FINAL SIGNED.
5.00PM
29/06/03.

Directors

L A Yates
G M Shepherd
A Hutchinson
G Hirsch
M Henry

Secretary

G M Shepherd

Auditors

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

Bankers

Barclays Bank PLC
London Corporate Banking
50 Pall Mall
London SW1A 1QA

Registered office

8-14 St Pancras Way
London NW1 0QG

Registered No. 4347937

CHAIRMAN'S STATEMENT

As the activities and assets of International Brand Licensing Plc ("IBL") were only demerged from the Hay & Robertson group on 5 June 2002, we are reporting the full year ended 31 December 2002, along with comparisons of trading for the year ended 31 December 2001, during which time the operation of the business was carried out as a subsidiary of Hay & Robertson plc.

During the year ended 31 December 2002 turnover rose from £1,096,000 to £1,616,000 and profit before tax and exceptional items rose from £303,000 to £792,000.

During the latter part of 2002 and the first half of 2003 the company has suffered a torrid time. The main operating subsidiary of Hay & Robertson, Big Hit Limited, which continued to operate as IBL's main UK Admiral licensee after the demerger, was placed into administration on 1 May 2003. This has resulted in an exceptional bad debt charge of £273,000 for the year ending 31 December 2002, which with exceptional costs of £184,000 incurred in connection with the demerger, reduced the profit from £792,000 to £335,000 before tax. These problems in particular have had a direct impact on cash flow and have put a considerable strain on the group's financial resources.

The license agreement between IBL and Big Hit Limited was automatically terminated, consequently halting the stream of royalties forecast from Admiral sales made in the UK for 2003 and leaving the company with no alternative but to take over the operation of the Admiral England and West Indies cricket team sponsorships. On a positive note the revenues generated from the sales of England and West Indies replica cricket kits and branded apparel will contribute profits to the company during 2003 and beyond.

Outside the UK, 2002 proved to be a strong year for Admiral as we extended our international partner network with the appointment of new licensees in a number of key markets. Early in the year we appointed Nissho Iwai as the new Admiral master licensee in Japan and they were able to successfully re-launch the brand in the second half. We also entered into agreements with new licensee partners for Admiral in Benelux, Germany, Austria, Italy, Australia and the Caribbean, all of which have begun to generate royalties in 2003.

In April 2003 the company entered into a new long-term license agreement with OSC, the company's current European Mountain Equipment technical equipment licensee, guaranteeing the company a minimum royalty of £4.3 million for the period from 1 January 2004 to 31 December 2013.

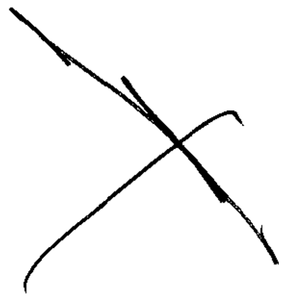
The company has identified and is in discussions with a new replacement Admiral licensee for the UK and will continue to develop and grow its licensee network for both the Admiral and Mountain Equipment brands as well as expand its portfolio of brand representations.

CHAIRMAN'S STATEMENT CONTINUED

Gillian Shepherd has decided to stand down from her position as Financial Director and until a suitable replacement is recruited, Solutions Corporate Limited, which has been retained to advise the group, will provide the services associated with this position. The board wish Gillian all the best for the future.

The year ahead will prove to be extremely challenging as your board strives to put the company on a firmer financial footing and replace the lost forecast revenues through concluding agreements with new licensee partners.

Lance Yates
Chairman
30 June 2003



OPERATING AND FINANCIAL REVIEW

Review of results

Turnover for the year increased from £1.1 million to £1.6 million in 2002. Profit before tax and exceptional items on ordinary activities arising from this revenue stream increased from £303,000 to £792,000. However, an exceptional provision of £273,000 has been made during the year resulting from the non-payment of licensing income from the main UK Admiral licensee Big Hit Limited. Additional exceptional costs of £184,000 were incurred in connection with the demerger from Hay & Robertson plc resulting in a profit before tax of £335,000.

