CALDWELL INVESTMENTS P.L.C.

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REPORT AND ACCOUNTS 2002

Contents

CALDWELL
INVESTMENTS
P.L.C.

Caldwell Investments PLC is a fully listed company

with over 1,000 shareholders.

It specialises in the distribution of basic underwear

and **ninaclip**® products.

Directors, Secretary and Advisers

Company Registration Number :	269566
Registered Office :	647 Roundhay Road Leeds West Yorkshire LS8 4BA
Directors :	S J Wootliff *(Chairman and Managing Director)* G Haselden *(Finance 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 The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Bankers :	National Westminster Bank Plc P O Box 90 1 Market Street Bradford BD1 1EQ
Solicitors :	Stallard Solicitors Centurion House 37 Jewry Street London EC3N 2ER
Auditors :	Grant Thornton Registered Auditors Chartered Accountants Heron House Albert Square Manchester M60 8GT

Chairman's Statement

for the year ended 31 December 2002

Results

Positive action taken over the last few years has finally started to show through. The result for the year is a small pre tax profit of £72,084 (2001: loss £65,566).

Underwear businesses

Germany

Despite continuing difficult trading conditions in Germany, our Nissel subsidiary managed a further year of improvement and once again made a positive contribution to the Group's result.

United Kingdom

Underwear in the UK continues to be a highly competitive activity. We have therefore taken the decision to focus totally on the importing side of our business. Regrettably, this will lead to the closure of our manufacturing activity in Bolton at the end of June 2003. Following the closure, we intend to relocate to premises more appropriate to an importing, sales and distribution business. There will be some small redundancy and relocation costs. The above action will strengthen our business and enable us to give more competitive prices to our customers.

ninaclip®

Parasols

The 2002 summer season turned out to be less buoyant than we had hoped. A wet summer throughout Europe affected our sales. However, the **ninaclip®** parasols made a positive contribution to Group profits.

Sun canopies

Since the successful showing of the NinaSun suncanopy at the SPOGA show in Cologne, much time, effort and money has been spent on its development.

We hope to commence commercial trials at the end of June 2003 and subject to these being successful, delivery to customers will start November/December 2003.

Review

2002 was a further year of improvement. Germany did well, especially against an exceptionally poor economic background.

The underwear business in the UK was stable and Nina Parasols had a profitable, if a somewhat disappointing year.

The NinaSun canopy project is progressing well but is taking longer than we had hoped, postponing the time when we will reap the benefits of the time, effort and money invested.

Prospects

The traditional activities of the Group produced a small pre-tax profit in 2002, and we hope to improve on this performance in the coming year.

The NinaSun canopy will not make any material contribution to Group profits in 2003, but we are hoping for a significant contribution in 2004.

With highly competent executives, motivated employees, excellent products, quality customer base and strong balance sheet, we look forward to 2003 with quiet confidence.

General

2002 was the fourth year of continued progress. I would like to thank my colleagues and all Caldwell employees, without whom these achievements would not have been possible.

S J Wootliff

Chairman

25 April 2003

The Directors present their annual report on the affairs of the Group, together with financial statements for the year ended 31 December 2002.

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 profit after taxation of £9,411 (2001: loss £95,437). The Directors do not propose a dividend (2001: £Nil).

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 2002	31 December 2001
S J Wootliff	**17.9%**	**2,700,026**	2,005,026
J Hanford (non-executive)	**0.9%**	**137,890**	87,890
J L Posner (non-executive)	**0.3%**	**50,000**	–

Mr G Haselden was appointed a director on 1 January 2003.

There have been no changes to the above holdings since 31 December 2002. Details of the Directors' share options are shown in the audited information of the Directors' remuneration report on page 9.

Substantial interests
The Company is aware that at 31 March 2003, 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 Global Custody Nominee	**1,958,205**	**13.0**
Channel Nominees	**1,530,207**	**10.1**
ECS International Nominees (Isle of Man) Limited	**887,501**	**5.9**
Rock (Nominees) Limited	**1,313,847**	**8.7**
White Rose Nominees	**1,798,518**	**11.9**

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 the Group and of the profit or loss of the Group 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 Group will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that the Directors' report is prepared in accordance with company law in the United Kingdom.

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 2002.

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

25 April 2003

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	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 – to ensure that this combination of roles does not work to the disadvantage of the Company and its shareholders.
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.

