year, resulting in a strong operating cash inflow before exceptional items of £1.8 million (2002: £1.6 million).

Medical

This division is focused primarily on disposable products for use within the NHS and the private healthcare sector. It provides product and service solutions in the areas of continence care, infection prevention and wound management.

Divisional sales were £33.3 million, up from £29.9 million, an increase of 11.4%. Within the division we saw another strong performance from our Scottish distribution business, Fast-Aid Products, whilst Macdonald & Taylor, our cotton wool business, delivered a good set of results despite difficult trading conditions.

Shiloh Healthcare, comprising the continence care, infection prevention and wound management

businesses, has been brought together under a newly appointed subsidiary Managing Director, Gerry Hay.

Our focus during the year has been on internal development supported by acquisition. Key initiatives during the year were:

- the introduction in August 2002 of the Comfi range of tubular bandages
- the introduction in October 2002 of the new Sahara range of washable continence care products
- the introduction in November 2002 of the Conti range of nelaton catheters and urine drainage bags
- the acquisition in February 2003 of the Clinisan emollient cleansing foam

Another area of focus was home delivery, where we have improved operational efficiency and commenced the process of standardising our IT offering, Shiloh Connect.

During the year we withdrew from certain low margin protective clothing businesses to concentrate on our own brand, Primeguard.

Since the year-end, the sales force has been reorganised so that even more focus is devoted to the higher margin products.

Active Care

This division supplies and maintains a comprehensive range of mobility and rehabilitation equipment across the UK. The range includes wheelchairs, scooters, hoists, slings, stair lifts, ramps, chairs, beds and general aids for daily living.

Division sales were £10.0 million, up from £6.1 million, an increase of 63.8%. Of this increase, £2.9 million (45%) was as a result of the acquisition of Care & Mobility in March 2002, just before the end of the previous financial year.

The four companies we acquired between 2000 and 2002 are now being brought together under one brand, Shiloh Active Care. With the appointment of a Managing Director, Steve Dootson, and the recruitment of an experienced sector marketing specialist, we expect significant organic growth from this Division as we position ourselves as one of the largest players in this extensive and fast growing market.

During the year we signed two exclusive UK distribution agreements which reflect our strong position within the market. In May 2002, we signed an agreement with Sumed International UK Ltd for bespoke seating and heavy duty wheelchairs and, in December 2002, with Roho Inc for the Roho brand of dry flotation products. We anticipate significant growth from these products in the year ahead.

Our first acquisition in this sector, ICR Mobility, which is based in Bootle, Stoke, Cardiff and Ringwood, performed strongly during the year. However, our northern units (Hunters and Lakesway) encountered tougher trading conditions. These businesses are far more reliant on private purchases, which are heavily influenced by general economic conditions, rather than contract purchases by the NHS or Social Services. The Sumed and Roho agreements will shift our divisional sales mix away from private sales to more contract-orientated business.

In the year ahead we will focus on deriving benefit from the new branding and from our purchasing strength.

Sterilisation Services

This division was established as a new concept for the decontamination of surgical instruments in the private sector. It operates from custom-built sterilisation facilities at Strathclyde Business Park, Lanarkshire, supporting hospitals across central Scotland.

In April 2002, we acquired the minority shareholding in Trust Sterile Services Ltd enabling us to fully integrate this company as one of our three key divisions. The base business performed well with sales of £2.2 million. The loss of the disposable tonsillectomy business had an adverse effect on the division and the Group as a whole and the lack of sales of reusable instruments from our inclusion in the national contract has been a disappointment, albeit recognising that the industry as a whole has had similar frustrations.

We await news from the Department of Health as to how sterilisation instrument services within the NHS are to be upgraded and remain

confident that this initiative will result in significant opportunities for us to develop new sites. Accordingly we have split the responsibilities of the two founders of this business. Isobel Kelly has been appointed Managing Director, Sterilisation Services and Gerry Heneaghan has been appointed Projects Director, Shiloh Group and will focus on the development of new business and sites.

Management

At the senior management level, as well as strengthening our Human Resources and Information Technology functions, we have made key appointments in the areas of:

- Pricing, contract negotiation, and customer services - Bernard Braiden as Director of Commercial Services
- Purchasing and planning - Joe Mitchell as Director of Procurement
- Manufacturing - Garry Wilson as Director of Manufacturing

These appointments, as well as the others mentioned within the divisional review, are key to the future development of the business. Together, they bring more than 100 years of experience in relevant fields of the healthcare industry.

Strategy

Our aim is to develop innovative, long-term mutually-beneficial partnerships with healthcare providers in the supply of continence care, mobility and rehabilitation, prevention of infection and wound management. Partnerships that will add value through the supply, distribution and brand development of the products and services we provide.

The Group has traditionally operated in low margin healthcare sectors, which demand high level of overhead expenditure due to the high service levels expected by our key customers. Our focus during the year has been on higher margin branded products and services either through internal development or acquisition.

Our intention is to grow all three business areas organically. However, within Medical we also plan to make strategic acquisitions combined with organic growth. In addition, we will dispose of, or discontinue where appropriate, certain areas of our business which have lower margins.

We will continue to focus on strong operating cash flow generation which will, in part, help to finance any future acquisitions.

Graham J. Collyer
Chief Executive

Board of Directors

Board of Directors

Edmund T. Gartside*# (1)

TD DL MA CCMl

Chairman Appointed 1960
Managing Director 1965 – 2000
Chairman since 1966

Executive Directors

Graham J. Collyer (2)

BSc CTEXT ATI MBIRA

Chief Executive Appointed 2001
Technical Director,
SSL International plc 1995 – 2001
Vice Chairman, British Healthcare
Trades Association,
Director, Altrix Healthcare plc

John Edwards (3)

BSc FCMA

Finance Director Appointed 2000
Finance Director,
Kingsley Cards Ltd 1997 – 2000
Deputy Managing Director, Spring Ram
Bathrooms plc 1991 – 1997

Eric Robinson (4)

BSc MBA

Managing Director- Fast-Aid Products Ltd
Appointed 2000
Consultant, Scottish Agricultural Industries (ICI)
1979 – 1991

Non-executive

Dieno George# (5)

MSc BSc BA DipM DipAP Appointed 2001
Director, SSL International plc 1986 – 2001
Chief Executive, Thornton & Ross Ltd
Chairman, Altrix Healthcare plc

J. Roger B. Gould *# (6)

MA FCA CCMl

Chairman Audit Committee
Appointed 1998
Deputy Chairman, Seton
Healthcare Group plc 1984 – 1998

Robert Hough

DL LLB

Appointed 1st May 2003
Solicitor and Partner,
Slater Heelis 1974 – 1989
Deputy Chairman, Peel Holdings plc
since 1989.
Non Executive Director, Alfred McAlpine plc,
QA plc, Brammer plc and the Cheshire
Building Society.

Darrell H. Shaw* (7)

ARTCS CTEXT ATI

Senior Independent Director
Appointed 1961
Deputy Managing Director 1969 – 1989

Company Secretary

David R. Stubbins (8)

MA FCA

Appointed 1990.
Finance Director,
J.B. Battye & Co Ltd 1984 – 1989

Company Details and Advisers

Registered Office: Shiloh House, Fitton Street,
Royton, Oldham OL2 5JX
Telephone 0161 624 8161

Bankers: Barclays Bank PLC, Oldham

Auditors: Waterworths, Chartered
Accountants, Blackburn

Solicitors: Walker Morris, Leeds

Stockbrokers: W.H. Ireland Ltd., Manchester

Registrars: Northern Registrars Ltd., Northern
House, Woodsome Park, Fenay Bridge,
Huddersfield HD8 0LA
Telephone: 01484 600900

* Remuneration Committee
Audit Committee

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Report of the Directors

The Directors present their Annual Report and the Accounts of the Group for the year ended 31st March 2003.

Activities

Shiloh PLC is a holding company and through its operating subsidiary undertakings carries on the activities of the manufacture and marketing of healthcare products and the provision of healthcare services.

Business Review

A review of the Group's activities is contained in the Chairman's Statement and Chief Executive's Review on pages 4 to 7.

Group Profit and Dividends

The Group profit before taxation for the year ended 31st March 2003 amounted to £490,000 (2002 - £817,000). An interim dividend of 1.50p per share was paid on 29th November 2002. The Directors recommend a final dividend of 3.85p per share. This makes a total dividend for the year of 5.35p which absorbs £358,000. The final dividend will be paid on 19th June 2003 to those shareholders on the register of members on 30th May 2003.

Directors

The Directors are listed on page 8. Mr R. E. Hough was appointed to the Board on 1st May 2003 and in accordance with article 104 retires from office and, being eligible, offers himself for election. The Director retiring by rotation is Mr J.R.B. Gould who, being eligible, offers himself for re-election. Mr M.O.F. Lewis resigned on 15th July 2002 and Mr L.C.W. Jones retired on 31st March 2003.

