

2003/04

Four Year Highlights

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Number of stores (cumulative)	2	5	10	13
Turnover (£'000)	2,848	6,049	12,668	19,655
Operating Profit (£'000) ¹	37	128	965	1,928
Cash Flow from Operating Activities (£'000)	107	422	2,021	2,149
Operating Return on subscribed funds ¹	1.6%	5.5%	24.6%	45.5%

"Most importantly as the number of Carluccio's cafes and food shops increases our focus will continue to be on providing consistently excellent food and service to our growing customer base. We have the quality of management as well as the in depth day to day operational skills that I believe will enable me to report a fifth year of substantial progress"

Stephen Gee
Chairman
January 2004



¹ Operating Profit and Operating Return are stated before deduction of pre-opening and exceptional expenses after interest income/(expense). Subscribed funds refer to the total funds invested in the business by equity shareholders.

COMPANY INFORMATION

DIRECTORS:	Stephen Gee (Chairman) Simon Kossoff (Managing Director) Frank Bandura (Finance Director) Antonio M G Carluccio (President) Priscilla M Carluccio (Marketing Director) Scott Svenson (Non-Executive Director) Peter Webber (Non-Executive Director)
SECRETARY:	Frank Bandura
REGISTERED OFFICE:	12 Great Portland Street LONDON W1W 8QN
REGISTERED NUMBER:	2001576
AUDITORS:	Mazars 24 Bevis Marks LONDON EC3A 7NR

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CHAIRMAN'S STATEMENT

Last year in my report I said that I anticipated another year of significant growth. Now that our fourth year is completed I am pleased to report that we have exceeded our original expectations.

Successful new store openings together with increased sales at all our existing stores resulted in turnover increasing by 55% to £19.7m (2002: £12.7m). Improved store profit margins and tightly controlled central overheads yielded an increase in profits of 100% to £1.93m (2002: £0.97m) after deducting interest payable but before deducting new store pre-opening expenses and an exceptional gain. The exceptional gain related to the successful recovery of the funds misappropriated by Exchange Direct which were provided for in full last year.

For the first time since we started our expansion programme the company had net cash after deducting debt at the year end. This, together with the strong cash flow generated from trading, puts us in a healthy position which will not be negatively influenced by any increases in interest rates and ensures that we will have sufficient funding for our opening programme without the need to resort to our shareholders. The impressive percentage return on shareholders subscribed funds of 45.5% for the year (2002: 24.6%) should continue to increase in future.

We now employ more than 500 people serving more than 37,000 customers a week in our caffes. This has brought food quality and service standards challenges that our management team under Simon Kossoff has responded to with outstanding success. We have a team of dedicated and enthusiastic store managers who are committed to maintaining the core values of our business. Great emphasis has been placed on training in all aspects of our business which has included the creation of a chef school. All 26 of the graduates are now dedicated to producing food of the highest quality. Furthermore we have introduced deli managers at our busiest stores to focus on our fresh food and packaged goods side. We also continue to enjoy excellent press coverage for our caffés, food products and promotional campaigns such as our authentic mushroom markets and our popular Christmas collections. We have also invested in our management reporting systems to ensure they are the best available. These initiatives distinguish us from our competitors and will ensure continued success as we open more stores.

The major challenge we face is acquiring good quality sites as quickly as we would like. We would have preferred to have achieved more than the three openings in the year at Islington, Tunbridge Wells and in Fenwick at Brent Cross but our policy to date of building the management infrastructure before expanding outside the London region has been vindicated by the consistently excellent comments we receive and the fact that we have been profitable in the first month of every opening.

Since the year end we have opened at the Bicester retail outlet village near Oxford which has continued our gradual move outside the M25 belt. I am delighted to report that we achieved our highest first month sales and profit. This opening increases our stores to 14 including the 2 concessions with Fenwick and our Neal Street shop. We have been negotiating several new sites over a number of months which should be signed soon, our aim being to reach 20 stores within the next twelve months.