Interest

Interest of £95,000 (2001 – £167,000) charged during the year included interest on the capital loan of £2.9 million agreed with Barclays Bank PLC at the time of demerger and drawn down in October 2002.

Taxation

Tax assessed on the profits for the year is £192,000 (2001 – £9,000), a full analysis of the charge is provided in Note 9 on page 19.

Cash flow

The activities for the year resulted in a net inflow from operating activities of £132,000 (2001 – £187,000). Investment in the intangible fixed assets, the Mountain Equipment and Admiral trade marks, amounted to £99,000 (2001 – £210,000) together with payment of foreign withholding taxes of £124,000 (2001 – £45,000) resulted in a net cash outflow before financing of £100,000 (2001 – £97,000).

At the time of demerger 6,250,000 new ordinary 1p shares were issued at 40p raising gross finance of £2.5 million. Costs of £550,000 in connection with the issue of shares were incurred. Under the terms of the demerger agreement with Hay & Robertson plc, £4.6 million of former intercompany balances were repaid during the period. This was replaced with new bank borrowings of £2.9 million.

This resulted in a net financing inflow during the year of £288,000 and a net increase in cash for the year of £188,000 (2001 – decrease of £97,000).

Funding and liquidity risk

Net debt at the end of the year was £2.7 million (2001 – £1.8 million) shown in Note 22 on page 23. This figure included the balance on the loan outstanding to Barclays Bank PLC of £2.9 million. A schedule of loan repayments is shown in Note 24 on page 24.

Interest rate risks

The bank borrowings are denominated in sterling and bear interest at a floating rate based on LIBOR. The group does not have any currency exposure on monetary liabilities.

Currency exposure

Licensing income is received in a range of currencies, principally Swiss francs, which the group matches with the operational costs and expenditure of the Swiss subsidiary. The group operate a number of foreign currency bank accounts to assist currency management.

DIRECTORS' REPORT

The directors present their report and group financial statements for the year ended 31 December 2002.

Results and dividends

Sales for the year were £1.6 million and the group made a retained profit of £143,000. The directors do not recommend payment of a final ordinary dividend for the year.

Principal activities

The principal activity of the group is the development and exploitation of a portfolio of sports and lifestyles brands, trademarks, trade names and logos. The group seeks to exploit the value of its brand by granting licenses to third parties authorising the manufacture, marketing and sale of specified licensed products for a fixed term by reference to a particular territory.

Review of the business and future developments

The chairman's statement and the operating and financial review, which appear on pages 2 to 5, give a review of the group's business over the year and an indication of future developments.

The group successfully entered into several new licensing agreements with new licensees during the year, which will begin to generate royalty income streams during 2003 and beyond. In addition, the directors believe that a number of opportunities exist to develop further the group's portfolio of brands.

The subsidiary undertakings principally affecting the results or net assets of the group are set out in Note 15 on page 21 to the financial statements.

Directors and their interests

The directors who served during the year are:

Non-executive directors

GLYN HIRSCH. Glyn Hirsch is a member of the Institute of Chartered Accountants. He joined the corporate finance department of Phillips and Drew (latterly UBS Limited) in 1985 and became a director in 1990 and an executive director in 1995. In 1995 he left UBS Limited to become chief executive of CLS Holdings Plc where he remained until 2001. In March 2002 he was appointed executive chairman of I.O. Group Limited. He is also a non-executive director of Liontrust Asset Management PLC as well as a number of other public and private companies.

MICHAEL HENRY. Michael Henry is a solicitor who specialises in intellectual property and media law and who has written extensively in this field. He is named in the Chambers Guide to the Legal Profession as one of the UK's leading lawyers in the area of media, communications, intellectual property and e-commerce.

