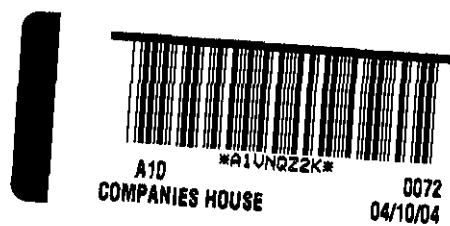


BTQ Limited
FINANCIAL STATEMENTS
for the year ended
31 December 2003



BTQ Limited

FINANCIAL STATEMENTS

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Statement of directors' responsibilities	4
Independent auditors' report to the members	5
Group profit and loss account	6
Note of historical cost profit and losses	7
Group statement of total recognised gains and losses	7
Group balance sheet	8
Company balance sheet	9
Group cash flow	10
Notes to the financial statements	11

BTQ Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A D Dorrell (Chairman)
S J Dorrell
P R Warr
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 financial statements of BTQ Limited for the year ended 31 December 2003.

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.

GROUP REORGANISATION

An extraordinary general meeting of the company was held on 17 December 2002 at which resolutions were adopted which:

- divided the ordinary shares of the company into 25,440 "A" shares and 25,440 "B" shares;
- adopted new Articles of Association; and
- declared a dividend in specie of the company's investment in Faithful Limited to holders of the "B" shares.

The effect of these resolutions was to de merge Faithful Limited and its subsidiaries out of the group with effect from 1 January 2003

Following the declaration of the dividend in specie the "B" shares were cancelled and the "A" shares converted back to ordinary £1 shares.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £657,686. The directors recommend a final ordinary dividend amounting to £82,680, making the total of ordinary dividends of £101,760 for the year.

On de merger a dividend in specie totalling £8,568,536 was declared, representing the book value of assets transferred out of the group.

POST BALANCE SHEET EVENT

Since the balance sheet date the company has acquired a further US based subsidiary.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 2003 and their interests in the share capital of the company were as follows:

	<i>Non-Beneficial interests</i>		<i>Beneficial interests</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
A D Dorrell (Chairman)	2,000	1,000	10,694	5,347
Mrs A C James	1,000	1,000	5,348	5,348
S J Dorrell	-	1,000	-	5,347
Mrs C I Dorrell	-	-	3,202	3,202
P R Warr (Managing Director)	-	-	100	100

CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the group made no political donations but did make various charitable donations totalling £1,935.

BTQ Limited

DIRECTORS' REPORT

AUDITORS

During the year Ernst & Young LLP resigned and the directors appointed Baker Tilly, Chartered Accountants, to fill the casual vacancy. 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
A J Ring
Secretary

Date: 16.7.07

BTQ Limited

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent; and
- c. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BTQ LIMITED

We have audited the financial statements on pages 6 to 27.

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 2003 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: 16/07/04

BTQ Limited

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	Notes	2003 £	Continuing 2002 £	Discontinued 2002 £	Total 2002 £
TURNOVER	2	17,124,243	17,533,300	12,151,658	29,684,958
Operating costs		16,119,282	16,315,965	11,698,954	28,014,919
OPERATING PROFIT	3	1,004,961	1,217,335	452,704	1,670,039
Interest receivable and similar income	4	15,081	18,241	28,177	46,418
Interest payable and similar charges	5	(12,946)	(39,644)	(469)	(40,113)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,007,096	1,195,932	480,412	1,676,344
Tax on profit on ordinary activities	8	(349,410)	(371,870)	(181,834)	(553,704)
PROFIT FOR THE FINANCIAL YEAR		657,686	824,062	298,578	1,122,640
Dividends	9	8,670,296	120,840	-	120,840
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	20	(8,012,610)	703,222	298,578	1,001,800

BTQ Limited

NOTE OF HISTORICAL COST PROFITS AND LOSSES for the year ended 31 December 2003

	2003 £	2002 £
Reported profit on ordinary activities before taxation	1,007,096	1,676,344
Difference between a historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	-	20,632
Historical cost profit on ordinary activities before taxation	<u>1,007,096</u>	<u>1,696,976</u>
Historical cost (loss) / profit for the year retained after taxation and dividends	<u>(8,012,610)</u>	<u>1,022,432</u>

