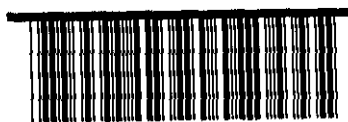


F.P.ENGINEERING LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
for the year ended 31 July 2003



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COMPANIES HOUSE 14/05/04

F.P.ENGINEERING LIMITED

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DIRECTORY

Registered No 03026366

Incorporated in England and Wales on 24 February 1995

DIRECTORS

W.Lesniak

SECRETARY

S.Lesniak

REGISTERED AUDITORS

Belfield & Co  
15 Medlock Road  
Woodhouses  
Failsworth  
Manchester  
M35 9UA

BANKERS

National Westminster Bank Plc  
794 Oldham Road  
Failsworth  
Manchester  
M35 9FE

Allied Irish Bank(GB)  
St James House  
Charlotte Street  
Manchester  
M1 4DZ

REGISTERED OFFICE

2 Norwood Park  
Booth Road  
Altrincham  
WA14 4AG

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F.P.ENGINEERING LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2003

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The directors present their report and financial statements for the year ended 31 July 2003.

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 year.

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, 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 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.

PRINCIPAL ACTIVITY

The company's principal activity continues to be that of marketing of milling equipment.

DIRECTORS

The directors at 31 July 2003 and their interests in the share capital of the company were as follows:

	at 31 July 2003	at 1 Aug 2002
	Ordinary shares	Ordinary shares
Mr.W.Lesniak	40	40
Mrs.S.Lesniak	60	60

AUDITORS

The auditors, Belfield & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY RULES

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 11 December 2003 and signed on its behalf.

W.Lesniak  
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF F.P.ENGINEERING LIMITED

We have audited the financial statements of F.P.Engineering Ltd for the year ended 31 July 2003 on pages 4 to 9. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 6.

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 that 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, or the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities on page 1, 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 the Directors' Report 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 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.

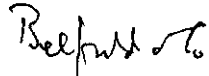
F.P. ENGINEERING LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF F.P.ENGINEERING LIMITED  
(continued)

OPINION

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



Belfield & Co. (Chartered Accountants)  
Registered Auditors  
15 Medlock Road  
Failsworth  
Manchester M35 9UA

11 December 2003

F.P.ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2003

	Notes	2003 £	2002 £
TURNOVER	2	1560870	1749303
Raw Materials and Consumables		967434	1339962
		593436	409341
Staff Costs		89633	29397
Depreciation		2844	3401
Other operating charges		79654	65905
		172131	98703
OPERATING PROFIT	3	421305	310638
Interest receivable	4	3591	5340
Interest payable	5	-14435	-23594
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		410461	292384
Taxation	6	-94447	-60912
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		316014	231472
Dividends	7	-48772	-24000
PROFIT RETAINED FOR THE FINANCIAL YEAR		267242	207472
RETAINED PROFIT BROUGHT FORWARD		614294	406822
RETAINED PROFIT CARRIED FORWARD		881536	614294

The notes on pages 6 to 9 form part of these financial statements.

F.P.ENGINEERING LIMITED

BALANCE SHEET AS AT 31 JULY 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	114453	92061
Investments	9	671607	671607
		<u>786060</u>	<u>763668</u>
CURRENT ASSETS			
Debtors	10	635727	527503
Cash at bank and in hand		343118	269030
		<u>978845</u>	<u>796533</u>
CREDITORS - amounts falling due within one year	11	-883269	-864570
		<u>95576</u>	<u>-68037</u>
NET CURRENT ASSETS			
		<u>881636</u>	<u>695631</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>0</u>	<u>-81237</u>
CREDITORS - amounts falling due after more than one year	12	0	-81237
PROVISIONS FOR LIABILITIES AND CHARGES		<u>0</u>	<u>0</u>
		<u>0</u>	<u>-81237</u>
NET ASSETS		<u>881636</u>	<u>614394</u>
		£	£
CAPITAL AND RESERVES			
Called-up share capital	13	100	100
Profit and loss account		881536	614294
		<u>881636</u>	<u>614394</u>
SHEREHOLDERS FUNDS			

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies were approved by the board on 11 December 2003 and signed on its behalf.

