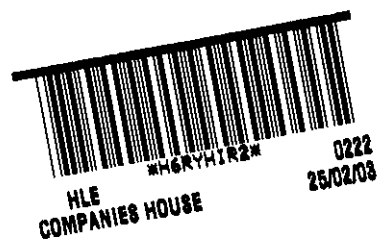


Registered Number 2364

Keighley Fleece Mills Co. Limited
Annual report
for the sixteen months ended 30 April 2002



Keighley Fleece Mills Co. Limited

Annual report for the sixteen months ended 30 April 2002

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Keighley Fleece Mills Co. Limited

Director and advisors

Director

R J Stork

Secretary

J Sheehan

Auditors

PricewaterhouseCoopers

Benson House

33 Wellington Street

Leeds

LS1 4JP

Solicitors

Gordons Cranswick

14 Piccadilly

Bradford

BD1 3LX

Registered Office

Midland Mills

Valley Road

Bradford

BD1 4RL

Keighley Fleece Mills Co. Limited

Directors' report for the sixteen months ended 30 April 2002

The directors present their report and the audited financial statements of the company for the sixteen month period ended 30 April 2002, the period end having been aligned with that of the ultimate parent undertaking.

Principal activity

The principal activity of the company is the ownership and letting of commercial property.

Review of business and future developments

Rental income for the period has increased as a result of new lettings to tenants both internal and external to the group. The company has also disposed of certain interests in freehold land and buildings, which has generated a significant profit in the period. The directors anticipate that rental income will increase further when the refurbishment of certain properties has been completed.

Results and dividends

The company's profit after taxation for the period was £740,989 (year ended 31 December 2000: loss £330,922). The directors do not recommend the payment of a dividend for the period (year ended 31 December 2000: £Nil).

Directors

The directors of the company during the period were as follows:

R J Stork (Chairman)
R A Clarke

Mr R A Clarke resigned as a director on 30 September 2002.

Directors' interests

The directors in office at 30 April 2002 had no beneficial interest in the shares of the company, but two shares are registered in the name of Mr R J Stork as a nominee of British Mohair Holdings Limited.

The directors had no interests in the shares of any other group companies incorporated in Great Britain at any time during the period.

Fixed assets

Details of the company's fixed assets can be found in note 4 to the financial statements.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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 period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Keighley Fleece Mills Co. Limited

Directors' report for the sixteen months ended 30 April 2002 (continued)

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the Annual General Meeting.

By order of the Board



J Sheehan

Secretary

30 September 2002

Keighley Fleece Mills Co. Limited

Independent auditors' report to the members of Keighley Fleece Mills Co. Limited

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

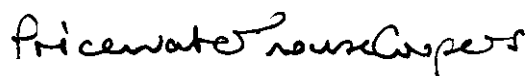
Basis of audit opinion

We conducted our audit in accordance with 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 company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds
30 September 2002

Keighley Fleece Mills Co. Limited

Profit and loss account for the sixteen months ended 30 April 2002

	Note	Period ended 30 April 2002 £	Year ended 31 December 2000 £
Turnover		678,344	99,500
Operating costs	1	(378,470)	(147,371)
Operating profit/(loss)		299,874	(47,871)
Profit on sale of tangible fixed assets	3	786,963	-
Profit/(loss) on ordinary activities before interest		1,086,837	(47,871)
Net interest payable	2	(72,544)	-
Profit/(loss) on ordinary activities before taxation		1,014,293	(47,871)
Taxation charge	3	(273,304)	(283,051)
Retained profit/(deficit) for the financial period/year	10	740,989	(330,922)

All of the above results relate to continuing operations.

Statement of total recognised gains and losses

For the sixteen months/year ended:	Note	30 April 2002 £	31 December 2000 £
Profit/(loss) for the financial period/year		740,989	(330,922)
Unrealised surplus on revaluation of properties	10	1,225,371	1,799,844
Total recognised gains and losses for the financial period/year		1,966,360	1,468,922

Note of historical cost profits and losses

For the sixteen months/year ended:	30 April 2002 £	31 December 2000 £
Reported profit/(loss) on ordinary activities before taxation	1,014,293	(47,871)
Realisation of property revaluation gains of previous years	3,652	-
Difference between historic cost depreciation charge and the actual depreciation charge of the period calculated on the revalued amount	62,994	-
Historical cost profit/(loss) on ordinary activities before taxation	1,080,939	(47,871)
Historical cost profit/(loss) for the period/year retained after taxation	807,635	(330,922)

