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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-43862

**FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: AEB Corporation
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
2 WALL STREET, 5TH FLOOR
(No. and Street)
NEW YORK NEW YORK 10005
(City) (State) (Zip Code)

PROCESSED
MAR 23 2004

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THOMSON
FINANCIAL

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(212) 406-6780
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
THOMAS TURRIN & CO., CPA, P.C.
(Name - if individual, state last, first, middle name)
150 BROADWAY, SUITE 2220 NEW YORK NY 10038
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

MAR 31 2004

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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AEB CORPORATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2003

AEB CORPORATION

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THOMAS TURRIN & CO., CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

150 BROADWAY
NEW YORK, N.Y. 10038

TEL 212-240-0400
212-240-0440
FAX 212-964-9620

INDEPENDENT AUDITORS' REPORT

Board of Directors
AEB Corporation

We have audited the accompanying statement of financial condition of AEB Corporation as of December 31, 2003, and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibilities of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AEB Corporation as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Thomas Turrin Co., CPA, P.C.

New York, New York
January 27, 2004

AEB CORPORATION
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Cash and cash equivalents	\$ 1,350,932
Receivables from clearing brokers	22,697
Securities owned, at market	75,590
Prepaid and refundable income taxes	15,038
Deferred income tax asset	24,114
Other assets	<u>79,820</u>
 TOTAL ASSETS	 <u>\$ 1,568,191</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities, accounts payable and accrued expenses	\$ <u>35,648</u>
Commitments and contingencies	
<u>Stockholders' Equity</u>	
Common stock, \$1 par value, authorized, issued, and outstanding 1,000 shares	1,000
Additional paid-in capital	249,000
Retained earnings	<u>1,282,543</u>
 Total Stockholders' Equity	 <u>1,532,543</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u>\$ 1,568,191</u>

See accompanying notes to financial statements.

AEB CORPORATION
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003

Revenues

Commissions	\$ 109,953
Principal transactions	244,319
Interest and dividends	7,013
Consulting fees	<u>195,523</u>
Total Revenues	<u>556,808</u>

Expenses

Employee compensation and benefits	411,541
Management fee	120,000
Floor brokerage, exchange, and clearance fees	46,700
Communications and data processing	93,720
Occupancy	60,457
Other expenses	<u>68,090</u>
Total Expenses	<u>800,508</u>
(Loss) Before Income Taxes	(243,700)
Income taxes - New York State and City	<u>5,621</u>
NET (LOSS)	<u>\$ (249,321)</u>

See accompanying notes to financial statements.

AEB CORPORATION
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2003

	Common stock		Additional Paid-in Capital	Retained Earnings
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>
Balances, beginning of year	\$ 1,000	\$ 1,000	\$ 249,000	\$ 1,531,864
Net Loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(249,321)</u>
Balances , end of year	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>\$ 249,000</u>	<u>\$ 1,282,543</u>

See accompanying notes to financial statements.

AEB CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

<u>Cash Flows from Operating Activities</u>	
Net (loss)	\$ (249,321)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation	410
Changes in operating assets and liabilities:	
Receivables from clearing brokers	(15,610)
Securities owned, at market	1,048,720
Prepaid and refundable income taxes	11,991
Deferred tax asset	32,886
Other assets	(28,855)
Accounts payable and accrued expenses	<u>(52,950)</u>
 Net Cash Provided By (Used in) Operating Activities and net decrease in cash and cash equivalents	 747,271
 Cash and Cash Equivalents, Beginning of Year	 <u>603,661</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 1,350,932</u>

See accompanying notes to financial statements.

AEB CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations:

AEB Corporation (the "Company"), is a broker-dealer registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company primarily earns commissions from, and trades in securities.

Cash Equivalents:

Investments in money market funds are considered cash equivalents.

Securities Owned:

All securities owned are valued at market and unrealized gains and losses are reflected in revenues.

Office Equipment:

Office equipment is stated at cost less accumulated depreciation. The Company provides for depreciation on the declining-balance method over 5-7 years. Equipment was fully depreciated as of December 31, 2003.

Securities Transactions:

Securities transactions and related income and expenses are recorded on a trade-date basis

Income Taxes:

The Company complies with Statement of Financial Accounting Standards No. 109 (SFAS 109), "Accounting for Income Taxes," which requires an asset and liability approach to financial reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Continued....

