CALDWELL INVESTMENTS PLC

Directors, Secretary and Advisers

Company Registration Number : 269566

Registered Office :
Princes House
635 Roundhay Road
Leeds
West Yorkshire
LS8 4BA

Directors :
S J Wootliff *(Chairman and Managing Director)*
J Hanford BSc CEng FICE MIWEM MconsE *(Non-Executive)*
J Posner FCA *(Non-Executive)*

Secretary :
G Haselden

Registrars and Transfer office :
CAPITA IRG PLC
Balfour House
390/398 High Road
Ilford
IG1 1NQ

Bankers :
National Westminster Bank Plc
P O Box 90
1 Market Street
Bradford
BD1 1EQ

Lloyds TSB Plc
P O Box 96
6-7 Park Row
Leeds
LS1 1NX

Solicitors :
Hardwick Stallards
Centurion House
37 Jewry Street
London
EC3N 2ER

Auditors :
Grant Thornton
Registered Auditors
Chartered Accountants
Heron House
Albert Square
Manchester
M60 8GT

The positive action taken over the last two years has finally started to show through. In my interim statement I referred to the ongoing process of rationalisation and reorganisation within the group. We have continued this process in the second half of the year and have now completed the disposal of the assets of the Lawtex business and a final programme of redundancies. The results for the year show a pre tax loss of £676,373 (1999 £635,623). The results in the year included losses on discontinued activities of £326,781 (1999 £852,863). In 2000 the pre-tax loss on continuing activities, essentially the underwear and **ninaclip**® businesses, was £349,592 (1999 profit £217,240) after charging exceptional operating costs of £254,743 (1999 £Nil) and losses made on foreign currency. We would not expect these items to recur in the current year. The results for the second half of 2000 have reduced the loss reported for the half year and are a positive indication of the steps taken over the last two years. No final dividend is being paid. Equity shareholders' net assets are 13.5p (1999 18.4p).

Underwear Business

Germany:
The business had to deal with harsh trading and currency conditions. In spite of these it managed another year of positive contribution to the groups results.

United Kingdom:
Following the re-organisation and consolidation of last year, the business has settled down well and contributed to second half group profits.

Both businesses have sound and competent management and we look forward to future growth and profitability.

ninaclip®

The sales of ninaclip brand parasols showed a material increase over the sales of the previous year. Unfortunately, we had production problems with our Taiwanese manufacturer of plastic components. These proved very costly to rectify.

In the autumn, at some considerable expense, we moved the production back to the U.K.

In addition, we had a total review of our **ninaclip**® strategy, decided to reduce our immediate ambitions for the company, and stopped, for the moment, ongoing investment in new product development with its attendant costs and negative cash flow.

Accordingly, the **ninaclip**® establishment overheads, personnel and development programme have all been drastically cut. Nevertheless, the international and U.K., **ninaclip**® parasol business has prospered with orders for the first three months up on the same period last year.

Re-organisation and Board changes

Through the year action has been taken to extensively cut the level of group establishment and personnel overheads.

As part of that re-organisation, two main Board directors resigned on 22 September 2000. Matthew Wootliff, who did a splendid job for establishing world wide ninaclip sales and Simon Cuffin-Munday, Caldwell Group Finance Director. We thank them both for their past contributions and wish them well for the future.

In addition, Roger Henton, who had been a Non Executive Director for fifteen years, resigned on April 18th 2001. We thank him for his past services and wish him well for the future.

We are happy to announce that Jack Posner, F.C.A., a local Leeds accountant with many years of audit corporate finance and tax experience with smaller companies joined the Board as a non-executive director on April 18th 2001.

Prospects

We finished the year with strong liquidity and balance sheet, good products, a quality customer base and a much reduced overhead structure. We believe the group will trade profitably going forward reverting to its historic pattern of trade, of a small loss in the first half, with a larger profit in the second.

General

2000 has been a year of much change and consolidation. It has not been easy, and I would like to thank my colleagues and all Caldwell employees for their considerable contribution.

S J Wootliff

Chairman

27 April 2001

The Directors present their annual report on the affairs of the Group, together with financial statements for the year ended 31 December 2000.

Principal activities and review of the business

The trade of the Company remains that of a holding Company. The subsidiary undertakings distribute underwear and Ninaclip products. The development of the Group during the year is set out in the Chairman's Statement.

Results and dividends

The Group made a loss after taxation and minority interests of £692,017 (1999: £670,879).

The Directors do not recommend the payment of a dividend (1999: £46,878).

Directors

The Directors serving at the end of the year together with their beneficial interests in the shares of the Company were as follows :

	Percentage of Issued Share Capital	31 December 2000	31 December 1999
S J Wootliff	**11.1%**	**1,530,026**	1,430,026
J Hanford (non-executive)	**0.6%**	**87,890**	87,890
R G Henton (non-executive) (resigned 18 April 2001)	**0.3%**	**42,441**	42,441

There have been no changes to these holdings since 31 December 2000.

Mr S P Cuffin-Munday was appointed as a Director and Company Secretary on 5 January 2000 and resigned on 22 September 2000. Mr M J Wootliff resigned as a Director on 22 September 2000. Mr J Posner was appointed a Director on 18 April 2001. Mr G Haselden was appointed as Company Secretary on 22 September 2000.

Substantial interests

The Company is aware that at 31 March 2001, the following, other than the Directors shown above, held in excess of 3% of the issued share capital of the Company :

	Number of Ordinary Shares	Percentage of Issued Share Capital
HSBC plc	**1,578,865**	**11.5**
Channel Nominees	**1,530,207**	**11.1**
Pershing Keen	**1,252,272**	**9.1**
ECS International Nominees (Isle of Man) Limited	**887,501**	**6.4**

Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. 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 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, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employee involvement and employment of disabled people
The Group places great emphasis on informal consultation in the workplace and operates an open management style with frequent informal discussions about all aspects of the Group's operations.

