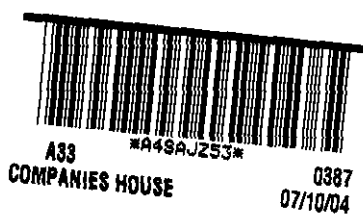


REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003
FOR
SMB HIRE LIMITED



SMB HIRE LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	Page
<i>Company Information</i>	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

SMB HIRE LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2003

DIRECTORS: D S Carr Esq (Chairman)
Mrs B V Carr
N W Perry Esq, FCA
A J Barrett Esq
Mrs S A Keast

SECRETARY: Mrs B V Carr

REGISTERED OFFICE: 85 Meneage Street
Helston
Cornwall
TR13 8RD

REGISTERED NUMBER: 1958210

AUDITORS: Kitchen & Brown
Chartered Accountants
& Registered Auditors
Alpha House
40 Coinagehall Street
Helston
Cornwall
TR13 8EQ

BANKERS: Lloyds TSB Plc
1 Market Place
Helston
Cornwall
TR13 8SU

SMB HIRE LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31 DECEMBER 2003**

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

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company has not traded for the year under review.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2003.

DIRECTORS

The directors during the year under review were:

D S Carr Esq (Chairman)

Mrs B V Carr

N W Perry Esq, FCA

A J Barrett Esq

G T H Carroll Esq

- resigned 7.3.2003

Mrs S A Keast

- appointed 5.6.2003

The directors holding office at 31 December 2003 did not hold any beneficial interest in the issued share capital of the company at 1 January 2003 (or date of appointment if later) or 31 December 2003.

D S Carr Esq and Mrs B V Carr beneficially own 75% of the ordinary share capital of Helston Garages Group Limited, the ultimate holding company, which owns 100% of the ordinary share capital of SMB Hire Limited.

Mrs S A Keast is a beneficiary of discretionary trusts (of which D S Carr Esq and Mrs B V Carr are trustees) which own 25% of the ordinary share capital of Helston Garages Group Limited, the ultimate holding company, which owns 100% of the ordinary share capital of SMB Hire Limited.

FUTURE DEVELOPMENTS

There are no plans for trading to commence in the foreseeable future.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

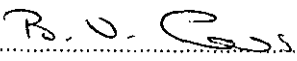
SMB HIRE LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2003

AUDITORS

The auditors, Kitchen and Brown, are prepared to accept re-appointment under Section 385(2) of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
Mrs B V Carr - Secretary

Date: 17/06/04.....

SMB HIRE LIMITED

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
SMB HIRE LIMITED**

We have audited the financial statements of SMB Hire Limited for the year ended 31 December 2003 on pages five to eight. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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


Basis of audit opinion

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

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

Opinion

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



Kitchen & Brown
Chartered Accountants
& Registered Auditors
Alpha House
40 Coinagehall Street
Helston
Cornwall
TR13 8EQ

Date: 17/06/04

SMB HIRE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	31.12.03 £'000	31.12.02 £'000
TURNOVER		-	-
OPERATING PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	-
Tax on profit on ordinary activities	3	-	-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		-	-
RETAINED PROFIT FOR THE YEAR		-	-

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES


The company has no recognised gains or losses for the current year or previous year.

SMB HIRE LIMITED

BALANCE SHEET
31 DECEMBER 2003

	Notes	31.12.03 £'000	31.12.02 £'000
CREDITORS			
Amounts falling due within one year	4	<u>57</u>	<u>57</u>
NET CURRENT LIABILITIES		<u>(57)</u>	<u>(57)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(57)</u>	<u>(57)</u>
CAPITAL AND RESERVES			
Called up share capital	5	1	1
Profit and loss account	6	<u>(58)</u>	<u>(58)</u>
SHAREHOLDERS' FUNDS	9	<u>(57)</u>	<u>(57)</u>

ON BEHALF OF THE BOARD:


.....
D S Carr Esq (Chairman) - Director

Approved by the Board on 17/06/04

NOTES TO THE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES****Basis of preparing the financial statements**

The financial statements have been prepared in accordance with applicable Accounting Standards and the principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have remained unchanged from the previous year and have also been consistently applied within the financial statements.

The effects of events in relation to the year ended 31 December 2003 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31 December 2003 and of the results for the year ended on that date.

Accounting convention

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

The company was dormant throughout the current and previous years.

2. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.03 £'000	31.12.02 £'000
Directors' emoluments	<u>-</u>	<u>-</u>

3. TAXATION

There is no tax charge for the year.

4. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.03 £'000	31.12.02 £'000
Amounts owed to group undertakings	<u>57</u>	<u>57</u>

5. CALLED UP SHARE CAPITAL

	31.12.03 £' 000	31.12.02 £' 000
Authorised:		
100 ordinary shares of £1 each	<u>1</u>	<u>1</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>1</u>	<u>1</u>

SMB HIRE LIMITED**NOTES TO THE FINANCIAL STATEMENTS****6. RESERVES**

**Profit
and loss
account
£'000**

At 1 January 2003	(58)
Retained profit for the year	-
At 31 December 2003	<u>(58)</u>

7. CONTINGENT LIABILITIES**(i) Cross guarantees**

Under the terms on unlimited cross guarantees given to Lloyds TSB Bank Plc, the company has contingent liabilities amounting to £5,024,000 (2002: £6,883,000) in connection with borrowing facilities granted to its holding company and fellow subsidiaries.

(ii) VAT

At 31 December 2003, the company was jointly and severally liable for the VAT liabilities of other group companies totalling £723,000 (2002: £794,000).

8. RELATED PARTY DISCLOSURES

The company is exempted from disclosing transactions with other group companies.

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.03 £'000	31.12.02 £'000
Profit for the financial year	-	-
Opening shareholders' funds	<u>(57)</u>	<u>(57)</u>
Closing shareholders' funds	<u>(57)</u>	<u>(57)</u>
Equity interests	<u>(57)</u>	<u>(57)</u>

10. PARENT UNDERTAKING AND ULTIMATE CONTROLLING ENTITY

The ultimate holding company is Helston Garages Group Limited. Accounts for this company may be obtained from the Registrar of Companies, Cardiff.

This company is controlled by the directors D S Carr Esq and Mrs B V Carr.