

WEARWELL (UK) LIMITED

REPORT OF THE DIRECTORS

AND

FINANCIAL STATEMENTS

- year ended -

31ST DECEMBER 1997



WEARWELL (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

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WEARWELL (UK) LIMITED

(Registered in England No: 2993093)

DIRECTORS

D A Thompson
A Crossley (Resigned 25.12.97)
B Greasley (Appointed 26.12.97)

SECRETARY

B Greasley

REGISTERED OFFICE

Gagarin
Lichfield Road
TAMWORTH
Staffs
B79 7TR

AUDITORS

Smith Cooper & Partners
Majority House
Lodge Lane
DERBY
DE1 3HB

BANKERS

Midland Bank plc
Business Banking Centre
1 St James Court
Friar Gate
DERBY
DE1 1BT

WEARWELL (UK) LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 31ST DECEMBER 1997

The directors present their annual report and audited financial statements for the year ended 31st December 1997.

PRINCIPAL ACTIVITY

The company's principal activity, which has remained unchanged throughout the year, is the manufacture and marketing of workwear within the United Kingdom.

CHIEF EXECUTIVE'S REPORT

Our aim is to be the best supplier of quality work wear garments to the Rental and Health Care industries/hospitals and a leader in our chosen markets.

Continuing the approach developed in 1996 the company increased its performance in all areas of the business in 1997 producing an excellent result for the twelve month period. The targets achieved reflect the hard work and dedication of every employee and the recognition by our customers of our efforts to support and provide the supply and service they seek.

Investment has continued in the infrastructure of the company and in all aspects of plant to modernise and increase productivity.

We look forward in 1998 to continued growth in our chosen areas and the penetration of other markets.

REVIEW OF BUSINESS

A summary of the results of the year's trading is given on page 5 of the financial statements. The directors consider the result for the year to be satisfactory.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

The directors are responsible for keeping proper accounting records which 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.

WEARWELL (UK) LIMITED
REPORT OF THE DIRECTORS - CONTINUED
YEAR ENDED 31ST DECEMBER 1997

DIVIDEND

During the year the directors declared a preference share dividend of £0.10p per share to be paid from the profit for the year. The company also proposed the 8% "A" ordinary share dividend of £36,827 for 1997. The directors propose that the retained profit for the year of £276,250 be carried to reserves.

DIRECTORS' INTERESTS

The directors' who have held office during the year are listed on page 1. Their interest in the share capital of the company at the year end is as follows:

| | 1997 Ordinary Shares | 1996 Ordinary Shares |
|--------------|-------------------------|-------------------------|
| D A Thompson | 10,714 | 10,714 |
| A Crossley | - | 10,714 |

Tecwear Limited, a company of which D A Thompson is a director and in which he retains a controlling interest, currently holds 98,572 ordinary shares which represents 46% of the company's voting rights.

B Greasley acquired 4,903 Ordinary Shares of the company on 12 February 1998.

FIXED ASSETS

The movements in fixed assets during the year are summarised in note 7 to the financial statements.

AUDITORS

In accordance with Section 385(2) of the Companies Act 1985 a resolution proposing the re-appointment of Smith Cooper & Partners as auditors to the company will be put to the annual general meeting.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

By Order of the Board


B GREASLEY
Secretary

WEARWELL (UK) LIMITED
AUDITORS' REPORT TO THE MEMBERS OF
WEARWELL (UK) LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

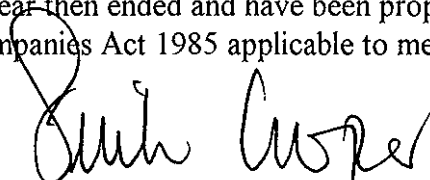
Basis of Opinion

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 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 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to medium sized companies.


SMITH COOPER & PARTNERS
Registered Auditors
Chartered Accountants

DERBY: 23rd March 1998

WEARWELL (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

PROFIT AND LOSS ACCOUNT

| | Note | 1997 | 1996 |
|--|------|-----------------|-----------------|
| GROSS PROFIT | | 1,345,881 | 1,109,712 |
| Operating expenses | | 855,814 | 716,945 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 3 | 490,067 | 392,767 |
| Interest payable and similar charges | 4 | (29,728) | (22,886) |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 460,339 | 369,881 |
| TAXATION | 6 | 116,808 | 120,000 |
| | | <hr/> | <hr/> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 343,531 | 249,881 |
| DIVIDENDS | 15 | (67,281) | (72,254) |
| | | <hr/> | <hr/> |
| PROFIT RETAINED FOR THE YEAR | | <u>£276,250</u> | <u>£177,627</u> |

The company has no acquisitions or discontinued activities during the year. The company has no recognised gains or losses for the year other than the profit stated above of £276,250.