Keighley Fleece Mills Co. Limited

Balance sheet as at 30 April 2002

	Note	30 April 2002 £	31 December 2000 £
Fixed assets			
Tangible assets	4	6,331,920	7,058,000
Current assets			
Debtors	5	4,180,792	194,763
Cash at bank and in hand		116,681	142,500
		4,297,473	337,263
Creditors : amounts falling due within one year	6	(92,026)	(63,803)
Net current assets		4,205,447	273,460
Total assets less current liabilities		10,537,367	7,331,460
Creditors: amounts falling due after more than one year	7	(6,633,927)	(5,317,181)
Provisions for liabilities and charges	8	(178,436)	(255,635)
Net assets		3,725,004	1,758,644
Capital and reserves			
Called up share capital	9	36,000	36,000
Revaluation reserve	10	2,958,569	1,799,844
Other reserves – distributable	10	11,775	11,775
Profit and loss account	10	718,660	(88,975)
Equity shareholders' funds	11	3,725,004	1,758,644

The financial statements on pages 5 to 15 were approved by the board of directors on 30 September 2002 and were signed on its behalf by:

R J Stork

R. J. Stork

R A Clarke

R A Clarke

Directors

Keighley Fleece Mills Co. Limited

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historical cost convention (as modified by the revaluation of certain fixed assets).

Turnover

Turnover represents amounts received and receivable in respect of property lease rentals and is exclusive of value added tax.

Tangible fixed assets

Freehold and leasehold land and buildings are stated at valuation. All other tangible fixed assets are stated at their purchase cost together with any incidental costs of acquisition.

On adoption of FRS 15 "Tangible fixed assets", the company has adopted a policy of revaluation for its land and buildings, with all properties being valued by independent, professional valuers. Full valuations are to be performed every five years, with an interim valuation in the third year intervening, and valuations in other years only to the extent that it appears a material change in value is likely. Valuations are performed on an existing use basis for properties occupied by fellow group undertakings, and on an open market basis for all other properties.

Investment properties are included in fixed assets at open market value, and valued on an annual basis with any surplus or deficit being taken to the revaluation reserve.

Depreciation is provided on a straight line basis at the following annual rates in order to write-off fixed assets over their estimated useful lives:

Freehold land	Nil
Freehold buildings	2% per annum
Leasehold buildings	2% per annum or over the period of the lease if shorter

No depreciation is provided on investment properties. This treatment may be a departure from the requirements of the Companies Act 1985 concerning the depreciation of fixed assets, but is, in the opinion of the directors, necessary for the financial statements to give a true and fair view.

The effect of depreciation on value is already reflected annually in the valuation of properties, and the amount attributed to this factor by the valuers cannot reasonably be separately identified or quantified.

Deferred taxation

The company has adopted FRS 19 'Deferred tax' and this is reflected in these financial statements. Deferred tax is now provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Previously, provision was made for deferred taxation using the liability method on all material timing differences, to the extent that it was probable that a liability or asset would crystallise in the foreseeable future. The adoption of FRS 19 reflects a change in accounting policy. This change in accounting policy has no material effect on the results of the prior year and consequently the prior year figures have not been restated. There is also no material effect on the current year results.

Keighley Fleece Mills Co. Limited

Accounting policies (continued)

Cash flow statement

During the period the company was a wholly owned subsidiary of Christineborg Holding AB, and its cash flows are included in the consolidated cash flow statement of that company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing its own cash flow statement.

Keighley Fleece Mills Co. Limited

Notes to the financial statements for the sixteen months ended 30 April 2002

1 Operating costs

	Period ended 30 April 2002 £	Year ended 31 December 2000 £
Operating costs include:		
Depreciation – land and buildings	186,083	-
Auditors' remuneration for: Audit	4,000	2,540
Taxation	9,450	-
Impairment losses on revalued buildings	-	141,230
Repairs to let property	9,174	531

Note: The remuneration of the directors has been borne by other group companies and no part thereof has been apportioned in respect of their services as directors of the company.

The company has no other employees.

