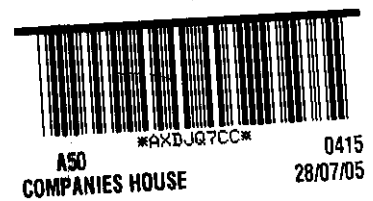


**BTQ Limited**  
**FINANCIAL STATEMENTS**  
for the year ended  
31 December 2004



# BTQ Limited

## OFFICERS AND PROFESSIONAL ADVISERS

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### DIRECTORS

P R Warr (Chairman)  
A D Dorrell  
S J Dorrell  
Mrs C I Dorrell  
Mrs A C James

### SECRETARY

A J Ring

### AUDITORS

Baker Tilly  
Chartered Accountants  
1 Georges Square  
Bristol  
BS1 6BP

### BANKERS

Barclays PLC  
Park House  
Newbrick Road  
Stoke Gifford  
Bristol  
BS34 8ZT

### REGISTERED OFFICE

Wathen Street  
Staple Hill  
Bristol  
BS16 5LL

# BTQ Limited

## DIRECTORS' REPORT

---

The directors submit their report and consolidated financial statements of BTQ Limited for the year ended 31 December 2004.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The group's principal activities during the year continued to be the design, manufacture, supply and care of garments for people at work.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £854,239 (2003:£657,686). The directors recommended an interim dividend amounting to £25,440 during the year. A final dividend of £101,760 was proposed at the year end.

### DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2004 and their interests in the share capital of the company were as follows:

	<i>Beneficial interests</i>	
	<i>2004</i>	<i>2003</i>
	<i>Number</i>	<i>Number</i>
A D Dorrell	10,694	10,694
Mrs A C James	5,348	5,348
S J Dorrell	-	-
Mrs C I Dorrell	3,202	3,202
P R Warr (Chairman)	<u>100</u>	<u>100</u>

A D Dorrell and Mrs C I Dorrell also jointly held a total interest in a further 2,000 shares in the company which are held in trust. A third party also has a joint interest in this trust.

There were no changes in directors during the year or after the year end.

### CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the group made no political donations but did make various charitable donations totalling £500.

### DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# BTQ Limited


## DIRECTORS' REPORT (*continued*)

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### AUDITORS

A resolution to appoint Baker Tilly, Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

By order of the Board



A J Ring  
Secretary

Date: 29 June 2005

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BTQ LIMITED

---

We have audited the financial statements on pages 5 to 21.

This report is made solely to the group'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 group'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 group and the group'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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

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

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

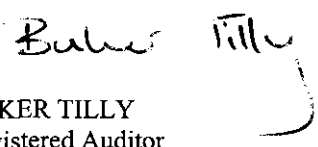
### **Basis of opinion**

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 group's circumstances, consistently applied and adequately disclosed.

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

### **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 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
BAKER TILLY  
Registered Auditor  
Chartered Accountants  
1 Georges Square  
Bristol  
BS1 6BP

Date: 29 June 2005

# BTQ Limited

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2004

	Notes	2004 £	2003 £
TURNOVER	2	19,280,460	17,124,243
Operating costs		(17,894,368)	(16,119,282)
<b>OPERATING PROFIT</b>	3	<b>1,386,092</b>	<b>1,004,961</b>
Interest receivable and similar income	4	10,663	15,081
Interest payable and similar charges	5	(47,630)	(12,946)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,349,125</b>	<b>1,007,096</b>
Tax on profit on ordinary activities	8	(494,886)	(349,410)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>854,239</b>	<b>657,686</b>
Dividends	9	127,200	8,670,296
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	20	<b>727,039</b>	<b>(8,012,610)</b>

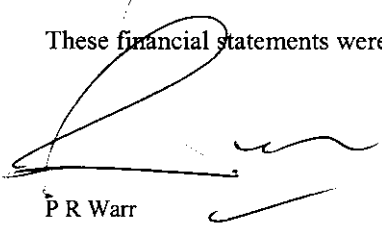
## GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2004