Executive directors

LANCE YATES, executive chairman. Lance Yates has been involved in the brand development and licensing business for over 20 years. He founded Mobile Merchandising Company in 1976 and remained managing director until 1988. He joined Licensed Clothing International as managing director before leaving in 1991 to become chief executive of LMG plc. Lance has been chief executive of Hay & Robertson plc since 1995 and has been executive chairman of International Brand Licensing AG since its incorporation.

GILLIAN SHEPHERD, finance director. Ms Shepherd is a member of the Chartered Institute of Management Accountants and holds an MBA. She has significant experience in industry including the current markets in which the group operates. She has been finance director of Hay & Robertson plc since 1988 and has been finance director of International Brand Licensing AG since its incorporation.

TONY HUTCHINSON, chief executive. Tony Hutchinson held several managerial positions for Coats Viyella plc between 1973 and 1988, being general manager export for CV Home Furnishing at the time he left. In 1988 he joined Umbro International Limited and was appointed to the executive board in 1990. In 1995 he was appointed director of International Licensing, a position he held until he left the company. He has been chief executive of International Brand Licensing AG since January 2000.

Directors' interests

The directors' interests, all of which are beneficially held in the shares of the company are set out below:

Ordinary shares of 1p each

	31 December 2002
L A Yates	2,520,000
G Hirsch	211,858

As at 30 June 2003, there have been no changes to the directors' interests in the shares of the company.

Directors' interest in share options are disclosed in Note 5 to the financial statements on page 18.

Charitable and political donations

The group made no charitable or political donations in the year.

Creditor payment policy

It is the company's policy to negotiate competitive terms with its suppliers. As at year end the group's outstanding creditors days were 76.

Special business at the Annual General Meeting

Resolutions will be placed before forthcoming Annual General Meeting to:

(i) extend the powers of the directors to allot shares under section 80 of the Companies Act 1985, such authority to remain in force for a period of up to 15 months from the passing of the resolution or the date of the next Annual General Meeting; and

(ii) disapply section 89(1) of the Companies Act 1985 to a limited extent, such authority to remain in force for a period up to 15 months from the passing of the resolution or the date of the next Annual General meeting.

Auditors

An ordinary resolution to reappoint Ernst & Young LLP as auditors will be proposed to the members at the Annual General Meeting.

Going concern

The directors, having had regard to the group's forecast working capital requirement and the facilities available, together with other relevant factors, have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

By order of the board

Gillian Shepherd
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 group and of the profit or loss of the group 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; 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT

to the members of International Brand Licensing Plc

We have audited the group's financial statements for the year ended 31 December 2002 which comprise the consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated balance sheet, company balance sheet, consolidated statement of cash flows and the related Notes 1 to 24. These financial statements have been prepared on the basis of 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 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, 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 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 group is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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

to the members of International Brand Licensing Plc

of the financial statements, and of whether the accounting policies are appropriate to the group'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.

Fundamental uncertainty – going concern

In arriving at our audit opinion, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the uncertainty over the ability of the group to achieve trading improvements, and thereby to meet the revised repayment schedule and the covenant conditions in relation to the term loan of £2.9 million advanced by the group's bankers, the terms and conditions of which have been recently renegotiated. The group's ability to operate within the revised terms and conditions is fundamental to the ability of the group to continue as a going concern. In view of the significance of this uncertainty, we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP Ernst & Young LLP.
Registered Auditor
London
30 June 2003

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £000	2001 £000
TURNOVER	2	**1,616**	1,096
Administrative expenses		**(730)**	(626)
Exceptional administrative expenses		**(457)**	–
OPERATING PROFIT		**429**	470
Interest receivable	7	**1**	–
Interest payable	8	**(95)**	(167)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX			
– before exceptional items		**792**	303
– exceptional items	4	**(457)**	–
	3	**335**	303
Tax on profit on ordinary activities	9	**(192)**	(9)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**143**	294
Ordinary dividend on equity shares	11	**–**	(252)
RETAINED PROFIT FOR THE YEAR		**143**	42
EARNINGS PER ORDINARY SHARE			
Before exceptional items			
– Basic	12	**2.4p**	0.2p
– Diluted	12	**2.4p**	0.2p
After exceptional items			
– Basic	12	**0.6p**	0.2p
– Diluted	12	**0.6p**	0.2p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £000	2001 £000
Profit for the year	**143**	42
Exchange differences	**179**	(3)
Total recognised gains and losses relating to the year	**322**	39