The Group's policy and practice is to encourage and assist the employment of disabled people and to retain employees who become disabled.

Supplier payment policy
The Group's policy is to settle the terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of the agreement. The Company had no trade creditors at 31 December 2000.

Annual General Meeting
Special business to be considered at the Annual General Meeting is outlined in the Notice of the Annual General Meeting accompanying the Annual Report.

Auditors
Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

On behalf of the Board

G Haselden

G Haselden
Secretary

27 April 2001

The Company is committed to applying the highest principles of corporate governance commensurate with its size.

Compliance

The Company has complied throughout the year with the provisions of the Code of Best Practice set out in Section 1 of the Combined Code except for the following :

Provision A.2.1.	In common with many other businesses of its size, the Company combines the roles of Chairman and Chief Executive, and S J Wootliff is responsible for running both the Board and the Company's business. The Board believes that this is appropriate at this stage of the Company's development. The Board also believes that there is sufficient ability and authority amongst other Board members, Executive and Non-Executive, to ensure that this combination of roles does not work to the disadvantage of the Company and its shareholders.
Provision D.2.1	The Company has complied with the requirements of the provision from June 2000 having previously adopted the transitional approach to adopting the guidance of the Turnbull Committee.
Provision D.3.1. and D.3.2	The Combined Code requires that the Board should establish an Audit Committee of at least three Directors, all Non-Executive, with written terms of reference. The Company does not have an Audit Committee. Given the small number of Board members, the Directors do not believe any meaningful purpose would be served by establishing such a committee. The Board as a whole undertakes those aspects of Corporate Governance which would be within the remit of an Audit Committee.

Application of Principles

The Company has applied the principles of good governance contained in the Combined Code appended to the Listing Rules of UK Listing Authority.

Directors

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets quarterly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary.

The Board consists of an Executive Director, who holds the key operational position in the Company and 2 Non-Executive Directors, who bring a breadth of experience and knowledge, are independent of management and any business or other relationship which could interfere with the exercise of their independent judgement. This provides a balance whereby the Board's decision making cannot be dominated by an individual or small group. The Chairman of the Board is Stanley J Wootliff and the Company's business is run by Stanley J Wootliff, the Chief Executive together with the other executive Directors. The Board has named John Hanford as the senior independent Non-Executive Director following the resignation of Roger Henton.

All Directors are subject to re-election every three years and, on appointment, at the first AGM after appointment.

Communications with shareholders

Communications with shareholders are given a high priority. In addition to the publication of an annual report and an interim report, there is regular dialogue with shareholders and analysts. The Annual General Meeting is viewed as a forum for communicating with shareholders, particularly private investors. Shareholders may question the Chairman and other members of the Board at the Annual General Meeting.

Accountability and Audit

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price sensitive reports to regulators as well as in the information required to be presented by statutory requirements.

INTERNAL CONTROL

The Directors acknowledge they are responsible for the Group's systems of internal control and for reviewing the effectiveness of these systems. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of the Group failing to achieve its strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has adopted the transitional approach for the application of Combined Code principle D.2 as set out in the letter from the London Stock Exchange to listed companies at the end of September 1999 and reports as follows:

The Board put procedures in place to implement the guidance of the Turnbull Report with effect from June 2000, six months earlier than the date anticipated in the 1999 Annual Report. A hierarchy of risks were identified, and a risk register compiled for each operating Company in the Group and for the Group as a whole. Procedures have been put in place to ensure that risks and identified corrective actions are regularly monitored and reported to the Board of Caldwell Investments PLC.

Going Concern

After making enquiries, the Directors have a reasonable expectation that the Company 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.

Remuneration Report

The Remuneration Committee was comprised of Messrs J Hanford and R G Henton, who chaired it, until his resignation. J Posner was appointed to the Remuneration Committee following his appointment as a Director. The Committee is now chaired by J Hanford.

Its policy is to ensure that the remuneration of any Executive Directors is commensurate with their responsibilities and provides them with sufficient motivation to ensure, so far as possible, their full commitment to perform in the best interests of shareholders.

The remuneration paid to the Executive Directors in the year ended 31 December 2000 is disclosed in full in note 4 to the financial statements. S J Wootliff has an employment contract with the Company which has a notice period of one year.

Share options

The Company has agreed, subject to approval by shareholders, to grant options to subscribe for an aggregate of 425,000 Ordinary Shares in the Company at an option price of 10p per share. The middle market value of the Company shares at the close of business on 27 April 2001 was 4.25p. Of these share options, 200,000 have been granted to S J Wootliff, and the remainder to three other members of the senior management team. A resolution confirming the grant of such options will be put to shareholders as Special Business at the next Annual General Meeting of the Company on 8 June 2001. Subject to such confirmation, S J Wootliff has agreed to waive his existing options over 500,000 shares.

Report of the Auditors

for the year ended 31 December 2000

We have audited the financial statements on pages 10 to 31 which have been prepared under the accounting policies as set out on pages 10 to 11.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the Annual Report. As described on pages 4 and 5, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

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. 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 or the Listing Rules regarding Directors' remuneration and transactions with the Group is not disclosed.

We review whether the corporate governance statement on pages 6 to 8 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with 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 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 affairs of the Company and of the Group at 31 December 2000 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton
Registered auditors
Chartered accountants

Manchester

27 April 2001

Principal Accounting Policies

for the year ended 31 December 2000

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

Basis of consolidation

The Group financial statements consolidate the financial statements of Caldwell Investments P.L.C. and its subsidiary and associated undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method with goodwill, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, being capitalised and amortised over a period of fifteen years, provision is made for any impairment. On disposal of a previously acquired business the attributable amount of goodwill not previously written off to the profit and loss account is included in determining the profit or loss on disposal.