		2004 £	2003 £
Profit for the financial year attributable to members of the parent company		854,239	657,686
Exchange difference on retranslation of net assets of subsidiary undertakings	20	(306,454)	(391,067)
Revaluation surplus realised on de-merger of Faithful Group	20	-	1,314,999
<b>Total recognised gains and losses relating to the year</b>		<b>547,785</b>	<b>1,581,618</b>

**BTQ Limited**  
**GROUP BALANCE SHEET**  
**at 31 December 2004**

	<i>Notes</i>	2004 £	2003 £
<b>FIXED ASSETS</b>			
Intangible assets	10	913,840	868,777
Tangible assets	11	3,131,505	1,930,735
		<u>4,045,345</u>	<u>2,799,512</u>
<b>CURRENT ASSETS</b>			
Stocks	13	4,177,229	4,244,006
Debtors	14	2,933,083	2,683,889
Short term investments		92,836	-
Cash at bank and in hand		963,464	1,249,571
		<u>8,166,612</u>	<u>8,177,466</u>
CREDITORS: amounts falling due within one year	15	(3,099,251)	(2,513,026)
NET CURRENT ASSETS		<u>5,067,361</u>	<u>5,664,440</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>9,112,706</u>	<u>8,463,952</u>
CREDITORS: amounts falling due after more than one year	16	375,325	47,364
PROVISION FOR LIABILITIES AND CHARGES	18	335,938	435,730
		<u>8,401,443</u>	<u>7,980,858</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	25,440	25,440
Capital reserve	20	225,702	225,702
Profit and loss account	20	8,150,301	7,729,716
EQUITY SHAREHOLDERS' FUNDS		<u>8,401,443</u>	<u>7,980,858</u>

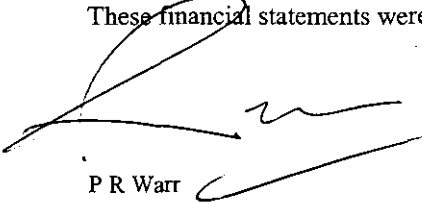
These financial statements were approved by the directors on 29 June 2005 and signed on their behalf by:

  
P R Warr  
Director

**BTQ Limited**  
**COMPANY BALANCE SHEET**  
**at 31 December 2004**

	<i>Notes</i>	2004 £	2003 £
<b>FIXED ASSETS</b>			
Investments	12	<u>4,856,479</u>	<u>3,302,543</u>
<b>CURRENT ASSETS</b>			
Debtors	14	993,387	675,548
Cash at bank and in hand		<u>262,889</u>	<u>700,727</u>
		1,256,276	1,376,275
<b>CREDITORS: amounts falling due within one year</b>	15	<u>1,465,988</u>	<u>1,446,934</u>
<b>NET CURRENT LIABILITIES</b>		<u>(209,712)</u>	<u>(70,659)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,646,767</u>	<u>3,231,884</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	25,440	25,440
Profit and loss account	20	<u>4,621,327</u>	<u>3,206,444</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>4,646,767</u>	<u>3,231,884</u>

These financial statements were approved by the directors on 29 June 2005 and signed on their behalf by:

