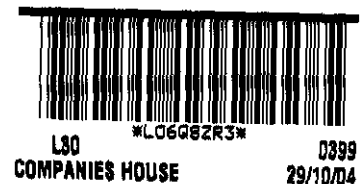


Company Registration No. 1394801 (England and Wales)

ADVANCED CASTING COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

HLB audit



ADVANCED CASTING COMPANY LIMITED

COMPANY INFORMATION

Directors

A Hodgkiss
M R Magill
R J Cartwright

Secretary

A Hodgkiss

Company number

1394801

Registered office

Pipers Road Park Farm
Redditch
Worcestershire
B98 0HU

Auditors

HLB AV Audit plc
66 Wigmore Street
London
W1U 2HQ

ADVANCED CASTING COMPANY LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 17

ADVANCED CASTING COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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

Principal activities and review of the business

The principal activity of the company continued to be that of the manufacture of metal castings.

The results for the year were as expected and the directors are looking to improve performance during 2004.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 1 January 2003:

A Hodgkiss
M R Magill
R J Cartwright

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 2003	1 January 2003
A Hodgkiss	101,658	101,658
M R Magill	101,658	101,658
R J Cartwright	101,659	101,659

	Preference shares of £1 each	
	31 December 2003	1 January 2003
A Hodgkiss	-	-
M R Magill	-	-
R J Cartwright	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that HLB AV Audit plc be reappointed as auditors of the company will be put to the Annual General Meeting.

ADVANCED CASTING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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.

On behalf of the board



A Hodgkiss

Director

1/10/2004

ADVANCED CASTING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ADVANCED CASTING COMPANY LIMITED

We have audited the financial statements of Advanced Casting Company Limited on pages 4 to 17 for the year ended 31 December 2003. 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 auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 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 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 loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HLB AV Audit plc

Registered Auditor

29/10/2004

66 Wigmore Street
London
W1U 2HQ

ADVANCED CASTING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	2,753,430	2,680,906
Cost of sales		(1,937,593)	(1,789,544)
Gross profit		815,837	891,362
Distribution costs		(34,661)	(29,086)
Administrative expenses		(762,407)	(745,873)
Other operating income		38,500	42,000
Operating profit	3	57,269	158,403
Other interest receivable and similar income	4	958	298
Amounts written off investments	5	(78,000)	-
Interest payable and similar charges	6	(60,485)	(68,057)
(Loss)/profit on ordinary activities before taxation		(80,258)	90,644
Tax on (loss)/profit on ordinary activities	7	-	(4,731)
(Loss)/profit on ordinary activities after taxation	16	(80,258)	85,913

The profit and loss account has been prepared on the basis that all operations are continuing operations.

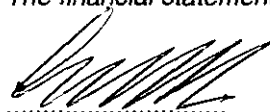
There are no recognised gains and losses other than those passing through the profit and loss account.

ADVANCED CASTING COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	8	725,008		749,795	
Investments	9	326,594		404,594	
		<u>1,051,602</u>		<u>1,154,389</u>	
Current assets					
Stocks	10	394,015		372,521	
Debtors	11	1,323,718		1,261,344	
Cash at bank and in hand		2,654		2,487	
		<u>1,720,387</u>		<u>1,636,352</u>	
Creditors: amounts falling due within one year	12	<u>(1,895,599)</u>		<u>(1,728,126)</u>	
Net current liabilities			<u>(175,212)</u>		<u>(91,774)</u>
Total assets less current liabilities			876,390		1,062,615
Creditors: amounts falling due after more than one year	13		<u>(52,676)</u>		<u>(158,643)</u>
			<u>823,714</u>		<u>903,972</u>
Capital and reserves					
Called up share capital	15	304,975		304,975	
Other reserves	16	23,178		23,178	
Profit and loss account	16	495,561		575,819	
Shareholders' funds - equity interests	17		<u>823,714</u>		<u>903,972</u>

The financial statements were approved by the Board on 1/10/2004



A Hodgkiss
Director



M R Magill
Director

ADVANCED CASTING COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	£	2003 £	£	2002 £
Net cash inflow from operating activities		355,667		224,467
Returns on investments and servicing of finance				
Interest received	958		298	
Interest paid	(60,485)		(68,057)	
Net cash outflow for returns on investments and servicing of finance		(59,527)		(67,759)
Taxation		(21,582)		(19,428)
Capital expenditure				
Payments to acquire tangible assets	(11,572)		(9,818)	
Receipts from sales of tangible assets	-		13,097	
Net cash (outflow)/inflow for capital expenditure		(11,572)		3,279
Net cash inflow before management of liquid resources and financing		262,986		140,559
Financing				
New long term bank loan	-		57,536	
Other new short term loans	-		37,616	
Repayment of long term bank loan	(84,800)		(75,190)	
Repayment of other long term loans	(159,951)		(64,364)	
Capital element of finance lease contracts	(55,702)		(66,076)	
Net cash outflow from financing		(300,453)		(110,478)
(Decrease)/increase in cash in the year		(37,467)		30,081