Directors' Interests

At 31st March 2003, the interests of Directors in the ordinary shares of the Company were as follows:

Beneficial Interests	2003	2002
E.T. Gartside	354,241	338,288
G.J. Collyer	87,954	75,454
J. Edwards	1,000	700
D. George	183,771	174,571
J.R.B. Gould	134,000	110,000
E. Robinson	11,564	9,000
D.H. Shaw	45,000	50,000
Non-beneficial interest as trustee:		
E.T. Gartside	67,846	76,856

There have been no changes in these holdings since the year end.

Major Shareholdings

The Company has been notified of the following substantial interests in the issued share capital of the Company as at 1st May 2003:

	Number	%
Lupus Capital plc	876,482	13.11

Share Capital

At 31st March 2003 the Company had authority to acquire 750,000 of its own shares.

Executive and Savings Related Share Option Schemes

Options on 93,895 shares under the Executive Scheme and 113,509 shares under the Savings Related Scheme were granted during the year. Options on 29,578 shares under the Savings Related Scheme were exercised for which a total consideration of £33,000 was received. Options on 20,293 shares under the Executive Scheme and 20,844 shares under the Savings Related Scheme lapsed during the year.

Share options on ordinary shares granted to employees and which were outstanding at 31st March 2003 are as follows:

Periods options exercisable

	Option Price	Number of ordinary shares	
		2003	2002
Executive Share Option Scheme			
August 2003 to August 2010	145.0p	99,998	113,791
November 2005 to November 2012	167.5p	87,395	-
		<u>187,393</u>	<u>113,791</u>
Savings Related Scheme			
August 2000 to February 2005	113.0p	2,967	33,001
October 2003 to April 2008	118.0p	90,573	110,351
February 2006 to August 2010	147.5p	112,899	-
		<u>206,439</u>	<u>143,352</u>
Total Share Options Outstanding		<u>393,832</u>	<u>257,143</u>

Employees

The Directors continue to attach great importance to the development of employee involvement. Employees are consulted whenever necessary on matters affecting their interests. We attach considerable importance to the training and development of our staff and a number of our subsidiaries have achieved Investors in People accreditation. This has proved beneficial in motivating employees.

It is the Group's policy to give full and fair consideration to all applications from disabled persons, with due consideration being given to respective aptitudes and abilities. The same policy applies in the event of employees who become disabled during employment. Appropriate training is provided where applicable.

Environment

The Group recognises its environmental responsibilities and is committed to minimising any damage which its activities may cause to the environment. In addition, it actively pursues a number of environmental policies including those designed to conserve energy and recycle waste materials wherever practicable.

One Group company, Macdonald & Taylor Limited, has been working closely with the Biore Tanzanian organic cotton farming project to develop and promote the growth of organic cotton. The company contributes a small percentage of its sales of organic cotton wool into a fund to assist the farmers and their families with this project, and as a result was the first U.K. company to achieve the SA8000 social accountability standard whilst also being certified to the ISA14001 environmental standard.

Payments to Suppliers

The Company agrees terms and conditions for its transactions with suppliers. Payment is then made, subject to the terms and conditions being met by the supplier. The number of days' purchases outstanding for the Group at 31st March 2003 was 69 (2002 - 66).

Political and Charitable Donations

Charitable donations during the year totalled £635 (2002 - £790). In addition, some Group companies have supported a number of voluntary organisations within their local communities.

Auditors

Waterworths have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board,
David R. Stubbins
Secretary
30th April 2003



Corporate Governance and Directors' Responsibilities

Corporate Governance

Combined Code

The Board considers that the company has complied with the detailed provisions of the Combined Code of Best Practice on Corporate Governance throughout the year, except where noted. The Board considers the level of compliance to be appropriate for an organisation of its size and nature.

The Board

The composition of the Board changed during the year and, at the year end, comprised the part-time Chairman, three executive and three independent non-executive directors. The full Board meets on a monthly basis and its procedures are sufficient to ensure that the direction of the Group is firmly controlled.

The Company's Articles of Association provide for one third (or the number nearest to but not exceeding one third) of the non-executive directors to be subject to re-election at each Annual General Meeting. There is no such requirement for the executive directors.

As the Board is small, the appointment of new directors is a matter reserved for the whole Board, and there is no need for a separate nomination committee.

All directors have full and timely access to all relevant information and independent professional advice.

Audit Committee

The Company has an Audit Committee consisting of non-executive directors under the chairmanship of Mr J.R.B.Gould. The members of the Audit Committee are as disclosed on page 8. It meets at least three times a year and its terms of reference follow those recommended by the Combined Code. The external Auditors are invited to attend as required, and other Board members may attend as appropriate.

Relations with Shareholders

After the announcement of the interim and final results the Directors encourage dialogue with the major institutional shareholders. There is an opportunity for individual private shareholders to question directors at the Annual General Meeting and the Company regularly responds to letters from shareholders on a wide range of issues.

Directors' Responsibilities

Internal Control

The Combined Code requires the Directors to review the effectiveness of the Group's system of internal control.

The Directors acknowledge their responsibility for the Group's system of internal control and that the Board has ultimate responsibility for ensuring that the Group has in place a system of controls, financial and otherwise, that is appropriate to the business environment in which it operates. This is intended to ensure that the Directors maintain full and effective control over all significant strategic, financial, organisational and compliance issues. However, any system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that it has established the procedures necessary to comply with the Turnbull Guidance.

The Board has identified the significant risks faced by the Company, its subsidiaries and divisions. The Board continues to develop procedures to evaluate, manage and minimise such risks. The key procedures are being defined in a Group Manual. The Board recognises that internal controls must evolve, and the Board reviews them annually.

The Board has considered the need for internal audit, and has developed a structure within which such a function can report to the Board. Suitable resource has been recruited to enable this function to become operational during the current financial year.

Going Concern

The Directors confirm that, after having made appropriate enquiries, they have a reasonable expectation that the Group and Company have adequate resources to continue operating for the foreseeable future. Accordingly the Directors continue to adopt the Going Concern basis in the preparation of the accounts.

Directors' Responsibilities (continued)

Accounts

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 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 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 a going concern basis unless it is inappropriate to presume that the Company and Group will continue in business

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group, and to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

A copy of the financial statements for the Company is placed on the Shiloh PLC website. The maintenance and integrity of this website is the responsibility of the Directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from the legislation in other jurisdictions.

Directors' Remuneration Report

Remuneration Committee

The committee consists of Messrs E.T.Gartside (Chairman), J.R.B.Gould and D.H.Shaw, all of whom are non-executive directors.

The Committee is responsible for pay and salary policy throughout the Group and determines the remuneration package and conditions of service of executive directors and other senior executives.

Remuneration Policy

Remuneration policy aims to ensure that the remuneration packages offered attract, motivate and retain high calibre executives and to recognise the importance of achieving short and long term performance objectives and enhancing shareholder value, whilst at the same time being consistent with policies applied to other employees in the Group.

Directors' Remuneration

Details of the remuneration of all the Directors who have held office in the year are shown in note 6 to the accounts.

The emoluments of the Executive Directors consist of basic salary, performance linked bonus, pension contributions and other taxable benefits, which include the provision of a car or car allowance, private health insurance and life assurance.

Performance Related Bonuses

The Executive Directors, along with other senior managers, are eligible for annual bonuses based on performance targets. The performance targets are based either on growth in earnings per share, growth in profits or on other personal targets on which the individual has a direct influence. There is a maximum entitlement of between 15% of basic salary and 50% of basic salary dependent on the level of responsibility.

Executive Share Options

The Group operates an approved executive share option scheme, under which the Executive Directors benefit along with other senior executives. Details of options held by the Executive Directors are shown in note 6 to the accounts. The options are issued subject to a performance criterion of growth in earnings per share of 6% above inflation over a three year period.

Service Agreements

Mr J. Edwards has a service agreement which provides for one year's notice by either side.

Pensions

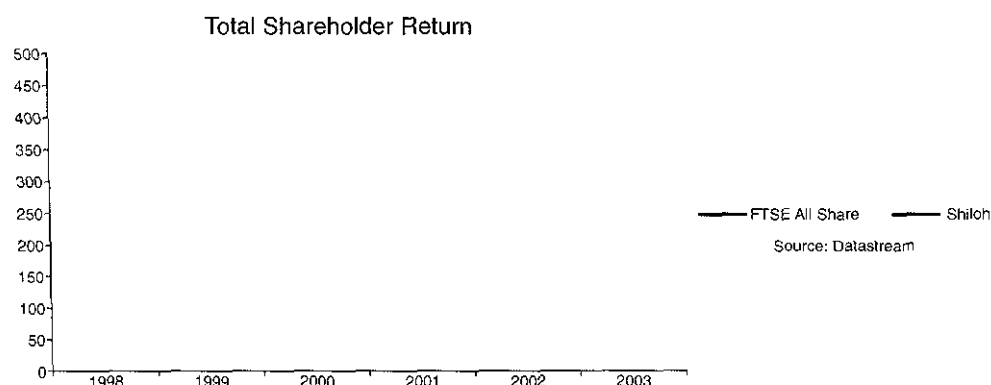
Messrs G.J.Colyer and J.Edwards are members of the Group's defined contribution pension scheme, to which the company contributes 4.5% of basic salary.