  
P R Warr  
Director



**BTQ Limited**  
**GROUP CASH FLOW STATEMENT**  
for the year ended 31 December 2004

	<i>Notes</i>	2004 £	2003 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	<u>2,302,934</u>	<u>901,616</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		10,663	15,081
Interest paid		<u>(47,630)</u>	<u>(12,946)</u>
		<u>(36,967)</u>	<u>2,135</u>
TAXATION			
Corporation tax paid		<u>(553,349)</u>	<u>(479,843)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(1,209,458)	(399,935)
Receipts from sale of tangible fixed assets		<u>11,369</u>	<u>-</u>
		<u>(1,198,089)</u>	<u>(399,935)</u>
ACQUISITIONS AND DISPOSALS			
Purchase of business		(538,122)	-
Cash disposed of with subsidiary undertakings de merged		<u>-</u>	<u>(1,227,247)</u>
		<u>(538,122)</u>	<u>(1,227,247)</u>
EQUITY DIVIDENDS PAID	9	<u>(108,120)</u>	<u>(101,760)</u>
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		<u>(131,713)</u>	<u>(1,305,034)</u>
FINANCING			
Repayment of capital element of finance leases and hire purchase contracts		(20,219)	-
Movement in bank loans		<u>8,530</u>	<u>(121,356)</u>
NET CASH OUTFLOW FROM FINANCING		<u>(11,689)</u>	<u>(121,356)</u>
DECREASE IN CASH	21	<u><u>(143,402)</u></u>	<u><u>(1,426,390)</u></u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

---

### 1 ACCOUNTING POLICIES

#### BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention.

#### BASIS OF CONSOLIDATION

The group financial statements consolidate the financial statements of BTQ Limited and all its subsidiary undertakings drawn up to 31 December each year. No profit and loss account is presented for BTQ Limited as permitted by section 230 of Companies Act 1985.

#### GOODWILL

Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves. Goodwill previously eliminated against reserves has not been reinstated on implementation of FRS 10.

Positive goodwill arising on acquisitions since 1 January 1998 is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closures.

#### FIXED ASSETS AND DEPRECIATION

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life as follows:

Freehold buildings	-	40-50 years
Plant, equipment and vehicles	-	3-10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### INVESTMENTS

Investments in subsidiary undertakings are recorded at cost. Short term investments, which represent the cash value of insurance policies purchased by subsidiary undertakings together with certain tangible assets held for re-sale, are stated at the lower of cost and net realisable value and depreciated cost respectively.

#### LONG TERM CONTRACTS

Long term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as "amounts recoverable on contracts" and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

---

### 1 ACCOUNTING POLICIES (continued)

#### HIRE PURCHASE

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### FINANCE LEASE AGREEMENTS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 1 ACCOUNTING POLICIES (continued)

#### FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities at the balance sheet date are translated at the rate of exchange ruling at the balance sheet date.

On consolidation, the balance sheets of the overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date and the profit and loss accounts are translated at the average rate for the year. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

#### OPERATING LEASES

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### PENSION AND OTHER POST RETIREMENT BENEFITS

Following the group de-merger that took place the defined benefit scheme was transferred out of the BTQ Limited group.

Now only defined contribution schemes are operated. The assets of these schemes are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

### 2 TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. Turnover is attributable to one continuing activity, the manufacture and supply of garments for people at work:

An analysis of turnover is given below:

	2004 £	2003 £
United Kingdom	5,316,213	3,891,059
Overseas	13,964,247	13,233,184
	<u>19,280,460</u>	<u>17,124,243</u>

### 3 OPERATING PROFIT

Operating profit is stated after charging:

	2004 £	2003 £
Depreciation of owned fixed assets	350,014	264,929
Depreciation of leased assets	19,601	-
Amortisation of goodwill	58,716	53,404
Auditors' remuneration - audit services	18,000	17,500
- non-audit services	3,000	2,750
Operating lease rentals - plant and machinery	41,280	62,267
- land and buildings	<u>33,419</u>	<u>-</u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 4 INTEREST RECEIVABLE

	2004	2003
	£	£
Bank interest	10,663	15,081

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank loans and overdrafts	28,348	12,946
Finance charges	6,376	-
Other interest payable	12,906	-
	47,630	12,946

### 6 DIRECTORS' EMOLUMENTS

	2004	2003
	£	£
Emoluments (excluding pension contributions)	137,970	143,502
Members of defined benefit pension schemes	-	-
Members of defined contribution schemes	-	-

### 7 STAFF COSTS

	2004	2003
	£	£
Wages and salaries	4,496,392	3,939,665
Social security costs	406,161	383,288
Other pension costs	96,811	92,190
	4,999,364	4,415,143

