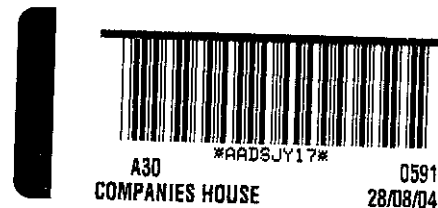


**REFRIGERATION COMPRESSOR
REMANUFACTURERS LIMITED**

Report and Financial Statements

31 December 2003



REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R J Stevens
K E J Ford

SECRETARY

M J Calderbank ACA

REGISTERED OFFICE

Premier House
Darlington Street
Wolverhampton
WV1 4JJ

BANKERS

National Westminster Bank plc

SOLICITORS

FBC
6-10 George Street
Snow Hill
Wolverhampton
WV2 4DN

AUDITOR

Deloitte & Touche LLP
Chartered Accountants
Birmingham

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES, TRADING REVIEW AND DEVELOPMENTS

The company did not trade during either the current or preceding financial year. The directors have no plans to recommence trading in the foreseeable future.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend (2002: £Nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the financial year and subsequently are as follows:

R J Stevens

K E J Ford

Other than the interests disclosed below, no director in office at 31 December 2003 had any disclosable interests in the share capital of the company or the group.

Mr R J Stevens is also a director of the ultimate UK parent company, Andrews Sykes Group plc at 31 December 2003 and his interest in the share capital of Andrews Sykes Group plc at 31 December 2003 and 31 December 2002 is disclosed in that company's financial statements.

The interests of Mr K E J Ford in the share capital of Andrews Sykes Group plc at 31 December 2003 and 31 December 2002 are as follows;

Ordinary shares of 20p each in Andrews Sykes Group plc

	Number of 20p ordinary shares held	
	31 December 2003	31 December 2002
K E J Ford	3,000	3,460

Option to subscribe for 20p ordinary shares in Andrews Sykes Group plc

Executive Unapproved 1997 Share Option Scheme

	Number of 20p ordinary shares		Period of exercise	Exercise price
	2003	2002		
K E J Ford	25,000	25,000	1 November 2004 to 31 October 2011	89.5p
	25,000	25,000	1 November 2004 to 31 October 2011	90.5p

No options were granted or exercised in the above scheme during the period.

The mid market price of the 20 pence ordinary shares of Andrews Sykes Group plc on 31 December 2003 was 199 pence. The highest and lowest mid market prices during the period ended 31 December 2003 were 208 pence and 134.5 pence respectively.

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

DIRECTORS' REPORT

ANNUAL GENERAL MEETING

The company has passed an elective resolution to dispense with the holding of an annual general meeting.

AUDITOR

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 386(2) of the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board



M J Calderbank

Company Secretary

Premier House
Darlington Street
Wolverhampton
WV1 4JJ

28 July 2004

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- prepare the financial statements on a 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

We have audited the financial statements of Refrigeration Compressor Remanufacturers Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under 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 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

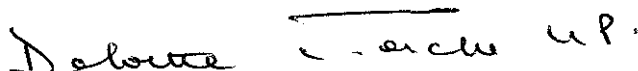
Basis of audit opinion

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.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditor
Birmingham

28 July 2004

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2003

	Note	2003 Discontinued £	2002 Discontinued £
TURNOVER		-	-
Cost of sales		-	(2,064)
Gross loss		-	(2,064)
Distribution costs		-	30,375
Administrative expenses		(10,368)	12,361
OPERATING (LOSS)/PROFIT		(10,368)	40,672
Release of provisions for losses on the termination of operations	2	110,107	6,769
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		99,739	47,441
Tax on profit on ordinary activities	4	(53,454)	(49,458)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION BEING PROFIT/(LOSS) FOR THE FINANCIAL YEAR		46,285	(2,017)
Retained loss at the beginning of the year		(128,418)	(126,401)
Retained loss at the end of the year		(82,133)	(128,418)

The company's turnover and operating loss is derived from discontinued activities.