2 Net interest payable

	Period ended 30 April 2002 £	Year ended 31 December 2000 £
Interest receivable – bank interest	27,378	-
Interest payable – bank loan	(99,922)	-
	(72,544)	-

Keighley Fleece Mills Co. Limited

Notes to the financial statements for the sixteen months ended 30 April 2002 (continued)

3 Taxation charge

	Period ended 30 April 2002 £	Year ended 31 December 2000 £
Current year:		
UK corporation tax at 30% (2000: 30%)	-	1,033
Group relief	349,987	26,383
Deferred tax	(77,199)	255,635
	272,788	283,051
Prior year:		
UK corporation tax	(1,033)	-
Group relief	1,549	-
	273,304	283,051

The profit on sale of freehold properties of £786,963 did not result in a charge to corporation tax.

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	Period ended 30 April 2002 £	Year ended 31 December 2000 £
Profit/(loss) on ordinary activities before taxation	1,014,293	(47,871)
Profit/(loss) on ordinary activities multiplied by standard rate of tax	304,288	(14,361)
Effects of:		
(Profits not chargeable)/expenses not deductible for tax purposes	(192,434)	41,852
Depreciation in excess of/(less than) capital allowances	238,133	(75)
Adjustments to tax charge in respect of prior periods	516	-
Current tax for the period/year	350,503	27,416

Keighley Fleece Mills Co. Limited

Notes to the financial statements for the sixteen months ended 30 April 2002 (continued)

4 Tangible fixed assets

	Assets in the course of construction £	Freehold land and buildings (investment properties) £	Freehold land and buildings (other) £	Leasehold land and buildings £	Assets held for resale £	Total £
Cost or valuation						
At 1 January 2001	-	991,000	5,093,682	1,233,929	-	7,318,611
Additions	471,452	-	19,365	-	-	490,817
Disposals	-	-	(3,702,475)	(67,596)	-	(3,770,071)
Transfers from group companies	-	97,040	684,063	600,000	-	1,381,103
Transfers to assets held for resale	-	-	(888,433)	(600,000)	1,488,433	-
Revaluations	-	2,960	1,265,927	-	(130,815)	1,138,072
At 30 April 2002	471,452	1,091,000	2,472,129	1,166,333	1,357,618	6,558,532
Depreciation						
At 1 January 2001	-	-	163,682	96,929	-	260,611
Charge for the period	-	-	138,981	47,102	-	186,083
Eliminated in respect of disposals	-	-	(152,486)	(67,596)	-	(220,082)
Transfers from group companies	-	-	87,299	-	-	87,299
Transfers to assets held for resale	-	-	(62,125)	(16,000)	78,125	-
Revaluations	-	-	(87,299)	-	-	(87,299)
At 30 April 2002	-	-	88,052	60,435	78,125	226,612
Net book value						
At 30 April 2002	471,452	1,091,000	2,384,077	1,105,898	1,279,493	6,331,920
At 31 December 2001	-	991,000	4,930,000	1,137,000	-	7,058,000

All properties included under leasehold land and buildings are long leasehold properties.

At 23 August 2000, all of the company's properties were revalued by independent qualified valuers. The valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors by Dacre, Son & Hartley, a firm of independent Chartered Surveyors. The valuations were prepared on an existing use basis for those properties occupied by fellow group undertakings, and on an open market basis for all other properties.

These revaluations are incorporated into the financial statements and the resulting revaluation adjustments are included in the revaluation reserve, other than revaluation losses where the valuation fell below depreciated historic cost, which have been charged to the profit and loss account.

The directors performed a review of the valuation of the company's investment properties as at 30 April 2002. Based on this review, the directors consider that the valuations at 30 April 2002 are not materially different from those reflected in the financial statements, and therefore no adjustment has been made to the existing carrying values.

Keighley Fleece Mills Co. Limited

Notes to the financial statements for the sixteen months ended 30 April 2002 (continued)

4 Tangible fixed assets (continued)

If revalued assets were stated on the historic cost basis, the amounts would be:

	Assets in the course of construction		Freehold land and buildings (investment properties)		Freehold land and buildings (other)	
	30 April 2002	31 December 2000	30 April 2002	31 December 2000	30 April 2002	31 December 2000
	£	£	£	£	£	£
At cost	471,452	-	386,361	289,321	1,032,635	4,466,197
Aggregate depreciation	-	-	-	-	(136,965)	(163,681)
Net book value based on historic cost	471,452	-	386,361	289,321	895,670	4,302,516