No profit and loss account for the Company has been presented as permitted by Section 230 of the Companies Act 1985. The consolidated results of the Group for the financial year included a loss of £682,915 which has been dealt with in the financial statements of the parent Company (1999: Profit £40,144).

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Patents and trademarks

Patents and trademarks are included at cost and depreciated from the date when revenue begins to be earned from them in equal annual instalments over their estimated useful economic life. Provision is made for any impairment.

Research and development

Development expenditure is written off, except where the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over fifteen years, the period during which the Group is expected to benefit. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, less depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows :

Freehold buildings	2% on cost
Machinery and equipment	Between 10% and 25% on cost
Motor vehicles	25% on cost

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Revaluation of properties

Freehold properties are revalued with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Principal Accounting Policies

For the year ended 31 December 2000

Investments

Fixed asset investments are stated at cost less provision for impairment.

In the Group's financial statements investments in associated undertakings are accounted for using the equity method. The consolidated profit and loss account includes the Group's share of these undertakings' profits less losses, while the Group's share of the net assets of the associated undertakings is shown in the consolidated balance sheet.

An associated undertaking is one in which the Group has a long term investment of not less than 20% of the equity and voting share capital and over which it exercises a significant influence.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is arrived at as follows :

Raw materials and bought in finished goods	– purchase cost, on a first-in, first-out basis
Work in progress and manufactured finished goods	– materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

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

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account. The results and balance sheets of overseas operations are translated at the closing rate of exchange. Exchange differences arising on retranslating of the opening net assets and on foreign currency borrowings to the extent that they hedge the Group's investment in such operations are dealt with through reserves.

Gemcotex SRL, the Romanian subsidiary, currently operates in a hyper-inflationary economy and is accounted for using a suitable stable currency.

Financial instruments

The Group uses derivative financial instruments, primarily to manage exposures to fluctuations in foreign currency exchange rates and interest rates. Disclosures relating to these instruments are set out in note 15.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives.
The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

Consolidated Profit and Loss Account

for the year ended 31 December 2000

	Note	Continuing 2000 £	Discontinued 2000 £	Total 2000 £	Continuing 1999 £	Discontinued 1999 £	Total 1999 £
Turnover	1	6,959,989	15,141	**6,975,130**	7,210,786	2,659,430	9,870,216
Cost of sales		(5,898,396)	(68,557)	**(5,966,953)**	(5,729,899)	(2,335,097)	(8,064,996)
Gross profit/(loss)		1,061,593	(53,416)	**1,008,177**	1,480,887	324,333	1,805,220
Distribution costs		(154,979)	–	**(154,979)**	(171,792)	(76,110)	(247,902)
Other administration expenses		(936,111)	(391,504)	**(1,327,615)**	(979,568)	(324,853)	(1,304,421)
Exceptional items	2	(254,743)	389,143	**134,400**	–	(630,763)	(630,763)
Total Administration expenses		(1,190,854)	(2,361)	**(1,193,215)**	(979,568)	(955,616)	(1,935,184)
Other operating income	1	67,000	–	**67,000**	60,150	–	60,150
Operating (loss)/profit		(217,240)	(55,777)	**(273,017)**	389,677	(707,393)	(317,716)
Share of associates' operating loss		(2,859)	–	**(2,859)**	(1,765)	–	(1,765)
Loss on disposal of fixed assets		–	(181,599)	**(181,599)**	(79,086)	(34,339)	(113,425)
Net interest payable	3	(129,493)	(89,405)	**(218,898)**	(91,586)	(111,131)	(202,717)
(Loss)/profit on ordinary activities before taxation		(349,592)	(326,781)	**(676,373)**	217,240	(852,863)	(635,623)
Tax on loss on ordinary activities	5			**(12,365)**			(40,133)
Loss on ordinary activities after taxation				**(688,738)**			(675,756)
Equity minority interest	20			**(3,279)**			4,877
Loss for the financial year				**(692,017)**			(670,879)
Equity dividends paid and proposed	6			–			(46,878)
Retained loss for the financial year	18			**(692,017)**			(717,757)
Earnings per share – Basic and diluted	7			**(5.02)p**			(5.53)p

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 2000

	Note	**2000** **£**	1999 £
Loss for the financial year		**(692,017)**	(670,879)
Currency translation differences on foreign currency net investments	18	**17,286**	(98,294)
Total recognised losses relating to the year		**(674,731)**	(769,173)

Note of Historical Cost Profits and Losses

	2000 **£**	1999 £
Loss on ordinary activities before taxation	**(676,373)**	(635,623)
Realisation of revaluation gains of previous years	**188,990**	–
Difference between historical cost depreciation charge and depreciation charge on revalued amounts	**2,744**	5,139
Historical cost loss on ordinary activities before taxation	**(484,639)**	(630,484)
Historical cost loss transferred to reserves	**(500,283)**	(712,618)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Balance Sheet

at 31 December 2000

	Note	2000 £	1999 £
Fixed assets			
Intangible assets	8	**344,642**	344,327
Tangible assets	9	**323,828**	1,286,407
Investments	10	**–**	–
		668,470	1,630,734
Current assets			
Stocks	11	**1,802,676**	2,137,232
Debtors falling due within one year	12	**945,531**	1,425,675
Cash at bank and in hand		**425,556**	1,169,128
		3,173,763	4,732,035
Creditors: amounts falling due within one year	13	**(1,720,861)**	(2,921,405)
Net current assets		**1,452,902**	1,810,630
Total assets less current liabilities		**2,121,372**	3,441,364
Creditors: amounts falling due after more than one year	14	**(240,000)**	(843,402)
Provisions for liabilities and charges	16	**(14,198)**	(7,765)
Net assets		**1,867,174**	2,590,197
Capital and reserves			
Called up share capital	17	**1,378,750**	1,378,750
Share premium account	18	**1,620,302**	1,620,302
Revaluation reserve	18	**–**	191,734
Capital redemption reserve	18	**27,000**	27,000
Profit and loss account	18	**(1,158,878)**	(675,881)
Equity shareholders' funds	19	**1,867,174**	2,541,905
Equity minority interest		**–**	48,292
Total capital and reserves		**1,867,174**	2,590,197

The financial statements were approved by the Board of Directors on 27 April 2001.