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2003

	Note	2003 £	2002 £
Profit for the financial year attributable to members of the parent company		657,686	1,122,640
Exchange difference on retranslation of net assets of subsidiary undertakings	20	(391,067)	(227,619)
Revaluation surplus realised on de merger of Faithful Group	20	1,314,999	-
Total recognised gains and losses relating to the year		<u>1,581,618</u>	<u>895,021</u>

BTQ Limited
GROUP BALANCE SHEET
at 31 December 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Intangible assets	10	868,777	1,454,329
Tangible assets	11	1,930,735	4,227,599
Investments	12	-	200,000
		<u>2,799,512</u>	<u>5,881,928</u>
CURRENT ASSETS			
Stocks	13	4,244,006	7,572,961
Debtors	14	2,683,889	5,160,775
Cash at bank and in hand		1,249,571	2,719,843
		<u>8,177,466</u>	<u>15,453,579</u>
CREDITORS: amounts falling due within one year	15	2,513,026	4,352,273
NET CURRENT ASSETS		<u>5,664,440</u>	<u>11,101,306</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,463,952</u>	<u>16,983,234</u>
CREDITORS: amounts falling due after more than one year	16	47,364	193,031
PROVISION FOR LIABILITIES AND CHARGES	18	435,730	405,668
		<u>7,980,858</u>	<u>16,384,535</u>
CAPITAL AND RESERVES			
Called up share capital	19	25,440	25,440
Revaluation reserve	20	-	1,314,999
Capital reserve	20	225,702	225,702
Profit and loss account	20	7,729,716	14,818,394
EQUITY SHAREHOLDERS' FUNDS		<u>7,980,858</u>	<u>16,384,535</u>

These financial statements were approved by the directors on 16-7-04 and signed on their behalf by:

Director

BTQ Limited
COMPANY BALANCE SHEET
at 31 December 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible assets	11	-	5,323
Investments	12	3,302,543	3,661,865
		<u>3,302,543</u>	<u>3,667,188</u>
CURRENT ASSETS			
Debtors	14	675,548	2,364,044
Cash at bank and in hand		700,727	470,717
		<u>1,376,275</u>	<u>2,834,761</u>
CREDITORS: amounts falling due within one year	15	1,446,934	183,359
NET CURRENT (LIABILITIES)/ASSETS		<u>(70,659)</u>	<u>2,651,402</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,231,884</u>	<u>6,318,590</u>
CAPITAL AND RESERVES			
Called up share capital	19	25,440	25,440
Profit and loss account	20	3,206,444	6,293,150
EQUITY SHAREHOLDERS' FUNDS		<u>3,231,884</u>	<u>6,318,590</u>

These financial statements were approved by the directors on 12-7-04 and signed on their behalf by:

Director

BTQ Limited

GROUP CASH FLOW STATEMENT for the year ended 31 December 2003

	Notes	2003 £	2002 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	901,616	3,064,800
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		15,081	46,418
Interest paid		(12,946)	(40,113)
		2,135	6,305
TAXATION			
Corporation tax paid		(479,843)	(583,427)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(399,935)	(953,635)
Receipts from sale of tangible fixed assets		-	190
		(399,935)	(953,445)
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary undertakings		-	(601,703)
Cash acquired with subsidiary undertakings		-	103,396
Cash disposed of with subsidiary undertakings de merged	9	(1,227,247)	
		(1,227,247)	(498,307)
EQUITY DIVIDENDS PAID	9	(101,760)	(203,520)
NET CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING		1,305,034	832,406
FINANCING			
Repayment of capital element of finance leases and hire purchase contracts		-	(2,883)
(Repayment)/drawdown of bank loans		(138,823)	269,166
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(138,823)	266,283
(DECREASE)/INCREASE IN CASH	21	(1,443,857)	1,098,689

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

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 acquisition 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.

On de merger any goodwill previously written off to reserves has not been recycled through the profit and loss account.

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 or valuation of each asset over its expected useful life as follows:

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

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

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 are recorded at cost.

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

1 ACCOUNTING POLICIES *(continued)*

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.