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2002

	Notes	2002 £000	2001 £000
FIXED ASSETS			
Intangible assets	13	**5,775**	5,223
Tangible assets	14	**20**	20
		5,795	5,243
CURRENT ASSETS			
Debtors	16	**434**	190
Cash at bank and in hand		**203**	15
		637	205
Creditors: amounts falling due within one year	17	**(905)**	(3,393)
NET CURRENT LIABILITIES		**(268)**	(3,188)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,527**	2,055
Creditors: amounts falling due after more than one year	18	**(2,625)**	(1,841)
NET ASSETS		**2,902**	214
CAPITAL AND RESERVES			
Share capital	19	**276**	213
Share premium	20	**1,887**	–
Merger reserve	20	**244**	(172)
Profit and loss account	20	**495**	173
SHAREHOLDERS' FUNDS		**2,902**	214

The financial statements were approved by the board on 30 June 2003.

Gillian Shepherd
Director

COMPANY BALANCE SHEET

AT 31 DECEMBER 2002

	Notes	2002 £000
FIXED ASSETS		
Investments	15	213
CURRENT ASSETS		
Debtors	16	4,754
Cash at bank and in hand		94
		4,848
Creditors: amounts falling due within one year	17	(438)
NET CURRENT ASSETS		4,410
TOTAL ASSETS LESS CURRENT LIABILITIES		4,623
Creditors: amounts falling due after more than one year	18	(2,625)
NET ASSETS		1,998
CAPITAL AND RESERVES		
Share capital	19	276
Share premium	20	1,887
Profit and loss account	20	(165)
SHAREHOLDERS' FUNDS		1,998

The financial statements were approved by the board on 30 June 2003.

Gillian Shepherd
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £000	2001 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	**132**	187
TAXATION			
Foreign taxes paid		**(124)**	(45)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of intangible fixed assets		**(99)**	(210)
Purchase of tangible fixed assets		**(5)**	(29)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		**(104)**	(239)
NET CASH OUTFLOW BEFORE FINANCING		**(100)**	(97)
FINANCING			
Repayment of intercompany balances to Hay & Robertson plc on demerger		**(4,600)**	–
New bank borrowings		**2,938**	–
Issue of ordinary shares		**2,500**	–
Less expenses of issue		**(550)**	–
NET CASH INFLOW FROM FINANCING		**288**	–
INCREASE/(DECREASE) IN CASH IN THE YEAR	22	**188**	(97)

NOTES TO THE FINANCIAL STATEMENTS

AT 31 DECEMBER 2002

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

International Brand Licensing Plc (the group) came into existence on 5 June 2002 following the demerger of International Brand Holdings Limited and its subsidiary Hay & Robertson International Licensing AG from Hay & Robertson plc.

The financial information has been prepared under the historic cost convention and in accordance with applicable United Kingdom law and accounting standards. The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up for the year to 31 December 2002.

The figures for the year ended 31 December 2001 have been prepared from the audited financial statements of Hay & Robertson International Licensing AG.

Policies applied by the directors in preparing the financial statements are set out below:

- The financial statements have been prepared using merger accounting principles as if the companies comprising the group had been part of the group for the periods presented.
- Funding provided by Hay & Robertson plc to the group businesses has been included in creditors and net debt at 31 December 2001.

Merger accounting principles do not apply to the company and therefore no comparative information has been provided.

The long-term portion of the balance between the group and Hay & Robertson plc had been interest-bearing. The group's net interest charges in the period to 31 December 2001, and in the current year, to October 2002 when the balances were repaid, relate to interest on these intercompany balances. These interest charges have been included in the profit and loss account.