S J Wootliff
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Company Balance Sheet

at 31 December 2000

	Note	2000 £	1999 £
Fixed assets			
Intangible assets	8	–	216,369
Tangible assets	9	–	974,340
Investments	10	**2,445,407**	1,786,152
		2,445,407	2,976,861
Current assets			
Debtors falling due within one year	12	**425,432**	87,824
Debtors falling due after more than one year	12	–	460,834
Cash at bank and in hand		**12,052**	573,090
		437,484	1,121,748
Creditors: amounts falling due within one year	13	**(103,475)**	(156,899)
Net current assets		**334,009**	964,849
Total assets less current liabilities		**2,779,416**	3,941,710
Creditors: amounts falling due after more than one year	14	–	(479,379)
Provisions for liabilities and charges	16	–	–
Net assets		**2,779,416**	3,462,331
Capital and reserves			
Called up share capital	17	**1,378,750**	1,378,750
Share premium account	18	**1,620,302**	1,620,302
Revaluation reserve	18	–	191,734
Capital redemption reserve	18	**27,000**	27,000
Profit and loss account	18	**(246,636)**	244,545
Total capital and reserves		**2,779,416**	3,462,331

The financial statements were approved by the Board of Directors on 27 April 2001.

S J Wootliff
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2000

	Note	2000 £	1999 £
Net cash (outflow)/inflow from operating activities	20	**(345,639)**	526.074
Returns on investments and servicing of finance			
Interest received		**27,609**	15.386
Interest paid		**(246,507)**	(218.102)
Net cash outflow		**(218,898)**	(202.716)
Taxation			
Tax paid		**(51,420)**	(39.775)
Net cash outflow		(51,420)	(39.775)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		**(37,518)**	(86.042)
Purchase of tangible fixed assets		**(92,185)**	(127.363)
Purchase of minority interest		**(37,500)**	–
Receipts from sale of fixed assets		**775,180**	–
Net cash inflow/(outflow)		**607,977**	(213.405)
Equity dividends paid		–	(135.118)
Net cash outflow before financing		**(7,980)**	(64.940)
Financing			
Issue of shares		–	623.181
Repayment of loans		**(657,744)**	(172.564)
Capital element of finance lease payments		**(28,157)**	(12.803)
Net cash (outflow)/inflow		**(685,901)**	437.814
(Decrease)/increase in cash in the year	21	**(693,881)**	372.874

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2000

1 Turnover and loss on ordinary activities before taxation

The Directors regard the Group as carrying on one continuing class of business, being the distribution of underwear and ninaclip® products.

	United Kingdom		Rest of Europe		Total	
	2000	1999	2000	1999	2000	1999
	£	£	£	£	£	£
Turnover by destination						
– continuing	1,581,483	1,568,915	5,378,506	5,641,871	6,959,989	7,210,786
– discontinued	5,434	2,495,844	9,707	163,586	15,141	2,659,430
	1,586,917	4,064,759	5,388,213	5,805,457	6,975,130	9,870,216
Turnover by origin						
– continuing	2,053,501	1,789,266	4,906,488	5,421,520	6,959,989	7,210,786
– discontinued	15,141	2,659,430	–	–	15,141	2,659,430
	2,068,642	4,448,696	4,906,488	5,421,520	6,975,130	9,870,216
Segment (loss)/profit						
- continuing	(251,946)	477,667	82,559	130,605	(169,387)	608,272
- discontinued	(66,216)	(802,777)	–	–	(66,216)	(802,777)
	(318,162)	(325,110)	82,559	130,605	(235,603)	(194,505)
Common costs					(259,171)	(327,693)
Exceptional costs						
– continuing					–	(79,086)
– discontinued					(181,599)	(34,339)
Loss on ordinary activities before taxation					(676,373)	(635,623)
Net assets/(liabilities)						
– continuing	2,218,891	2,221,092	755,507	735,382	2,974,398	2,956,474
– discontinued	(432,493)	(366,277)	–	–	(432,493)	(366,277)
	1,786,398	1,854,815	755,507	735,382	2,541,905	2,590,197

The loss on ordinary activities is stated after (crediting)/charging:

	2000	1999
	£	£
Rents received	–	(40,150)
Licence/royalty income	(67,000)	(20,000)
Other operating income	(67,000)	(60,150)
Amortisation of intangible fixed assets	40,437	36,983
Depreciation of tangible fixed assets	97,985	157,030
Operating lease rentals		
– land and buildings	136,117	121,146
– plant and machinery	900	900
Auditors' remuneration		
– audit fees	16,000	19,000
– other fees	5,000	5,000

2 Exceptional items

	2000 £	1999 £
Continuing		
Severance and redundancy costs	**140,575**	–
Other operating costs	**114,168**	–
	254,743	–
Discontinued		
Forgiveness of debt	**(389,143)**	–
Redundancy costs	**–**	64,544
Other operating costs	**–**	566,219
	(389,143)	630,763

Other operating costs arose due to the expenses incurred in servicing a major customer.