The notes on pages 8 to 15 form part of these financial statements.

WEARWELL (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

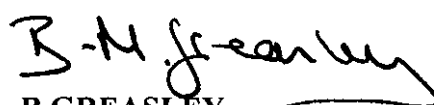
BALANCE SHEET

| | Note | 1997 | 1996 |
|--|------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 1&7 | 519,862 | 516,318 |
| CURRENT ASSETS | | | |
| Stocks and work in progress | 1&8 | 1,049,921 | 667,699 |
| Debtors | 9 | 1,573,978 | 1,456,124 |
| Cash at bank and in hand | | <u>36,293</u> | <u>155,152</u> |
| | | 2,660,192 | 2,278,975 |
| CREDITORS: Amounts falling due within one year | 10 | <u>1,251,555</u> | <u>1,057,046</u> |
| NET CURRENT ASSETS | | <u>1,408,637</u> | <u>1,221,929</u> |
| | | 1,928,499 | 1,738,247 |
| CREDITORS: Amounts falling due after more than one year | 11 | <u>232,206</u> | <u>251,061</u> |
| | | <u>£1,696,293</u> | <u>£1,487,186</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital (Including non-equity interests) | 13 | 216,972 | 217,643 |
| Share premium account | 14 | 265,885 | 332,357 |
| Profit and loss account | 16 | 520,740 | 244,490 |
| Capital reserve | 18 | <u>692,696</u> | <u>692,696</u> |
| Shareholders' Funds | 14 | <u>£1,696,293</u> | <u>£1,487,186</u> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The financial statements were approved by the Board on


D THOMPSON
DIRECTOR


B GREASLEY
DIRECTOR

The notes on pages 8 to 15 form part of these financial statements

WEARWELL (UK) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

| CASHFLOW STATEMENT | 1997 | 1996 |
|---|---------------------------|--------------------------|
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 247,030 | 347,561 |
| RETURNS ON INVESTMENTS & SERVICING OF FINANCE | | |
| Interest received | 3,343 | 3,506 |
| Interest paid | (33,071) | (26,392) |
| Preference dividend paid | (63,162) | (25,878) |
| TAXATION | (101,033) | (33,649) |
| CAPITAL EXPENDITURE | | |
| Payments to acquire tangible fixed assets | (79,485) | (43,779) |
| Receipts from sales of tangible fixed assets | <u>1,100</u> (78,385) | <u>-</u> (43,779) |
| | (25,278) | 221,369 |
| FINANCING | | |
| Amounts borrowed | - | 47,622 |
| Purchase of preference shares | (67,143) | - |
| Repayment of amounts borrowed | <u>(26,438)</u> (93,581) | <u>(50,269)</u> (2,647) |
| NET CASH (OUTFLOW)/INFLOW | <u>£(118,859)</u> | <u>£218,722</u> |
| | 31.12.96 | Cashflow 31.12.97 |
| Cash and Bank | £155,152 | £(118,859) £36,293 |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 1997 | 1996 |
| Operating profit | 490,067 | 392,767 |
| Depreciation charge including profits or loss on sale of fixed assets | 74,841 | 60,620 |
| (Increase)/Decrease in stock | (382,222) | 118,976 |
| Decrease/(Increase) in debtors | (117,854) | (487,203) |
| Increase/(Decrease) in creditors | <u>182,198</u> | <u>262,401</u> |
| | <u>£247,030</u> | <u>£347,561</u> |

WEARWELL (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards. The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TANGIBLE FIXED ASSETS

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives on the following basis:

| | |
|-------------------|-----------------------------------|
| Freehold Property | 4% per annum straight line |
| Plant & Machinery | 10% - 20% per annum straight line |
| Motor vehicles | 25% - 45% per annum straight line |
| Office Equipment | 10% - 33% per annum straight line |

DEFERRED TAXATION

Deferred taxation is provided on the liability method to take account of timing differences. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

FOREIGN EXCHANGE

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the translation. Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

LEASING

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations net of future finance charges are included in creditors.