There are no recognised gains and losses other than the profit/(loss) for the financial year.

The accompanying notes are an integral part of this profit and loss account.

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

BALANCE SHEET 31 December 2003

	Note	2003 £	2002 £
CURRENT ASSETS			
Debtors	5	9,451	1,071,500
Cash at bank and in hand		58,820	4,916
		<u>68,271</u>	<u>1,076,416</u>
CREDITORS: amounts falling due within one year	6	<u>(106,961)</u>	<u>(982,485)</u>
NET CURRENT (LIABILITIES)/ ASSETS BEING TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(38,690)</u>	<u>93,931</u>
Payable within one year		(38,690)	(944,947)
Receivable after more than one year		-	1,038,878
		<u>(38,960)</u>	<u>93,931</u>
PROVISIONS FOR LIABILITIES AND CHARGES	7	<u>(43,344)</u>	<u>(222,250)</u>
NET LIABILITIES		<u>(82,034)</u>	<u>(128,319)</u>
CAPITAL AND RESERVES			
Called up share capital	8	99	99
Profit and loss account		<u>(82,133)</u>	<u>(128,418)</u>
DEFICIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS	9	<u>(82,034)</u>	<u>(128,319)</u>

These financial statements were approved by the Board of Directors on 28 July 2004.

Signed on behalf of the Board of Directors


K E J Ford

Director

The accompanying notes are an integral part of this balance sheet.

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Related party transactions

Under FRS 8 the company is exempt from the requirement to disclose related party transactions with the Andrews Sykes Group and its associated undertakings on the grounds that it is a wholly owned subsidiary undertaking of Andrews Sykes Group plc.

Turnover

Turnover represents the invoiced sales value (excluding VAT and similar taxes and trade discounts) of goods and services supplied in the normal course of business.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions

As disclosed in note 11 the Group previously operated a defined benefit pension scheme for the majority of employees, to which the company is a member. This scheme was closed to new entrants and all existing members became deferred members on 31 December 2002. The amount charged to the profit and loss account in respect of the defined benefit pension scheme is calculated so as to spread the cost of pensions over the average remaining service life of employees in accordance with the advice of a qualified actuary. The tax effect resulting from this difference is recognised within the deferred tax balance.

Cash flow statement

Under FRS 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a UK parent.

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

2. RELEASE OF PROVISIONS FOR LOSSES ON THE TERMINATION OF OPERATIONS

	2003 £	2002 £
Onerous property lease provision (note 7)	110,107	6,769

In accordance with FRS 12 : Provisions, Contingent Liabilities and Contingent Assets, full provision was made for the unexpired lease term on vacant properties as at 31 December 2001. The above adjustment was made to the provision this year following the assignment of some lease agreements. The balance now represents the directors best estimate of anticipated economic outflow.

3. DIRECTORS' REMUNERATION

The directors did not receive any remuneration in respect of their services as executives of the company for either the current or preceding financial year.

Other than the directors the company had no employees.

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge on ordinary activities

	2003 £000	2002 £000
Current tax:		
UK corporation tax and group relief at 30% based on the taxable profit for the period	46,422	49,458
Adjustment in respect of previous periods	7,032	-
Total current tax being tax on profit on ordinary activities.	53,454	49,458

(ii) Factors affecting tax charge for the current period

The tax charge for the current period differs from that resulting from applying the standard rate of corporation tax of 30% (2002 - 30%).

	2003 £000	2002 £000
The differences are explained below:		
Profit on ordinary activities before taxation	99,739	47,441
Tax at 30% thereon	29,921	14,232
Adjustment in respect of previous periods	7,032	-
Expenses not deductible for tax purposes	15,000	35,226
Short term timing differences	1,501	-
Current tax charge for the period	53,454	49,458

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

5. DEBTORS

	2003 £	2002 £
Debtors due within one year:		
Amounts owed by group undertakings	1,432	32,622
Other debtors	8,019	-
	<u>9,451</u>	<u>32,622</u>
 Debtors due after more than one year:		
Amounts owed by group undertakings	-	1,038,878
	<u>9,451</u>	<u>1,071,500</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Trade creditors	3,507	8,058
Amounts owed to group undertakings	7,032	915,007
Other creditors	40,000	39,904
Group relief	46,422	-
Accruals and deferred income	10,000	19,516
	<u>106,961</u>	<u>982,485</u>