Until 31 December 2002 the Board consisted of an Executive Director, who holds the key operational position in the Company and two 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, John Hanford is the senior independent Non–Executive Director. On 1 January 2003, Graham Haselden was appointed Finance Director.

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 Board has put procedures in place to implement the guidance Internal Control : Guidance for Directors on The Combined Code. 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.

The Board keeps under review whether an internal audit function would add value to the Company.

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.

Directors' Remuneration Report

for the year ended 31 December 2002

This report has been prepared in accordance with the Directors' Remuneration Report Regulations 2002 which introduced new statutory requirements for the disclosure of Directors' remuneration in respect of periods ending on or after 31 December 2002. The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the Principles of Good Governance relating to Directors' remuneration. As required by the Regulations, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved.

The Regulations require the auditors to report to the Company's members on the "auditable part" of the Directors' Remuneration Report and to state whether in their opinion that part of the report has been properly prepared in accordance with the Companies Act 1985 (as amended by the Regulations). The report has therefore been divided into separate sections for audited and non-audited information.

Unaudited information

The Remuneration Committee comprises Messrs J Hanford and J Posner. J Posner was appointed to the Remuneration Committee following his appointment as a Director. The Committee is 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 Directors' remuneration consists entirely of a basic annual salary which is reviewed annually. S J Wootliff has an employment contract with the Company dated 24 April 1998 which has a notice period of one year.

The remuneration of the Non-Executive Directors is determined by the Board. Non-Executive Directors do not have a contract of service.

Performance graph

The following graph shows the Company's performance, measured by total shareholder return (TSR), compared with the performance of the FT Fledging Index. The Index was chosen as it represents smaller capitalisation companies and the value taken is as published at the end of each calendar year.

Caldwell Investments Plc TSR v Fledging Index

Audited information

Directors' Emoluments	Fees/ Salary £	Taxable benefits £	Pension £	Total 2002 £	Total 2001 £
Executive					
S J Wootliff	128,700	12,545	–	**141,245**	137,042
Non-executive					
J Hanford	5,000	–	–	**5,000**	5,000
J Posner	2,000	–	–	**2,000**	1,500
Aggregate emoluments	135,700	12,545	–	**148,245**	143,542

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 2002	Granted in the year	Waived in the year	Number of options At 31 December 2002	Exercise price	Exercisable from	Expiry date
S J Wootliff	200,000	–	–	200,000	10p	1.10.2003	31.1.2010

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

The market price of the Company's shares at 31 December 2002 was 13p and the range during the year was 7¾p to 17¼p.

Approval

This report was approved by the Board of Directors on 25 April 2003 and signed on its behalf by:

S Wootliff
Director

Report of the Independent Auditors to the Members of Caldwell Investments P.L.C.

We have audited the financial statements of Caldwell Investments P.L.C. for the year ended 31 December 2002 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and notes 1 to 23. These financial statements have been prepared in accordance with 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

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 and 7 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 Chairman's Statement, the Directors' report, the corporate governance statement and the unaudited part of the Directors' remuneration report, 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.

Report of the Independent Auditors to the Members of Caldwell Investments P.L.C.

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 2002 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Grant Thornton
Registered auditors
Chartered accountants
Manchester
25 April 2003

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards. The Directors have reviewed the accounting policies in accordance with FRS 18 "Accounting Policies" and have concluded that no changes were required from the previous year. FRS 19 "Deferred Tax" has been adopted for the first time in these financial statements.

The principal accounting policies of the Group are set out below.

Basis of consolidation
The Group financial statements consolidate the financial statements of Caldwell Investments P.L.C. and its subsidiary undertakings drawn up to 31 December 2002. 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 on a straight line basis over its useful economic life presumed to be 15 years. Provision is made for any impairment. In accordance with Group's accounting policy prior to FRS 10, goodwill arising on acquisitions prior to 1 September 1998 have been written off directly to reserves. 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 profit of £69,139 which has been dealt with in the financial statements of the parent company (2001: loss £30,347).

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, presumed to be 15 years. 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 economic 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.

Investments

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

Stocks and work in progress

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.

Deferred taxation

Deferred tax is recognised on all timing differences where the transaction or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax that have been enacted or substantially enacted by the balance sheet date.

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.

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 14.

