

Chairman's Statement & Financial results for the year ended 31st March 2005

Overview	2004/5	2003/4	2002/3
Turnover – continuing operations	6,614,785	4,633,070	3,376,000
Increase in turnover % %.	42.77%	37.23%	
Operating (loss) – continuing operations	941,088	977,925	2,622,000
Reduction in Losses % %.	3.76%	62.70%	
Loss before tax	867,279	1,235,062	2,659,000
Reduction in Losses % %.	29.77%	53.55%	
Loss per share	1.54p	2.70p	4.11p
Reduction in Losses % %	42.96%	34.30%	

Financial Highlights

- Turnover continues to grow organically and by acquisition
- Losses continue to be reduced

Restructuring & Repositioning Highlights

- Closure of the group's ship repair division
- Sale of M.Y Welsh Liberty and Bute Dry Dock Cardiff
- Move to the AIM market of the London Stock Exchange
- Purchase of own shares from the Receivers of Barlow Clowes International
- Acquisition of Modular Automation International Limited and Midway Precision Ltd
- Recent successful £883,774 open offer to shareholders

2005 has been a busy year for the Group - we have seen the turnover excluding discontinued operations grow to £ 6,614,785 (2004: £4,633,070) an increase of some 42%. This increase has been through both organic growth and acquisition. I am also pleased to report that we have again reduced the loss before taxation, which amounts to £867,279 (2004: £1,235,062), a reduction of some 30%.

During the period, we closed ship repairing after 127 years of operation. This was a difficult but financially sound decision. This year the Group also realised some £1.9m from the sale of MY Welsh Liberty and the Bute Dry Dock in Cardiff, which has significantly reduced group borrowings.

In August 2004, the Group moved to the Alternative Investment Market (AIM) of the London Stock Exchange and in October 2004, the Company purchased its own shares from the Receivers of Barlow Clowes International. Some of these shares were, until recently, held as Treasury Shares by the company. The release of this block of shares into the market through the recent open offer has strengthened the Group's balance sheet and provides more liquidity in the Company's shares. As indicated at the time of the open offer, the Board is considering the benefits of moving to a single class of share, and is aiming to report to shareholders on this at the forthcoming Annual General Meeting.

The Board believes the benefits of restructuring and repositioning of the Group will continue to show in future growth in turnover and improving operating margins.

Engineering

The underlying performance of Specialist Heavy Engineers Ltd (SHE) has been better than expected. The closure of ship repairing has allowed management to focus on its core businesses. It is against this background that new markets have been identified and our engineering division is actively seeking to strengthen its position in those new markets. This, together with strengthened financial and management controls, has seen revenues increase and margins improve. SHE is now much more strongly positioned and we aim to continue to maintain this momentum and these improvements as it consolidates its position in the key markets available to it.

Midway Precision Ltd (Midway) in its first full year of trading has met its revenue targets. Midway complements SHE, and offers a greater and more precise range of engineering services for our customers. Although Midway is in a more competitive engineering sector, helped by its association with SHE, it has been able to and we believe will continue to enhance its market position and attract more business from new customers.

P & D Electrical Ltd (P&D) is a South Wales based electrical contracting company. During the period under review, it saw steep growth in revenues as new markets opened while ship repairing, once its core business, closed. The changes made this year have re-positioned P&D for future growth.

The acquisition of Modular Automation International Limited is increasingly showing more and more value to our shareholders. Based in Birmingham this company is still one of the leaders in the high-end value added market of Automation and Solution providers. With Group support we see this company growing its turnover significantly, providing real benefits to the Group. Purchased part way through our financial year in January 2005, the true impact of Modular will not become apparent in the Group accounts until 2006.

Overall the engineering division has not only restructured and repositioned itself but also emerged as a healthier operation, which we believe will continue to grow and provide increased revenues and move into profitability. This is a difficult market place with more and more global competition. However, with the Group's depth of specialist engineering knowledge and management flexibility, we are confident that we can continue to maintain our position, trend and growth.

Leisure and Travel

This division includes our hotel in Malta and the hotel and safari camps in Tanzania together with Bay Travel Limited, which operates from offices in London and Newport, South Wales. Bay Travel acts as the co-ordinator for the Malta and Tanzanian operations and as travel advisers for both private and corporate clients.

Our hotel in Malta has again had a profitable year. The Hotel is situated on a prime site in St Georges Bay, Malta's only blue flag beach and is surrounded by a number of Malta's 5 star hotels. Our contract with EF language has been extended for a further 5 years and we continue to offer a very popular service to the student market in Malta. During the year, Malta's overall tourist numbers fell but student arrivals increased and the government is now considering the implications of this change for the tourist industry as a whole.

Tanzania as a country continues to consolidate its position as one of Africa's more successful reforming economies. This has had positive global results commercially, in particular for tourism, which has benefited our Group operations in the country.

Beho Beho was extensively refurbished in 2003/4 and re-launched to the tourist market in June 2004 as one the most exclusive safari camps in the Selous Game Reserve and Tanzania. The response has been overwhelming and we continue to operate at high guest occupancy. We are now exploring ways of enhancing and supporting the new benchmark in tourism that this camp has set for Southern Tanzania.

Mikumi Wildlife Camp saw an increase in revenues and occupancy by over 20% for the year. The camp continues to trade profitably and maintain its position as the premier destination in the area. We have seen a steady rise in overseas tourists over the year and following this increase combined with the success of Beho Beho, we will be undertaking a refurbishment programme to upgrade the operation that will allow the camp to maintain its market position and increase its overseas trade.

The Oyster Bay Hotel shops continue to operate profitably with high occupancy. During the year work to the complex was completed and the new rental space was let almost immediately, which has meant that we have been able to maintain a 90% occupancy of the available rentable area. It is hoped that during this year we will be able to upgrade and improve the adjacent local council car park, which will enhance both the complex's and the Hotel site's future potential.

As previously reported, the Board is evaluating the development and other opportunities that exist in Malta and Tanzania. Discussions with potential international, regional and local developers and financiers are moving forward and studies are being undertaken in both locations. In Tanzania discussions are underway to develop part of the site to provide office space adjacent to the existing shops. The Group has applied for planning permission for such a development. If successful, this may also be a catalyst for development of the whole site.

Investments

The company continues to maintain a varied portfolio with expert fund managers in Europe and the USA. The Funds are maintained in Bonds, Stocks and Hedge funds and the Group continues to receive good returns from these investments, although they are affected by fluctuations in exchange rates, particularly for the US dollar. Holding these investments enables the Group to see out the various cycles in its areas of operations and also to be able to invest in our various development projects when required.

Outlook

Clearly, the changes made during the period were necessary. Further changes, like the others, will be made in order to increase revenue and productivity in both the short and long term. I believe the signs for the future are encouraging as the trend of the past two years continues with revenues increasing and margins improving. Trading in the first five months of the current financial year has either been in line with or exceeded management expectations, and we remain positive on the Group's prospects for the remainder of the year and beyond.

To get this far has been a team effort and I would personally like to thank management, employees, advisors and their respective family members, who have also provided their advice and support over the year and allowed the time needed to be given by those directly involved with the Group.

We now have a more stable platform on which we can build for the future and I am confident that with the current performance we will see your Group trading profitably by the end of the current financial year.

Charles Bailey
Chairman and Managing Director

30th September 2005