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. All exchanged differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments.

On consolidation, the financial statements of the overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. 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.

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2003

1 ACCOUNTING POLICIES *(continued)*

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:

	2003	2002
	£	£
United Kingdom	3,891,059	11,050,735
Overseas	13,233,184	18,634,223
	<u>17,124,243</u>	<u>29,684,958</u>

3 OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Depreciation of owned fixed assets	264,929	488,385
Amortisation of goodwill	53,404	72,993
Auditors' remuneration - audit services	53,075	93,444
- non-audit services	33,848	43,299
Operating lease rentals - plant and machinery	62,267	268,459
- land and buildings	-	150,181
	<u> </u>	<u> </u>

Included in auditors' remuneration are audit fees paid to the group auditor, Baker Tilly, of £19,500 together with non-audit fees of £10,785.

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

4 INTEREST RECEIVABLE

	2003	2002
	£	£
Bank interest	15,081	45,599
Other interest	-	819
	<u>15,081</u>	<u>46,418</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank loans and overdrafts	12,946	36,381
Finance charges	-	3,732
	<u>12,946</u>	<u>40,113</u>

6 DIRECTORS' EMOLUMENTS

	2003	2002
	£	£
Emoluments (excluding pension contributions)	<u>342,584</u>	<u>328,483</u>
Members of defined benefit pension schemes	-	2
	3	-
Members of defined contribution schemes	<u></u>	<u></u>

Upon the de merger of the Faithful businesses those directors of the BTQ Group who were members, of the defined benefit pension scheme ceased to accrue benefits. A new defined contribution scheme was opened for relevant directors of the BTQ Group.

Amounts in respect of the highest paid director are as follows:

Emoluments	<u>99,524</u>	<u>127,838</u>
Accumulated accrued pension benefits	-	<u>35,700</u>

7 STAFF COSTS

	2003	2002
	£	£
Wages and salaries	3,939,665	7,409,470
Social security costs	383,288	1,119,015
Other pension costs	92,190	346,555
	<u>4,415,143</u>	<u>8,875,040</u>

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

	2003	2002
	No	No
Administration	46	115
Production	262	571
	<u>308</u>	<u>686</u>

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

<i>Group</i>	2003	2002
	£	£
UK corporation tax:		
Current tax on income for the year	150,374	337,974
Adjustment in respect of previous years	-	(1,025)
	<u>150,374</u>	<u>336,949</u>
Foreign tax:		
Current tax on income for the year	175,922	296,920
Total current tax	<u>326,296</u>	<u>633,869</u>
Deferred tax:		
Origination and reversal of timing differences	(14,242)	(73,860)
Depreciation in excess of capital allowances	37,356	(6,788)
Adjustments in respect of previous years	-	483
	<u>23,114</u>	<u>(80,165)</u>
	<u>349,410</u>	<u>553,704</u>

Factors affecting the tax charge for the year:

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

	2003	2002
	£	£
Profit on ordinary activities before tax	<u>1,007,096</u>	<u>1,676,344</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30.00% (2002: 30.00%)	302,129	502,904
Effect of:		
Disallowed expenses and non-taxable income	60,129	124,888
Depreciation in excess of capital allowances	6,346	13,470
Short term timing differences	3,162	10,184
Adjustments in respect of previous years	-	(1,025)
Other – exchange adjustments	(17,897)	(16,552)
Tax differential on overseas earnings	(27,573)	-
Current tax charge for the year	<u>326,296</u>	<u>633,869</u>

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

9 DIVIDENDS

	2003 £	2002 £
Equity dividends on ordinary shares:		
Interim paid 75p (2002: 150p)	19,080	38,160
Final proposed 325p (2002: 325p)	82,680	82,680
Dividend in specie on de-merger	8,568,536	-
	<u>8,670,296</u>	<u>120,840</u>

As a result of the de merger that took place on 1 January 2003 a dividend in specie was declared to transfer the book value of the de merged assets out of the company. This included cash at bank and in hand of £1,227,247. This cash outflow is shown in acquisitions and disposals on the consolidated cash flow statement.