Leases

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 2002

	Note	2002 £	2001 £
Turnover – continuing operations	1	**7,315,792**	6,235,894
Cost of sales		**(5,957,712)**	(4,975,578)
Gross profit		**1,358,080**	1,260,316
Distribution costs		**(154,293)**	(143,442)
Administration expenses		**(1,105,707)**	(1,129,360)
Other operating income		**52,141**	64,227
Operating profit – continuing operations		**150,221**	51,741
Net interest payable	2	**(78,137)**	(117,307)
Profit/(loss) on ordinary activities before taxation		**72,084**	(65,566)
Tax on profit/(loss) on ordinary activities	4	**(62,673)**	(29,871)
Profit/(loss) for the financial year		**9,411**	(95,437)
Equity dividends paid and proposed	5	**–**	–
Retained profit/(loss) for the financial year	17	**9,411**	(95,437)
Earnings/(loss) per share	6		
– Basic		**0.07p**	(0.69)p
– Diluted		**0.06p**	–

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 December 2002

	Note	2002 £	2001 £
Profit/(loss) for the financial year		**9,411**	(95,437)
Currency translation differences on foreign currency net investments		**6,514**	(1,834)
Total recognised gains/(losses) relating to the year		**15,925**	(97,271)

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

Consolidated Balance Sheet

at 31 December 2002

	Note	2002 £	2001 £
Fixed assets			
Intangible assets	7	**288,896**	309,011
Tangible assets	8	**300,884**	306,542
		589,780	615,553
Current assets			
Stocks	10	**1,450,489**	1,513,266
Debtors falling due within one year	11	**1,553,538**	1,375,164
Cash at bank and in hand		**554,577**	316,248
		3,558,604	3,204,678
Creditors: amounts falling due within one year	12	**(2,232,556)**	(1,920,754)
Net current assets		**1,326,048**	1,283,924
Total assets less current liabilities		**1,915,828**	1,899,477
Creditors: amounts falling due after more than one year	13	**–**	(120,000)
Provisions for liabilities and charges	15	**–**	(9,574)
Net assets		**1,915,828**	1,769,903
Capital and reserves			
Called up share capital	16	**1,508,750**	1,378,750
Share premium account	17	**1,239,255**	1,239,255
Capital redemption reserve	17	**27,000**	27,000
Profit and loss account	17	**(859,177)**	(875,102)
Shareholders' funds	18	**1,915,828**	1,769,903

The financial statements were approved by the Board of Directors on 25 April 2003.

S J Woolliff
Director

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

Company Balance Sheet

at 31 December 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	8	**22,506**	25,553
Investments	9	**2,382,906**	2,382,906
		2,405,412	2,408,459
Current assets			
Debtors falling due within one year	11	**889,511**	512,630
Cash at bank and in hand		–	41
		889,511	512,671
Creditors: amounts falling due within one year	12	**(346,715)**	(172,061)
Net current assets		**542,796**	340,610
Net assets		**2,948,208**	2,749,069
Capital and reserves			
Called up share capital	16	**1,508,750**	1,378,750
Share premium account	17	**1,239,255**	1,239,255
Capital redemption reserve	17	**27,000**	27,000
Profit and loss account	17	**173,203**	104,064
Shareholders' funds		**2,948,208**	2,749,069

The financial statements were approved by the Board of Directors on 25 April 2003.

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 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities	19	**156,608**	371,418
Returns on investments and servicing of finance			
Interest received		**7,198**	5,746
Interest paid		**(85,335)**	(123,053)
		(78,137)	(117,307)
Taxation			
Tax paid		**(697)**	(24,237)
Capital expenditure and financial investment			
Purchase of intangible fixed assets		**(17,211)**	(8,542)
Purchase of tangible fixed assets		**(65,702)**	(41,748)
Receipts from sale of fixed assets		**11,812**	2
		(71,101)	(50,288)
Net cash inflow before financing		**6,673**	179,586
Financing			
Issue of shares		**130,000**	–
Repayment of other loans		**(120,000)**	(120,000)
Capital element of finance lease payments		**–**	(3,166)
		10,000	(123,166)
Increase in cash in the year	21	**16,673**	56,420