Transactions and balances between companies in the group have been eliminated.

GOING CONCERN

The accounts have been prepared on the assumption that the group is a going concern. The group's ability to continue as a going concern is dependent on the group's ability to achieve substantial revenue growth and improvements in gross margin on a sustained basis, and thereby to meet the repayment schedule and covenant conditions in relation to the term loan of £2.9million, which has been advanced by the group's bankers. In June 2003, the group formally requested a waiver of certain capital repayments, which are due in the period to March 2004 together with an adjustment to the covenants attached. Following a review of the directors' cash flow forecasts, the group's bankers have now agreed to these revised terms and conditions, granting a capital repayment holiday until March 2004 unless earlier repayment is considered possible. The directors have prepared revised forecasts, on which basis they are confident that the group should be able to meet the revised terms and conditions of the loan.

Accordingly, the directors have prepared the accounts on a going concern basis. If the group does not meet its forecasts and is unable to renegotiate further revisions to the terms and conditions in relation to the term loan, then the going concern basis may not be appropriate. The accounts do not include any adjustments which would result should the going concern basis not be appropriate.

TANGIBLE ASSETS

Tangible fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset, evenly over its expected useful life at the following rates:

Fixtures and fittings	–	25%
Computer equipment	–	33.3%

INTANGIBLE ASSETS

Intangible assets represent acquired trademarks and are recorded at historic cost. No amortisation is charged as they are regarded as having infinite lives. The annual results reflect the significant expenditure incurred in the support and development of these brands. In addition, the trademarks are supported by the existence of international licensee agreements, which establish obligations as to guaranteed minimum license income and marketing arrangements with the view to maximising long-term growth. The directors believe that the license agreements will be renewed at the end of their legal expiry dates and that the value of the trademarks will be maintained. The carrying values are reviewed annually in accordance with Financial Reporting Standard No. 11 "Impairment of fixed assets and goodwill" with a view to write down if impairment arises.

1. ACCOUNTING POLICIES continued

FOREIGN CURRENCIES

Group

The financial statements of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets is taken directly to reserves.

Company

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the retranslation of long-term intercompany balances are taken directly to reserves. Other exchange differences are taken to the profit and loss account.

PENSIONS

The company contributes to money purchase schemes on behalf of certain directors. Costs are charged to the profit and loss account as incurred.

2. TURNOVER

The turnover and pre-tax profit is attributable to the principal activity of the group. An analysis of turnover by geographical destination is given below.

	2002	2001
	£000	£000
United Kingdom	**1,203**	857
Europe and Scandinavia	**66**	14
North America	**156**	133
Asia (including Japan)	**135**	28
Rest of the World	**56**	64
	1,616	1,096

The net assets of the group are predominantly in the Swiss subsidiary where the brands are held and Switzerland is consequently the origin of the group's turnover. The directors consider that disclosure of the net profit by geographical destination would be prejudicial to the interests of the group.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging:

	2002	2001
	£000	£000
Auditors' remuneration – audit	**49**	13
Depreciation on tangible assets	**7**	9
Payments under operating leases – property	**23**	23

The amount of remuneration Ernst & Young LLP have received for non-audit work carried out for the company and its subsidiaries in the year is £131,000.

4. EXCEPTIONAL ITEMS

Exceptional items comprise costs of £184,000, primarily professional services costs incurred in connection with the demerger, and provision for bad debts of £273,000 in respect of amounts owed by Hay & Robertson plc and its subsidiaries.

5. DIRECTORS' REMUNERATION

	2002	2001
	£000	£000
Salaries	**185**	191
Fees	**24**	–
Bonus	**42**	30
Benefits	**9**	10
	260	231

5. DIRECTORS' REMUNERATION continued

Details of remuneration and interests in share options for each director are set out below.