The average number monthly of employees during the year was made up as follows:

	2004	2003
	No	No
Administration	55	46
Production	286	262
	341	308

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 8 TAX ON PROFIT ON ORDINARY ACTIVITIES

<i>Group</i>	2004 £	2003 £
UK corporation tax:		
Current tax on income for the year	189,559	150,374
Foreign tax:		
Current tax on income for the year	322,454	175,922
Total current tax	<u>512,013</u>	<u>326,296</u>
Deferred tax:		
Movement in year (note 18)	(17,127)	23,114
	<u>494,886</u>	<u>349,410</u>

Factors affecting the tax charge for the year:

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>1,349,125</u>	<u>1,007,096</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30.00% (2003: 30.00%)	404,738	302,129
Effect of:		-
Marginal rate relief	(1,027)	42,232
Disallowed expenses and non-taxable income	35,882	6,346
Depreciation in excess of capital allowances	(31,794)	3,162
Adjustments in respect of previous years	2,488	-
Tax differential on overseas earnings	101,726	(27,573)
	<u>512,013</u>	<u>326,296</u>
Current tax charge for the year		

### 9 DIVIDENDS

	2004 £	2003 £
Equity dividends on ordinary shares:		
Interim paid 100p per share (2003: 75p)	25,440	19,080
Final proposed 400p per share (2003: 325p)	101,760	82,680
Dividend in specie on de-merger	-	8,568,536
	<u>127,200</u>	<u>8,670,296</u>

The dividend in specie in the prior year arose as a result of the de-merger of Faithful Limited and its subsidiaries out of the BTQ Limited Group. Full details concerning this transaction were disclosed in the prior year financial statements.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 10 INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Goodwill</i> £
Cost:	
At 1 January 2004	1,068,080
Foreign exchange	(30,802)
Arising in the year	132,346
At 31 December 2004	<u>1,169,624</u>
Amortisation:	
At 1 January 2004	199,303
Foreign exchange	(2,235)
Provided during year	58,716
At 31 December 2004	<u>255,784</u>
Net book value:	
At 31 December 2004	<u>913,840</u>
At 31 December 2003	<u>868,777</u>

On 5 May 2004 a US subsidiary acquired substantially all of the net assets of Werner Works Inc. for approximately US\$974,000 which was funded from existing working capital and a bank line of credit.

Details of the acquisition were as follows:

	<i>Book and fair value</i> £
Tangible assets	248,619
Stocks	155,939
Debtors	107,725
Creditors: amounts falling due within one year	(106,507)
	<u>405,776</u>
Net assets acquired	
Consideration	<u>538,122</u>
Goodwill	<u>132,346</u>

The post acquisition results and cashflows of Werner Works Inc. have not been reported separately by management as the operations have been fully subsumed into the existing US operations and management do not control the operations of the newly acquired entity on a stand alone basis.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 11 TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Freehold land and buildings £</i>	<i>Plant, equipment and vehicles £</i>	<i>Total £</i>
Cost:			
At 1 January 2004	1,631,282	2,787,870	4,419,152
Exchange adjustments	(78,290)	(85,237)	(163,527)
Additions	4,346	1,411,881	1,416,227
Acquisitions	182,292	66,327	248,619
Disposals	(9,010)	(37,270)	(46,280)
At 31 December 2004	<u>1,730,620</u>	<u>4,143,571</u>	<u>5,874,191</u>
Depreciation:			
At 1 January 2004	338,248	2,150,169	2,488,417
Exchange adjustments	(20,343)	(60,092)	(80,435)
Charge for the year	20,670	348,945	369,615
Disposals	-	(34,911)	(34,911)
At 31 December 2004	<u>338,575</u>	<u>2,404,111</u>	<u>2,742,686</u>
Net book value			
At 31 December 2004	<u>1,392,045</u>	<u>1,739,460</u>	<u>3,131,505</u>
At 31 December 2003	<u>1,293,034</u>	<u>637,701</u>	<u>1,930,735</u>

Freehold land and buildings includes £375,000 (2003: £246,137) in respect of land which is not depreciated.