Mr E.Robinson is a member of the Group's defined benefit pension scheme, to which the company contributes 13.8% of salary.

Details of the Executive Directors' pension entitlements, together with the entitlement of past directors, are shown in note 6 to the accounts.

Performance of the Company

The graph below charts the investment performance of the Company since 1st April 1998 against the FTSE All Share Index which is regarded as the most direct comparator for this purpose.



Audit

The Directors' remuneration, pensions, performance related bonuses and share options have been subject to audit.

By order of the Board

Edmund T. Gartside

Chairman of the Remuneration Committee.

Report of the Independent Auditors

To the shareholders of Shiloh PLC

We have audited the financial statements of Shiloh PLC for the year ended 31st March 2003, which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our 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, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited 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 whether the financial statements and the part of the Directors' Remuneration Report to be audited have been 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 and other members of the Group is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Review, the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Corporate Governance Statement, the Statement of Directors' Responsibilities, the Financial Record and the Financial Highlights. 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

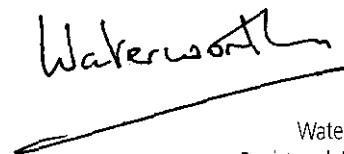
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate in the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration report to be audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31st March 2003 and of the Group's profit for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.



Waterworths
Registered Auditors
Chartered Accountants
Blackburn

30th April 2003

Consolidated Profit and Loss Account

for the year ended 31st March 2003

			2003 Amortisation & Exceptional Items (note 4)		2002
	Notes	£000's	£000's	Total £000's	Total £000's
Turnover	3	45,441	-	45,441	39,927
Cost of sales	3	(32,997)	-	(32,997)	(29,500)
Gross profit	3	12,444	-	12,444	10,427
Net operating expenses	3	(11,214)	(395)	(11,609)	(9,078)
Operating profit before amortisation of intangible assets		1,230	(395)	835	1,349
Amortisation of intangible assets		-	(223)	(223)	(134)
Operating profit after amortisation of intangible assets		1,230	(618)	612	1,215
Loss on sale of previously discontinued operations	4	-	-	-	(338)
Profit on ordinary activities before interest		1,230	(618)	612	877
Net interest payable		(122)	-	(122)	(60)
Profit on ordinary activities before taxation	9	1,108	(618)	490	817
Taxation on profit on ordinary activities	10	(301)	119	(182)	(227)
Profit after taxation		807	(499)	308	590
Minority interests - equity		-	-	-	(71)
Profit attributable to ordinary shareholders	11	807	(499)	308	519
Dividends	12	(358)	-	(358)	(342)
Retained (loss)/profit for the year	25	449	(499)	(50)	177

Earnings per share before amortisation of intangible assets and exceptional items

		2003	2002
Basic	13		
Diluted	13	12.13p 11.93p	15.13p 14.89p

Earnings per share

Basic	13		
Diluted	13	4.62p 4.55p	7.92p 7.79p

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

Movements in reserves are set out in note 25 on page 28.

The accounts should be read in conjunction with the notes on pages 19 to 31.

Balance Sheets

31st March 2003

	Notes	Group 2003 £000's	2002 £000's	Shiloh PLC 2003 £000's	2002 £000's
Fixed Assets					
Intangible assets	14	5,393	3,952	1,397	-
Tangible assets	15	5,509	5,750	164	197
Investments in subsidiary undertakings	16	-	-	7,218	6,738
		<u>10,902</u>	<u>9,702</u>	<u>8,779</u>	<u>6,935</u>
Current Assets					
Stocks	17	5,754	4,967	-	-
Assets held for resale	18	776	-	74	-
Debtors	19	7,842	7,307	4,202	3,236
Short term deposits		450	450	450	450
Cash and bank balances		<u>297</u>	<u>240</u>	<u>1</u>	<u>1</u>
		15,119	12,964	4,727	3,687
Creditors-amounts falling due within one year	20	<u>11,847</u>	<u>8,667</u>	<u>6,277</u>	<u>3,741</u>
Net current assets/(liabilities)		<u>3,272</u>	<u>4,297</u>	<u>(1,550)</u>	<u>(54)</u>
Total assets less current liabilities		14,174	13,999	7,229	6,881
Creditors-amounts falling due after more than one year	21	1,592	1,478	700	450
Provision for liabilities and charges	22	294	210	-	-
Deferred credit	23	<u>111</u>	<u>117</u>	<u>-</u>	<u>-</u>
		<u>12,177</u>	<u>12,194</u>	<u>6,529</u>	<u>6,431</u>
Capital and Reserves					
Called up equity share capital	24	1,672	1,652	1,672	1,652
Share premium account	25	1,273	1,140	1,273	1,140
Capital redemption reserve		62	62	62	62
Revaluation reserve	25	802	967	73	74
Profit and loss account - distributable	25	<u>8,368</u>	<u>8,403</u>	<u>3,449</u>	<u>3,503</u>
Equity shareholders' funds		12,177	12,224	6,529	6,431
Minority interests - equity		<u>-</u>	<u>(30)</u>	<u>-</u>	<u>-</u>
		<u>12,177</u>	<u>12,194</u>	<u>6,529</u>	<u>6,431</u>

Approved by the Board
 E.T. Gartside }
 J. Edwards } Directors

E. T. Gartside
John Edwards

30th April 2003

The accounts should be read in conjunction with the notes on pages 19 to 31.

Consolidated Cash Flow Statement

for the year ended 31st March 2003

	2003 £000's	2002 £000's
Net cash inflow from operating activities (note 26)	1,432	1,617
Returns on investments and servicing of finance		
Interest received	12	53
Interest paid	(95)	(11)
Interest element of finance lease payments	(35)	(50)
Net cash outflow for returns on investments and servicing of finance	(118)	(8)
Taxation		
Taxation paid	(299)	(388)
Capital Expenditure		
Payments to acquire tangible fixed assets	(1,187)	(816)
Payments to acquire intangible fixed assets	(754)	-
Proceeds from sale of tangible fixed assets	40	27
Net cash outflow for capital expenditure	(1,901)	(789)
Acquisitions and Disposals		
Purchase of minority interests in subsidiary undertakings	(510)	-
Sale of previously discontinued operations	50	1
Purchase of businesses	-	(2,749)
Net bank overdraft assumed with businesses	-	(82)
Net cash outflow for acquisitions and disposals	(460)	(2,830)
Equity Dividends Paid	(345)	(326)
Net cash outflow before management of liquid resources and financing	(1,691)	(2,724)
Management of Liquid Resources		
Cash withdrawn from short term deposit	-	3,894
Financing		
Repayment of bank loans	-	(53)
Repayment of loan notes	-	(1,094)
Issue of ordinary share capital	33	32
Capital element of finance lease payments	(195)	(213)
Net cash outflow for financing	(162)	(1,328)
Decrease in cash	<u>(1,853)</u>	<u>(158)</u>
Net cash inflow from operating activities includes a cash outflow of £395,000 in respect of operating exceptional items.		
Reconciliation of cash flow to movement in net debt	2003 £000's	2002 £000's
Decrease in cash	(1,853)	(158)
Cash outflow for decrease in debt and lease financing	195	1,360
Cash inflow from decrease in liquid resources	-	(3,894)
Increase in net debt resulting from cash flows	<u>(1,658)</u>	<u>(2,692)</u>
Finance leases acquired with businesses	-	(91)
Inception of finance lease contracts	(412)	-
Bank loan acquired with businesses	-	(53)
Anticipated cancellation of loan notes	450	-
Increase in net debt	<u>(1,620)</u>	<u>(2,836)</u>
Net (debt)/funds at 31st March 2002	(722)	2,114
Net debt at 31st March 2003 (note 27)	<u>(2,342)</u>	<u>(722)</u>

The accounts should be read in conjunction with the notes on pages 19 to 31.

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31st March 2003

	2003 £000's	2002 £000's
Profit for the financial year	308	519
Unrealised deficit on revaluation of property	(150)	-
Total recognised gains and losses relating to the year	<u>158</u>	<u>519</u>

Consolidated Statement of Historical Cost Profits and Losses for the year ended 31st March 2003

	2003 £000's	2002 £000's
Reported profit on ordinary activities before taxation	490	817
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	15	15
Historical cost profit on ordinary activities before taxation	<u>505</u>	<u>832</u>
Historical cost transfer (from)/to reserves	<u>(35)</u>	<u>192</u>

The accounts should be read in conjunction with the notes on pages 19 to 31.