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	57,269	158,403
	Depreciation of tangible assets	68,979	133,873
	Loss on disposal of tangible assets	-	84
	Profit on disposal of unlisted investments	-	-
	Increase in stocks	(21,494)	(29,425)
	Increase in debtors	(62,374)	(61,189)
	Increase in creditors within one year	313,287	22,721
	Net cash inflow from operating activities	355,667	224,467

2	Analysis of net debt	1 January 2003	Cash flow	Other non-cash changes	31 December 2003
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,487	167	-	2,654
	Bank overdrafts	(20,626)	(37,634)	-	(58,260)
		<u>(18,139)</u>	<u>(37,467)</u>	<u>-</u>	<u>(55,606)</u>
	Debt:				
	Finance leases	(52,979)	55,702	(32,623)	(29,900)
	Debts falling due within one year	(149,032)	128,155	-	(20,875)
	Debts falling due after one year	(153,121)	116,596	-	(36,525)
		<u>(355,132)</u>	<u>300,453</u>	<u>(32,623)</u>	<u>(87,300)</u>
	Net debt	<u>(373,271)</u>	<u>262,986</u>	<u>(32,623)</u>	<u>(142,906)</u>

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	(Decrease)/increase in cash in the year	(37,467)	30,079
	Cash outflow from decrease in debt and lease financing	300,453	110,480
	Change in net debt resulting from cash flows	262,986	140,559
	New finance lease	(32,623)	(47,700)
	Movement in net debt in the year	230,363	92,859
	Opening net debt	(373,269)	(466,130)
	Closing net debt	<u>(142,906)</u>	<u>(373,271)</u>

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 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:

Land and buildings leasehold	2% on cost
Plant and machinery	10% and 25% on cost
Fixtures, fittings & equipment	10% and 25% on cost
Motor vehicles	25% on cost

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and 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 periodic rate of charge on the net obligation outstanding in each period.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

1.9 Deferred taxation

Where material, deferred tax is provided in full, as required by FRS 19 - Deferred Tax, in respect of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is not discounted.

1.10 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 differences are taken to profit and loss account.

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

(continued)

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover

Geographical market

	Turnover	
	2003	2002
	£	£
United Kingdom	2,614,356	2,430,969
United States	10,250	9,756
Europe	124,144	235,906
Rest of the World	4,680	4,275
	<u>2,753,430</u>	<u>2,680,906</u>

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	68,979	133,873
Loss on disposal of tangible assets	-	84
Loss on foreign exchange transactions	-	858
Auditors' remuneration	7,000	7,000
and after crediting:		
Profit on foreign exchange transactions	(2,197)	-
	<u>(2,197)</u>	<u>-</u>

4 Investment income

	2003	2002
	£	£
Bank interest	<u>958</u>	<u>-</u>

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

5	Amounts written off investments	2003	2002
		£	£
	Amounts written off fixed asset investments:		
	- permanent diminution in value	78,000	-
		<u> </u>	<u> </u>
6	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	1,070	1,797
	On other loans wholly repayable within 5 years	23,387	25,035
	Hire purchase interest	3,785	9,236
	On amounts payable to factors	31,494	30,790
	Other interest	749	1,199
		<u> </u>	<u> </u>
		60,485	68,057
		<u> </u>	<u> </u>
7	Taxation	2003	2002
		£	£
	Domestic current year tax		
	U.K. corporation tax	-	12,300
	Adjustment for prior years	-	(7,569)
		<u> </u>	<u> </u>
	Current tax charge	-	4,731
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(80,258)	90,644
		<u> </u>	<u> </u>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2002: 13.57%)	-	12,300
		<u> </u>	<u> </u>
	Effects of:		
	Non deductible expenses	-	322
	Depreciation add back	-	18,167
	Capital allowances	-	(11,330)
	Adjustments to previous periods	-	(7,569)
	Chargeable disposals	-	11
	Other tax adjustments	-	(7,170)
		<u> </u>	<u> </u>
		-	(7,569)
		<u> </u>	<u> </u>
	Current tax charge	-	4,731
		<u> </u>	<u> </u>

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

8 Tangible fixed assets

	Land and buildings leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2003	369,243	1,442,042	122,327	10,751	1,944,363
Additions	-	35,952	8,240	-	44,192
At 31 December 2003	369,243	1,477,994	130,567	10,751	1,988,555
Depreciation					
At 1 January 2003	88,793	1,012,173	85,538	8,064	1,194,568
Charge for the year	7,384	47,256	11,652	2,687	68,979
At 31 December 2003	96,177	1,059,429	97,190	10,751	1,263,547
Net book value					
At 31 December 2003	273,066	418,565	33,377	-	725,008
At 31 December 2002	280,450	429,869	36,789	2,687	749,795

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
Net book values	
At 31 December 2003	148,244
At 31 December 2002	127,797
Depreciation charge for the year	
At 31 December 2003	12,175
At 31 December 2002	12,175