Included within the above are assets with a total net book value of £299,691 (2003: £nil) that are held under hire purchase or finance lease agreements.

#### *Company*

The company held no tangible fixed assets during the year or at the year end.

### 12 INVESTMENTS

<i>Company</i>	<i>Subsidiary undertakings £</i>
Cost and net book value:	
At 1 January 2004	3,302,543
Additions	1,553,936
At 31 December 2004	<u>4,856,479</u>

The addition in the year represents the group reconstruction at 31 December 2004 whereby the investment in BTQ Inc. was transferred from BTQ Holdings Limited to the company by way of a dividend in specie.



# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 12 INVESTMENTS *(continued)*

The company has shareholdings (either direct or indirect) at 31 December 2004 in the following wholly owned subsidiary undertakings:

Company	Registered	Class of Share	Business
BTQ Holdings Limited	England and Wales	Ordinary	Holding company
Bristol Uniforms Limited	England and Wales	Ordinary	Garment supply
Bufire Overseas Limited @	England and Wales	Ordinary	Dormant
Bristol Care Limited @	England and Wales	Ordinary	Dormant
BTQ Inc	Kentucky	Common	Holding company
Topps Safety Apparel Inc *	Kentucky	Common	Garment supply
Bristol Fire Apparel Inc *	Indiana	Common	Garment supply
Quaker Safety Products Corporation *	Pennsylvania	Common	Garment supply

\* Held by BTQ Inc.

@ Held by Bristol Uniforms Limited

### 13 STOCKS

Group	2004	2003
	£	£
Raw materials and consumables	1,609,570	1,655,534
Work in progress	715,536	1,122,487
Finished goods	1,821,964	1,465,985
Demonstration stock	30,159	-
	<u>4,177,229</u>	<u>4,244,006</u>

The difference between purchase price or production cost of stocks and their replacement costs is not material.

The company held no stocks during the year or at the year end.

### 14 DEBTORS

Group	2004	2003
	£	£
Trade debtors	2,642,427	2,152,553
Other debtors	17,508	219,233
Prepayments and accrued income	229,294	301,489
Deferred tax asset (note 18)	43,854	10,614
	<u>2,933,083</u>	<u>2,683,889</u>
Company	2004	2003
	£	£
Amounts owed by group undertakings	989,415	674,582
Other debtors	3,972	966
	<u>993,387</u>	<u>675,548</u>

The deferred tax asset is recoverable after more than one year.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 15 CREDITORS: Amounts falling due within one year

<i>Group</i>	2004	2003
	£	£
Current instalment due on bank loan (note 17)	125,634	111,726
Bank overdrafts	260,582	389,038
Finance leases	82,151	-
Trade creditors	1,667,710	1,219,697
UK corporation tax	146,071	71,502
Other taxes and social security costs	118,782	79,059
Accruals and deferred income	596,561	559,324
Proposal final dividend	101,760	82,680
	<u>3,099,251</u>	<u>2,513,026</u>
 <i>Company</i>	 2004	 2003
	£	£
Bank overdrafts	-	1,668
Amounts owed to group undertakings	1,332,532	1,328,064
UK corporation tax	2,647	2,647
Accruals and deferred income	29,049	31,875
Proposal final dividend	101,760	82,680
	<u>1,465,988</u>	<u>1,446,934</u>

### 16 CREDITORS: Amounts falling due after more than one year

<i>Group</i>	2004	2003
	£	£
Bank loans (note 17)	-	18,617
Accruals and deferred income	22,307	28,747
Finance leases	353,018	-
	<u>375,325</u>	<u>47,364</u>