Most importantly as the number of Carluccio's caffes and food shops increases our focus will continue to be on providing consistently excellent food and service to our growing customer base. We have the quality of management as well as the in depth day to day operational skills that I believe will enable me to report a fifth year of substantial progress.

Stephen Gee
Chairman
January 2004

DIRECTORS' REPORT

The directors present their report with the financial statements of the company for the 52 week period ended 28 September 2003.

REVIEW OF THE BUSINESS

The principal activities of the company in the period under review were those of operating Italian caffè and food shops and retailing and wholesaling fine Italian foods.

The company continued the expansion of its caffè and food shops, opening further Carluccio's in the Fenwick Department Store, Brent Cross, Islington and Tunbridge Wells. In addition, a Carluccio's opened in Bicester Shopping Village in November 2003.

The profit for the period after taxation was £1,074,000.

DIRECTORS

The names of the current directors are stated on page 2. They served throughout the period unless otherwise stated, and their beneficial interests in the share capital were as follows:

Name	B Ordinary £0.50 28 September 2003	B Ordinary £0.50 30 September 2002
Stephen Gee	327,500	327,500
Simon Kossoff	243,000	243,000
Frank Bandura	12,500	12,500
Antonio M G Carluccio	19,440	19,440
Priscilla M Carluccio	1,015,060	1,015,060
Scott Svenson (A Ordinary £0.50)* ¹	302,820	302,820
Peter Webber*	296,500	296,500

**Member of remuneration committee*

¹Investor Director

The following options were held by directors at the period end:

	Class	Number of Shares	Exercise price	Date from which exercised	Expiry date
Simon Kossoff	D Ordinary	72,000	£1.01	27 July 2002	9 Feb 2011
Simon Kossoff	D Ordinary	53,991	£1.60	9 Dec 2002	9 Dec 2012
Simon Kossoff	D Ordinary	27,009	£1.60	9 Dec 2005	9 Dec 2012
Frank Bandura	D Ordinary	40,000	£1.01	27 Sept 2002	9 Feb 2011
Frank Bandura	D Ordinary	10,000	£1.60	9 Dec 2005	9 Dec 2012

EMPLOYEES

Carluccio's employees are encouraged to participate in and contribute to the success of the Company through incentive and share option schemes. Where reasonable and practicable within existing legislation, all persons and employees that have become disabled, have been treated in the same way in matters relating to employment, training, career development and promotion.

DIRECTORS' REPORT (continued)

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining 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.

AUDITORS

Mazars have signified their willingness to continue in office.

On behalf of the Board



Frank Bandura
Secretary
23 January 2004

Independent auditors' report to the members of Carluccio's Limited

We have audited the financial statements of Carluccio's Limited for the period ended 28 September 2003, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 28 September 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act

1985

MAZARS

CHARTERED ACCOUNTANTS
and Registered Auditors

26 July 2004

PROFIT AND LOSS ACCOUNT
For the period ended 28 September 2003

	Note	2003 £'000	2002 £'000
TURNOVER	2	19,655	12,668
Cost of sales		(15,187)	(9,857)
GROSS PROFIT		4,468	2,811
Operating Expenses		(2,431)	(1,738)
Pre-Opening Expenses		(349)	(538)
Exceptional Income/(Expense)	4	34	(105)
		(2,746)	(2,381)
Operating profit before Pre-Opening Expenses and Exceptional Items		2,037	1,073
OPERATING PROFIT	3	1,722	430
Net interest (payable)/receivable and similar income	5	(109)	(108)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,613	322
Tax on profit on ordinary activities	6	(539)	-
RETAINED PROFIT FOR THE PERIOD AFTER TAXATION		1,074	322

There are no recognised gains or losses for the period other than those stated in the profit and loss account.

The company's turnover and expenses all relate to continuing operations.