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2003 & at 31 December 2003	404,594
Provisions for diminution in value	
At 1 January 2003	-
Charge for the year	78,000
At 31 December 2003	78,000
Net book value	
At 31 December 2003	326,594

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Opticast (UK) Limited	UK	Ordinary	100
Crumphorough Property Limited	UK	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activities	Capital and reserves 2003 £	Loss for the year 2003 £
Opticast (UK) Limited	Aluminium castings	(367,982)	(47,799)
Crumphorough Property Limited	Property investment	325,643	(30,028)

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

10 Stocks and work in progress	2003 £	2002 £
Raw materials and consumables	98,311	88,394
Work in progress	228,249	184,722
Finished goods and goods for resale	67,455	99,405
	<u>394,015</u>	<u>372,521</u>

11 Debtors	2003 £	2002 £
Trade debtors	763,222	729,167
Amounts owed by subsidiary undertakings	530,531	491,311
Amounts owed by connected company	-	9,063
Prepayments and accrued income	29,965	31,803
	<u>1,323,718</u>	<u>1,261,344</u>

Included in trade debtors were £759,760 (2002: £722,167) relating to factored debts.

12 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	79,135	105,292
Net obligations under hire purchase contracts	13,749	47,457
Trade creditors	471,495	450,820
Amounts owed to subsidiary undertakings	324,722	-
Corporation tax	9,914	31,496
Other taxes and social security costs	102,700	126,100
Directors' current accounts	260,919	260,919
Amounts due to factor	598,305	537,446
Other creditors	-	64,364
Accruals and deferred income	34,660	104,232
	<u>1,895,599</u>	<u>1,728,126</u>

The bank loan is secured by a fixed and floating charge over the assets of the company.

Included within accruals is £Nil (2002: £67,500) of unpaid pension contributions.

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

13 Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loans	36,525	57,536
Other loans	-	95,585
Net obligations under hire purchase contracts	16,151	5,522
	<u>52,676</u>	<u>158,643</u>
Analysis of loans		
Wholly repayable within five years	57,400	302,151
	<u>57,400</u>	<u>302,151</u>
Included in current liabilities	(20,875)	(149,030)
	<u>36,525</u>	<u>153,121</u>
Loan maturity analysis		
In more than one year but not more than two years	-	91,452
In more than two years but not more than five years	36,525	61,669
	<u>36,525</u>	<u>61,669</u>
Net obligations under hire purchase contracts		
Repayable within one year	13,749	47,457
Repayable between one and five years	16,151	5,522
	<u>29,900</u>	<u>52,979</u>
Included in liabilities falling due within one year	(13,749)	(47,457)
	<u>16,151</u>	<u>5,522</u>

The factoring creditor is secured by a second fixed and floating charge over the factored debts and other assets of the company.

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

14 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	185,531	45,031

15 Share capital

Authorised

	2003 £	2002 £
380,000 Ordinary shares of £1 each	380,000	380,000
120,000 Preference shares of £1 each	120,000	120,000
	500,000	500,000

Allotted, called up and fully paid

304,975 Ordinary shares of £1 each	304,975	304,975
------------------------------------	---------	---------

16 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2003	23,178	575,819
Retained loss for the year	-	(80,258)
Balance at 31 December 2003	23,178	495,561
Other reserves		
Capital redemption reserve		
Balance at 1 January 2003 & at 31 December 2003	23,178	

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

17 Reconciliation of movements in shareholders' funds	2003 £	2002 £
(Loss)/Profit for the financial year	(80,258)	85,913
Opening shareholders' funds	903,972	818,059
Closing shareholders' funds	823,714	903,972

18 Directors' emoluments	2003 £	2002 £
Emoluments for qualifying services	112,320	144,849
Company pension contributions to money purchase schemes	177,115	39,382
	289,435	184,231

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2002- 4).

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Production	40	39
Sales	1	1
Administration	4	4
	45	44

Employment costs

	£	£
Wages and salaries	783,139	711,260
Social security costs	76,225	62,312
Other pension costs	185,531	45,031
	1,044,895	818,603

ADVANCED CASTING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

20 Related party transactions

During the year the company traded with Valan Wax Products Limited, a company controlled by Mr WJ Watton, the son in law of Mr A Hodgkiss. Purchases from Valan Wax Limited totalled £45,097 (2002 - £33,978) and sales of £910 (2002: £Nil). At the year end £17,956 (2002 - £13,967) was due to them. Invoices for sales and recharges for the year sent to Opticast (UK) Limited, a wholly owned subsidiary at the year end, were £137,961 (2002 - £123,396) and purchases were £48,559 (2002 - £28,908). At the year end there was £530,531 (2002 - £491,311) owed by Opticast (UK) Limited.

At the year end, £324,722 (2002: £Nil) was owed to Crumpbrough Property Limited, a subsidiary undertaking.

At the year end and for the previous year, the company owed the following amount to the directors:

A Hodgkiss	£86,973
M R Magill	£86,973
R J Cartwright	£86,973