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Company number: 1493003

Alun Griffiths (Contractors) Limited
Directors' Report And Financial Statements
For the Year Ended 31 December 2003

P.W. Lang & Co.
Chartered Certified Accountants
and Registered Auditor
12 Torfaen Business Centre
Panteg Way
New Inn
Torfaen. NP4 0LS.



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Alun Griffiths (Contractors) Limited
Directors' Report & Financial Statements
Year Ended 31 December 2003

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Alun Griffiths (Contractors) Limited
Officers and Professional Advisors
Year Ended 31 December 2003

<u>Directors</u>	:	A.Griffiths T.Clark
<u>Secretary</u>	:	W.H.Brown
<u>Registered Office</u>	:	19 - 23 Neville Street Abergavenny Monmouthshire.
<u>Solicitors</u>	:	Gabb & Co. Monk Street Abergavenny Monmouthshire.
<u>Bankers</u>	:	Lloyds Bank Plc Carlyle House Cathedral Road Cardiff.
<u>Auditors</u>	:	P.W.Lang & Co Chartered Certified Accountants and Registered Auditors 12 Torfaen Business Centre Panteg Way New Inn Torfaen.

Alun Griffiths (Contractors) Limited
Report of the Directors
Year Ended 31 December 2003

The directors present their report together with the financial statements for the year ended 31 December 2003.

1. Principle Activity

The principal activity of the company continues to be building and civil engineering.

2. Review of Business

The company has continued to make a significant contribution to road works upgrading and maintenance in South Wales and the West Country.

3. Trading Results

The results for the year are set out on page 6.

A dividend of £215,000 is recommended for 2003 financial year (£125,000 - 2002)

4. Fixed Assets

The details of the movements in fixed assets are shown in note 10 to the financial statements.

In the opinion of the directors the value of the company's freehold land and buildings is not materially different from the book value included in the financial statements.

5. Future Developments

The company does not plan any developments other than a continuation of its current activities.

6. Ultimate Holding Company

The Ultimate Holding Company at 31 December 2003 is Main Unit Limited.

7. Directors

The directors who served during the year and their beneficial interests in the issued ordinary share capital of Main Unit Ltd were as follows: -

	<u>Number of Shares</u>	
	<u>2003</u>	<u>2002</u>
A. Griffiths	1,000	1,000
T.Clark	nil	nil

Alun Griffiths (Contractors) Limited
Report of the Directors (cont)
Year Ended 31 December 2003

8. Charitable Donations

The company contributed £3,507 to Charities.

9. Employees

The company is committed to equal opportunities that include promoting training and career development for all employees. Full and fair consideration for all vacancies and opportunities will be given to men and women, people with disabilities and those from ethnic minorities, regardless of marital status, age or religion.

10. Auditors

The auditors, P.W.Lang & Co, Chartered Certified Accountants and Registered Auditors are deemed to be reappointed in accordance with Section 386 of the Companies Act 1985 by virtue of an elective resolution passed on 15 October 1992.

This report was approved by the board on 30 June 2004.

Signed on behalf of directors.

 A.Griffiths (Director)

Alun Griffiths (Contractors) Limited
Accounting Period Ended 31 December 2003
Statement of Directors and Auditor's Responsibilities

Directors' Responsibility for the Accounts

The following statement, which should be read in conjunction with the Statement of Auditors' Responsibilities set out below, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the accounts.

In accordance with the Companies Act 1985, the Directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss for that period. The Directors consider that in preparing the accounts, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company enabling them to ensure that the accounts comply with the Companies Act 1985. The Directors have a general responsibility to take reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Statement of Auditors' Responsibility

The Auditors are required to form an independent opinion on the accounts presented by the Directors, based on their audit, of whether the accounts give a true and fair view and comply with the Companies Act 1985 and also report their opinion to shareholders if the following requirements are not met;

- a) That the Company maintained appropriate accounting records;
- b) That the accounts are in agreement with the accounting records;
- c) That the Auditors have obtained all the information and explanations, which, to the best of their knowledge and belief, are necessary for the purpose of their audit.
- d) That the contents of the Directors' report are consistent with the accounts.

Report of the Auditors
To the members of
Alun Griffiths (Contractors) Limited
Accounting Period Year Ended 31 December 2003

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9-10.

Respective responsibilities of directors and auditors.