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

WEARWELL (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES- CONTINUED

STOCKS AND WORK IN PROGRESS

Stock and work in progress is valued at the lower of cost, being net invoice value or cost of production to date, and net realisable value.

PENSIONS

The company operates a defined benefit pension scheme in respect of certain employees of the company.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees working life. Variations from regular cost are spread over the expected remaining service lives of the relevant employees.

2. TURNOVER

Turnover represents sales to customers exclusive of value added tax and discounts allowed.

Turnover arises entirely from the company's principal activity all of which is within the United Kingdom.

3. OPERATING PROFIT

The operating profit for the period, which all relate to continuing operations is stated after charging the following:

| | 1997 | 1996 |
|---|-----------|-----------|
| Depreciation of tangible fixed assets held | | |
| under finance lease agreements | 29,715 | 15,255 |
| Depreciation of owned tangible fixed assets | 46,226 | 45,365 |
| Directors' remuneration | 45,000 | 45,000 |
| Directors pension contributions | 17,228 | 12,237 |
| Staff costs | 1,291,078 | 1,200,792 |
| Auditors' remuneration | 7,500 | 7,500 |
| Leasing charges - other | 28,230 | 33,405 |
| - property | 53,506 | 52,062 |
| Profit on disposal of fixed assets | (1,100) | - |
| Rental income | (3,750) | - |
| Ex-Gratia payments | 35,000 | - |

WEARWELL (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

| | | |
|---|----------------|----------------|
| 4. INTEREST PAYABLE | 1997 | 1996 |
| On bank loans, overdrafts and other loans | | |
| repayable within 5 years | 3,195 | 2,361 |
| On bank loans repayable after more than 5 years | 26,591 | 22,740 |
| Finance lease interest | 3,285 | 1,291 |
| Bank interest received | (3,343) | (3,506) |
| | <u>£29,728</u> | <u>£22,886</u> |

5. STAFF COSTS

The average weekly number of persons (including directors) employed by the company was as follows:

| | | |
|-------------------------------|------------|------------|
| Production and sales | 105 | 101 |
| Management and administration | <u>14</u> | <u>13</u> |
| | <u>119</u> | <u>114</u> |

The aggregate payroll costs of these persons were as follows:

| | | |
|--|-------------------|-------------------|
| Wages and salaries (including directors) | 1,216,822 | 1,103,029 |
| Social security costs | 93,105 | 94,161 |
| Pension costs | 37,116 | 56,799 |
| Health insurance | <u>6,418</u> | <u>4,040</u> |
| | <u>£1,353,461</u> | <u>£1,258,029</u> |

6. TAXATION

The taxation charge for the year comprises:

| | | |
|---|-----------------|-----------------|
| UK corporation tax @ 31% - current year | 136,000 | 120,000 |
| - previous year | (19,192) | - |
| | <u>£116,808</u> | <u>£120,000</u> |

The company is a close company for taxation purposes

The movement on unprovided deferred taxation for the year was as follows:

| | | |
|--|-----|-----|
| Accelerated capital allowances over corresponding depreciation | Nil | Nil |
|--|-----|-----|