3 Net interest payable

	2000 £	1999 £
Bank loans and overdrafts	**215,304**	179,318
Other loans	**29,513**	35,624
Finance lease interest	**1,690**	3,160
	246,507	218,102
Interest receivable	**(27,609)**	(15,385)
	218,898	202,717

4 Directors and employees

Staff costs during the year were as follows :

	2000 £	1999 £
Wages and salaries	**919,365**	1,237,085
Social security costs	**93,675**	118,433
Pension costs	**9,377**	7,771
	1,022,417	1,363,289

The average monthly number of employees (including Executive Directors) was :

	2000 Number	1999 Number
Office and management	**14**	16
Selling and distribution	**8**	11
Production	**32**	50
	54	77

4. **Directors and employees** *(continued)*

Directors' remuneration and interests

Directors' emoluments **Name of Director**	**Fees/ salary £**	**Severance payments £**	**Taxable benefits £**	**Total 2000 £**	Total 1999 £
Executive					
S J Wootliff	117,000	–	16,347	**133,347**	131,340
D Thompson	–	63,677	6,577	**70,254**	51,737
M J Wootliff	30,589	42,500	4,672	**77,761**	61,212
S P Cuffin-Munday	27,500	22,500	6,311	**56,311**	–
Non-executive					
J Hanford	5,000	–	–	**5,000**	5,000
R G Henton	10,000	–	–	**10,000**	10,000
Aggregate emoluments	190,089	128,677	33,907	**352,673**	259,289

The Company does not make any pension contributions for the benefit of its Directors.

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted or held by the Directors. Details of the options are as follows :

Name of Director	**Number of options At 1 January 2000**	**Granted in the year**	**Waived in the year**	**Number of options At 31 December 2000**	**Exercise price**	**Exercisable from**	**Expiry date**
S J Wootliff	100,000	–	(100,000)	–	29p	6.3.1995	5.3.2002
	400,000	–	(400,000)	–	53p	2.2.1997	1.2.2004
	–	200,000	–	200,000	10p	1.10.2003	31.1.2010
	500,000	200,000	(500,000)	200,000			

The Company has agreed, subject to approval by shareholders, to grant options to subscribe for an aggregate of 425,000 Ordinary Shares in the Company at an option price of 10p per share. The middle market value of the Company shares at the close of business on 27 April 2001 was 4.25p. Of these share options, 200,000 have been granted to S J Wootliff. A resolution confirming the grant of such options will be put to shareholders as Special Business at the Annual General Meeting of the Company on 8 June 2001. Subject to such confirmation, S J Wootliff has agreed to waive his existing options over 500,000 shares.

There are no performance criteria associated with the exercise of these options.

The market price of the Company's shares at 31 December 2000 was 8.25p and the range during the year was 8.25p to 30.5p.

5 Tax on loss on ordinary activities

The tax charge/(credit) comprises:

	2000	1999
	£	£
United Kingdom Corporation tax 30% (1999: 30%)	–	–
Deferred taxation	–	(8,000)
Overseas taxation	**8,791**	61,165
Adjustment in respect of prior years		
– current taxation	–	(1,882)
– deferred taxation	**3,574**	(11,150)
	12,365	40,133

The adjustments in respect of prior years relates to the release of an over provision for corporation tax and deferred tax.

6 Dividends

	2000	1999
Equity shares	**£**	£
Interim paid of nil pence (1999 : 0.425 pence) per ordinary share	–	46,878
Final proposed of nil pence (1999 : nil pence) per ordinary share	–	–
	–	46,878

7 Earnings per ordinary share

The calculation of basic and diluted earnings per share is based on the loss for the financial year of **£692,017** (1999 : £670,879) and a weighted average number of ordinary shares of **13,787,500** (1999: 12,120,912).

8 Intangible fixed assets

Group

	Goodwill	Development costs and patents	Total
	£	£	£
Cost			
At 1 January 2000	322,363	268,527	590,890
Additions	3,234	37,518	40,752
At 31 December 2000	**325,597**	**306,045**	**631,642**
Depreciation			
At 1 January 2000	216,407	30,156	246,563
Charge for the year	11,950	28,487	40,437
At 31 December 2000	**228,357**	**58,643**	**287,000**
Net book amount			
At 31 December 2000	**97,240**	**247,402**	**344,642**
Net book amount			
At 31 December 1999	105,956	238,371	344,327

Company

	Development costs and patents
	£
Cost	
At 1 January 2000	238,527
Additions	37,518
Transfer to subsidiary undertaking	(276,045)
At 31 December 2000	–
Depreciation	
At 1 January 2000	22,158
Charge for the year	3,843
Transfer to subsidiary undertaking	(26,001)
At 31 December 2000	–
Net book amount	
At 31 December 2000	–
Net book amount	
At 31 December 1999	216,369

9 **Tangible fixed assets**

Group

	Freehold land and buildings £	Machinery and equipment £	Motor vehicles £	Total £
Cost or Revalued Amount				
At 1 January 2000	956,884	672,763	130,349	1,759,996
Additions	–	38,324	53,861	92,185
Disposals	(855,000)	(257,888)	(103,004)	(1,215,892)
At 31 December 2000	**101,884**	**453,199**	**81,206**	**636,289**
Depreciation				
At 1 January 2000	47,492	362,633	63,464	473,589
Charge for the year	13,500	58,307	26,178	97,985
Disposals	(56,792)	(146,610)	(55,711)	(259,113)
At 31 December 2000	**4,200**	**274,330**	**33,931**	**312,461**
Net book amount				
At 31 December 2000	**97,684**	**178,869**	**47,275**	**323,828**
Net book amount				
At 31 December 1999	909,392	310,130	66,885	1,286,407

The remaining freehold property is carried at its historic cost.