Notes to the Accounts

1 Accounting policies

The accounts have been prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets, and comply with applicable U.K. accounting standards. The principal accounting policies which the Directors have adopted within the convention are as follows:

Basis of consolidation - The Group accounts consolidate the accounts of the Company and its subsidiary undertakings. The financial statements are prepared for the 12 month period ended 31st March in each year. The results of companies and businesses acquired are included from the date of acquisition.

Intangible fixed assets - Goodwill: Goodwill arising on acquisitions, being the difference between the fair value of the purchase consideration and the fair value of the identifiable net assets of an acquired company or business, is capitalised and amortised in equal annual instalments over its useful economic life, normally a period not exceeding 20 years. Goodwill arising on acquisitions prior to 31st December 1997 has been set off directly against reserves. In accordance with FRS10 "Goodwill and Intangible Assets", previously written off goodwill has not been reinstated.

Brands - Acquired brands are only recognised on the balance sheet as intangible assets where title is clear, brand earnings are separately identifiable, the brand could be sold separately from the rest of the business and where the brand achieves earnings in excess of those achieved by unbranded products. Brands are amortised over their estimated useful economic lives, normally a period not exceeding 20 years.

Depreciation - Land: Depreciation is not provided on freehold and leasehold land.

Buildings: Depreciation is provided on buildings so as to write off their cost or valuation over 40 years, or, in the case of leasehold property, over the term of the lease.

Plant and Machinery: Depreciation of plant and machinery, office equipment and vehicles is calculated to write off their cost during their expected normal lives at rates ranging from 10% to 33%.

Investment properties - The investment property is included in the balance sheet at its open market value and is not depreciated. Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, "Accounting for Investment Properties", it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the Directors, compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been included cannot be separately identified or quantified.

Stocks - Stocks are valued at the lower of cost and net realisable value, and cost includes an appropriate proportion of production overheads.

Turnover - Turnover of the Group is the invoiced sales less returns to external customers exclusive of value added tax.

Deferred taxation - Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

Pensions - The Group operates a defined benefit scheme for full time staff employees who were on the payroll on 20th October 1997. Contributions are based on percentages of members' pensionable remuneration as fixed by independent actuaries. The cost of contributing to this scheme is charged to the profit and loss account over the estimated service lives of the employees. On adoption of FRS17, "Retirement Benefits", the Group has followed the transitional provisions at 31st March 2003 as disclosed in note 30. The Group also operates or contributes to a number of defined contribution schemes. The costs of the contributions to the defined contribution schemes are charged to the profit and loss account as they are incurred.

Leased assets - Fixed assets held under finance leases are capitalised and depreciated over the shorter of the lease term or their expected useful lives. The finance charges are allocated during the lease term so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding. The costs of operating leases are charged to the profit and loss account as they accrue.

Government grants - Grants received in respect of tangible fixed assets are treated as a deferred credit and are released to profit and loss account in equal instalments over the estimated useful economic life of the assets concerned.

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 translation differences are taken to profit and loss account.

2 Information by class of business

The turnover, operating profit and net assets are attributable to the one principal activity of the Group.

Turnover of the Group outside the United Kingdom amounted to £619,000 (2002 - £187,000).

3 Analysis of turnover, cost of sales, net operating expenses and operating profit:

	Ordinary 2003 £000's	Amortisation & Exceptional items 2003 £000's	Total 2003 £000's	Total 2002 £000's
Turnover	45,441	-	45,441	39,927
Cost of sales	(32,997)	-	(32,997)	(29,500)
Gross profit	12,444	-	12,444	10,427
Net operating expenses				
Distribution costs	(3,228)	-	(3,228)	(2,839)
Administrative expenses	(8,061)	(618)	(8,679)	(6,506)
Other operating income	75	-	75	133
Operating profit	<u>1,230</u>	<u>(618)</u>	<u>612</u>	<u>1,215</u>

4 Exceptional items

	2003 £000's	2002 £000's
Operating exceptional items	23	-
Aborted corporate transactions	71	-
Pension fund top up	301	-
Restructuring costs	<u>395</u>	<u>-</u>

There were three areas of non-recurring exceptional cost affecting operating profit identified separately in the Profit and Loss Account. These were expenditure on aborted corporate transactions, top up payments to the Defined Benefit Pension Scheme (see note 30) and restructuring costs associated with organisational changes.

	2003 £000's	2002 £000's
Non operating exceptional items		
Loss on sale of previously discontinued operations	<u>-</u>	<u>338</u>

The exceptional item comprised full provision against the unlisted investment of preference shares in Shiloh Spinners Limited to a value of £200,000 and the balance of deferred consideration of £138,000 following notification received of the appointment of an administrator to that company on 10th October 2001.

5 Employees

	2003 Number	2002 Number
The average number employed by the Group, including Directors, was:	<u>543</u>	<u>465</u>
The costs incurred in respect of these employees were:	£000's	£000's
Wages and salaries	8,261	6,988
Social security costs	769	547
Other pension costs	382	290
	<u>9,412</u>	<u>7,825</u>

6 Directors' emoluments

	Salaries/ Fees £000's	Performance Related Pay £000's	Benefits £000's	Remuneration £000's	Remuneration £000's
E.T. Gartside	30.1	-	9.4	39.5	39.3
G.J. Collyer	95.2	-	0.3	95.5	21.6
J. Edwards	72.0	11.6	8.4	92.0	89.8
D. George	22.2	-	-	22.2	6.5
J.R.B. Gould	12.0	-	-	12.0	12.0
L.C.W. Jones	55.2	-	10.2	65.4	81.5
M.O.F. Lewis	25.4	-	3.6	29.0	80.4
E. Robinson	51.0	7.7	5.4	64.1	64.4
D.H. Shaw	12.0	-	1.0	13.0	13.0
	<u>375.1</u>	<u>19.3</u>	<u>38.3</u>	<u>432.7</u>	<u>408.5</u>

* In addition to the above, Mr M.O.F. Lewis, who resigned on 15th July 2002, received an ex gratia payment of £80,700 which consisted of £75,000 payment for loss of office and £5,700 in benefits. His total remuneration for the year was £109,700.

6 Directors' emoluments (continued)

The performance related pay for Mr J. Edwards is a guaranteed fixed bonus, payable until 31st March 2003, in accordance with the agreement signed when he joined the Group in July 2000. Mr E. Robinson received a performance related bonus calculated in accordance with the arrangements set out in the Directors' Remuneration report on page 13.

Additional disclosures in respect of Directors' pension entitlement are given below:

Defined benefit scheme	E. Robinson	L.C.W. Jones	M.O.F. Lewis
Age at 31st March 2003	46	65	53
Pensionable years of service	10	28	8
	£000's	£000's	£000's
Accrued pension at 1st April 2002	7.4	30.7	7.5
Increase in accrued pension excluding inflation	0.7	1.1	0.3
Accrued pension at 31st March 2003	8.8	-	8.2
Transfer value of accrued pension at 1st April 2002	59.7	472.8	75.2
Directors' contributions	3.1	-	1.4
Increase in transfer value over year less directors' contributions	8.1	-	6.5
Transfer value of accrued pension at 31st March 2003	70.9	-	83.1

Mr L.C.W. Jones took his pension benefits on his 65th birthday on 6th March 2003, hence he had no accrued pension benefits or transfer value at 31st March 2003.

Mr M.O.F. Lewis ceased to be an active contributing member of the scheme following his resignation as a Director and became a deferred member on 1st August 2002. The transfer value of Mr Lewis's pension as at the date of exit on 1st August 2002 was £78,900 and no director or company contributions have been paid since this date.

The pension entitlement shown is that which would be granted at age 65 on leaving service at the end of the year.

Contributions to the Scheme and benefit derived therefore are the same for Directors as for other Scheme members (Note 30).

Defined contribution scheme

The Company contributed £6,180 into a money purchase scheme for Mr J. Edwards (2002 £5,900) and £1,687 into a money purchase scheme for Mr G.J. Collyer (2002 Nil)

The interests of current Directors in the Executive Share Option Scheme and Savings Related Share Option Scheme were as follows:

	At 31st March 2002	Granted	Exercised	Lapsed	At 31st March 2003	Exercise Price (p)	Market Price at Date of Exercise	Gain Before Tax £000's
E.T. Gartside								
Savings related options	1,953	-	1,953	-	-	113.0	225.0	2
"	2,860	-	-	-	2,860	118.0		
	<u>4,813</u>	<u>-</u>	<u>1,953</u>	<u>-</u>	<u>2,860</u>			
G.J. Collyer								
Executive share options	-	17,910	-	-	17,910	167.5		
Savings related options	-	6,874	-	-	6,874	147.5		
	<u>-</u>	<u>24,784</u>	<u>-</u>	<u>-</u>	<u>24,784</u>			
J. Edwards								
Executive share options	20,689	-	-	-	20,689	145.0		
Savings related options	-	4,027	-	-	4,027	147.5		
	<u>20,689</u>	<u>4,027</u>	<u>-</u>	<u>-</u>	<u>24,716</u>			
E. Robinson								
Executive share options	17,241	-	-	-	17,241	145.0		
"	-	2,985	-	-	2,985	167.5		
"	2,564	-	2,564	-	-	113.0	246.5	3
"	2,860	-	-	-	2,860	118.0		
"	-	5,532	-	-	5,532	147.5		
	<u>22,665</u>	<u>8,517</u>	<u>2,564</u>	<u>-</u>	<u>28,618</u>			

In addition Mr M.O.F. Lewis had options over 1,641 shares under the Savings Related Share Option Scheme which have lapsed following his resignation and Mr L.C.W. Jones retains options over 20,689 shares under the Executive Share Option Scheme at a price of 145p. These options will lapse on 30th September 2003.