10 INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Goodwill</i> £
Cost:	
At 1 January 2003	1,629,953
Transfer on de-merger	(561,873)
At 31 December 2003	<u>1,068,080</u>
Amortisation:	
At 1 January 2003	175,624
Provided during year	53,404
Transfer on de-merger	(29,725)
At 31 December 2003	<u>199,303</u>
Net book value:	
At 31 December 2003	<u>868,777</u>
At 31 December 2002	<u>1,454,329</u>

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

11 TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Freehold land and buildings £</i>	<i>Plant, equipment and vehicles £</i>	<i>Total £</i>
Cost or valuation:			
At 1 January 2003	3,752,991	6,480,386	10,233,377
Exchange adjustments	(120,781)	(130,824)	(251,605)
Additions	108,989	290,946	399,935
Disposals	-	(10,645)	(10,645)
Transfer on de-merger	(2,109,917)	(3,841,993)	(5,951,910)
At 31 December 2003	<u>1,631,282</u>	<u>2,787,870</u>	<u>4,419,152</u>
Depreciation:			
At 1 January 2003	460,593	5,545,185	6,005,778
Exchange adjustments	(26,653)	(93,064)	(119,717)
Charge for the year	75,265	189,664	264,929
Disposals	-	(5,322)	(5,322)
Transfer on de-merger	(170,957)	(3,486,294)	(3,657,251)
At 31 December 2003	<u>338,248</u>	<u>2,150,169</u>	<u>2,488,417</u>
Net book value			
At 31 December 2003	<u>1,293,034</u>	<u>637,701</u>	<u>1,930,735</u>
At 31 December 2002	<u>3,292,398</u>	<u>935,201</u>	<u>4,227,599</u>

Where freehold land and buildings have been revalued, an analysis of cost or valuation:

	2003 £	2002 £
At cost	1,631,282	1,765,661
At 2001 valuation	-	1,100,000
At 2002 valuation	-	887,330
	<u>1,631,282</u>	<u>3,752,991</u>

On a historical cost basis, freehold land and buildings would have been included as follows:

	2003 £	2002 £
Cost	1,631,282	3,001,695
Accumulated depreciation	(338,248)	(854,269)
	<u>1,293,034</u>	<u>2,147,426</u>

Freehold land and buildings includes £246,137 (2002: £642,627) in respect of land.

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

11 TANGIBLE FIXED ASSETS *(continued)*

<i>Company</i>	<i>Plant, equipment and vehicles £</i>
Cost or valuation:	
At 1 January 2003	10,645
Disposal	(10,645)
At 31 December 2003	-
Depreciation:	
At 1 January 2003	5,322
Charge for year	-
Disposal	(5,322)
At 31 December 2003	-
Net book value:	
At 31 December 2003	-
At 31 December 2002	5,323

12 INVESTMENTS

<i>Group</i>	<i>Other investments £</i>	<i>Subsidiary undertakings £</i>	<i>Total £</i>
Cost and net book value:			
At 1 January	200,000	-	200,000
Disposal	(200,000)	-	(200,000)
At 31 December 2003	-	-	-
<i>Company</i>	<i>Other investments £</i>	<i>Subsidiary undertakings £</i>	<i>Total £</i>
Cost and net book value:			
At 1 January	-	3,661,865	3,661,865
Additions	-	2,882,000	2,882,000
Transfer on de-merger	-	(3,241,322)	(3,241,322)
At 31 December 2003	-	3,302,543	3,302,543

As part of the de merger and associated restructuring the company acquired Faithful Nederland BV, Faithful BV and Haen Kledingindustrie BV for £2,882,000 from BTQ Holdings Limited. These companies were subsequently transferred out of the group on de merger.

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

12 INVESTMENTS *(continued)*

The group has shareholdings at 31 December 2003 in the following wholly owned subsidiary undertakings:

BTQ Holdings Limited (formerly Faithful Holdings Limited)	- registered in England and Wales
Bristol Uniforms Limited	- registered in England and Wales
Bufire Overseas Limited	- registered in England and Wales
Bristol Care Limited	- registered in England and Wales
BTQ Inc	- incorporated in Kentucky
Topps Safety Apparel Inc	- incorporated in Kentucky
Bristol Fire Apparel Inc	- incorporated in Indiana
Quaker Safety Products Corporation	- incorporated in Pennsylvania

The effective de-merger of Faithful Limited and its subsidiaries from the BTQ Limited Group occurred on 1 January 2003.