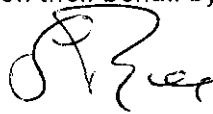
BALANCE SHEET as at 28 September 2003

	Notes	2003 £'000	£'000	2002 £'000	£'000
FIXED ASSETS					
Intangible assets	9		18		12
Tangible assets	10		<u>6,802</u>		<u>5,630</u>
			6,820		5,642
CURRENT ASSETS					
Stocks	11	589		381	
Debtors	12, 13	824		645	
Cash at Bank		<u>1,559</u>		<u>1,494</u>	
		2,972		2,520	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	14	<u>(3,422)</u>		<u>(3,130)</u>	
NET CURRENT (LIABILITIES)/ASSETS					
			<u>(450)</u>		<u>(610)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>6,370</u>		<u>5,032</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
PROVISIONS	15		(983)		(1,248)
	16		<u>(530)</u>		<u>-</u>
			<u>4,857</u>		<u>3,784</u>
CAPITAL AND RESERVES					
Called up share capital	17		2,400		2,400
Share premium account	18		1,578		1,578
Profit and loss account	18		<u>879</u>		<u>(194)</u>
EQUITY SHAREHOLDERS' FUNDS					
	19		<u>4,857</u>		<u>3,784</u>

Approved by the board on 23/1/04 and signed on their behalf by



Simon Kossoff
Director



Stephen Gee
Director

CASH FLOW STATEMENT
For the period ended 28 September 2003

	2003 £'000	2002 £'000	2002 £'000
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating Profit	1,722	430	
Depreciation charges	528	312	
Amortisation of patents	1	1	
Increase in stocks	(208)	(134)	
Increase in debtors	(178)	(220)	
Increase in creditors	227	1,632	
Reclassification of smallwares	70	-	
Elimination of profit on disposal	(13)	-	
Net cash inflow from operating activities	2,149	2,021	
CASH FLOW STATEMENT			
Net cash inflow from operating activities	2,149	2,021	
Returns on investments and servicing of finance			
Interest paid	(149)	(151)	
Interest received	40	43	
	(109)	(108)	
Taxation	-	-	
Capital expenditure			
Payments to acquire tangible fixed assets	(1,771)	(2,963)	
Payments to acquire intangible fixed assets	(6)	(2)	
Receipts from sale of tangible fixed assets	12	-	
	(1,765)	(2,965)	
Cash inflow/(outflow) before financing	275	(1,052)	
Finance			
Issue of loans		490	
Issue of share capital		1,920	
Expenses paid in connection with share issue		(14)	
Capital element of finance lease	(210)	(162)	
	(210)	2,234	
Increase in cash	65	1,182	

CASH FLOW STATEMENT
For the period ended 28 September 2003
(continued)

	£'000	£'000	£'000	£'000
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT				
Increase in cash in the period		65		1,182
Cash (inflows)/outflows from movement in net debt	210		(328)	
Finance leases entered into			(457)	
Change in net debt	<hr/>	275	<hr/>	397
Net funds/(debt) at 29 th September 2002		(99)		(496)
Net funds/(debts) at 28 th September 2003		<hr/> 176 <hr/>		<hr/> (99) <hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003

1 ACCOUNTING POLICIES

(a) Accounting convention

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

(b) Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

(c) Depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life starting from the first full period following the date that the asset is first brought into use.

Furniture, fixtures and equipment -	10% - 33% on a straight line basis
Motor vehicles -	33% on a straight line basis

Short term leasehold properties and improvements thereto are depreciated over the length of the lease except where the anticipated renewal or extension of the lease is sufficiently certain so that a longer estimated useful life is appropriate. The maximum depreciation period for short term leasehold properties is 25 years.

(d) Pre-opening expenses

Pre-opening expenses comprise expenditure on the creation and marketing of new caffè and food shops. These are expensed in the period incurred.

(e) Stocks

Stock is valued at the lower of cost and net realisable value.

(f) Foreign currencies

Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Sterling at an average rate of exchange for the period unless a contracted rate has been negotiated, in which case this rate is used.

(g) Intangible assets

Intangible assets comprise trademarks. These are shown at cost.