### 17 BORROWINGS

<i>Group</i>	2004	2003
<b>Loans</b>	£	£
Wholly repayable within five years:		
Bank loan	125,634	130,343
Less: included in creditors: amounts falling due within one year	<u>125,634</u>	<u>111,726</u>
	-	<u>18,617</u>
Amounts repayable:		
In one year or less, or on demand	125,634	111,726
In more than one year but no more than two years	-	18,617
	<u>125,634</u>	<u>130,343</u>

Included within loans are short term notes payable totalling US\$60,029 which relate to vehicles held by the US subsidiary. These notes are secured against the underlying assets and bear interest at 8%.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 17 BORROWINGS (*continued*)

Additionally, the Group is party to a number of finance lease agreements which incur interest at variable rates and are secured against the underlying assets. They are due for repayment as follows:

	2004	2003
	£	£
Amounts falling due within one year	82,151	-
In two to five years	353,018	-
	<u>435,169</u>	<u>-</u>

### 18 PROVISIONS FOR LIABILITIES AND CHARGES

#### *Group*

#### **Deferred taxation**

	2004	2003
	£	£
At 1 January	414,502	405,668
Exchange and other adjustments	(105,291)	(14,280)
Transfer from/(to) profit and loss account	(17,127)	23,114
	<u>292,084</u>	<u>414,502</u>
Included in debtors	43,854	10,614
As at 31 December	<u>335,938</u>	<u>425,116</u>

Deferred taxation provided in the accounts and the full potential liability consists of:

	2004	<i>Provided</i> 2003
	£	£
Accelerated capital allowances	-	37,356
Short term timing differences	(43,854)	(47,970)
Overseas short term timing differences	335,938	425,116
	<u>292,084</u>	<u>414,502</u>

#### *Company*

#### Provision for deferred tax:

	2004
	£
At 1 January 2004	(3,972)
Provided during the year	-
Adjustment made in respect of previous years	-
At 31 December 2004	<u>(3,972)</u>

	<i>Provided</i> 2004
	£
The deferred tax consists of:	
Accelerated capital allowances	(172)
Other timing differences	(3,800)
Net deferred tax asset	<u>(3,972)</u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 19 SHARE CAPITAL

		2004 & 2003 £
<i>Authorised</i>		
Ordinary shares of £1 each		<u>50,000</u>
	2004 & 2003 No.	2004 & 2003 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	25,440	25,440

### 20 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	Share capital £	Capital reserve £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2003	25,440	225,702	1,314,999	14,818,394	16,384,535
Profit for the year	-	-	-	657,686	657,686
Dividend and other appropriations	-	-	-	(101,760)	(101,760)
Realisation of revaluation reserve	-	-	(1,314,999)	1,314,999	-
De-merger transfer	-	-	-	(8,568,536)	(8,568,536)
Exchange adjustments	-	-	-	(391,067)	(391,067)
At 1 January 2004	25,440	225,702	-	7,729,716	7,980,058
Profit for the year	-	-	-	727,039	727,039
Exchange adjustments	-	-	-	(306,454)	(306,454)
At 31 December 2004	25,440	225,702	-	8,150,301	8,401,443

<i>Company</i>	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 2003	25,440	6,293,150	6,318,590
Profit for the year	-	116,031	116,031
Dividend and other appropriations	-	(3,143,082)	(3,143,082)
Exchange adjustments	-	(59,655)	(59,655)
At 1 January 2004	25,440	3,206,444	3,231,884
Profit for the year	-	1,542,083	1,542,083
Dividend and other appropriations	-	(127,200)	(127,200)
At 31 December 2004	25,440	4,621,327	4,646,767

As permitted by section 230 of Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The profit on ordinary activities after taxation for the financial year dealt with in the accounts of the company amounted to £1,542,083.