WEARWELL (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

7. TANGIBLE FIXED ASSETS

| COST | Freehold Property | Motor Vehicles | Office Equipment | Plant & Machinery | TOTAL |
|--|------------------------------|---------------------------|-----------------------------|----------------------------------|-----------------|
| At 1st January 1997 | 435,000 | 33,471 | 59,084 | 84,267 | 611,822 |
| Additions | - | 39,940 | 17,055 | 22,490 | 79,485 |
| Disposals | - | - | - | (1,590) | (1,590) |
| At 31st December 1997 | <u>£435,000</u> | <u>£73,411</u> | <u>£76,139</u> | <u>£105,167</u> | <u>£689,717</u> |
| DEPRECIATION | | | | | |
| At 1st January 1997 | 18,500 | 11,290 | 30,048 | 35,666 | 95,504 |
| Charge for year | 13,043 | 32,870 | 19,023 | 11,005 | 75,941 |
| Eliminated on disposal | - | - | - | (1,590) | (1,590) |
| At 31st December 1997 | <u>£31,543</u> | <u>£44,160</u> | <u>£49,071</u> | <u>£45,081</u> | <u>£169,855</u> |
| NET BOOK VALUE | | | | | |
| At 31st December 1997 | <u>£403,457</u> | <u>£29,251</u> | <u>£27,068</u> | <u>£60,086</u> | <u>£519,862</u> |
| At 31st December 1996 | <u>£416,500</u> | <u>£22,181</u> | <u>£29,036</u> | <u>£48,601</u> | <u>£516,318</u> |
| Included in the above are assets held under finance leases contracts with a net book value of: | | | | | |
| At 31st December 1997 | <u>£ -</u> | <u>£Nil</u> | <u>£ -</u> | <u>£8,694</u> | <u>£8,694</u> |
| At 31st December 1996 | <u>£ -</u> | <u>£21,021</u> | <u>£ -</u> | <u>£17,387</u> | <u>£38,408</u> |

8. STOCKS

| | 1997 | 1996 |
|-------------------------------|-------------------|-----------------|
| Raw materials and consumables | 155,607 | 154,882 |
| Goods for resale | 801,088 | 424,864 |
| Work in progress | <u>93,226</u> | <u>87,953</u> |
| | <u>£1,049,921</u> | <u>£667,699</u> |

WEARWELL (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

| | | |
|--|-------------------|-------------------|
| 9. DEBTORS: Amounts falling due within one year | 1997 | 1996 |
| Trade debtors | 1,517,991 | 1,412,779 |
| Prepayments and accrued income | 39,167 | 32,777 |
| ACT recoverable | <u>16,820</u> | <u>10,568</u> |
| | <u>£1,573,978</u> | <u>£1,456,124</u> |

The following amount falls due after more than one year:

| | | |
|-----------------|----------------|------------|
| ACT recoverable | <u>£12,624</u> | <u>£ -</u> |
|-----------------|----------------|------------|

10. CREDITORS: Amounts falling due within one year

| | | |
|------------------------------|-------------------|-------------------|
| Bank loan and overdraft | 21,688 | 21,688 |
| Trade creditors | 589,083 | 494,430 |
| Taxation and social security | 168,845 | 159,559 |
| Corporation tax | 136,000 | 120,225 |
| Accruals | 245,755 | 184,316 |
| Finance lease obligations | 16,376 | 23,959 |
| Dividends payable | 50,495 | 46,376 |
| ACT payable | <u>23,313</u> | <u>6,493</u> |
| | <u>£1,251,555</u> | <u>£1,057,046</u> |

Dividends payable represents the redeemable preference share dividend due for payment at 31 December 1997 and the "A" ordinary share dividend.

11. CREDITORS: Amounts falling due after more than one year

| | | |
|-------------------------------------|-----------------|-----------------|
| Bank loan | 216,425 | 233,264 |
| Finance lease obligations | <u>15,781</u> | <u>17,797</u> |
| | <u>£232,206</u> | <u>£251,061</u> |
| Payable by instalments 2-5 years | 86,752 | 86,752 |
| Payable by instalments over 5 years | <u>129,673</u> | <u>146,512</u> |
| | <u>£216,425</u> | <u>£233,264</u> |

WEARWELL (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

12. SECURED LIABILITIES **1997** **1996**

Of amounts included in creditors, security has been given by the company in respect of the following liabilities:

| | | |
|---------------|-----------------|-----------------|
| Finance lease | 32,157 | 41,756 |
| Bank loan | <u>238,113</u> | <u>254,952</u> |
| | <u>£270,270</u> | <u>£296,708</u> |

The finance lease liability is secured against the individual assets purchased through the agreements.

The bank loan is secured against a first mortgage over the freehold property.

13. CALLED UP SHARE CAPITAL **1997** **1996**

Authorised, allotted, issued and fully paid

| | | |
|---|-----------------|-----------------|
| 150,000 Ordinary shares of £1 each | 150,000 | 150,000 |
| 64,286 'A' Ordinary shares of £1 each | 64,286 | 64,286 |
| 268,571 Redeemable Preference shares of 1p each | <u>2,686</u> | <u>3,357</u> |
| | <u>£216,972</u> | <u>£217,643</u> |

Voting Rights

Votes per share

| | |
|------------------------------|---|
| Ordinary £1 shares | 1 |
| Ordinary 'A' £1 shares | 1 |
| Redeemable preference shares | 0 |

Redeemable preference shares rank first for repayment in the event of any winding up order on the company.