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

1 **Turnover and profit/(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	
	2002	2001	**2002**	2001	**2002**	2001
	£	£	**£**	£	**£**	£
Turnover by destination	**1,346,431**	1,600,671	**5,969,361**	4,635,223	**7,315,792**	6,235,894
Turnover by origin	**1,837,855**	1,600,671	**5,477,937**	4,635,223	**7,315,792**	6,235,894
Segment profit/(loss)	**(130,561)**	(140,582)	**202,645**	75,026	**72,084**	(65,566)
Net assets	**1,052,436**	1,013,281	**863,392**	756,622	**1,915,828**	1,769,903

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

	2002	2001
	£	£
Profit on disposal of fixed assets	**5,483**	–
Profit on disposal of subsidiary undertaking	–	14,537
Amortisation of intangible fixed assets	**37,326**	44,173
Depreciation of tangible fixed assets	**65,031**	59,032
Operating lease rentals		
– land and buildings	**146,646**	135,845
Auditors' remuneration		
– audit fees	**16,800**	17,446
– other fees	**10,490**	6,575

2 **Net interest payable**

	2002	2001
	£	£
Bank loans and overdrafts	**74,568**	104,141
Other loans	**10,767**	18,912
	85,335	123,053
Interest receivable	**(7,198)**	(5,746)
	78,137	117,307

3 Directors and employees

Staff costs during the year were as follows:	2002 £	2001 £
Wages and salaries	**760,041**	721,449
Social security costs	**92,371**	86,932
Pension costs	**989**	715
	853,401	809,096

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

	2002 Number	2001 Number
Office and management	**21**	25
Selling and distribution	**7**	7
Production	**11**	11
	39	43

Directors' remuneration

	2002 £	2001 £
Directors' remuneration for the year	**148,245**	143,542

Further details of the Directors' remuneration and share options and the emoluments of the highest paid Director are shown in the audited information of the Directors' remuneration report on page 9.

4 Tax on profit/(loss) on ordinary activities

The tax charge comprises:	2002 £	2001 £
Corporation tax at 30% (2001: 30%)		
Current	–	–
Overseas tax	**72,247**	29,871
	72,247	29,871
Deferred tax		
Current year	**(9,574)**	–
	62,673	29,871

4 Tax on loss on ordinary activities *(continued)*

Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom of 30% (2001: 30%). The differences are explained as follows:

	2002 £	2001 £
Profit/(loss) on ordinary activities before taxation	**72,084**	(70,190)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2001: 30%)	**21,625**	(21,057)
Effect of:		
Expenses not deductible for tax purposes	**1,612**	4,682
Capital allowances for the period in excess of depreciation	**(9,737)**	(6,501)
Increase in unused losses	**47,293**	45,382
Higher tax rates on overseas earnings	**11,454**	7,365
	72,247	29,871

5 Dividends

Equity shares	2002 £	2001 £
Interim paid of nil pence (2001: nil pence) per ordinary share	–	–
Final proposed of nil pence (2001: nil pence) per ordinary share	–	–
	–	–

6 Earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per share is based on earnings/(losses) attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The calculation of diluted earnings per share is based on the basic earnings/(loss) per share adjusted to allow for the assumed conversion of all dilutive options.

	Earnings £	2002 Weighted average number of shares	Earnings per share	Losses £	2001 Weighted average number of shares	Loss per share
Basic earnings/(loss) per share	9,411	14,437,500	0.07p	(95,437)	13,787,500	(0.69)p
Dilutive effect of share options		87,000				
Diluted earnings per share	9,411	14,524,500	0.06p			

As the impact of issuing potential ordinary shares was anti-dilutive in 2001, the diluted loss per share in 2001 is equivalent to the basic loss per share.

7 Intangible fixed assets

Group	Goodwill £	Development costs and patents £	Total £
Cost			
At 1 January 2002	325,597	314,587	640,184
Additions	–	17,211	17,211
At 31 December 2002	**325,597**	**331,798**	**657,395**
Depreciation			
At 1 January 2002	240,307	90,866	331,173
Charge for the year	11,950	25,376	37,326
At 31 December 2002	**252,257**	**116,242**	**368,499**
Net book amount			
At 31 December 2002	**73,340**	**215,556**	**288,896**
Net book amount			
At 31 December 2001	85,290	223,721	309,011