The trading subsidiaries manufacture and supply garments for people at work.

13 STOCKS

<i>Group</i>	2003	2002
	£	£
Raw materials and consumables	1,655,534	2,583,905
Work in progress	1,122,487	1,007,831
Finished goods	1,465,985	3,981,225
	<u>4,244,006</u>	<u>7,572,961</u>

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

14 DEBTORS

<i>Group</i>	2003	2002
	£	£
Trade debtors	2,152,553	4,427,772
Other debtors	219,233	104,035
Prepayments and accrued income	301,489	617,152
Deferred tax asset	10,614	11,816
	<u>2,683,889</u>	<u>5,160,775</u>

<i>Company</i>	2003	2002
	£	£
Amounts owed by group undertakings	674,582	2,335,078
Other debtors	966	26,974
Prepayments and accrued income	-	1,992
	<u>675,548</u>	<u>2,364,044</u>

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

15 CREDITORS: Amounts falling due within one year

<i>Group</i>	2003	2002
	£	£
Current instalment due on bank loan (note 17)	111,726	124,231
Bank overdrafts	389,038	415,453
Trade creditors	1,219,697	1,688,535
UK corporation tax	71,502	231,997
Overseas tax	-	18,862
Other taxes and social security costs	79,059	543,397
Pension scheme contributions	-	30,476
Accruals and deferred income	559,324	1,216,642
Proposal final dividend	82,680	82,680
	<u>2,513,026</u>	<u>4,352,273</u>
 <i>Company</i>	 2003	 2002
	£	£
Bank overdrafts	1,668	-
Amounts owed to group undertakings	1,328,064	77,657
UK corporation tax	2,647	2,647
Accruals and deferred income	31,875	20,375
Proposal final dividend	82,680	82,680
	<u>1,446,934</u>	<u>183,359</u>

16 CREDITORS: Amounts falling due after more than one year

<i>Group</i>	2003	2002
	£	£
Bank loans (note 17)	18,617	144,935
Accruals and deferred income	28,747	48,096
	<u>47,364</u>	<u>193,031</u>

17 BORROWINGS

<i>Group</i>	2003	2002
Loans	£	£
Wholly repayable within five years:		
Bank loan	130,343	269,166
Less: included in creditors: amounts falling due within one year	111,726	124,231
	<u>18,617</u>	<u>144,935</u>
 Amounts repayable:		
In one year or less, or on demand	111,726	124,231
In more than one year but no more than two years	18,617	144,935
In more than two years but no more than five years	-	-
	<u>130,343</u>	<u>269,166</u>

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

18 PROVISIONS FOR LIABILITIES AND CHARGES

<i>Group</i>		
Deferred taxation	2003	2002
	£	£
At 1 January 2003	405,668	459,604
Transfer on de merger	(16,203)	-
Exchange adjustments	12,537	(40,587)
Transfer from/(to) profit and loss account	23,114	(25,165)
	<u>425,116</u>	<u>393,852</u>
Included in debtors	10,614	11,816
As at 31 December 2003	<u>435,730</u>	<u>405,668</u>

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

	<i>2003</i>	<i>Provided 2002</i>	<i>Full potential liability 2003</i>	<i>2002</i>
	£	£	£	£
Accelerated capital allowances	37,356	16,347	37,356	16,347
Short term timing differences	(47,970)	(28,163)	(57,823)	(28,163)
Overseas short term timing differences	435,730	405,668	435,730	405,668
Revalued properties	-	-	-	340,555
	<u>425,116</u>	<u>393,852</u>	<u>394,254</u>	<u>734,407</u>

Deferred tax on the revalued properties was not provided in 2002 since there was no intention to sell any of these properties in the foreseeable future and therefore no timing differences arose. The assets were part of the de-merged business.