	Basic salary and fees £000	Bonus £000	Benefits £000	**Total 2002 £000**	Total 2001 £000
Executive directors					
L A Yates	76,858	12,500	–	**89,358**	136,617
A Hutchinson	93,100	–	9,000	**102,100**	94,000
G Shepherd	14,583	30,000	–	**44,583**	–
	184,541	42,500	9,000	**236,041**	230,617
Non-executive directors					
G Hirsh	12,000	–	–	**12,000**	–
M Henry	12,000	–	–	**12,000**	–
	24,000	–	–	**24,000**	–

Share options

At 31 December 2002 options were held by the directors as follows:

	No. of ordinary shares of 1p each	Exercise period	Option price per share
Lance Yates			
A Options	1,929,060	5 June 2005 – 5 June 2012	40p
B Options	1,929,060	5 June 2007 – 5 June 2012	40p
Tony Hutchinson			
A Options	551,160	5 June 2005 – 5 June 2012	40p
B Options	551,160	5 June 2007 – 5 June 2012	40p

Both A and B options are subject to performance conditions that depend on the market price of IBL ordinary shares. B options may only be exercised if A options are capable of being exercised in full.

6. STAFF COSTS

	2002 £000	2001 £000
Wages and salaries	**251**	244
Social security	**22**	6
Pension contributions	**11**	1
	284	251

The number of employees, including directors, of the group on average for the year was:

	No.	No.
Administration	**3**	3
Sales	**2**	1
	5	4

7. INTEREST RECEIVABLE

	2002 £000	2001 £000
Bank interest	**1**	–

8. INTEREST PAYABLE

	2002 £000	2001 £000
Bank borrowings, overdrafts and amounts due to Hay & Robertson plc	95	167

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	2002 £000	2001 £000
Current tax:		
UK corporation tax	178	–
Tax under/(over) provided in prior years	–	–
	178	–
Double tax relief	(62)	
	116	
Withholding tax	14	–
Foreign tax – current year	41	26
Foreign tax – prior year adjustment	21	(17)
	192	9
Deferred tax:		
Origination and reversal of timing differences	–	–
Tax under/(over) provided in prior years	–	–
	–	–
Total tax charge	192	9

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001 – 30%). The differences are reconciled below:

	2002 £000	2001 £000
Profit on ordinary activities before tax	335	303
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2001 – 30%)	100	91
Expenses not deductible for tax purposes	(5)	–
UK Corporation tax on remittance of foreign profits	19	–
Withholding tax on remittance of foreign profits	14	–
Tax due on exchange differences in reserves	43	–
Lower taxes on foreign profits	–	(65)
Prior year adjustment – foreign tax	21	(17)
Total current tax charge	192	9

10. LOSS ATTRIBUTABLE TO INTERNATIONAL BRAND LICENSING PLC

The loss for the year in the financial statements of International Brand Licensing Plc was £287,000 (2001 – £nil). As provided by section 230 of the Companies Act 1985, no profit and loss account is presented in respect of International Brand Licensing Plc.

11. DIVIDENDS – EQUITY DIVIDENDS ON ORDINARY SHARES

The directors do not propose a dividend for 2002 (2001 – £252,000).

12. EARNINGS PER ORDINARY SHARE

	2002	2001
	No.	No.
Weighted average ordinary shares in issue during the year	**24,903,890**	21,308,000
Dilutive effect of share options	**–**	–
Diluted weighted average ordinary shares	**24,903,890**	21,308,000

	£000	£000
Profit for the period before exceptional items	**600**	42
Exceptional items	**(457)**	–
Net profit for the financial period	**143**	42

	Pence	Pence
Basic earnings per 1p ordinary share		
Before exceptional items	**2.4**	0.2
After exceptional items	**0.6**	0.2
Diluted earnings per 1p ordinary share		
Before exceptional items	**2.4**	0.2
After exceptional items	**0.6**	0.2

13. INTANGIBLE FIXED ASSETS

Group	2002	2001
	£000	£000
Cost and net book value:		
At 1 January	**5,223**	5,009
Additions	**99**	222
Exchange differences	**453**	(8)
At 31 December	**5,775**	5,223

The group's trade marks are held by the Swiss subsidiary, whose functional currency is Swiss Francs. Exchange differences arise upon the retranslation of the assets into Pounds Sterling at the balance sheet date. During the year, the Swiss Franc appreciated significantly against the Pound giving rise to the large exchange gain recorded.