8 Tangible fixed assets

Group	Freehold land and buildings £	Machinery and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2002	101,884	490,783	81,465	674,132
Additions	–	48,450	17,252	65,702
Disposals	–	(2,452)	(35,689)	(38,141)
At 31 December 2002	**101,884**	**536,781**	**63,028**	**701,693**
Depreciation				
At 1 January 2002	6,300	313,887	47,403	367,590
Charge for the year	2,100	48,131	14,800	65,031
Disposals	–	(1,488)	(30,324)	(31,812)
At 31 December 2002	**8,400**	**360,530**	**31,879**	**400,809**
Net book amount				
At 31 December 2002	**93,484**	**176,251**	**31,149**	**300,884**
Net book amount				
At 31 December 2001	95,584	176,896	34,062	306,542

8 Tangible fixed assets *(continued)*

Company	Machinery and equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2002	42,500	13,500	56,000
Additions	2,607	–	2,607
Disposals	–	(13,500)	(13,500)
At 31 December 2002	**45,107**	–	**45,107**
Depreciation			
At 1 January 2002	16,947	13,500	30,447
Charge for the year	5,654	–	5,654
Disposals	–	(13,500)	(13,500)
At 31 December 2002	**22,601**	–	**22,601**
Net book amount			
At 31 December 2002	**22,506**	–	**22,506**
Net book amount			
At 31 December 2001	25,553	–	25,553

9 Fixed asset investments

Subsidiary undertakings	Company £
Cost	
At 1 January 2002 and 31 December 2002	**2,849,347**
Provisions	
At 1 January 2002 and 31 December 2002	**466,441**
Net book value	
At 31 December 2002	**2,382,906**
At 31 December 2001	2,382,906

9 Fixed asset investments *(continued)*

The Company has investments in the following subsidiary 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%
Lawtex Nursery Products Limited	11 March 1996	Private	Great Britain	Non–trading	£200,000 Ordinary shares	100%
Lawtex Promotional Umbrellas Limited	11 March 1996	Private	Great Britain	Non–trading	£20,000 Ordinary shares	100%
Medallion Limited	11 March 1996	Private	Great Britain	Non–trading	£350,000 Ordinary shares	100%
Ninaclip plc	11 March 1996	Private	Great Britain	Distribution and manufacture of nursery products	£660,000 Ordinary shares	100%
Nissel Textilien GmbH	4 March 1987	Private	Germany	Distribution of underwear	EURO 1,090,000 Registered shares	100%

10 Stocks

Group	**2002** **£**	2001 £
Raw materials	**182,945**	242,217
Work in progress	**18,078**	35,145
Finished goods	**1,249,466**	1,235,904
	1,450,489	1,513,266

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

11 Debtors

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Amounts falling due within one year:				
Trade debtors	**1,396,041**	1,311,185	–	–
Amounts due by other Group undertakings	–	–	**761,283**	510,584
Other debtors	**22,582**	44,223	**15,885**	–
Prepayments and accrued income	**134,915**	19,756	**112,343**	2,046
	1,553,538	1,375,164	**889,511**	512,630

12 Creditors: amounts falling due within one year

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Bank overdrafts	**1,166,125**	944,469	**255,214**	41,571
Other loans	**120,000**	120,000	–	–
Trade creditors	**313,655**	236,080	–	–
Amounts owed to other Group undertakings	–	–	**15,409**	–
Corporation and other profits taxes	**86,040**	14,490	–	–
Other taxes and social security costs	**106,723**	146,512	**12,098**	45,449
Other creditors	**258,160**	324,553	–	–
Accruals and deferred income	**181,853**	134,650	**63,994**	85,041
	2,232,556	1,920,754	**346,715**	172,061

13 Creditors: amounts falling due after more than one year

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Other loans	–	120,000	–	–

All of the loans carry interest at commercial rates.

	Group 2002 £	Group 2001 £	Company 2002 £	Company 2001 £
Amounts payable				
– between one and two years	–	120,000	–	–

14 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 other than the currency risk disclosures.

Interest rate risk

The Group finances its operations through retained profits and bank borrowings. Borrowings are in sterling and Euros at 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 2002 was:

	Floating interest rate 2002 £	Floating interest rate 2001 £
Currency		
Sterling	**645,099**	365,873
Euros	**641,026**	818,596
	1,286,125	1,184,469

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

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 notes 12 and 13. 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.