Intangible assets are amortised through the profit and loss account in equal instalments over the shorter of their estimated useful lives or 20 years.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

1 ACCOUNTING POLICIES (continued)

(h) Leases

Finance Leases

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

Operating Leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

(i) Pensions

Contributions payable to employee's personal pension plans are charged to the profit and loss account in the period to which they relate. The company does not participate in a defined benefit scheme.

(j) Deferred Tax (FRS 19)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax. Deferred tax assets are recognised only to the extent that the directors consider it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company, carried out wholly in the UK.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2003 £'000	2002 £'000
Hire of other assets – operating leases	1,379	876
Depreciation – owned assets	418	206
Depreciation – leased assets	110	107
Auditors' remuneration – audit work	14	9
Auditors' remuneration – non audit work	6	11
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

4. EXCEPTIONAL INCOME/(EXPENSES)

	2003 £'000	2002 £'000
Recovery/(Provision) for Exchange Direct Loss	105	(105)
Interest received on Exchange Direct monies	9	-
Abortive site costs written off	(80)	-
	<u>34</u>	<u>(105)</u>

The Company is pleased to report a full recovery, together with accrued interest, of monies previously written off as a result of the collapse of Exchange Direct Plc, on 13th December 2001.

The full costs incurred in pursuing a potential site in London have been written off. The relevant planning authority has rejected the planning application.

5. NET INTEREST (PAYABLE)/RECEIVABLE AND SIMILAR INCOME

	2003 £'000	2002 £'000
Interest receivable and similar income	40	43
Other interest payable and similar charges	(95)	(92)
Finance lease charges	(54)	(59)
	<u>(109)</u>	<u>(108)</u>

6. TAXATION

	2003 £'000	2003 £'000	2002 £'000	2002 £'000
(a) Analysis of charge of period				
Current tax:				
UK corporation tax on profits of the period	9		-	
Current tax charge for period (see (b) below)	<u>9</u>	9	<u>-</u>	-
Deferred Tax:				
Origination and reversal of timing differences	530		-	
Total deferred tax	<u>530</u>	530	<u>-</u>	-
Tax on profit on ordinary activities		<u>539</u>		<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

(b) Factors effecting tax charge for period

The tax assessment for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	1,613	322
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	483	97
Effects of:		
Expenses not deductible for tax purposes	60	53
Rate differences	(5)	-
Depreciation in excess of capital allowances	(146)	(267)
Creation/(utilisation) of tax losses	(427)	117
Other timing differences	44	-
	<hr/>	<hr/>
Current tax charge for period (see (a) above)	9	-
	<hr/>	<hr/>

7. STAFF COSTS

	2003 £'000	2002 £'000
Wages and salaries	5,585	3,827
Social security costs	466	283
Other pension costs	18	16
	<hr/>	<hr/>
	6,069	4,126
	<hr/>	<hr/>

The average number of persons, including executive directors,
employed by the company during the period was:

	2003 Number	2002 Number
Administration	25	17
Caffé & Food Shops	428	267
	<hr/>	<hr/>
	453	284
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

8. DIRECTORS

	2003 £'000	2002 £'000
Remuneration		
Emoluments	395	357
Contributions to money purchase pension schemes	18	16
	<hr/>	<hr/>
Total emoluments	413	373
	<hr/>	<hr/>
The emoluments of directors disclosed above include the following amounts paid to the highest paid director:		
Emoluments	155	137
Contributions to money purchase schemes	11	10
	<hr/>	<hr/>
	166	147
	<hr/>	<hr/>
	Number	Number
During the period the following number of directors:		
Accrued benefits under money purchase schemes	2	2
Exercised share options	-	-
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>

9. INTANGIBLE FIXED ASSETS

	Trade marks £'000
COST	
At 30 September 2002	14
Additions	6
	<hr/>
At 28 September 2003	20
	<hr/>
AMORTISATION	
At 30 September 2002	1
Charge for the period	1
	<hr/>
	2
	<hr/>
NET BOOK VALUES	
At 28 September 2003	18
	<hr/>
At 30 September 2002	12
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