The periods during which options are exercisable are as follows:

Executive share options - price 145.0p August 2003 to August 2010; 167.5p November 2005 to November 2012

Savings related options - price 113.0p August 2000 to February 2005; 118.0p October 2003 to April 2008; 147.5p December 2005 to June 2010

The Directors do not benefit from any other long term incentive schemes.

The market price of the shares at 31st March 2003 was 125p and the range during the year was 120.5p to 311p.

7 Other operating income	2003 £000's	2002 £000's
Income from property	<u>75</u>	<u>133</u>
	2003 £000's	2002 £000's
8 Net interest payable		
Bank interest (payable)/receivable	(109)	1
Other interest receivable	-	7
Loan note interest - adjustment to amount previously provided/(interest payable)	21	(19)
Finance lease and hire purchase interest payable	<u>(34)</u>	<u>49</u>
	<u>(122)</u>	<u>(60)</u>
9 Profit before taxation	2003 £000's	2002 £000's
Profit before taxation is arrived at after charging/(crediting):		
Amortisation of intangible fixed assets	223	134
Depreciation of owned assets	709	571
Depreciation of assets held under finance leases and hire purchase contracts	169	144
Operating lease rentals - land and buildings	706	618
- other	353	266
Profit on sale of fixed assets	(3)	(5)
Auditors' remuneration (Company: £3,000; 2002 - £2,000)	49	43
Grant release	(6)	(6)
Non-audit fees paid to Waterworths amounted to £22,000 (2002 - £53,000) (Company £3,000; 2002 - £27,000), of which £20,000 (2002 - £37,000) is charged in arriving at the operating result. The balance of £2,000 (2002-£16,000) has been capitalised.		
10 Taxation	2003 £000's	2002 £000's
Taxation is based on the profit for the year and comprises:		
Current tax:		
UK corporation tax on profits for the year	149	271
Adjustment in respect of previous years	<u>(28)</u>	<u>(125)</u>
Total current tax	<u>121</u>	<u>146</u>
Deferred tax:		
Deferred tax in respect of the current year	58	81
Adjustment in respect of previous years	<u>3</u>	<u>-</u>
Total deferred tax	<u>61</u>	<u>81</u>
Total tax charge	<u>182</u>	<u>227</u>
Current tax reconciliation:		
Profit before taxation	<u>490</u>	<u>817</u>
Notional current tax based on the UK standard rate of 30%	147	245
Expenses not deductible for tax purposes (principally amortisation of intangible fixed assets)	83	58
Capital allowances for the year in excess of depreciation	(51)	(41)
Other short term timing differences	(3)	3
Utilisation of tax losses	(6)	(77)
Exceptional loss not deductible for tax purposes	-	97
Small companies relief	(21)	(14)
Adjustment in respect of prior years	<u>(28)</u>	<u>(125)</u>
Current tax charge for the year	<u>121</u>	<u>146</u>

11 Profit attributable to ordinary shareholders	2003	2002
	£000's	£000's
Profit for the financial year dealt with in the accounts of the parent company	<u>303</u>	<u>351</u>

The company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the parent company alone is not presented.

12 Dividends	2003	2002
	£000's	£000's
Interim dividend paid 29th November 2002 of 1.5p per share (2002 - 1.5p)	100	98
Proposed final dividend of 3.85p per share (2002 - 3.7p)	<u>258</u>	<u>244</u>
	<u>358</u>	<u>342</u>

13 Earnings per share

The basic earnings per share figures have been calculated by reference to the weighted average of 6,655,137 shares in issue during the year (2002-6,548,565) and, in respect of the full earnings per share figures, the Group profit for the financial year of £308,000 (2002-£519,000). A reconciliation of this figure to the alternative figure in the profit and loss account is as follows:

	2003	2003	2002	2002
	£000's	Pence Per Share	£000's	Pence Per Share
Full earnings	308	4.62	519	7.92
Amortisation of intangible assets	223	3.35	134	2.05
Exceptional items	395	5.94	338	5.16
Taxation in respect of exceptional items	<u>(119)</u>	<u>(1.78)</u>	-	-
Earnings before amortisation of goodwill and exceptional items	<u>807</u>	<u>12.13</u>	<u>991</u>	<u>15.13</u>

The Directors present the alternative earnings per share figures in order to give an additional indication of the Group's underlying performance.

The diluted earnings per share figure, on both bases above, has been calculated using the same earnings numerators as set out above, by reference to an adjusted average number of shares, as follows:

	2003	2002
Weighted average per basic calculation	6,655,137	6,548,565
Adjustment to reflect dilutive shares under option	<u>111,722</u>	<u>109,018</u>
	<u>6,766,859</u>	<u>6,657,583</u>

14 Intangible assets	Group			Shiloh PLC
	Goodwill £000's	Brands £000's	Total £000's	Brands £000's
Cost 31st March 2002	4,117	-	4,117	-
In respect of acquisition	1,005	-	1,005	-
In respect of acquired brands	-	1,409	1,409	1,409
Reduction in contingent consideration	<u>(750)</u>	<u>-</u>	<u>(750)</u>	<u>-</u>
Cost 31st March 2003	<u>4,372</u>	<u>1,409</u>	<u>5,781</u>	<u>1,409</u>
Amortisation 31st March 2002	165	-	165	-
Amount provided	<u>211</u>	<u>12</u>	<u>223</u>	<u>12</u>
Amortisation 31st March 2003	<u>376</u>	<u>12</u>	<u>388</u>	<u>12</u>
Net book value 31st March 2003	<u>3,996</u>	<u>1,397</u>	<u>5,393</u>	<u>1,397</u>
Net book value 31st March 2002	<u>3,952</u>	<u>-</u>	<u>3,952</u>	<u>-</u>

14 Intangible assets (continued)

On 9th April 2002 the Group acquired the 20% minority interest in Trust Sterile Services Limited for a cash consideration of £806,000 (including associated acquisition costs), of which £300,000 is payable in three instalments of £100,000 each on 1st May 2003, 1st May 2004 and 1st May 2005. Goodwill arising amounted to £836,000, £30,000 of which resulted from the elimination of the existing minority interest.

On 1st August 2002 the Group acquired the 20% minority interest in Venus Healthcare Limited for a consideration of £124,000, comprising £120,000 satisfied by the issue of 50,314 ordinary shares of 25p at 238.5p and £4,000 of associated acquisition costs. Goodwill arising amounted to £124,000.

Expenditure on other goodwill during the year totalled £45,000.

The reduction in goodwill relates to the expected non-payment of contingent consideration in respect of the acquisitions made in previous years (Care & Mobility Limited - £300,000, ICR Mobility Limited - £450,000).

On 24th February 2003 the Group completed the acquisition of Venture Health Care Limited. The company had no net assets. Its principal asset was the Clinisan brand. In accordance with FRS 10, "Goodwill and Intangible Assets" and in order to reflect the substance of this acquisition, the cost of investment in Venture Health Care Limited is included in the balance sheet as a purchased brand. The total cash consideration payable has been estimated at £1,409,000, of which £709,000 had been paid at 31st March 2003. The total amount payable includes £500,000 of contingent consideration which is payable depending on the levels of sales achieved during each of the five years ending 24th February 2008. The value of the Clinisan brand is being amortised evenly over 20 years.