	Net foreign currency monetary assets		
	Euro	**US dollar**	**Total**
Functional currency of the operation	**£**	**£**	**£**
Euro	–	3,444	3,444
Sterling	8,431	5,377	13,808
	8,431	8,821	17,252

Fair value

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

15 Provisions for liabilities and charges

	Deferred taxation £
Group	
At 1 January 2002	9,574
Transfer to profit and loss account	(9,574)
At 31 December 2002	–

	Deferred taxation £
Company	
At 1 January 2002 and 31 December 2002	–

	Group Provided and Potential		**Company Provided and Potential**	
	2002	2001	**2002**	2001
Deferred taxation provided is as follows:	**£**	£	**£**	£
Accelerated capital allowances	–	9,574	–	–

There is no unprovided deferred taxation in either the Group or the Company at 31 December 2002 or 31 December 2001. The Group has unrecognised deferred tax assets of £407,100 (2001: £384,300) mainly in relation to tax losses carried forward. Utilisation of these losses is dependent on the future profitability of the UK group. The Directors consider it prudent not to recognise these assets at the balance sheet date.

16 Share capital

	2002 £	2001 £
Authorised		
17,500,000 Ordinary shares of 10p each	**1,750,000**	1,750,000
Allotted, called up and fully paid		
15,087,500 (2001: 13,787,500) Ordinary shares of 10p each	**1,508,750**	1,378,750

On 31 July 2002, 1,300,000 ordinary 10p shares were issued at par for a cash consideration of £130,000, to provide additional working capital for the Company and in particular enable the Company to finance the further development of a new product.

Shares under options

At 31 December 2002 the Company had granted options over ordinary shares of 10p each under the terms of an Enterprise Management Initiative Share Option Scheme which remained unexercised as follows:

Number	Option price	Earliest exercise date	Expiry date
435,000	10p	1.10.2003	31.1.2010

17 Reserves

Group	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2002	1,239,255	27,000	(875,102)
Retained profit for the financial year	–	–	9,411
Foreign exchange translation adjustments	–	–	6,514
At 31 December 2002	**1,239,255**	**27,000**	**(859,177)**

Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2002	1,239,255	27,000	104,064
Retained profit for the financial year	–	–	69,139
At 31 December 2002	**1,239,255**	**27,000**	**173,203**

As at 31 December 2002, cumulative goodwill written off on acquisition to reserves amounted to **£745,948** (2001: £745,948).

18 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit/(loss) for the financial year	**9,411**	(95,437)
Currency translation differences on foreign currency net investment	**6,514**	(1,834)
Issue of shares	**130,000**	–
Net increase/(reduction) in equity shareholders' funds	**145,925**	(97,271)
Opening shareholders' funds	**1,769,903**	1,867,174
Closing shareholders' funds	**1,915,828**	1,769,903

19 Reconciliation of operating profit to operating cash flows

	2002 £	2001 £
Operating profit	**150,221**	51,741
Depreciation	**65,031**	59,032
Profit on disposal of fixed assets	**(5,483)**	–
Amortisation of goodwill and intangible fixed assets	**37,326**	44,173
Decrease in stocks	**62,777**	289,410
Increase in debtors	**(178,374)**	(429,633)
Increase in creditors	**18,596**	361,319
Decrease in provisions	–	(4,624)
Foreign exchange movement	**6,514**	–
Net cash inflow from operating activities	**156,608**	371,418

20 Analysis and reconciliation of net debt

	1 January 2002 £	Cashflow £	Other non-cash changes £	**31 December 2002 £**
Cash at bank and in hand	316,248	238,329	–	**554,577**
Overdrafts	(944,469)	(221,656)	–	**(1,166,125)**
	(628,221)	16,673	–	**(611,548)**
Debt due within one year	(120,000)	120,000	(120,000)	**(120,000)**
Debt due after one year	(120,000)	–	120,000	–
	(240,000)	120,000	–	**(120,000)**
Net debt	(868,221)	136,673	–	**(731,548)**

21 Reconciliation of net cash inflow to movement in net debt

	2002 £	2001 £
Increase in cash in the year	**16,673**	56,420
Cash outflow from decrease in debt and lease financing	**120,000**	123,166
Change in net debt resulting from cashflows	**136,673**	179,586
Net debt at 1 January 2002	**(868,221)**	(1,047,807)
Net debt at 31 December 2002	**(731,548)**	(868,221)

22 Guarantees and financial commitments

Contingent liabilities

At 31 December 2002, the Company had guaranteed the liabilities of its German subsidiary undertaking to its bankers in amounts of **Euro Nil (£Nil)** (2001: DM 691,327).