Company

	Freehold land and buildings £	Machinery and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2000	855,000	210,162	47,205	1,112,367
Disposals	(855,000)	(193,215)	(33,705)	(1,081,920)
At 31 December 2000	–	**16,947**	**13,500**	**30,447**
Depreciation				
At 1 January 2000	45,392	68,809	23,826	138,027
Charge for the year	11,400	7,711	8,847	27,958
Disposals	(56,792)	(59,573)	(19,173)	(135,538)
At 31 December 2000	–	**16,947**	**13,500**	**30,447**
Net book amount				
At 31 December 2000	–	–	–	–
Net book amount				
At 31 December 1999	809,608	141,353	23,379	974,340

10 Fixed asset investments

	Group		Company	
	2000	1999	**2000**	1999
	£	£	**£**	£
Net book amount				
Subsidiary undertakings	–	–	**2,445,407**	1,786,152
Associated undertakings	–	–	**–**	–
	–	–	**2,445,407**	1,786,152

During the year the company purchased the remaining 50% of shares not already owned in its subsidiary, Pabon International Limited for a consideration of £37,500. The purchase gave rise to goodwill on consolidation of £3,234.

In addition the company subscribed for further shares at a cost of £1,088,196 in subsidiaries in which 100% of the share capital was already owned.

The Company and the Group have investments in the following subsidiary and associated undertakings :

Name	*Date of incorporation*	*Status of company*	*Country of incorporation and principal country of operation*	*Nature of business*	*Description of holding*	*Proportion held*
Subsidiary undertakings:						
Atricom Limited	22 January 1997	Private	Great Britain	Distribution of underwear and nursery products	£100,000 Ordinary Shares	100%
Challioner & Walker Limited	1 May 1974	Private	Great Britain	Manufacture of underwear	£150,000 Ordinary Shares	100%
Gemcotex SRL	1 June 1993	Private	Romania	Distribution of textiles and allied products	US $5,000 Registered Shares and DM200,000 Registered Shares	100%
Lawtex Nursery Products Limited	11 March 1996	Private	Great Britain	Distribution and manufacture of nursery products and childrenswear	£200,000 Ordinary Shares	100%
Lawtex Promotional Umbrellas Limited	11 March 1996	Private	Great Britain	Distribution and manufacture of promotional umbrellas and parasols	£20,000 Ordinary Shares	100%
Medallion Limited	11 March 1996	Private	Great Britain	Distribution of underwear	£350,000 Ordinary Shares	100%
Ninaclip PLC	11 March 1996	Private	Great Britain	Non-trading	£30,000 Ordinary Shares	100%
Nissel Textilien GmbH	4 March 1987	Private	Germany	Distribution of underwear	DM750,000 Registered Shares	100%
Pabon International Limited	19 April 1993	Private	Great Britain	Distribution of tailored garments	£50,001 Ordinary Shares	100%
Roumi Textilhandels GmbH	22 May 1990	Private	Germany	Non-trading	DM100,000 Registered	100%
Associates						
Dion Textile SRL	24 April 1998	Private	Romania	Distribution of textiles	221.2 Million Leu	50%

The investments in Gemcotex SRL and Dion Textile SRL are held by Atricom Limited. The investment in Roumi Textilhandels GmbH is held by Nissel Textilien GmbH.

10 Fixed asset investments *(continued)*

Subsidiary undertakings	Company £
Cost	
At 1 January 2000	1,786,152
Additions	1,125,696
At 31 December 2000	**2,911,848**

	£
Provisions	
At 1 January 2000	–
Provided in the year	(466,441)
At 31 December 2000	**(466,441)**

	£
Net book amount	
At 31 December 2000	**2,445,407**
At 31 December 1999	1,786,152

Associates	Group £	Company £
Cost		
At 1 January 2000	–	–
Share of losses of associates	(2,859)	–
Transfer to provisions for liabilities and charges	2,859	–
At 31 December 2000	**–**	–

11 Stocks

Group	2000 £	1999 £
Raw materials	**121,137**	179,660
Work in progress	**26,947**	52,024
Finished goods	**1,654,592**	1,905,548
	1,802,676	2,137,232

There is no material difference between the balance sheet value of stocks and their replacement cost.

12 Debtors

	Group		Company	
	2000	1999	**2000**	1999
	£	£	**£**	£
Amounts falling due within one year:				
Trade debtors	**860,077**	1,300,202	**–**	–
Amounts due by other Group undertakings	**–**	–	**384,153**	87,824
Other debtors	**67,912**	109,733	**41,279**	–
Prepayments and accrued income	**17,542**	15,740	**–**	–
	945,531	1,425,675	**425,432**	87,824
Amounts falling due after more than one year:				
Amounts owed by subsidiary undertakings	**–**	–	**–**	460,834

13 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	**2000**	1999
	£	£	**£**	£
Obligations under finance leases	**3,166**	19,067	**–**	5,015
Bank overdrafts	**1,110,197**	1,615,629	**3,166**	59,945
Other loans	**120,000**	120,000	**–**	–
Trade creditors	**210,541**	642,326	**–**	–
Amounts owed to other Group undertakings	**–**	–	**71,232**	27,468
Corporation and other profits taxes	**8,856**	47,911	**–**	–
Other taxes and social security costs	**100,933**	132,112	**5,471**	12,467
Other creditors	**87,537**	179,415	**–**	653
Accruals and deferred income	**79,631**	164,945	**23,606**	51,351
Proposed dividends	**–**	–	**–**	–
	1,720,861	2,921,405	**103,475**	156,899

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2000	1999	**2000**	1999
	£	£	**£**	£
Bank loans	**–**	471,030	**–**	471,030
Other loans	**240,000**	360,116	**–**	–
Obligations under finance leases	**–**	12,256	**–**	8,349
	240,000	843,402	**–**	479,379

Other loans falling due within and after more than one year are repayable in three equal annual instalments commencing in January 2001 and are unsecured.

All of the loans carry interest at commercial rates.

	Group		Company	
	2000	1999	**2000**	1999
	£	£	**£**	£
Amounts payable				
– between one and two years	**120,000**	190,125	**–**	63,093
– between two and five years	**120,000**	436,683	**–**	199,692
– after five years	**–**	216,594	**–**	216,594
	240,000	843,402	**–**	479,379

15 Financial instruments

The Group uses financial instruments, other than derivatives, comprising borrowings and cash to provide funding for the Group's operations.