7. PROVISIONS FOR LIABILITIES AND CHARGES

Onerous lease provision

	Total £
Balance at 1 January 2003	222,250
Profit and loss account (note 2)	(110,107)
Utilised in year	<u>(68,799)</u>
Balance at 31 December 2003	<u>43,344</u>

Provisions comprise provisions for the unexpired lease term on vacant properties created in accordance with FRS 12 : Provisions, Contingent Liabilities and Contingent Assets.

It is anticipated that these provisions will be utilised in full within 2 years of the balance sheet date.

Deferred tax

There was no unprovided or provided deferred tax at either 31 December 2003 or 31 December 2002.

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

8. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
99 Ordinary shares of £1 each	99	99

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2003 £	2002 £
Profit/(loss) for the financial year	46,285	(2,017)
Opening shareholders' deficit	(128,319)	(126,302)
Closing shareholders' deficit	(82,034)	(128,319)

10. COMMITMENTS UNDER OPERATING LEASES

As at 31 December 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2003 £	2002 £
Operating leases which expire:		
In two to five years	43,344	88,500

Operating leases have been provided in full in the accounts as disclosed in note 7.

11. PENSIONS

Defined Benefit Scheme

The company is also party to the Group Defined Benefit Scheme which was closed to future accrual as at 31 December 2002. All members of the Group Pension Scheme active as at 31 December 2002 have been granted an extra service credit of one month.

The assets of the defined benefits pension scheme continue to be held in a separate trustee administered fund.

The fund was formally valued by an independent professionally qualified actuary for funding purposes as at April 2002 using the defined accrued benefit method of valuation. The principal financial assumptions were that the investment return would be 9.0% per annum pre retirement and 8.0% per annum post retirement, that salary increases would average 6.0% per annum, inflation would average 4.0% per annum and that pensions would increase in payment in line with the present rules of the Scheme. The value of liabilities on this basis was then adjusted to allow for investment condition at April 2002. The adoption of these assumptions revealed that the market value of the funds assets was 92% of the benefits that had accrued to members. The market value of the funds assets was appropriately £22.8million.

The Group are making additional contributions in accordance with the current Schedule of Contributions to remove the funding deficit in the Group Pension Scheme. This is currently £45,000 per month which is reviewed annually in October by independent actuaries.

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

11. PENSIONS (CONTINUED)

SSAP 24

As required by SSAP 24, the figures included in the accounts in respect of the company pension scheme are based on an actuarial valuation carried out at April 2002. This does not take into account any impact of the fall in general stock market values since that date.. Any such impact will be reflected in the new SSAP 24 triennial valuation as at April 2500 based upon which subsequent pension costs will be determined until the adoption of FRS 17.

The actuarial assessment of the regular pension cost to the company arising in the year ended 31 December 2003 was approximately £nil (2002 £nil). The net pension contributions paid by the company to the scheme were approximately £nil (2002 £nil).

FRS 17

The total FRS 17 deficit in the Andrew Sykes Group plc financial statement is £6,682,000 (2002 £5,223,000). As the pension scheme has various members that are employed by more than one legal entity the directors do not consider that it is practical to provide this information on an individual company basis.