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 21 CASH FLOW STATEMENT

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

	2004 £	2003 £
Operating profit	1,386,092	1,031,075
Depreciation charges	369,615	264,929
Amortisation of goodwill	58,716	53,404
Movement in stocks	222,716	(500,783)
Movement in debtors	(108,229)	(23,082)
Movement in creditors	412,026	(68,656)
Movement in short term investments	(92,836)	-
Exchange loss	54,834	144,729
Net cash inflow from operating activities	<u>2,302,934</u>	<u>901,616</u>

#### b) Reconciliation of net cash flow to movement in net cash

	2004 £	2003 £
Decrease in cash	(143,402)	(1,426,390)
Cash (outflow)/inflow from movement in loans	(8,530)	130,985
Repayment of capital element of finance leases and hire purchase contracts	20,219	-
Change in net cash resulting from cash flows	<u>(131,713)</u>	<u>(1,295,405)</u>
New finance lease and hire purchase contracts	(455,388)	-
Exchange differences	(1,010)	(9,629)
MOVEMENT IN NET CASH	<u>(588,111)</u>	<u>(1,305,034)</u>
NET CASH AT 1 JANUARY	730,190	2,035,224
NET CASH AT 31 DECEMBER	<u>142,079</u>	<u>730,190</u>

#### c) Analysis of net cash

	At 1 January 2004 £	Cash flow £	Exchange differences £	Other movements £	At 31 December 2004 £
Cash at bank and in hand	1,249,571	(271,858)	(14,249)	-	963,464
Bank overdrafts	(389,038)	128,456	-	-	(260,582)
Cash	<u>860,533</u>	<u>(143,402)</u>	<u>(14,249)</u>	<u>-</u>	<u>702,882</u>
Loans	(130,343)	(8,530)	13,239	-	(125,634)
Finance lease and hire purchase contracts	-	20,219	-	(455,388)	(435,169)
	<u>730,190</u>	<u>(131,713)</u>	<u>(1,010)</u>	<u>(455,388)</u>	<u>142,079</u>

# BTQ Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2004

### 22 CAPITAL COMMITMENTS

Amount contracted for but not provided in the group financial statements amounted to £nil (2003: £nil).

### 23 OPERATING LEASE COMMITMENTS

At 31 December 2004 the group had annual commitments under non-cancellable operating leases set out below:

	<i>Land and Buildings</i>			<i>Other</i>
	<i>2004</i>	<i>2003</i>	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Leases expiring:				
Within one year	-	7,014	17,098	39,563
In two to five years	32,000	105,437	16,846	37,521
In over five years	-	42,017	-	-
	<u>32,000</u>	<u>154,468</u>	<u>33,944</u>	<u>77,084</u>

### 24 PENSION SCHEMES

The group operates two pensions schemes.

In the UK a defined contribution scheme is operated. The assets of the scheme are held separately from those of the group. The contributions to the scheme are charged to the profit and loss account as they become payable.

The US trading subsidiary operates an elective contribution plan, in which the subsidiary contributes an amount of 25% of the employees' contributions up to 5% of their compensation.

Previously in the UK, the group operated a defined benefits pension scheme for employees who joined the scheme before April 2001. Entrants after April 2001 joined a defined contribution pension scheme. As a result of the de merger that took place on 1 January 2003 the scheme was transferred out of the group. Senior employees who were members of the defined benefits scheme ceased to be contributing members during the year. The scheme was replaced by a defined contribution scheme for these employees. The assets of the scheme are held separately from those of the group. Contributions to the Scheme are charged to the profit and loss account.

### 25 CONTINGENT LIABILITIES

A US subsidiary company has two lines of credit totalling US\$2m with a bank limited to specified trade debtors and stock of which US\$181,190 was outstanding at the year end. Borrowings against this line of credit bear interest at the US prime rate less 0.75% which are secured against debtors, stock and equipment and are repayable on demand.

Another of the US subsidiaries has a line of credit of US\$0.5m available to it which incurs an interest charge at the US prime rate. No borrowings had been made against this line of credit at 31 December 2004. Any borrowings are secured against the company's assets.

A US subsidiary has also had a product liability lawsuit brought against it specifying an asbestos related liability. As the company has never manufactured any product containing asbestos, management believe the claim is without merit and therefore has not provided any sums with regard to this claim.