The Group also enters into derivatives transactions such as forward foreign currency contracts to manage currency risks arising from the Group's operations.

The main risks arising from the Group financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Directors agree policies for managing each of these risks and they are summarised below.

Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures.

Interest rate risk

The Group finances its operations through retained profits and bank borrowings. Borrowings are in sterling, US dollars and German marks at fixed and floating rates of interest. The Group seeks to minimise the cost of borrowings and reduce the impact of interest fluctuations.

The interest rate exposure of the financial liabilities of the Group as at 31 December 2000 was :

Currency	**Floating interest rate**
	£
Sterling	600,149
German Marks	47,846
US Dollars	825,368
	1,473,363

The floating rate borrowings bear interest at rates based on Bank base rate.

15 Financial instruments *(continued)*

Liquidity risk
The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of the Group's borrowings is given in note 14. The Group has no material undrawn committed borrowing facilities.

Currency risk
The Group is exposed to translation and transaction foreign exchange risk.

In relation to transaction risk the Group seeks to hedge its exposures using forward contracts with the objective of minimising fluctuations in exchange rates on future transactions and cash flows.

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account of the Group companies and the Group.

Functional currency of the operation	Net foreign currency monetary liabilities US dollar £
German Marks	274,877
Sterling	550,491

Fair value
There was no difference between the book values and fair values of the Group's financial assets and liabilities.

16 Provisions for liabilities and charges

	Deferred taxation £	Investment in Associate £	Total £
Group			
At 1 January 2000	6,000	1,765	7,765
Transfer to profit and loss account	3,574	–	3,574
Transfer from fixed asset investments (see note 10)	–	2,859	2,859
At 31 December 2000	**9,574**	**4,624**	**14,198**

	Deferred taxation £
Company	
At 1 January 2000 and 31 December 2000	–

16 Provisions for liabilities and charges *(continued)*

	Group Provided and Potential		Company Provided and Potential	
	2000	1999	**2000**	1999
	£	£	**£**	£
Deferred taxation provided is as follows :				
Accelerated capital allowances	**9,574**	6.000	**–**	–

There is no unprovided deferred taxation in either the Group or the Company at 31 December 2000 or 31 December 1999.

17 Share capital

	2000	1999
	£	£
Authorised		
17,500,000 (1999: 15,000,000) Ordinary shares of 10p each	**1,750,000**	1,500,000
Allotted, called up and fully paid		
13,787,500 Ordinary shares of 10p each	**1,378,500**	1,378,500

Authorised during the year

On 5 June 2000 the Company increased its ordinary share capital to 17,500,000 ordinary shares of 10p each (1999: 15,000,000).

Shares under options

At 31 December 2000 the Company had granted options over ordinary shares of 10p each under the terms of an Inland Revenue Approved Employee Share Option Scheme which remained unexercised as follows :

Number	**Option price**	**Earliest exercise date**	**Expiry date**
100,000	29p	6.3.1995	5.3.2002
300,000	53p	2.2.1997	1.2.2004

At 31 December 2000 the Company had granted options over ordinary shares of 10p each under the terms of an Enterprise Management Initiative Share Option Scheme which remain unexercised as follows:–

425,000	10p	1.10.2003	31.1.2010

18 Reserves

Group	**Share premium account £**	**Revaluation reserve £**	**Capital redemption reserve £**	**Profit and loss account £**
At 1 January 2000	1,620,302	191,734	27,000	(675,881)
Retained loss for the financial year	–	–	–	(692,017)
Transfers	–	(2,744)	–	2,744
Realised on sale of property	–	(188,990)	–	188,990
Foreign exchange translation adjustments	–	–	–	17,286
At 31 December 2000	**1,620,302**	**–**	**27,000**	**(1,158,878)**

18 Reserves *(continued)*

Company	Share premium account £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
At 1 January 2000	1,620,302	191,734	27,000	244,545
Retained loss for the financial year	–	–	–	(682,915)
Transfer	–	(2,744)	–	2,744
Realised on sale of property	–	(188,990)	–	188,990
At 31 December 2000	**1,620,302**	**–**	**27,000**	**(246,636)**

As at 31 December 2000, cumulative goodwill written off on acquisition to reserves amounted to **£745,948** (1999: £745,948).

19 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Loss for the financial year	**(692,017)**	(670,879)
Dividends	–	(46,878)
	(692,017)	(717,757)
Other recognised gains and losses	**17,286**	(98,294)
Issue of shares	–	623,181
Net reduction in equity shareholders' funds	**(674,731)**	(192,870)
Opening equity shareholders' funds	**2,541,905**	2,734,775
Closing equity shareholders' funds	**1,867,174**	2,541,905

20 Reconciliation of operating loss to operating cash flows

	2000 £	1999 £
Operating loss	**(273,017)**	(317,716)
Depreciation	**97,985**	157,030
Amortisation of goodwill and intangible fixed assets	**40,437**	36,983
Decrease in stocks	**334,556**	834,136
Decrease in debtors	**480,144**	615,451
Decrease in creditors	**(636,601)**	(799,810)
Exceptional items	**(389,143)**	–
Net cash (outflow)/inflow from operating activities	**(345,639)**	526,074

21 Analysis and reconciliation of net debt

	1 January 2000 £	Cashflow £	Other non-cash changes £	31 December 2000 £
Cash at bank and in hand	1,169,128	(743,572)	–	**425,556**
Overdrafts	(1,549,031)	49,691	389,143	**(1,110,197)**
	(379,903)	(693,881)	389,143	**(684,641)**
Debt due within one year	(186,598)	66,598	–	**(120,000)**
Debt due after one year	(831,146)	591,146	–	**(240,000)**
Finance leases	(31,323)	28,157	–	**(3,166)**
	(1,049,067)	685,901	–	**(363,166)**
Net debt	(1,428,970)	(7,980)	389,143	**(1,047,807)**