<i>Company</i>	2003
Provision for deferred tax:	£
At 1 January 2003	(6,476)
Provided during the year	-
Adjustment made in respect of previous years	2,504
At 31 December 2003	<u>(3,972)</u>

	Provided 2003
	£
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 2003

19 SHARE CAPITAL

<i>Authorised</i>	2003 & 2002	
	£	
Ordinary shares of £1 each	50,000	
	2003 & 2002	2003 & 2002
	No.	£
<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	683,800
Dividend and other appropriations				(101,760)	(101,760)
Revaluation surplus realised on de merger of Faithful Group			(1,314,999)	1,314,999	-
De-merger transfer				(8,568,536)	(8,568,536)
Exchange adjustments				(391,067)	(296,475)
At 31 December 2003	25,440	225,702	-	7,729,716	7,980,058

The cumulative amount of goodwill written off against reserves at 31 December 2003, net of goodwill relating to undertakings disposed of is £53,404 (2002: £513,635).

<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 31 December 2003	25,440	3,206,444	3,231,884

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 £116,031.

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

21 CASH FLOW STATEMENT

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

	2003	2002
	£	£
Operating profit	1,031,075	1,670,039
Depreciation charges	264,929	488,385
Amortisation of goodwill	53,404	72,993
(Increase)/decrease in stocks	(500,783)	186,887
(Increase)/decrease in debtors	(23,082)	292,485
(Decrease)/increase in creditors	(68,656)	339,068
Exchange loss on cash, liquid resources and loans	144,729	14,943
Net cash inflow from operating activities	<u>901,616</u>	<u>3,064,800</u>

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

	2003	2002
	£	£
(Decrease)/increase in cash	(1,407,132)	1,098,689
Cash (outflow)/inflow from movement in loans	111,727	(269,166)
Repayment of capital element of finance leases and hire purchase contracts	-	2,883
Change in net cash resulting from cash flows	<u>(1,295,405)</u>	<u>832,406</u>
Exchange differences	<u>(9,629)</u>	<u>-</u>
MOVEMENT IN NET CASH	<u>(1,305,034)</u>	<u>832,406</u>
NET CASH AT 1 JANUARY 2003	<u>2,035,224</u>	<u>1,202,820</u>
NET CASH AT 31 DECEMBER 2003	<u>730,190</u>	<u>2,035,224</u>

c) Analysis of net cash

	At 1 January 2003	Cash flow	Exchange differences	At 31 December 2003
	£	£	£	£
Cash at bank and in hand	2,719,843	(1,427,285)	(42,987)	1,249,571
Bank overdrafts	(415,453)	20,153	6,262	(389,038)
	<u>2,304,390</u>	<u>(1,407,132)</u>	<u>(36,725)</u>	<u>860,533</u>
Cash				
Loans	(269,166)	111,727	27,096	(130,343)
Finance lease and hire purchase contracts	-	-	-	-
	<u>2,035,224</u>	<u>(1,295,405)</u>	<u>(9,629)</u>	<u>730,190</u>

As a result of the group reorganisation that took place on 1 January 2003, cash amounting to £1,227,247 was transferred out of the group on de merger.

The directors have decided not to amend the information shown by the cash flow statement following the de merger of the company to reflect cash flows arising in the year ended 31 December 2002 as either continuing or discontinued. This decision has been taken on the grounds that the cost of obtaining the information required in respect of this disclosure is in excess of the additional value its inclusion would provide.

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

22 CAPITAL COMMITMENTS

Amount contracted for but not provided in the group financial statements amounted to £nil (2002: £139,760).

23 OPERATING LEASE COMMITMENTS

At 31 December 2003 the group had annual commitments under non-cancellable operating leases set out below:

	<i>Land and Buildings</i>		<i>Other</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	£	£	£	£
Leases expiring:				
Within one year	-	7,014	39,563	444,907
In two to five years	-	105,437	37,521	110,707
In over five years	-	42,017	-	-
	-	154,468	77,084	555,614

24 PENSION SCHEMES

The group operates three 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.

Previously there were also two defined benefit schemes in the Dutch subsidiaries. Following the group reorganisation that took place these are no longer in the group. Benefits were secured by means of insurance policies, with employee contributions of 9% and 5% of earnings, and the balance of premiums paid by the relevant subsidiary.

