

SEET Plc

Company number: 46267

**REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

**MAZARS NEVILLE RUSSELL
Chartered Accountants
24 Bevis Marks
LONDON EC3A 7NR**



**SCT SN57M2IX 0364
COMPANIES HOUSE 20/07/01**

FINANCIAL HIGHLIGHTS

THE PLC GROUP SERVING NICHE CLOTHING MARKETS

Five Year Comparison

	Year to April 1996	Year to April 1997	8 mths to Dec 1997	Year to Dec 1998	Year to Dec 1999	Year to Dec 2000
£000's						
Turnover	5058	7057	10372	31333	32586	33272
Profit before tax, exceptional items and goodwill amortisation	11	77	72	819	621	733
Earnings	57	(123)	(648)	676	421	447
Net assets	3275	3139	5806	6403	6696	7123
Net Tangible Assets	3275	1897	4975	5039	5223	5584
Earnings per share	1.13p	(2.46p)	(6.66p)	3.8p	2.34p	2.51p
Dividend per share	-	-	-	0.6p	0.6p	*
Net assets per share	65.33p	62.61p	**32.88p	35.65p	37.28p	39.66p
Net tangible assets per share	65.33p	37.84p	**28.17p	28.06p	29.08p	31.09p

N.B.

* In view of the offer from Cosalt plc being declared unconditional no dividend is being recommended.

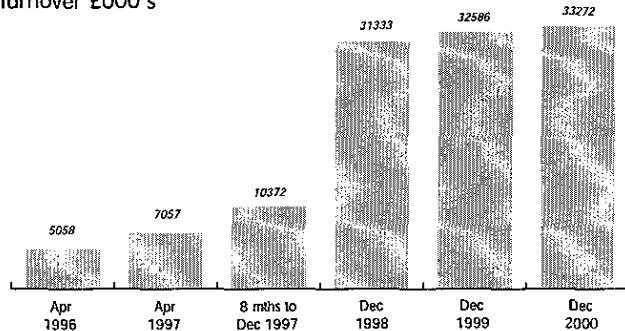
** The Group was restructured in September 1997 and 12.9m new Ordinary Shares were issued at the rights issue price of 30p.

NOTE

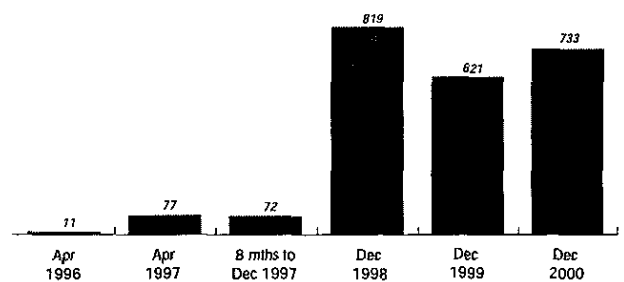
A recommended cash offer to acquire the whole of the issued share capital of the Company was made by KPMG Corporate Finance on behalf of Cosalt plc on 21 March 2001. The offer was declared unconditional on 23 April 2001 at which point control of the Company passed to Cosalt plc. Cheques were sent to shareholders who had accepted the offer on 4 May 2001. As Cosalt plc had acceptance from the holders of more than nine-tenths of the issued share capital on 30 April 2001 notices were served on shareholders who had not accepted the offer for the compulsory acquisition of the outstanding shares pursuant to Section 429 of the Companies Act 1985.