Ordinary 'A' £1 shares may be converted into ordinary shares at any time by the holders on a one for one basis.

WEARWELL (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

13. CALLED UP SHARE CAPITAL - CONTINUED

Dividend Rights
Redeemable Preference Shares

Cumulative net cash fixed dividend calculated at 10% of the subscription price payable half yearly on 30th June and 31st December accruing from the date of subscription.

"A" Ordinary Shares

Cumulative net cash participating dividend calculated as a class such sum as shall equal 8% of net profit earned in the relevant year.

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

| | 1997 | | 1996 | |
|-------------------------------|-------------------|----------------|-------------------|----------------|
| | Equity | Non-equity | Equity | Non-Equity |
| Opening shareholders funds | 1,483,829 | 3,357 | 1,306,202 | 3,357 |
| Result for the financial year | 313,077 | 30,454 | 216,310 | 33,571 |
| Share redemption | - | (671) | - | - |
| Share premium account | (66,472) | - | - | - |
| Dividends paid | (36,827) | (30,454) | (38,683) | (33,571) |
| | <u>£1,693,607</u> | <u>£ 2,686</u> | <u>£1,483,829</u> | <u>£ 3,357</u> |

| 15. DIVIDENDS | 1997 | 1996 |
|---|----------------|----------------|
| Preference dividend paid and payable on 335,714 shares @ £0.05p per share | 17,430 | 16,785 |
| Preference dividend payable on 268,571 shares @ £0.05p per share | 13,024 | 16,786 |
| Ordinary "A" £1 share dividend paid on 64,286 @ £0.1414p | - | 9,093 |
| Ordinary "A" £1 share dividend payable on 64,286 shares @ £0.573p | <u>36,827</u> | <u>29,590</u> |
| | <u>£67,281</u> | <u>£72,254</u> |

16. PROFIT AND LOSS ACCOUNT

| | | |
|-----------------------|-----------------|-----------------|
| At 1st January 1997 | 244,490 | 66,863 |
| Result for the year | <u>276,250</u> | <u>177,627</u> |
| At 31st December 1997 | <u>£520,740</u> | <u>£244,490</u> |

WEARWELL (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1997

17. TRANSACTIONS INVOLVING DIRECTORS

During the year under review the company engaged in arms length contracts to the value of £90,400 (1996: £83,100) with Tecwear Limited, a company of which Mr Thompson is a director and majority shareholder:

18. CAPITAL RESERVE ARISING ON ACQUISITION

Acquisition of trade and related assets and liabilities of Dickies Wearwell Limited

| | 1997 | 1996 |
|--|----------|----------|
| Capital reserve as at 31st December 1996 | | |
| and at 31st December 1997 | £692,696 | £692,696 |

19. COMMITMENTS & AUTHORISATIONS NOT PROVIDED

At 31st December 1997 the company had the following other commitments in respect of operating leases and redemption of share capital.

| OPERATING LEASE LIABILITIES | 1997 | 1996 |
|------------------------------------|-------------|-------------|
| Within one year | | |
| Other | £29,987 | £23,118 |
| Within two to five years | | |
| Property | 53,000 | 53,000 |
| Other | - | 28,266 |
| | £53,000 | £81,266 |

Redeemable Preference Shares

Redeemable preference shares are redeemed by five annual instalments, the second tranche is due for redemption at 30th June 1998:

| | 1997 | 1996 |
|--------------------------|----------|----------|
| Within one year | £67,143 | £67,143 |
| Within two to five years | £201,429 | £268,572 |

The company may redeem shares earlier in amounts of not less than 20,000 shares with the prior consent of the holders. All shares shall be redeemed before a sale or flotation of the company.

20. CONTINGENT LIABILITIES

The directors of the company are confident that there is no contingent liability arising out of any claims currently being made by employees against the company. These claims are being dealt with by the company's insurers and no additional liability is foreseen.