Comparative information has been supplied below in respect of SSAP24 and FRS17 disclosure requirements although the defined benefit schemes are no longer part of the group.

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

24 PENSION SCHEMES (continued)

SSAP 24 disclosures

The pension costs are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit method. The most recent valuation was conducted as at 5 April 2002. The results of the valuation are as follows:-

Main assumptions:

Price inflation	2.75%
Rate of salary increases	4.25%
Discount rate in period to retirement	6.75%
Discount for post retirement liabilities	5.75%
Pensions increases in payments of 5% per annum or RPI if less	2.75%
Market value of scheme assets	£4,766,000
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accruing to members, after allowing for expected future increase in earnings	77%

FRS 17 disclosures

The valuation used for FRS 17 disclosures has been based on the most recent actuarial valuation as at 5 April 2002 and updated by SBJ Benefit Consultants to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31 December 2003. Scheme assets are stated at their market values at the respective balance sheet date.

	2003 %	2002 %
Main assumptions:		
Price inflation	-	2.25
Salary increases	-	3.75
Discount rate	-	5.50
Pension increases on benefits earned after April 1997	-	2.25

The assets and liabilities of the scheme and the expected rate of return at 31 December are:

	Long-term rate of return expected %	2003 Value £'000	Long-term rate of return expected %	2002 Value £'000
Equities	-	-	7.75	3,043
Bonds	-	-	4.75	648
Other	-	-	4.75	249
Total market value of assets		-		3,940
Present value of scheme liabilities		-		(7,222)
Net pension liability		-		(3,282)

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

24 PENSION SCHEMES *(continued)*

An analysis of the defined benefit cost for the year ended 31 December 2003 is as follows:-

	2003 £'000	2002 £'000
Current service cost	-	(302)
Total operating charge	-	(302)
Other finance costs: Expected return on pension scheme assets	-	306
Other finance costs: Interest on pension scheme liabilities	-	(348)
Total other finance income	-	(42)
STRGL: Actual return less expected return on pension scheme assets	-	(1,082)
STRGL: Experience losses arising on scheme liabilities	-	(493)
STRGL: Gain/(loss) arising from changes in assumptions underlying the present value of scheme liabilities	-	(552)
Actuarial loss recognised in the statement of total recognised gains and losses	-	(2,127)

Analysis of movements in deficit during the period:

	2003 £'000	2002 £'000
At 1 January 2003	(3,282)	(1,118)
Transfer on de merger	3,282	-
Total operating charge	-	(302)
Total other finance income	-	(42)
Actuarial loss recognised in the statement of total recognised gains and losses	-	(2,127)
Contributions	-	307
At 31 December 2003	-	(3,282)

BTQ Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2003

24 PENSION SCHEMES *(continued)*

History of experience gains and losses:

	2003	2002
Difference between expected return and actual return on pension scheme assets		
- amount (£'000)	-	(1,082)
- % of scheme assets	-	(27)
Experience losses arising on scheme liabilities		
- amount (£'000)	-	(493)
- % of the present value of scheme liabilities	-	(7)
Changes in assumptions underlying the present value of the scheme liabilities		
- amount (£'000)	-	(552)
- % of the present value of the scheme liabilities	-	(8)
Total actuarial loss recognised in the statement of total recognised gains and losses		
- amount (£'000)	-	(2,127)
- % of the present value of scheme liabilities	-	(29)

(b) Reconciliations of net assets and reserves under FRS 17

	2003 £'000	2002 £'000
<i>Net assets</i>		
Net assets as stated in balance sheet	-	16,379
Net assets/(liabilities) excluding defined benefit liabilities	-	16,379
FRS 17 defined benefit liabilities	-	(3,282)
Net assets including defined benefit liabilities	-	13,097
<i>Reserves</i>		
Profit and loss reserve as stated in balance sheet	-	14,812
Profit and loss reserve excluding amounts relating to defined benefit liabilities	-	14,812
FRS 17 defined benefit liabilities	-	(3,282)
Profit and loss reserve including amounts relating to defined benefit liabilities	-	11,530

25 POST BALANCE SHEET EVENT

Since the balance sheet date the company has acquired a further US based subsidiary.