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law, regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

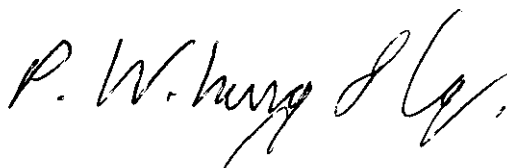
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

P.W.Lang & Co;
Chartered Certified Accountants
and Registered Auditors
12 Torfaen Business Centre
Panteg Way
New Inn
Torfaen. NP4 0LS.

30 June 2004



Alun Griffiths (Contractors) Limited
Profit and Loss Account
For the Year Ended 31 December 2003

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
Turnover	2	43,313,481	34,727,183
Cost of sales		<u>38,936,410</u>	<u>31,088,489</u>
Gross Profit		4,377,071	3,638,694
Administrative Expenses		<u>3,843,190</u>	<u>3,322,823</u>
Operating profit/(Loss)	3	533,881	315,871
Other Interest & Similar Income		<u>47,978</u>	<u>30,920</u>
		581,859	346,791
Interest payable & Similar Charges	6	<u>118,993</u>	<u>137,537</u>
Profit/(loss) on Ordinary activities before taxation		462,866	209,254
Tax on ordinary activities	8	<u>107,979</u>	<u>16,850</u>
Profit/(loss) on ordinary activities after taxation		354,887	192,404
Dividends	7	<u>215,000</u>	<u>125,000</u>
Profit (Deficit) for the year		139,887	67,404
Retained profit brought forward		<u>653,125</u>	<u>585,721</u>
Retained profit carried forward		£ <u><u>793,012</u></u>	£ <u><u>653,125</u></u>

None of the company's activities were acquired or discontinued during the above two years.


There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 9 to 15 form part of these financial statements.

Alun Griffiths (Contractors) Limited
Balance Sheet
As at 31 December 2003

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		£	£
<u>Fixed Assets</u>			
Tangible Assets	10	3,989,426	3,429,318
<u>Current Assets</u>			
Stock and Work in Progress	11	2,309,155	1,678,931
Debtors	12	3,974,793	2,660,617
Cash at Hand and in Bank		<u>2,490,422</u>	<u>2,386,717</u>
		8,774,370	6,726,265
<u>Creditors Due Within One Year</u>	13	<u>11,020,749</u>	<u>8,628,375</u>
<u>Net Current Assets(liabilities)</u>		(2,246,379)	(1,902,110)
<u>Total Assets less Current Liabilities</u>		1,734,047	1,527,208
<u>Creditors Due falling after one year</u>	14	<u>(187,326)</u>	<u>(111,375)</u>
		£ <u>1,555,721</u>	£ <u>1,415,833</u>
<u>Capital and Reserves</u>			
Called up Share Capital	15	562,709	562,709
Revaluation Reserve	16	200,000	200,000
Profit and Loss Account		<u>793,012</u>	<u>653,124</u>
		£ <u>1,555,721</u>	£ <u>1,415,833</u>

Signed on behalf of the Board of directors.

 A.Griffiths.

Approved by the board on 30 June 2004.

The notes on pages 9 to 15 form part of these financial statements.

Alun Griffiths (Contractors) Limited
Cash Flow Statement
For the Year Ended 31 December 2003

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		£	£
<u>Net Cash Flow from Operating Activities</u>	17	1,843,191	2,633,592
<u>Returns on Investments & Servicing of Finance</u>			
Interest received		47,978	30,920
Interest paid on finance leases & bank loans		(118,993)	(137,537)
Dividends paid		(215,000)	(125,000)
<u>Net Cash Flow from Returns on Investments & Servicing of Capital</u>		(286,015)	(231,617)
Tax paid		(26,987)	(89,912)
<u>Investing Activities</u>			
Payments to acquire tangible fixed assets		(1,390,645)	(1,285,152)
Receipts from sale of tangible fixed assets		26,055	63,587
Net cash inflow (outflow) from investing activities		<u>(1,364,590)</u>	<u>(1,221,565)</u>
<u>Net Cash Inflow (outflow) before Financing</u>		165,599	1,090,498
<u>Net Cash Inflow (outflow) from Financing</u>		<u>(61,894)</u>	<u>(250,533)</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	18	£ <u>103,705</u>	£ <u>839,965</u>

The notes on pages 9 to 15 form part of these financial statements.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements
For the Year Ended 31 December 2003

1. Accounting Policies

The following accounting policies have been used in dealing with items which are considered material in relation to the company's financial statements.

a) Basis of Accounting

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

b) Turnover

Turnover represents a combination of value of work certified, retention monies held by clients and after taking into consideration the stage of completion of the contract. Turnover is shown net of Value Added Tax.