15 Tangible assets	Freehold Land and Buildings £000's	Leasehold Land and Buildings £000's	Investment Properties £000's	Plant and Machinery £000's	Total £000's
Group					
Cost or valuation 31st March 2002	1,773	508	850	6,504	9,635
Additions	-	1	-	1,599	1,600
Disposals	-	-	-	(184)	(184)
Transfer to current assets	(916)	(85)	-	-	(1,001)
Revaluation	-	-	(150)	-	(150)
Cost or valuation 31st March 2003	<u>857</u>	<u>424</u>	<u>700</u>	<u>7,919</u>	<u>9,900</u>
Depreciation 31st March 2002	319	121	-	3,445	3,885
Amount provided	28	21	-	829	878
Disposals	-	-	-	(147)	(147)
Transfer to current assets	(214)	(11)	-	-	(225)
Depreciation 31st March 2003	<u>133</u>	<u>131</u>	<u>-</u>	<u>4,127</u>	<u>4,391</u>
Net Book Value 31st March 2003	<u>724</u>	<u>293</u>	<u>700</u>	<u>3,792</u>	<u>5,509</u>
Net Book Value 31st March 2002	<u>1,454</u>	<u>387</u>	<u>850</u>	<u>3,059</u>	<u>5,750</u>
Shiloh PLC					
Cost or valuation 31st March 2002	-	85	-	223	308
Additions	-	-	-	93	93
Group transfers in	-	-	-	12	12
Disposals	-	-	-	(42)	(42)
Transfer to current assets	-	(85)	-	-	(85)
Cost or valuation 31st March 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>286</u>	<u>286</u>
Depreciation 31st March 2002	-	10	-	101	111
Amount provided	-	1	-	54	55
Group transfers in	-	-	-	9	9
Disposals	-	-	-	(42)	(42)
Transfer to current assets	-	(11)	-	-	(11)
Depreciation 31st March 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>	<u>122</u>
Net Book Value 31st March 2003	<u>-</u>	<u>-</u>	<u>-</u>	<u>164</u>	<u>164</u>
Net Book Value 31st March 2002	<u>-</u>	<u>75</u>	<u>-</u>	<u>122</u>	<u>197</u>

15 Tangible assets (continued)

Land and buildings at cost or valuation are stated:	Group		Shiloh PLC	
	2003 £000's	2002 £000's	2003 £000's	2002 £000's
Land-not depreciated:				
at open market value in 1995	155	375	-	30
Buildings:				
at open market value in 1995	668	1,320	-	55
at cost	458	586	-	-
Investment properties:				
at open market value	700	850	-	-
	<u>1,981</u>	<u>3,131</u>	<u>-</u>	<u>85</u>

The Group has taken advantage of the transitional provisions of FRS 15, "Tangible Fixed Assets" and has continued to include land and buildings at a combination of cost and valuations undertaken before the implementation of the Reporting Standard.

The Directors have revalued the investment property on an open market value basis as at 31st March 2003. In their opinion the value is £700,000 (2002 - £850,000).

If stated under historical cost principles the comparable amounts for the total of land and buildings and investment properties would be:

	Group		Shiloh PLC	
	2003 £000's	2002 £000's	2003 £000's	2002 £000's
Cost	2,236	2,502	-	16
Accumulated depreciation	(333)	(477)	-	(15)
Historical cost value	<u>1,903</u>	<u>2,025</u>	<u>-</u>	<u>1</u>

Included in plant and machinery are assets with a net book value of £1,075,000 (2002 - £801,000) held under finance leases and hire purchase contracts.

	Group		Shiloh PLC	
	2003 £000's	2002 £000's	2003 £000's	2002 £000's
Capital commitments - contracted but not provided for	<u>-</u>	<u>315</u>	<u>-</u>	<u>-</u>

16 Investments in subsidiary undertakings

	Shares £000's	Loans £000's	Total £000's
At 31st March 2002	5,638	1,100	6,738
Acquisition of minority interests in subsidiary undertakings	930	-	930
Reduction in contingent consideration	(450)	-	(450)
At 31st March 2003	<u>6,118</u>	<u>1,100</u>	<u>7,218</u>

Shiloh PLC owned the whole of the issued share capital of the following principal subsidiary undertakings, all of which operate in the United Kingdom:

Company	Activity
Shiloh Healthcare Ltd.	Healthcare products and services
Trust Sterile Services Ltd.	Sterilisation and decontamination services
Shiloh Mobility Ltd.	Mobility products and services
ICR Mobility Ltd.	Mobility products and services
Fast-Aid Products Ltd.	Healthcare product distribution
Macdonald & Taylor Ltd.	Cotton wool products
Shiloh Properties Ltd.	Administration of Group properties

17 Stocks

	Group		Shiloh PLC	
	2003	2002	2003	2002
	£000's	£000's	£000's	£000's
Raw materials	1,191	814	-	-
Work in progress	83	84	-	-
Finished products including goods for resale	<u>4,480</u>	<u>4,069</u>	<u>-</u>	<u>-</u>
	<u>5,754</u>	<u>4,967</u>	<u>-</u>	<u>-</u>

18 Assets held for resale

	Group		Shiloh PLC	
	2003	2002	2003	2002
	£000's	£000's	£000's	£000's
Land and Buildings	<u>776</u>	<u>-</u>	<u>74</u>	<u>-</u>

Properties held for disposal have been transferred from fixed assets to current assets, recognising that they are no longer used in the business and are held for resale.

They are stated at the depreciated revalued amount at the date of transfer to current assets.

This is a departure from company law which requires current assets to be stated at the lower of cost and net realisable value. In the opinion of the Directors this would result in an unrealistically low value being attributed to the properties and would be inconsistent with the accounting valuation of these properties previously adopted. The Directors believe this departure is necessary in order that the financial statements give a true and fair view.

The properties have a historical cost of £268,000 (company £16,000). If they had not been revalued, their net book value at the balance sheet date would have been £90,000 (company £1,000).

19 Debtors

	Group		Shiloh PLC	
	2003	2002	2003	2002
	£000's	£000's	£000's	£000's
Trade debtors	7,246	6,696	2	4
Amounts due from subsidiary undertakings	-	-	3,995	3,068
Prepayments	512	498	150	88
Advance Corporation Tax recoverable	-	-	53	76
Other debtors	<u>84</u>	<u>113</u>	<u>2</u>	<u>-</u>
	<u>7,842</u>	<u>7,307</u>	<u>4,202</u>	<u>3,236</u>

20 Creditors-amounts falling due within one year

	Group		Shiloh PLC	
	2003	2002	2003	2002
	£000's	£000's	£000's	£000's
Trade creditors	6,749	6,043	114	151
Deferred consideration	100	-	100	-
Bank overdraft	2,251	341	3,115	962
Amounts due to subsidiary undertakings	-	-	2,350	2,177
Other creditors	208	130	41	27
Accruals	1,114	745	180	140
Finance lease and hire purchase obligations	246	193	-	-
Dividend	257	244	257	244
Corporation Tax payable	93	294	8	7
Other taxation and social security	<u>829</u>	<u>677</u>	<u>112</u>	<u>33</u>
	<u>11,847</u>	<u>8,667</u>	<u>6,277</u>	<u>3,741</u>

The bank overdraft is secured by fixed and floating charges over the assets of certain group undertakings together with cross guarantees between those companies.

21 Creditors-amounts falling due after more than one year

	Group		Shiloh PLC	
	2003 £000's	2002 £000's	2003 £000's	2002 £000's
Loan Notes 2002/3	-	450	-	450
Contingent consideration	800	600	500	-
Deferred consideration	200	-	200	-
Finance lease and hire purchase obligations	592	428	-	-
	<u>1,592</u>	<u>1,478</u>	<u>700</u>	<u>450</u>

The Loan Notes are repayable as follows:

Between one and two years	-	450	-	450
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Finance lease and hire purchase obligations are repayable as follows:

Within one year	246	193	-	-
Between one and two years	235	163	-	-
Between two and five years	357	265	-	-
	<u>838</u>	<u>621</u>	<u>-</u>	<u>-</u>

At 31st March 2003 a provision has been made to anticipate the cancellation of the Loan Notes 2002/3. The Loan Notes represented contingent consideration payable in respect of the acquisition of ICR Mobility Limited. A corresponding reduction in goodwill has also been made (note 14).

22 Provision for liabilities and charges

Deferred taxation provided in the accounts, and the amounts for which no provision has been made, are as follows:

	Provided		Unprovided	
	2003 £000's	2002 £000's	2003 £000's	2002 £000's
Group only				
Capital allowances in excess of depreciation	347	289	-	-
Other short term timing differences	-	(3)	-	-
Surplus on revaluation of investment properties	-	-	160	207
Capital losses	-	-	(95)	(60)
	<u>347</u>	<u>286</u>	<u>65</u>	<u>147</u>
Advance Corporation Tax	(53)	(76)	-	-
	<u>294</u>	<u>210</u>	<u>65</u>	<u>147</u>

The potential tax liabilities which might arise in the event of disposal of revalued land and buildings not treated as investment properties are not quantified as the Directors do not consider them to constitute timing differences after taking account of expected rollover relief.

The movement on the provision for deferred taxation is as follows:

	Group £000's	Shiloh PLC £000's
At 31st March 2002	286	-
Profit and loss account - Charge for the year	61	-
	<u>347</u>	<u>-</u>
Recoverable Advance Corporation Tax	(53)	-
At 31st March 2003	<u>294</u>	<u>-</u>

23 Deferred credit

	Group		Shiloh PLC	
	2003 £000's	2002 £000's	2003 £000's	2002 £000's
Grants received				
At 31st March 2002	117	123	-	-
Released to profit and loss account	(6)	(6)	-	-
At 31st March 2003	<u>111</u>	<u>117</u>	<u>-</u>	<u>-</u>

24 Share capital

	2003	2002
	£000's	£000's
Authorised:		
8,000,000 Ordinary shares of 25p each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:	2003 Number	2002 Number	2003 £000's	2002 £000's
At 31st March 2002	6,606,632	6,524,123	1,652	1,631
Allotted during the year	<u>79,892</u>	<u>82,509</u>	<u>20</u>	<u>21</u>
At 31st March 2003	<u>6,686,524</u>	<u>6,606,632</u>	<u>1,672</u>	<u>1,652</u>

At 31st March 2003 there were share options on 393,832 (2002 - 257,143) ordinary shares which are exercisable between August 2000 and November 2012 at prices between 113p and 167.5p.