	2000 £	1999 £
(Decrease)/increase in cash in the year	**(693,881)**	372,874
Cash outflow from decrease in debt and lease financing	**685,901**	185,367
Change in net debt resulting from cashflows	**(7,980)**	558,241
Inception of finance leases	–	(24,100)
Forgiveness of debt	**389,143**	–
Movement in net debt in year	**381,163**	534,141
Net debt at 1 January 2000	**(1,428,970)**	(1,963,111)
Net debt at 31 December 2000	**(1,047,807)**	(1,428,970)

22 Guarantees and financial commitments

Contingent liabilities

At 31 December 2000, the Company had guaranteed the liabilities of its German subsidiary undertaking to its bankers in amounts of **DM 1,004,315 (£322,723)** (1999 : DM 519,933).

At 31 December 2000, the Company had guaranteed the liabilities of a UK subsidiary undertaking to its bankers in the amount of **£236,983** (1999 : £250,249).

At 31 December 2000, the Group had issued guarantees in favour of the Romanian customs authorities of **US $Nil** (1999 : $100,000) and in favour of H M Customs and Excise of **£100,000** (1999 : £100,000).

At 31 December 2000, the Company had guaranteed the liabilities of two of its UK subsidiary undertakings to their creditors in the amount of **£360,000** (1999 : £486,769).

22 **Guarantees and financial commitments** *(continued)*

Operating leases
Annual commitments under non-cancellable operating leases are as follows:

Group	**2000**	1999
	£	£
Land and buildings		
Expiry date:		
Less than one year	**10,791**	–
Between two and five years	**15,000**	22,491
In over five years	**111,054**	101,781
	136,845	124,272

Company	**2000**	1999
	£	£
Land and buildings		
Expiry date:		
Less than one year	**10,791**	10,791

Forward foreign exchange contracts
At 31 December 2000 the Group had entered into forward exchange contracts in the normal course of business amounting to **£Nil** (1999 : £Nil).

Letters of credit
At 31 December 2000 the Group had outstanding letters of credit amounting to **£Nil** (1999 : £9,595).

Capital commitments
At 31 December 2000 the Group had entered into commitments of **£Nil** (1999 : £Nil).

23 **Related party disclosures**
The Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related Party Disclosures" so as not to disclose transactions with other members of the Group in which it has a greater than 90% shareholding.

Notice of the Annual General Meeting

Notice is hereby given that the sixty-ninth Annual General Meeting of the Company will be held at the Company's registered office, Princes House, 635 Roundhay Road, Leeds, LS8 4BA at 9.00 a.m. on 8th June 2001 for the following purposes:

As ordinary business

1. To receive and consider the Directors' Report and the audited financial statements for the year ended 31 December 2000.
2. To re-elect J Hanford as a Director.
3. To re-elect Jack Posner as a Director.
4. To re-appoint Grant Thornton as Auditors to the Company until conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

As special business

5. To consider and, if thought fit, pass the following Resolution which will be proposed as a Special Resolution:

   That the Directors be, and hereby are empowered, pursuant to Section 95 of the Companies Act 1985, to allot equity securities (within the meaning of Section 94 of the Act) as if Section 89 (1) of the Companies Act 1985 did not apply to any such allotment provided that this power shall be limited:

   a) to the allotment of equity securities up to an aggregate nominal value of £42,500, being 425,000 Ordinary Shares of 10 pence each in connection with options to be granted by the Company pursuant to Resolution No 6 below.

   b) to the allotment (otherwise than pursuant to sub-paragraph a) above) of equity securities up to an aggregate nominal value of £200,000, being 2,000,000 ordinary shares at 10p each (equal to 14.5 per cent of the issued share capital of the Company at the date of passing of this Resolution) and shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the date of the passing of this Resolution (whichever is earlier) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred had not expired.

6. To consider and if thought fit pass the following Resolution which will be proposed as an Ordinary Resolution:

   "that the grant of options in respect of an aggregate of 425,000 Ordinary Shares of 10p each to Mr S J Wootliff and other members of senior management team at an option price equal to the par value of such Ordinary Shares be and is hereby approved".

7. To consider and, if thought fit, pass the following Resolution which will be proposed as an Ordinary Resolution:

   That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) Companies Act 1985) of Ordinary Shares of 10 pence each in the Company ("Shares") provided that:

   a) The maximum number of shares hereby authorised to be acquired is 2,500,000;

   b) The minimum price which may be paid for any such Share is 2.5 pence;

   c) The maximum price which may be paid for any such Share is an amount equal to 105% of the average of middle market quotations for Share as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Share is contracted to purchased; and

   d) The authority hereby conferred shall expire at the close of the next Annual General Meeting of the Company to be held after the date hereof, but a contract of purchase may be made before such an expiry which will or may be executed wholly or partly thereafter, and a purchase of Shares may be made in pursuance of any such contract.

8. To transact any other business as may be properly transacted at a General Meeting of the Company.

By order of the Board

G Haselden
Secretary

27 April 2001

Registered Office:
Princes House
635 Roundhay Road
Leeds
LS8 4BA

Notes:

A member entitled to attend and vote at the above meeting may appoint a proxy to vote on his behalf. Notification of the appointment of a proxy must be deposited with the Company Registrars not later than 48 hours before the time of the meeting. A proxy need not be a member of the Company. A form of proxy for the purpose is enclosed.

Copies of the Directors' service contracts and the option agreement referred to in the above notice will be available for inspection at the Registered Office of the Company during business hours (Saturdays, Sundays and public Holidays excluded), together with a statement of transactions of its Directors and of their family interests in each class of share capital of the Company and of its subsidiary undertakings.