	Leasehold land and buildings		Assets held for resale		Total	
	30 April 2002	31 December 2000	30 April 2002	31 December 2000	30 April 2002	31 December 2000
	£	£	£	£	£	£
At cost	695,653	763,249	1,038,158	-	3,624,259	5,518,767
Aggregate depreciation	(47,884)	(96,929)	(66,117)	-	(250,966)	(260,610)
Net book value based on historic cost	647,769	666,320	972,041	-	3,373,293	5,258,157

5 Debtors

	30 April 2002	31 December 2000
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	4,106,733	190,066
Prepayments and accrued income	24,675	-
Trade debtors	49,384	4,697
	4,180,792	194,763

Keighley Fleece Mills Co. Limited

Notes to the financial statements for the sixteen months ended 30 April 2002 (continued)

6 Creditors: amounts falling due within one year

	30 April 2002 £	31 December 2000 £
Amounts owed to group undertakings	27,740	55,245
Corporation tax	-	1,033
Accruals	64,286	7,525
	92,026	63,803

7 Creditors: amounts falling due after more than one year

	30 April 2002 £	31 December 2000 £
Amounts owed to group undertakings	6,633,927	5,317,181

8 Provisions for liabilities and charges

	Deferred taxation £
At 1 January 2001	255,635
Profit and loss account	(77,199)
At 30 April 2002	178,436

Amounts provided and unprovided in respect of deferred taxation were as follows:

	Provided		Unprovided	
	30 April 2002 £	31 December 2000 £	30 April 2002 £	31 December 2000 £
Tax effect of timing differences because of:				
Capital allowances in excess of depreciation	178,436	255,635	-	159,293
Revaluations	-	-	388,183	169,008
	178,436	255,635	388,183	328,301

Keighley Fleece Mills Co. Limited

Notes to the financial statements for the sixteen months ended 30 April 2002 (continued)

9 Called up share capital

	30 April 2002 £	31 December 2000 £
Authorised, issued and fully paid		
360 unclassified shares of £100 each	36,000	36,000

10 Reserves

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 January 2001	1,799,844	11,775	(88,975)
Unrealised surplus on revaluation of properties	1,225,371	-	-
Reserve transfer	(66,646)	-	66,646
Retained profit for the financial period	-	-	740,989
At 30 April 2002	2,958,569	11,775	718,660

11 Reconciliation of movements in equity shareholders' funds

	30 April 2002 £	31 December 2000 £
Retained profit/(deficit) for the financial period/year	740,989	(330,922)
Unrealised surplus on revaluation of properties	1,225,371	1,799,844
Opening equity shareholders' funds	1,758,644	289,722
Closing equity shareholders' funds	3,725,004	1,758,644

12 Contingent liabilities

The company, along with certain other group companies, has given a joint and several guarantee to HSBC Bank plc in respect of group overdraft facilities. At 30 April 2002, the group overdraft was £Nil (31 December 2000: £118,000).

Keighley Fleece Mills Co. Limited

Notes to the financial statements for the sixteen months ended 30 April 2002 (continued)

12 Contingent liabilities (continued)

The company, along with certain other group companies, has given a joint and several guarantee to Bank of Scotland in respect of a group borrowing facility. This guarantee is secured by fixed and floating charges over all of the assets of the company. The aggregate amount owing under this facility at 30 April 2002 was £10,388,744 (31 December 2000: £Nil), and the maximum amount guaranteed is £25 million.

13 Related party transactions

The company has taken the exemption permitted by Financial Reporting Standard No. 8 from disclosing intra-group transactions and balances, as these are eliminated on consolidation in the financial statements of Christineborg Holding AB.

14 Ultimate parent undertaking and ultimate controlling party

Förvaltnings AB Browallia, a company incorporated in Sweden is the parent of the smallest group to consolidate the financial statements of the company. Copies of these consolidated financial statements may be obtained from PRV, Bolagsavdelningen, 851 81 Sundsvall, Sweden.

Christineborg Holding AB, a company incorporated in Sweden, is the parent of the largest group to consolidate the financial statements of this company, and is the ultimate parent company. Copies of these consolidated financial statements are available from PRV, Bolagsavdelningen, 851 81 Sundsvall, Sweden. Mr and Mrs UG Linden are the company's ultimate controlling party owing to their 100% stake in the share capital of Christineborg Holding AB.