At 31 December 2002, the Company had guaranteed the liabilities of one of its UK subsidiary undertakings to their creditors in the amount of **£120,000** (2001: £240,000).

Operating leases

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

Group	**2002**	2001
Land and buildings	**£**	£
Expiry date:		
Between two and five years	**118,500**	117,750

Company	**2002**	2001
Land and buildings	**£**	£
Expiry date:		
Between two and five years	**5,250**	5,250

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 seventy first Annual General Meeting of the Company will be held at the Company's registered office, 647 Roundhay Road, Leeds, LS8 4BA at 9.00 a.m. on 30 May 2003 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 2002.

2. To re-elect J Posner as a Director.

3. To elect G Haselden 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 an Ordinary Resolution:

   That the Authorised Shared Capital of the Company be and hereby is increased to £2,000,000 by the creation of 2,500,000 Ordinary Shares of 10 pence each.

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

   That the Directors be and hereby are generally and unconditionally authorised to exercise all powers of the Company, to allot relevant securities (within the meaning of Section 80 Companies Act), up to an aggregate nominal value of shares equal to the amount of the unissued Authorised Share Capital of the Company at the date of passing this Resolution, provided that this authority shall expire on the fifth anniversary of the date of passing this Resolution, but without prejudice to any offer or agreement made by the Company before that anniversary which would, or might, require relevant securities to be allotted or otherwise dealt with by the Board of the Company under such authority after that anniversary has expired.

7. 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 in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all such shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them subject only to such exclusions or other arrangements as the Directors may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws or the requirements of any recognised regulatory body; and.

   b) to the allotment (otherwise than pursuant to sub-paragraph a) above) of equity securities up to an aggregate nominal value of £450,000, being 4,500,000 ordinary shares at 10p each (equal to 29.9 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.

8. 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 3,000,000;

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 be 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.

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

By order of the Board

Registered Office:
647 Roundhay Road
Leeds
LS8 4BA

G Haselden
Secretary

25 April 2003

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 Directors' service contracts 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.

CALDWELL INVESTMENTS PLC

FORM OF PROXY

ANNUAL GENERAL MEETING
30 May 2003 at 9.00 a.m.

I/We ....
being a member of Caldwell Investments PLC hereby appoint the Chairman of the Meeting/

....

as my/our proxy vote at the Annual General Meeting of the Company, at 9.00 a.m. on 30 May 2003, notice of which was sent to Shareholders with the Directors' Report and Financial Statements for the year ended 31 December 2002 and at any adjournment thereof. The proxy will vote on the under-mentioned resolutions as indicated.

Please indicate with a ✔ in the spaces below how you wish your vote to be cast.

RESOLUTIONS	**FOR**	**AGAINST**
1. To approve the financial statements.		
2. To re-elect J. Posner as a Director.		
3. To elect G. Haselden as a Director.		
4. To re-appoint Grant Thornton as Auditors and authorise the Directors to fix their remuneration.		
AS SPECIAL BUSINESS		
5. To increase the Authorised Share Capital of the Company.		
6. To authorise the Directors to allot shares.		
7. To limit the power of the Directors to allot shares.		
8. To authorise the Company to buy its own shares.		

If this form is signed and returned without any indication as to how the proxy shall vote, he will exercise his discretion both as to how he votes and whether or not he abstains from voting.

This proxy will only be used in the event of a poll being demanded or directed.

Dated this .... day of 2003

Signature(s) ....

NOTES:

1. A member may appoint one or more proxies of his own choice by inserting the name(s) of the person(s) appointed in the space provided.
2. A proxy need not be a member of the company.
3. The instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorized.
4. To be effective the instrument appointing a proxy and the power of attorney or other authority if any under which it is signed or a duly certified copy thereof must be deposited with the Company Registrars at the address overleaf not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. In the case of joint holdings the vote of the first named holder in the register will be accepted to the exclusion of the other joint holders.

SECOND FOLD

PLEASE
AFFIX
STAMP

CAPITA IRG PLC
THE REGISTRY
34 BECKENHAM ROAD
BECKENHAM
KENT
BR3 4TU

FIRST FOLD

THIRD FOLD

CALDWELL INVESTMENTS P.L.C.

647 Roundhay Road, Leeds LS8 4BA Tel: 0113 235 0632 Fax: 0113 235 0792