14. TANGIBLE FIXED ASSETS

Group	**Fixtures and Fittings £000**
Cost:	
At 1 January 2002	**29**
Additions	**5**
Exchange differences	**2**
At 31 December 2002	**36**
Depreciation:	
At 1 January 2002	**9**
Charge for the year	**7**
At 31 December 2002	**16**
Net book value at:	
At 31 December 2002	**20**
At 31 December 2001	20

15. INVESTMENTS

Company

	2002
	£000
Cost:	
Subsidiary undertakings	213

Name of company	Nature of business	Proportion of nominal value of shares held
International Brand Licensing AG**	Intellectual property management	100%
International Brand Holdings Limited	Intellectual property management	100%

**Incorporated and registered in Switzerland

International Brand Licensing AG is held indirectly via International Brand Holdings Limited.

International Brand Licensing AG holds a 49% stake in Admiral Asia (L) Limited, an associate company incorporated and registered in Malaysia. The effect of the results of Admiral Asia (L) Limited on the group's profit for the year is not material and has therefore not been consolidated into these financial statements.

16. DEBTORS

		Group	Company
	2002	2001	2002
	£000	£000	£000
Trade debtors	281	179	–
Other debtors	6	11	1
Amounts due from subsidiary undertakings	–	–	4,742
Withholding tax	124	–	–
VAT recoverable	23	–	11
	434	190	4,754

17. CREDITORS: amounts falling due within one year

		Group	Company
	2002	2001	2002
	£000	£000	£000
Bank borrowings (secured)	313	–	313
Trade creditors	99	24	19
Corporation tax	303	112	–
Other taxes and social security	35	–	35
Amount due to Hay & Robertson plc	–	3,122	–
Accruals and deferred income	155	135	71
	905	3,393	438

18. CREDITORS: amounts falling due after more than one year

		Group	Company
	2002	2001	2002
	£000	£000	£000
Bank borrowings (secured)	2,625	–	2,625
Amounts due to Hay & Robertson plc	–	1,841	–
	2,625	1,841	2,625

19. SHARE CAPITAL

	2002		2001	
Ordinary shares of 1p each	**No.**	**£000**	No.	£000
Authorised	**50,000,000**	**500**	50,000,000	500
Issued, called up and fully paid	**27,558,002**	**276**	21,308,002	213

In accordance with merger accounting principles, the 21,308,002 shares issued in satisfaction of the dividend in specie declared by Hay & Robertson plc have been treated as if issued throughout the year and the corresponding year. Subsequent to the demerger, the company issued 6,250,000 shares, which were sold at 40 pence per share and are recognised from the date of issue, 5 June 2002.

20. RESERVES

	Share premium account £000	Merger reserve £000	Profit and loss account £000	**Total £000**
Group				
At 1 January 2002	–	(172)	173	**1**
Arising upon demerger	–	416	–	**416**
Share issue	2,437	–	–	**2,437**
Share issuance costs	(550)	–	–	**(550)**
Exchange difference	–	–	179	**179**
Profit for the year	–	–	143	**143**
At 31 December 2002	1,887	244	495	**2,626**
Company				
At 1 January 2002	–	–	–	–
Share issue	2,437	–	–	**2,437**
Share issuance costs	(550)	–	–	**(550)**
Exchange difference	–	–	122	**122**
Loss for the year	–	–	(287)	**(287)**
At 31 December 2002	1,887	–	(165)	**1,722**