AEB CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 2 - SECURITIES OWNED

Securities owned consist of short term US Treasury obligation and corporate equity securities at market values as follows:

Corporate equities	<u>\$ 75,590</u>
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NOTE 3 - INCOME TAXES

The net deferred income tax asset of \$24,114 in the accompanying statement of financial condition arises primarily from the net operating loss carry-forward of \$249,321, which expires through the year 2018. The deferred income tax asset amount is stated at its estimated net realizable value as of December 31, 2003.

Taxes currently payable consist of New York State and City Corporation taxes based on the Company's net capital.

Current:	
Federal	\$ -
State	2,621
City	<u>3,000</u>
	<u>\$ 5,621</u>

NOTE 4 - COMMITMENT

The Corporation is obligated under a non-cancellable lease for office space expiring November 30, 2007. The aggregate annual rental including electrical inclusion, subject to escalations follows:

<u>Year Ending</u>	
December 31, 2004	\$ 54,136
December 31, 2005	54,136
December 31, 2006	54,136
December 31, 2007	<u>49,625</u>
	<u>\$ 212,033</u>

Continued.....

AEB CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5 - RELATED PARTY TRANSACTIONS

During 1999, the Company entered into a management fee agreement with Pavonia International Corporation (A West Indies Corporation), a related party, for management direction and advice with respect to financial, administrative and marketing matters. For the year ended December 31, 2003, the fee was \$120,000.

NOTE 6 - NET CAPITAL REQUIREMENTS

The Company is a member of the National Association of Securities Dealers, Inc., and is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. This Rule requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1, and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2003, the Company's net capital was approximately \$1,445,305, which was approximately \$1,345,305 in excess of its minimum requirement of \$100,000.

NOTE 7 - EXEMPTION FROM RULE 15c3-3

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers."

NOTE 8 - OFF-BALANCE-SHEET RISK AND CONCENTRATION OF CREDIT RISK

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its clearing broker on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing broker. Under certain conditions as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with the industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company. In addition, the receivable from clearing broker and the deposit with clearing broker are pursuant to this clearance agreement.

The Company maintains cash balances in two financial institutions. The Federal Deposit Insurance Corporation insures these balances up to \$100,000 each.

AEB CORPORATION
SUPPLEMENTARY INFORMATION
COMPUTATION OF NET CAPITAL UNDER RULE 15c 3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2003

Stockholders' Equity		\$ 1,532,543
<u>Less: Non-allowable Assets</u>		
Office equipment, net		-
Prepaid and refundable income taxes		15,038
Deferred income tax asset		24,114
Other assets		6,933
Broker Blanket bond		5,000
		<u>51,085</u>
Net capital before haircuts		1,481,458
Haircuts		<u>36,153</u>
Net capital		<u>\$ 1,445,305</u>
Aggregate indebtedness		<u>\$ 35,648</u>
Computed minimum net capital required (6.67% of aggregate indebtedness)		<u>\$ 2,376</u>
Minimum net capital required (Under SEC Rule 15c3-1)		<u>\$ 100,000</u>
Excess net capital (\$1,445,305 - \$100,000)		<u>\$ 1,345,305</u>
Percentage of aggregate indebtedness to net capital	<u>\$ 35,648</u> \$ 1,445,305	<u>2 %</u>

There are no material differences between the computation of net capital presented above and the computation of net capital in the Company's unaudited Form X-17A-5, Part II-A filing as of December 31, 2003.

THOMAS TURRIN & CO., CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

150 BROADWAY
NEW YORK, N.Y. 10038

TEL 212-240-0400

212-240-0440

FAX 212-964-9620

Board of Directors
AEB Corporation
New York, New York

In planning and performing our audit of the financial statements and supplemental schedule of AEB Corporation (the "Company") as of and for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and produces referred to the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use of disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Continued.....

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicated a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2003 to meet the SEC's objectives.

This report recognizes that it is not practicable in an organization the size of AEB Corporation to achieve all the divisions of duties and cross-checks generally included in a system of internal control, and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the management, the SEC, National Association of Securities Dealers, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Thomas Lurino, CPA, P.C.

New York, New York
February 18, 2004