) Tangible Fixed Assets and Depreciation

No depreciation is provided on Freehold Land and Buildings. It is the Company's policy to maintain its buildings in such condition that the value of the property, taken as a whole is not impaired by the passage of time. Such expenditure is charged to profits in the period in which it is committed. As a consequence any element of depreciation would, in the opinion of the Directors, be immaterial and no provision for depreciation has been made. Motor Vehicles, Plant & Machinery and Office Furniture and Equipment are depreciated on the reducing balance method, over their expected useful lives, at the following annual rates: -

Motor Vehicles	:	25%
Plant and Machinery	:	20%
Office Furniture & Equipment	:	30%

d) Leasing and Hire Purchase

Assets obtained under finance lease are capitalised as tangible fixed assets and depreciated over the shorter of the lease term or their useful lives. Finance leases are those where substantially all the benefits and risks of ownership are assumed by the company. Assets obtained under hire purchase agreements are capitalised as tangible fixed assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant period of rate of charge on the net obligations outstanding in each period.

e) Stock and Work in Progress

Stock includes construction materials.

Work in progress is valued on the basis of either surveyor's certificates or measured calculations.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2003

f) Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

g) Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2) Turnover

All turnover is in the United Kingdom.

3) Operating Profit

The Operating Profit is after charging	<u>2003</u>	<u>2002</u>
	£	£
Depreciation of tangible fixed assets: -		
- owned by the company	614,678	375,121
- held under finance leases	161,836	293,083
Auditor's remuneration	14,000	11,000

4) Staff Costs

Staff costs, including directors' remuneration were as follows: -

Wages and Salaries	9,222,767	7,571,294
Social Security Costs	1,013,378	832,327
Other Pension Costs - (Defined contribution schemes)	71,654	118,367
	£ <u>10,307,799</u>	£ <u>8,521,988</u>

The average weekly number of employees including directors during the year was as follows: -

Management	44	39
Administration	13	12
Production	368	351
	<u>425</u>	<u>402</u>

5) Directors' Remuneration

For services as directors		
Other Emoluments	£ <u>551,787</u>	£ <u>523,783</u>

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2003

Directors Remuneration (Cont)

2003

2002

Included in the above are emoluments, excluding pension contributions paid to: -

Chairman	418,782	407,000
Other Director	71,458	69,450
Contributions to money purchase pension scheme	-	25,915

6) Interest Payable

On bank loans, overdrafts and other loans: -

Repayable within 5 years, not by instalments	£ <u>72,246</u>	£ <u>55,088</u>
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On finance leases and hire purchase contracts

	£ <u>36,829</u>	£ <u>56,884</u>
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7) Dividends

Interim dividend -

	£ nil	£ nil
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Final dividend -

	£ <u>215,000</u>	£ <u>125,000</u>
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8) Taxation

Current year taxation: -

Corporation tax @ 30% (2002 - 20%)	107,979	16,850
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Deferred Taxation

	-	-
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Charge (credit) in profit and loss account

	£ <u>107,979</u>	£ <u>16,850</u>
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9) Deferred Taxation

No provision made for a possible deferred taxation liability of £Nil.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2003

10) Tangible Fixed Assets

	Freehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment	Total
	£	£	£	£	£
Cost:					
At 1.1.2003	505,616	4,052,836	2,135,121	131,283	6,824,856
Additions	-	784,878	605,767	-	1,390,645
(Disposals)	-	(90,899)	(204,003)	-	(294,902)
Cost & Valuation at 31.12.2003	505,616	4,746,815	2,536,885	131,283	7,920,599
Depreciation					
At 1.1.2003	-	2,151,387	1,181,014	62,986	3,395,387
Provision for the year	-	447,288	316,719	20,489	784,496
Disposals	-	(74,228)	(174,482)	-	(248,710)
Depreciation at 31.12.2003	-	2,524,447	1,323,251	83,475	3,931,173
Net Book Value					
31.12.2003	505,616	2,222,367	1,213,635	47,808	3,989,426
31.12.2002	505,616	1,901,449	953,956	68,297	3,429,318

In the opinion of the directors the current market values are not materially different to the book values.

The Fixed Assets include assets subject to hire purchase as follows: -

Plant & Machinery	2003	2002
Cost	-	811,000
Depreciation	-	218,030
Net Book Value	-	592,970
Motor Vehicles		
Cost	960,675	831,864
Depreciation	401,272	188,892
Net Book Value	559,403	642,972
Office Furniture & Equipment		
Cost	14,450	14,450
Depreciation	5,346	1,445
Net Book Value	9,104	13,005

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2003

11) Stocks and Work in Progress

Stocks of raw materials are charged out to contracts as required and taken into account in the valuation of work in progress.