21. RECONCILIATION OF MOVEMENTS IN CONSOLIDATED SHAREHOLDERS' FUNDS

	2002 £000	2001 £000
Profit for the period	**143**	42
Exchange differences	**179**	(3)
Issue of ordinary shares	**1,950**	–
Movement in merger reserve arising upon demerger	**416**	–
Net increase in shareholders' funds	**2,688**	39
Shareholders' funds at 1 January	**214**	175
Shareholders' funds at 31 December	**2,902**	214

22. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2002	2001
	£000	£000
Operating profit	**429**	470
Depreciation	**7**	7
Increase in debtors	**(120)**	(51)
Decrease in creditors	**(184)**	(239)
	132	187

(b) Reconciliation of net cash inflow to movement in net debt

	2002	2001
	£000	£000
Increase/(decrease) in cash in the year	**188**	(97)
Increase in bank borrowings	**(2,938)**	–
	(2,750)	(97)
Non-cash movements	**1,930**	864
Exchange differences	**(89)**	(3)
Net debt at beginning of year	**(1,826)**	(2,590)
	(2,735)	(1,826)

(c) Analysis of net debt

	At 1 January 2002	Cash flow	Non cash movements	Exchange differences	**At 31 December 2002**
	£000	£000	£000	£000	**£000**
Cash at bank	15	188	–	–	**203**
Hay & Robertson loan	(1,841)	–	1,930	(89)	**–**
Bank borrowings	–	(2,938)	–	–	**(2,938)**
	(1,826)	(2,750)	1,930	(89)	**(2,735)**

Non cash movements reflect the transfer of the Hay & Robertson loan to creditors due in less than one year. Under the terms of the demerger agreement the Hay & Robertson loan and other intercompany lending to the group became repayable in full on completion.

23. OPERATING LEASE COMMITMENTS

The annual commitment in respect of operating lease categorised by year of expiry is as follows:

Group and Company	**2002**	2001
	£000	£000
Land and buildings		
Within one year	**20**	20

24. FINANCIAL RISK MANAGEMENT

An explanation of the group's policies and strategies for the role of financial instruments in managing the risks of the group in its activities is given in the operating and financial review. The disclosures below exclude short-term debtors and creditors.

(a) Interest risk profile of financial liabilities

The financial liabilities of the group comprised:

	2002	2001
	£000	£000
Bank borrowings	**2,625**	–

Bank borrowings are denominated in sterling and bear interest at a floating rate based on LIBOR. The group does not have any currency exposure on monetary liabilities.

(b) Interest risk profile of financial assets

	2002	2001
	£000	£000
Sterling	**94**	–
Swiss Francs	**14**	1
Euros	**95**	–
US Dollars	**–**	14
	203	15

The financial assets consist of cash at bank, which attracts interest at floating rates based on LIBOR.

The group does not have any material currency exposure on monetary assets and liabilities.

(c) Maturity of financial liabilities

Total borrowings are repayable as follows:

	2002	2001
	£000	£000
In one year or less	**313**	–
In more than one year but not more than two years	**500**	–
In more than two years but not more than five years	**1,563**	–
In more than five years	**562**	–
	2,938	–

The bank borrowings relate to the Barclays loan of £2.9 million, agreed at the time of the demerger and drawn down in October 2002. The principal is repaid quarterly together with interest which is calculated on the outstanding balance of the loan, although, as described in Note 1, a repayment holiday has been requested from and granted by the group's bankers until March 2004 unless earlier repayment is considered possible. The loan is secured over the assets of the group, which are principally the trade marks.

(d) Undrawn committed borrowing facilities

At 31 December 2002 there were no other uncommitted borrowing facilities.

(e) Fair value of financial instruments

		Book value		Fair value
	2002	2001	**2002**	2001
	£000	£000	**£000**	£000
Cash	**203**	15	**203**	15
Bank borrowings falling due within one year	**313**	–	**313**	–
Bank borrowings falling due after one year	**2,625**	–	**2,625**	–

The fair value has been calculated by discounting the expected future cash flows at prevailing rates of interest.