THE PLC GROUP SERVING NICHE CLOTHING MARKETS - cont'd

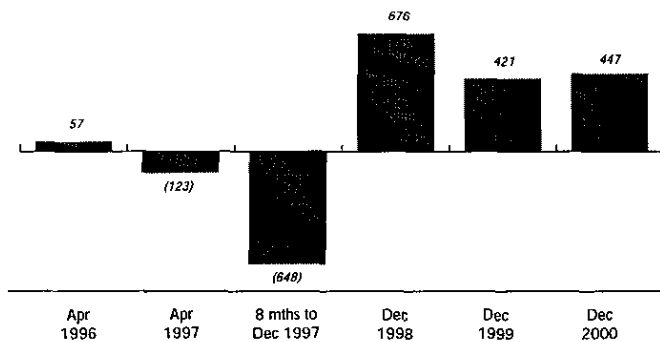
Turnover £000's



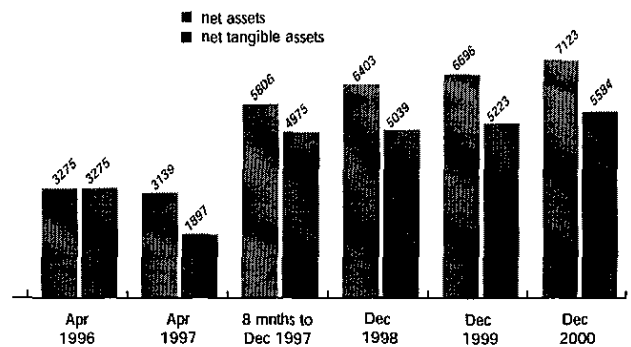
Adjusted profit £000's



Earnings £000's



Assets £000's



DIRECTORS AND ADVISERS

Directors	<p>J. N. Stevenson, B.Sc., (Executive Chairman)</p> <p>K. C. Scates, (Managing Director – Schoolwear & Clothing Division)</p> <p>R. Russell, B.Sc., (Managing Director-Specialist & Protective Clothing Division)</p> <p>P. McDonald, F.C.C.A., F.C.I.S., (Finance Director)</p> <p>W. A. Muirhead, (Non Executive)</p>	Solicitors	<p>Burness 50 Lothian Road Festival Square EDINBURGH EH3 9WJ</p>
		Brokers	<p>Seymour Pierce Ellis Ltd Talisman House Jubilee Walk Three Bridges SUSSEX RH10 1LQ</p>
Alternate Director	<p>D. D. Stevenson, (Alternate Director to J. N. Stevenson)</p>	Registrars & Transfer Office	<p>Capita IRG plc Balfour House 390-398 High Road Ilford ESSEX IG1 1NQ</p>
Company Secretary	P. McDonald, F.C.C.A., F.C.I.S.	Head Office	<p>Banner House Greg Street Reddish STOCKPORT SK5 7BT</p>
Bankers	<p>Barclays Bank Plc 50 Pall Mall P.O. Box 15162 LONDON SW1A 1QB</p> <p>HSBC Bank Plc Westminster House 11 Portland Street MANCHESTER M60 1PX</p>	London Office	<p>43 Portland Place LONDON W1N 3AG</p>
		Registered Office	<p>50 Lothian Road Festival Square EDINBURGH EH8 9BY</p>
Auditors	<p>Mazars Neville Russell 24 Bevis Marks LONDON EC3A 7NR</p>	Registered in Scotland number	<p>46267</p>

CHAIRMAN'S STATEMENT

Summary

I am pleased to report that the Group made progress during 2000 with the operating profit increasing by 4.66% despite difficult trading conditions and other factors affecting some of our operations. Earnings per ordinary share increased to 2.51 pence (1999: 2.34 pence), whilst the earnings per share excluding amortisation were 3.16 pence (1999: 2.12 pence).

Financial

The profit before tax was £616k (1999: £660k) on turnover of £33.3m (1999: £32.6m). Whilst the profit before tax excluding amortisation was £733k (1999: £621k), the goodwill amortisation charge amounted to £117k (1999: credit £39k).

Net assets per share increased to 39.66 pence per share (1999: 37.28 pence), whilst tangible net assets increased to 31.09 pence per share (1999: 29.08 pence).

The directors have reviewed the carrying value of goodwill in the consolidated balance sheet in relation to the whole of the Group's operations. Where the period of amortisation has been deemed inappropriate a suitable revision has been made, full details of which are shown in the accounts.

Operations

Schoolwear and Clothing Division

The Schoolwear and Clothing Division made progress during the year. Sales of the division increased by 8 per cent to £26.3m (1999: £24.3m). The acquisitions of the business and certain assets of Johns-Craft in February 2000

and the business and certain assets of Michael De Leon in August 2000 contributed to the increase in turnover. Profit before tax for this division improved due to general increases in efficiency and a greater percentage of purchases being sourced from overseas suppliers.

Specialist and Protective Clothing Division
Turnover for the Specialist and Protective Clothing Division declined by 15 per cent to £7.1m (1999: £8.3m). The business enjoyed the benefit in 1999 of a large one-off contract to supply fire suits to an export customer. Operating margins for this division remained stable.

Outlook

The Board has been reviewing the strategies and prospects for a group of its size for some time and was in the process of evaluating different options as to how best to deliver shareholder value when it was approached by Cosalt plc.

Although the Board have confidence in the mainstream businesses of the group and whilst these businesses continue to maintain their competitive position within their respective markets, the Board believe that it has become increasingly difficult to justify a full listing for SEET.