Work in progress is calculated as: -

	<u>2003</u>	<u>2002</u>
	£	£
Value of work done	47,224,145	34,166,776
Less cash received	<u>42,047,703</u>	<u>30,924,860</u>
	5,176,442	3,241,916
Of which included in debtors	<u>2,867,287</u>	<u>1,562,985</u>
	£ <u><u>2,309,155</u></u>	£ <u><u>1,678,931</u></u>

12) Debtors

Amounts due within one year: -

Trade Debtors	2,867,287	1,562,985
Other Debtors	125,750	61,157
Due from Director	214,585	214,434
Due from Associate Companies	615,445	768,433
Section 419 Tax	53,646	53,608
Funding of Joint Venture	<u>98,080</u>	<u>-</u>
	£ <u><u>3,974,793</u></u>	£ <u><u>2,660,617</u></u>

13) Creditors: Amounts falling due within one year

Trade creditors	8,430,140	6,246,295
Other creditors	114,335	137,972
Corporation Tax	108,017	26,987
Social security and other taxes	1,764,734	1,583,385
Obligations under loan and Hire Purchase Contracts	401,892	539,736
Accruals and deferred income	7,051	94,000
Due to Associate Companies	<u>194,580</u>	<u>-</u>
	£ <u><u>11,020,749</u></u>	£ <u><u>8,628,375</u></u>

14) Creditor: Amounts falling due after more than one year

Hire Purchase	<u>187,326</u>	<u>111,375</u>
	£ <u><u>187,326</u></u>	£ <u><u>111,375</u></u>

The bank overdraft is secured by a standard bank debenture and legal charge on some of the companies' freehold premises.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2003

	<u>2003</u>	<u>2002</u>
15) <u>Called up Share Capital</u>		
Authorised: -		
Ordinary Shares of £1 each	£ <u>700,000</u>	£ <u>700,000</u>
Issued and fully paid: -		
Ordinary Shares of £1 each	£ <u>562,709</u>	£ <u>562,709</u>

16) Revaluation Reserve

An independent valuation of one of the company's properties re-valued it at £200,000 above its original cost. No account has been taken of deferred taxation resulting from the increase in value because it is probable that no liability will crystallise in the near future.

17) Reconciliation of Operating Profit to Net Cash Inflow from Operations.

	<u>2003</u> £	<u>2002</u> £
Operating profit per accounts	581,859	346,791
Add: depreciation	784,496	668,204
(Profit) Loss on sale of assets	<u>11,015</u>	<u>1,633</u>
	1,377,370	1,016,628
(Increase) decrease in working capital		
Stock and work in progress	(630,224)	(476,373)
Debtors	(1,314,176)	171,212
Creditors	<u>2,410,221</u>	<u>1,922,125</u>
	£ <u>1,843,191</u>	£ <u>2,633,592</u>

8) Analysis at Changes in Cash and Cash Equivalents during the Year.

Balance at start of year	2,386,717	1,546,752
Net cash inflow (outflow)	<u>103,705</u>	<u>839,965</u>
Balance at end of year	£ <u>2,490,422</u>	£ <u>2,386,717</u>

19) Ultimate Holding Company

The Ultimate Holding Company is Main Unit Limited.

Alun Griffiths (Contractors) Limited
Notes to the Financial Statements (cont)
For the Year Ended 31 December 2003

20) Transactions with Related Parties

Throughout the year, Alun Griffiths (Contractors) Limited, United Joinery Limited, WBC Plant Hire Limited and Main Unit Limited were ultimately controlled by Mr A.Griffiths.

United Joinery Limited supplies materials to Alun Griffiths (Contractors) Limited and WBC Plant Hire supplies services to Alun Griffiths (Contractors) Limited in each case at arms length.

The total value of transactions during the year were: -

	<u>2003</u>	<u>2002</u>
United Joinery Limited	38,750	15,519
WBC Plant Hire Limited	1,445,000	1,422,695

Loan to Director

During the year Mr A Griffiths was in receipt of an unsecured free loan as follows: -

Liability at 1 January 2003	Maximum Liability	Liability at 31 December 2003
214,434	298,485	214,585

21) Contingent Liability

There was no known contingent liability.

22) Capital Commitments

Capital Expenditure	£ NIL	£ NIL
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23) Other Commitments

£ NIL	£NIL
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24) Post Balance Sheet Events

There have been no material post balance sheet events.