25 Reserves

Group	Share Premium Account £000's	Revaluation Reserve £000's	Profit and Loss Account £000's
At 31st March 2002	1,140	967	8,403
Added on allotment of shares	133	-	-
Released on depreciation	-	(15)	15
Revaluation deficit	-	(150)	-
Retained loss for the year	-	-	(50)
At 31st March 2003	<u>1,273</u>	<u>802</u>	<u>8,368</u>
Shiloh PLC			
At 31st March 2002	1,140	74	3,503
Added on allotment of shares	133	-	-
Released on depreciation	-	(1)	1
Retained loss for the year	-	-	(55)
At 31st March 2003	<u>1,273</u>	<u>73</u>	<u>3,449</u>

The Group revaluation reserve includes £41,000 (2002 - £191,000) in respect of the Group's investment properties. Commencing at 1st April 1986, the cumulative amount of goodwill arising on acquisitions which has been taken to reserves at the balance sheet date is £535,000.

26 Reconciliation of operating profit to operating cash flows

	2003	2002
	£000's	£000's
Operating profit	612	1,215
Depreciation	878	715
Profit on sale of tangible fixed assets	(3)	(5)
Government grant released to profit and loss account	(6)	(6)
Amortisation of intangible fixed assets	223	134
Increase in stocks	(787)	(139)
Increase in debtors	(560)	(1,403)
Increase in creditors	<u>1,075</u>	<u>1,106</u>
Net cash inflow from operating activities	<u>1,432</u>	<u>1,617</u>

27 Analysis of changes in net debt

	At 31st March 2002 £000's	Cash Flow £000's	Other Non Cash Changes £000's	At 31st March 2003 £000's
Cash at bank and in hand	240	57	-	297
Bank overdraft	<u>(341)</u>	<u>(1,910)</u>	-	<u>(2,251)</u>
	(101)	(1,853)	-	(1,954)
Debt due after one year	(450)	-	450	-
Hire purchase obligations	(621)	195	(412)	(838)
Short term deposits	<u>450</u>	<u>-</u>	<u>-</u>	<u>450</u>
	<u>(722)</u>	<u>(1,658)</u>	<u>38</u>	<u>(2,342)</u>

28 Contingent liabilities

The Company has guaranteed bank loans and overdrafts of certain subsidiary undertakings which at 31st March 2003 were £49,000 (2002 - £23,000).

29 Financial commitments

At 31st March 2003 the Group had annual commitments under operating leases as follows:

	2003 £000's	2002 £000's
Land and buildings:		
Expiring within one year	141	191
Expiring between two and five years	91	101
Expiring in over five years	<u>414</u>	<u>361</u>
	<u>646</u>	<u>653</u>
Other operating leases:		
Expiring within one year	87	93
Expiring between two and five years	<u>348</u>	<u>178</u>
	<u>435</u>	<u>271</u>

30 Pensions

The Group operates a defined benefit pension scheme, providing benefits based on the final pensionable salary, and defined contribution pension schemes for eligible employees.

The assets of the defined benefit pension scheme are held in separate trustee administered funds and the Group's contributions to the scheme are determined by the Directors based on triennial valuations by a qualified actuary using the age attained method.

The most recent valuation was dated 20th October 2001. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increases in salaries. It was assumed the investment return would be 7% per annum and that salary increases would average 5% per annum. The most recent actuarial valuation showed that the market value of the scheme's assets was £6.8 million and that the actuarial value of those assets represented 100% of the benefits that had accrued to members after allowing for expected future increases in earnings.

The Pensions Act 1995 introduced the Minimum Funding Requirement for defined benefit pension schemes. Calculations have been carried out to assess the scheme's funding position against the Minimum Funding Requirement and on the prescribed basis the value of the scheme's assets represented 106% of the value of the benefits as at 20th October 2001.

The contributions of the Group are currently 13.8% of basic earnings. Scheme members contribute 6% of basic earnings. In addition, the Group makes contributions to provide death in service benefits, which are a refund of contributions and a lump sum equal to three times Scheme salary. One half of the accrued pension shown is also payable should there be a surviving spouse.

The pension cost of this scheme to the Group was £271,000 (2002 £205,000). This includes the exceptional pension fund top up of £71,000 referred to in note 4. The Directors recognise the burden of defined benefit pension schemes. Not only is the scheme now closed to new members but the salary level by which benefits are calculated is now capped at £50,000.

The Group also paid £111,000 (2002 £85,000) into the separate defined contribution schemes.

Whilst the Group continues to account for pensions in accordance with SSAP 24, "Accounting for Pension Costs", as above, under FRS 17, "Retirement Benefits", the following transitional disclosures are required:

The valuations were updated by the actuary on an FRS 17 basis as at 31st March 2003.

The major assumptions used by the actuary were:

	2003	2002
Rate of increase in salaries	3.2%	3.8%
Rate of increase in pensions in payment pre October 1999	5.0%	5.0%
post October 1999	2.7%	2.8%
Discount rate	5.0%	5.8%
Inflation	2.7%	2.8%

The assets and liabilities in the scheme and the expected rate of return on investments were:

	2003		2002	
	Rate of Return	£000's	Rate of Return	£000's
Equities	7.0%	3,903	7.0%	5,171
Bonds and fixed interest	5.5%	1,839	5.5%	2,085
Cash	5.0%	807	5.0%	899
Market value of assets		6,549		8,155
Present value of scheme liabilities		(10,323)		(9,390)
Deficit		(3,774)		(1,235)
Deferred tax asset		1,132		370
Net deficit in scheme at 31st March 2003		<u>(2,642)</u>		<u>(865)</u>
Movement in deficit during year:		£000's		
Deficit in scheme at 31st March 2002		(1,235)		
Current service cost		(176)		
Net return on pension scheme		(22)		
Contributions paid		176		
Actuarial loss		(2,517)		
Deficit in scheme at 31st March 2003		(3,774)		
Deferred tax asset		1,132		
Net deficit in scheme at 31st March 2003		<u>(2,642)</u>		

If FRS 17 had been fully adopted in these financial statements the pension costs for the defined benefit scheme would have been:

	£000's
Analysis of other pension costs which would have been charged in arriving at operating profit	
Current service cost	<u>176</u>
Analysis of amounts included in other finance costs	
Expected return on pension scheme assets	524
Interest on pension scheme liabilities	<u>(546)</u>
Net return	<u>(22)</u>
Analysis of the amounts which would have been recognised in the Consolidated Statement of Total Recognised Gains and Losses	
Actual return less expected return on scheme assets	(2,111)
Experience gains and losses arising on scheme liabilities	1,048
Changes in assumptions underlying the present value of scheme liabilities	<u>(1,454)</u>
Actuarial loss recognised in the Consolidated Statement of Total Recognised Gains and Losses	<u>(2,517)</u>

31 Reconciliation of movement in equity shareholders' funds

	2003	2002
	£000's	£000's
Profit attributable to ordinary shareholders	308	519
Dividends	<u>(358)</u>	<u>(342)</u>
	(50)	177
New share capital issued	153	182
Revaluation deficit	<u>(150)</u>	-
Net (depletion in)/addition to shareholders' funds	(47)	359
Opening shareholders' funds	12,224	11,865
Closing shareholders' funds	<u>12,177</u>	<u>12,224</u>

32 Related party transactions

No director of the Company had any material interest in any contract to which the Company or any subsidiary undertaking was a party during the financial year.

33 Financial instruments

Set out below are the disclosures required by FRS 13 "Derivatives and other financial instruments". Disclosures exclude short term debtors and creditors where permitted.

Financial instruments

The Group's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources, and various items such as trade debtors and creditors, etc. that arise directly from its operations.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank overdrafts and finance lease and hire purchase arrangements. The Group mainly borrows at floating rates of interest.

Liquidity risk

As disclosed in note 27, at 31st March 2003 the Group had net debt of £2,342,000 (2002 - £722,000) and in addition had overdraft facilities of £4,500,000 (2002 - £2,500,000), of which £2,249,000 (2002-£2,159,000) was unutilised.

Currency risk

The functional currency of the Group is Sterling. The Group has transactional currency exposures, principally on purchases by operating units in other currencies. The Group regularly reviews its exposure and the need to hedge through forward contracts.