W. Lesniak  
Director

The notes on pages 6 to 9 form part of these financial statements.



1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

1.2 Turnover

Turnover represents the invoiced value of goods and services provided net of value added tax and trade discounts.

1.3 Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Furniture and fittings	25% p.a. reducing balance
------------------------	---------------------------

1.4 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.5 Long-term contracts

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.6 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the the start of the financial year.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amount paid by the company to the fund during the year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2003

## 2. TURNOVER

In the year ending 31 July 2003 90.1% of the company's turnover was to markets outside the United Kingdom (2002 94.6%).

3. OPERATING PROFIT	2003	2002
(a) This is stated after charging/(crediting):	£	£
Auditors remuneration	4500	4000
Depreciation of owned fixed assets	2844	3401
Hire of plant and machinery	1125	181
Directors Emoluments	47649	14810
	-----	-----
4. INTEREST RECEIVABLE	2003	2002
	£	£
Bank deposits	3591	5340
	-----	-----
5. INTEREST PAYABLE	2003	2002
	£	£
Bank overdraft	17	78
Bank Loan	11809	23322
On tax paid late	2609	194
	-----	-----
	14435	23594
	-----	-----
6. TAX ON ORDINARY ACTIVITIES	2003	2002
	£	£
Based on the profit for the year:		
UK Corporation tax	94447	57374
Prior year adjustments	0	3538
Deferred taxation	0	0
	-----	-----
	94447	60912
	-----	-----
7. DIVIDENDS	2003	2002
	£	£
Dividends paid during the year		
£487.72 per share (2002 £240.00)	48772	24000
	-----	-----

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2003

8. TANGIBLE FIXED ASSETS	Property	Fixtures Fittings & Equip- -ment	Total
	£	£	£
Cost			
At 1 August 2002	81857	29006	110863
Additions	23762	1474	25236
Disposals	0	0	0
	-----	-----	-----
At 31 July 2003	105619	30480	136099
	-----	-----	-----
Depreciation			
At 1 August 2002	0	18802	18802
Additions	0	2844	2844
Disposals	0	0	0
	-----	-----	-----
At 31 July 2003	0	21646	21646
	-----	-----	-----
Net book value			
At 31 July 2003	105619	8834	114453
	-----	-----	-----
At 1 August 2002	81857	10204	92061
	-----	-----	-----

9. INVESTMENTS	2003 £	2002 £
Shares in Spomasz Ostrow (326700 ordinary shares)	671607	671607
	-----	-----
The company holds 33% of the ordinary share capital of Spomasz Ostrow, a Polish company which manufactures milling equipment.		

10. DEBTORS:	2003 £	2002 £
Due after more than one year	74257	0
Due within one year		
Trade debtors	561268	526058
Other debtors	202	1445
	-----	-----
	635727	527503
	-----	-----

The debt due after more than one year relates to a loan to F.P.Spomasz. The loan is for two years and is repayable on 31 July 2005. The loan is subject to interest at 2.8% above USA base rate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2003

## 11. CREDITORS: amounts falling due within one year

	2003 £	2002 £
Bank Loan	67137	96227
Trade creditors	702407	678915
Corporation tax	94447	60912
Other creditors	19278	28516
	-----	-----
	883269	864570
	-----	-----

Included with other creditors is £6,809 (2002 £2,810) for Social Security taxes and VAT.

## 12. CREDITORS: amounts falling after more than one year

	2003 £	2002 £
Bank Loan	0	81237
	-----	-----

The bank loan from Allied Irish Bank (GB) is underwritten by Spomasz Ostrow, a Polish Company. The loan is repayable in equal monthly installments, the last payment being due by 31 July 2004.

## 13. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
Ordinary shares of £1 each	100	100
	-----	-----
Alloted, called up and fully paid		
Ordinary shares of £1 each	100	100
	-----	-----

## 14. PENSION COMMITMENTS

The company operates a pension scheme for the directors and senior employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme by the company during the year was £32,709 (2002 £NIL).