10. TANGIBLE FIXED ASSETS

	Short term leasehold property £'000	Leasehold Improvements £'000	Furniture, fixtures and computer equipment £'000	Assets in the course of construction £'000	Total £'000
COST					
As at 30 September 2002	870	3,730	1,601	-	6,201
Reclassification			(70)		(70)
	<u>870</u>	<u>3,730</u>	<u>1,531</u>	<u>-</u>	<u>6,131</u>
Additions	180	854	638	98	1,770
Disposals			(23)		(23)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
As at 28 September 2003	<u>1,050</u>	<u>4,584</u>	<u>2,146</u>	<u>98</u>	<u>7,878</u>
DEPRECIATION					
As at 30 September 2002	44	228	299	-	571
	<u>44</u>	<u>228</u>	<u>299</u>	<u>-</u>	<u>571</u>
Charge for period	47	193	288	-	528
Elimination on Disposal	-	-	(23)	-	(23)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
As at 28 September 2003	<u>91</u>	<u>421</u>	<u>564</u>	<u>-</u>	<u>1,076</u>
NET BOOK VALUES					
As at 28 September 2003	<u>959</u>	<u>4,163</u>	<u>1,582</u>	<u>98</u>	<u>6,802</u>
As at 30 September 2002	<u>826</u>	<u>3,502</u>	<u>1,302</u>	<u>-</u>	<u>5,630</u>

The net book value of furniture, fixtures and vehicles of £1,582,000 (2002: £1,302,000) includes an amount of £564,000 (2002: £674,000) in respect of assets held under finance leases.

The Company has reclassified £70,000 of smallwares previously treated as fixed assets to stocks, together with similar items acquired this year. Smallwares form part of the working capital of each restaurant. The new treatment is deemed more appropriate under FRS15.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

11. STOCKS

	2003 £'000	2002 £'000
Materials	150	121
Finished Goods and Goods For Resale	439	260
	<u>589</u>	<u>381</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Trade debtors	145	141
Amounts due from related undertakings	4	11
Other debtors	89	26
Prepayments and accrued income	441	318
	<u>679</u>	<u>496</u>

13. DEBTORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £'000	2002 £'000
Other debtors	145	149
	<u>145</u>	<u>149</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Bank loan	190	150
Obligations under finance leases	210	195
Trade creditors	998	1,239
Corporation tax	9	-
Other taxes and social security	515	357
Accruals and deferred income	1,500	1,189
	<u>3,422</u>	<u>3,130</u>

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £'000	2002 £'000
Bank loan	810	850
Obligations under finance leases	173	398
	<hr/>	<hr/>
	983	1,248
	<hr/>	<hr/>
Amounts repayable by instalments:		
Wholly repayable within five years	1,000	1,000
	<hr/>	<hr/>

The bank loan bears interest at 1.5% over Bank of Scotland base rate or LIBOR and is secured by way of a fixed and floating charge over the assets of the company.

Analysis of debt maturity
Bank loans and overdrafts:

	2003 £'000	2002 £'000
Amounts payable:		
In one year or less or on demand	190	150
Between one and two years	320	260
Between two and five years	490	590
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

Obligations under finance leases and hire purchase contracts:

	2003 £'000	2002 £'000
Amounts payable within 1 year	210	195
Within two to five years	173	398
	<hr/>	<hr/>
	383	593
	<hr/>	<hr/>

Obligations under finance leases are secured on the related assets.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

16. PROVISION FOR DEFERRED TAX

	2003 £'000	2002 £'000
Accelerated capital allowances	558	-
Other timing differences	8	-
Tax losses carried forward	(36)	-
Undiscounted provision for deferred tax	530	-
Discount	-	-
Discounted provision for deferred tax	530	-
Deferred tax charge in profit and loss account for the period	530	-
Provision at the end of the period	530	-

17. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2003 £'000	2002 £'000	2003 £'000	2002 £'000
A Ordinary (£0.50 each)	3,383	3,383	1,442	1,442
B Ordinary (£0.50 each)	3,451	3,451	958	958
C Ordinary (£0.50 each)	358	358	-	-
D Ordinary (£0.50 each)	308	308	-	-
	7,500	7,500	2,400	2,400

Holders of the Initial B Ordinary shares can receive a maximum of 399,996 Class B ordinary shares of £0.50 each upon the occurrence of a business or company sale or the admission of the shares of the company to a listing on a recognised stock exchange, subject to the achievement of certain performance criteria. The shares will be issued as a capitalisation of reserves and will rank *pari passu* with the other Class B ordinary shares.

The 3 warrant agreements in issue entitle the holders to an option over a maximum of 209,520 Class C ordinary shares of £0.50 each. The actual amount received will in part depend on the satisfaction of certain performance criteria. Class C shares shall have the same rights as all other classes with respect to dividends and participation during a winding up or other return of capital. The exercise price is £1.01 and the exercise period is the earlier of 27 July 2005 or the occurrence of a business or company sale or the admission of the shares of the company to a listing on a recognised stock exchange.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

17. SHARE CAPITAL (continued)

Share Option Scheme

The following options over Class D Ordinary shares have been granted to key management:

	Number of shares	Exercise price	Period during which exercisable
D Ordinary shares (£0.50 each)	171,000	£1.01	27 July 2002 - 9 Feb 2011
D Ordinary shares (£0.50 each)	114,000	£1.60	9 Dec 2002 to 9 Dec 2012

On 28th February 2003 the Board of Directors approved further share option grants to key management totalling 76,000 D Ordinary shares of £0.50 each. The share options were granted after the period end.

18. RESERVES

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 September 2002	1,578	(194)	1,384
Retained profit for the period	-	1,074	1,074
At 28 September 2003	1,578	879	2,457

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £'000	2002 £'000
Profit for the financial period	1,074	322
Rights Issue	-	600
Movement on share premium account	-	1,306
Net increase in shareholders' funds	1,074	2,228
Opening shareholders' funds	3,783	1,555
Closing shareholders' funds	4,857	3,783
Equity interests	4,857	3,783

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

20. CASH FLOW STATEMENT

(a) Analysis of changes in net debt

	At 30 September 2002 £'000	Cash flows £'000	Other Changes £'000	At 28 September 2003 £'000
Cash at bank and in hand	1,494	65	-	1,559
Finance lease	(593)	210	-	(383)
Debt due after 1 year	(850)	-	40	(810)
Debt due within 1 year	(150)	-	(40)	(190)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(99)	275	-	176
	<hr/>	<hr/>	<hr/>	<hr/>

21. CAPITAL COMMITMENTS

	2003 £'000	2002 £'000
Capital commitments contracted for but not provided for in the financial statements	741	-
	<hr/>	<hr/>

22. OPERATING LEASE COMMITMENTS

At 28 September 2003 the company was committed to making the following payments under non-cancellable operating leases in the period to 26 September 2004.

	Land and buildings 2003 £'000	2002 £'000
Operating leases which expire :		
Within 1 year	-	-
Within 2 to 5 years	170	183
After 5 years	1,627	1,122
	<hr/>	<hr/>
	1,797	1,305
	<hr/>	<hr/>

23. OTHER FINANCIAL COMMITMENTS

The company has entered into forward contracts to purchase Euros as follows:

	2003 £'000	2002 £'000
Total contract value	550	161
	<hr/>	<hr/>

The contracts will all be exercised within 6 months of the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 28 September 2003 (continued)

24. PENSIONS

The company makes contributions to personal pension plans of directors. The total amount paid during the period is £18,000 (2002: £16,000).

The company operates a stakeholder pension scheme for its employees. The scheme is not contributed to by the company.

The company does not operate a defined benefit scheme.