Currency and interest profile of net debt

Currency	2003				2002			
	Total £000's	Non-interest Bearing £000's	Floating Rate £000's	Fixed Rate £000's	Total £000's	Non-interest Bearing £000's	Floating Rate £000's	Fixed Rate £000's
Sterling	(2,506)	249	(2,346)	(409)	(731)	213	(863)	(81)
Euros	301	-	301	-	16	-	16	-
Other	(143)	-	(143)	-	(7)	-	(7)	-
Net debt	<u>(2,342)</u>	<u>249</u>	<u>(2,182)</u>	<u>(409)</u>	<u>(722)</u>	<u>213</u>	<u>(854)</u>	<u>(81)</u>

In addition there were short term creditors denominated in foreign currency, principally in Euros, of £1,253,000 (2002 - £883,000).

Floating rate assets and liabilities bear interest at market rates based on U.K. bank base rate.

Maturity of net debt

	Total £000's	2003 Assets £000's	Liabilities £000's	Total £000's	2002 Assets £000's	Liabilities £000's
In one year or less, or on demand	(1,750)	747	(2,497)	156	690	(534)
In more than one year but not more than two years	(235)	-	(235)	(613)	-	(613)
In more than two years but not more than five years	(357)	-	(357)	(265)	-	(265)
Net debt	<u>(2,342)</u>	<u>747</u>	<u>(3,089)</u>	<u>(722)</u>	<u>690</u>	<u>(1,412)</u>

Fair values

In the opinion of the Directors, there is no material difference between the fair values and book values of the Group's financial assets and liabilities.

Financial Record

	1999 £000's	2000 £000's	2001 £000's	2002 £000's	2003 £000's
Turnover	<u>43,977</u>	<u>41,833</u>	<u>28,906</u>	<u>39,927</u>	<u>45,441</u>
Operating profit/(loss) before amortisation of intangible assets	(136)	(60)	1,055	1,349	1,230
Exceptional items (including amortisation of intangible assets)	<u>3,740</u>	<u>(3,332)</u>	<u>(31)</u>	<u>(472)</u>	<u>(618)</u>
Profit/(loss) on ordinary activities	3,604	(3,392)	1,024	877	612
Net interest (payable)/receivable	<u>(231)</u>	<u>(23)</u>	<u>109</u>	<u>(60)</u>	<u>(122)</u>
Profit/(loss) on ordinary activities before taxation	3,373	(3,415)	1,133	817	490
Taxation	<u>(898)</u>	<u>1,087</u>	<u>(251)</u>	<u>(227)</u>	<u>(182)</u>
Profit/(loss) after taxation	2,475	(2,328)	882	590	308
Minority interests	<u>47</u>	<u>47</u>	<u>14</u>	<u>(71)</u>	<u>-</u>
Attributable to ordinary shareholders	2,522	(2,281)	896	519	308
Dividend	(868)	(1,199)	(316)	(342)	(358)
Retained (loss)/profit	<u><u>1,654</u></u>	<u><u>(3,480)</u></u>	<u><u>580</u></u>	<u><u>177</u></u>	<u><u>(50)</u></u>
Earnings before interest, tax, depreciation and amortisation of intangible assets (EBITDA)					
Before exceptional items	881	855	1,636	2,064	2,108
After exceptional items	4,621	(2,477)	1,636	1,726	1,713
Ordinary capital at year end	1,506	1,545	1,631	1,652	1,672
Earnings/(loss) per ordinary share of 25p					
Basic	41.92p	(37.31p)	14.15p	7.92p	4.62p
Before amortisation of goodwill and exceptional items	2.40p	(1.17p)	14.64p	15.13p	12.13p
Dividends per 25p share - ordinary	4.40p	4.40p	4.85p	5.20p	5.35p
- special	10.00p	15.00p	-	-	-

To assist in the computation of United Kingdom capital gains tax the market value of the 25p ordinary shares of the Company after adjustment for the 1 for 1 capitalisation issue was as follows:-

6th April 1965	10.00p
31st March 1982	9.25p

Notice of Meeting

Notice is hereby given that the fiftieth Annual General Meeting of the Company will be held at **Royton Cricket, Bowling and Tennis Club, The Paddock, Bransdale Avenue, Royton, OL2 5TX** on Tuesday, 17th June 2003 at 11.30 a.m. for the following purposes:

- 1 To receive and consider the Statement of Accounts, together with the Directors' and Auditors' Reports for the year ended 31st March 2003.
- 2 To approve a final dividend.
- 3 To approve the Directors' Remuneration Report.
- 4 To elect Mr R.E. Hough as a Director.
- 5 To re-elect Mr J.R.B. Gould as a Director.
- 6 To re-appoint Waterworths as auditors and to authorise the Directors to fix their remuneration.

As special business to consider and, if thought fit, pass the following Resolutions, of which Resolution number 7 will be proposed as an Ordinary Resolution and Resolutions numbers 8 and 9 as Special Resolutions:

- 7 That the Directors be generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot, grant options over or otherwise deal with or dispose of relevant securities (within the meaning of the said Section 80) up to an aggregate nominal value of £328,369 provided that the authority conferred by this resolution 7 shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the date of the passing of this resolution 7 unless varied, revoked or renewed by the Company in general meeting save that the Company may at any time before such expiry make an offer or agreement which would or might require the allotment of securities after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution 7 had not expired. This authority shall be in substitution for all previous authorities under the said section 80 which are pursuant to this resolution 7 revoked but without prejudice to any allotment, offer or agreement made or entered into prior to the date of this resolution.
- 8 That, subject to and conditional upon the passing of resolution 7 above, the Directors be and are hereby empowered pursuant to section 95 of the Act to allot equity securities of the Company (as defined in section 94 (2) of the Companies Act 1985 ("the Act")) pursuant to the authority conferred by resolution 7 above as if section 89 (1) of the Act did not apply to any such allotment provided that such power shall be limited to:
 - 8.1 the allotment of equity securities in connection with a rights issue up to an aggregate nominal amount of £83,581 in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly may be) to the respective number of ordinary shares held by them or into which their shares or securities are deemed to be converted by calculating the extent of their participation but subject to such exclusions as the Directors may deem fit to deal with fractional entitlements or legal or practical problems arising in respect of any territory or the requirements of any regulatory body or stock exchange; and
 - 8.2 the allotment (otherwise than pursuant to paragraph 8.1) of equity securities to an aggregate nominal value of £328,369;

during the Meeting.

and the authority given shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months after the passing of this resolution 8 unless renewed or extended prior to such expiry, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution 8 has expired.
- 9 That the Company be and is generally and unconditionally authorised for the purpose of section 166 of the Act to make market purchases (which in this resolution shall have the meaning given to this term in section 163 (3) of the Act) of its ordinary shares of 25 pence each in the capital of the Company ("the Ordinary Shares") on the terms set out below:
 - 9.1 the maximum aggregate number of ordinary shares authorised to be purchased by the Company pursuant to this resolution 9 is 750,000;
 - 9.2 the minimum price which may be paid for each of those Ordinary Shares (exclusive of expenses) is 25 pence;
 - 9.3 the maximum price (exclusive of expenses) which may be paid for each of those Ordinary Shares is not more than five per cent above the average middle market quotations for Ordinary Shares (as derived from the Daily Official List of the London Stock Exchange) for the five dealing days immediately preceding the date of purchase but so that this authority shall (unless previously varied, revoked or renewed) expire on the earlier of the conclusion of the next Annual General Meeting or the date falling 15 months after the passing of this resolution 9 unless renewed or extended prior to such expiry save that the Company may before the expiry of this authority conclude any contract for the purchase of its own shares pursuant to the authority conferred by this resolution 9 which contract would or might be executed wholly or partially after the expiration of this authority as if the authority conferred by this resolution 9 had not expired.

By Order of the Board,
David R. Stubbins
Secretary
20th May 2003

Notes:

- (i) A member of the Company who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her place. A proxy need not be a member of the Company. A form of Proxy accompanies this document for your use. To be valid Forms of Proxy together with the power of Attorney or other authority (if any) under which it is signed, or notationally certified copy of such Power of Attorney, must be deposited at the registered office of the Company, not later than forty-eight hours before the time of the meeting. Deposit of a Form of Proxy will not prevent a member from attending and voting in person should he/she so wish.
- (ii) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders registered in the Register of Members of the Company as at 6.00p.m. on 15th July 2003 shall be entitled to attend or vote at the aforesaid Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after 6.00p.m. on 15th July 2003 shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
- (iii) A copy of the Executive Director's service contract and the Register of Directors' Interests in the share capital of the Company are available for inspection at the registered office of the Company during normal business hours and at the place of the Annual General Meeting for 15 minutes prior to the start of the Meeting and

2003/04 Financial Calendar

30 Sept	End of first half of financial year
Oct	Interim results announced
Dec	Interim dividend paid
31 March	Year end
May	Preliminary Results

Shiloh



Our aim is to develop innovative, long term mutually-beneficial partnerships with healthcare providers in the supply of continence care, mobility and rehabilitation, prevention of infection and wound management.

Partnerships that will add value through the supply, distribution and brand development of the products and services we provide.

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