The following information is given for the scheme on a group basis:

The Group operates a defined benefit scheme in the UK. A full actual valuation was carried out at 5 April 2002 and updated to 27 December 2003 by a qualified independent actuary on a set of assumptions consistent with those required under FRS 17. The major assumptions used by the actuary were:

	2003 £000	2002 £000	2001 £000
Rate of increase in pensionable salaries	n/a	n/a	4.00%
Rate of increase in pensions in payment	2.75%	2.25%	2.50%
Discount Rate	5.50%	5.75%	6.00%
Inflation assumption	2.75%	2.25%	2.50%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

11. PENSIONS (CONTINUED)

The fair value of the fund's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return expected at 27 December 2003 %	Market value at 27 December 2003 £000	Long term rate of return expected at 28 December 2002 %	Market value at 28 December 2002 £000	Long Term rate of return expected at 29 December 2001 %	Market value at 29 December 2001 £000
UK Equities	7.50%	12,905	7.75%	11,009	8.00%	13,594
Bonds	5.50%	8,161	5.75%	8,101	6.00%	7,792
Cash	4.00%	518	4.00%	791	5.00%	1,220
Total market value of assets		21,584		19,901		22,606
Present value of scheme liabilities		(31,130)		(27,363)		(25,880)
Deficit in the Scheme		(9,546)		(7,462)		(3,274)
Related deferred tax asset		2,864		2,239		982
Net Pension Liability		(6,682)		(5,223)		(2,292)

In accordance with the transitional rules of FRS 17 the above pension liability is not included in the consolidated balance sheet as at 27 December 2003. The difference between the above pension liability and the liability included in the consolidated balance sheet arises as a result of the different bases that are used under FRS 17 and SSAP 24.

Consolidated profit and loss account reserve

	27 December 2003 £000	28 December 2002 £000
Profit and loss account reserve	(13,284)	(17,104)
SSAP 24 Provision net of deferred tax	578	698
FRS17 pension liability	(6,682)	(5,223)
Profit and loss account reserve including pension liability under FRS 17	(19,388)	(21,629)

Analysis of the amount that would be charged to operating profit

	27 December 2003 £000	28 December 2002 £000
Current service cost	-	1,025
Part service cost	-	140
Curtailments (gain)/loss	-	(736)
Total operating charge	-	429

Analysis of the amount that would be (charged)/credited to other finance income

	27 December 2003 £000	28 December 2002 £000
Expected return on pension scheme assets	1,330	1,625
Interest on pension scheme liabilities	(1,544)	(1,569)
Net (charge)/credit	(214)	56

REFRIGERATION COMPRESSOR REMANUFACTURERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

11. PENSIONS (CONTINUED)

Analysis of the amount that would be recognised in statement of total recognised gains and losses (STRGL)	27 December 2003 £000	28 December 2002 £000
Actual return less expected return on pension scheme assets	948	(4,330)
Experience gains and losses arising on pension scheme liabilities	124	465
Charges in assumptions underlying the present value of the scheme liabilities	(3,382)	(831)
Actuarial loss recognised in the STRGL	(2,310)	(4,696)
Movement in deficit during the period	27 December 2003 £000	28 December 2002 £000
Deficit in scheme at beginning of the period	(7,462)	(3,274)
Movement in the period:		
Current service cost	-	(1,025)
Contributions	440	881
Past service cost	-	(140)
Curtailments gain	-	736
Other finance income	(214)	56
Actuarial loss	(2,310)	(4,696)
Deficit in scheme at end of period	(9,546)	(7,462)
History of experience gains and losses	27 December 2003 £000	28 December 2002 £000
Actual less expected return	948	(4,330)
	4%	(22%)
Experience gain (losses) on the liabilities	124	465
	0%	2%
Total amount recognised in the STRGL	(2,310)	(4,696)
	(7%)	(17%)

12. CONTROLLING PARTIES

The company is a subsidiary undertaking of Andrews Sykes Group plc, a company registered in England and Wales.

The only UK group in which the results of Refrigeration Compressor Remanufacturers Limited are consolidated is that headed by Andrews Sykes Group plc whose principal place of business is Premier House, Darlington Street, Wolverhampton WV1 4JJ. The consolidated accounts for this group are available to the public and may be obtained from the aforementioned address.

As at 28 July 2004, EOI SYKES Sarl, which is incorporated in Luxembourg, held 82.54% of the ordinary share capital of Andrews Sykes Group plc and is therefore that company's immediate parent company. The ultimate holding company is British Security Group Limited, a company incorporated in Bermuda. The ultimate controlling party is Mr J G Murray.