The Board having discussed the position with its financial advisers RSM Robson Rhodes and having considered other alternatives concluded that the interests of shareholders, employees and customers would be best served by recommending the offer from Cosalt plc.

Details of the offer were announced and circulated to shareholders on 21 March 2001 and the offer was declared unconditional on 23 April 2001. No provision has been made in these accounts for any gain or loss arising from the offer or the costs associated with the offer.

Dividend

In view of the unconditional offer made by Cosalt plc the Board are not recommending a dividend (1999: 0.6 pence).

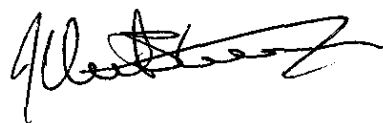
People

The year 2000 was a challenging one for our management team and workforce and the Board appreciate the contribution they have made in achieving the result for the year in what were demanding trading conditions.

The Board believe that employees will benefit from the change in ownership and becoming part of a larger group and are confident that they will make a valuable contribution to the development of the respective businesses under new ownership.

Shareholders

As this will be my last statement as Chairman of SEET, I would like to take this opportunity of thanking all shareholders for their support over the years and in particular since the restructuring of the group in 1997.



J. Neil Stevenson
Chairman – 26 April 2001

BOARD OF DIRECTORS

James Neil Stevenson (age 55)

Chairman, appointed in October 1995 he has 33 years experience in the textile industry. He was Chief Executive of Langholm Dyeing Company Limited for some 22 years and he became a director of Leeds Group plc in 1990 after it acquired Langholm Dyeing Company Limited. He has also been a non-executive director of The Edinburgh Woollen Mill Limited.

Kenneth Colin Scates (age 56)

Appointed September 1997, Managing Director of the Schoolwear and Clothing Division. He has 33 years experience in the clothing industry, previously employed by subsidiaries of the William Baird Group for over 20 years and was Managing Director of Banner Limited for 14 years prior to the business being acquired by SEET. He has an in-depth knowledge of sales, marketing and sourcing, (particularly from the Far East). Prior to joining the William Baird Group, Ken was Sales Director of Ladybird Limited, a subsidiary of Coats Paton plc. He has held the post as President of the National Childrenswear Association of Great Britain and Northern Ireland, for the past six years, having previously served six years as Chairman and for thirteen years on the Management Council.

Richard Russell (age 42)

Appointed September 1997, Managing Director of the Specialist and Protective Clothing Division, is a qualified engineer in production management. Richard has spent his whole career in the textile industry and has held senior positions at both Coats Viyella plc and Courtaulds plc. He held the position of divisional manufacturing director of PUC Group Limited before leading the management buy-out of Ballyclare in 1995, which subsequently became a subsidiary of SEET plc in September 1997.

Peter McDonald (age 61)

Appointed September 1997 as Group Finance Director, is a Certified Accountant and Chartered Secretary with 29 years experience in the clothing industry. He was previously employed by subsidiaries of the William Baird Group for over 24 years and was Finance Director of Banner Limited for 14 years, prior to the business being acquired by SEET. He has played a key role in the development of Banner, being responsible for the financial management of the business and the development of its information systems. Prior to joining the William Baird Group, Peter was Joint Secretary of a GUS subsidiary.

William Alexander Muirhead (age 54)

Appointed as a Non Executive Director on 22 June 2000 and was previously an Alternate Director up until Jock Mackenzie's death on 1 May 2000. William is at the present time a property consultant and has been a commercial lawyer for over 21 years.

Alternate Director

David D. Stevenson CBE (age 59)

Appointed Alternate Director to Neil Stevenson in March 2000. David Stevenson has spent most of his career in the retail and textile industries, developing The Edinburgh Woollen Mill Limited from a millshop concept in 1970. He is currently Deputy Chairman of Grampian Holdings plc, and a non-executive director of a number of other UK companies.

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2000.

Principal activities and business review

The principal activities of the Group during the year continued to be the design, manufacture and distribution of clothing and protective clothing. A review of the business of the Group and its future prospects can be found in the Chairman's Statement on page 4. Details of the Group's segmental report are shown in note 2 to the accounts on page 20.

Dividends

In view of the unconditional offer made by Cosalt plc the Board are not recommending a dividend (1999: 0.6 pence).

Directors

The names of the directors who have held office during the whole of the year to the date of the report, unless otherwise stated, are detailed below.

In accordance with the Company's Articles of Association, Mr. P. McDonald and Mr. R. Russell retire by rotation and offer themselves for re-election.

Mr. W. A. Muirhead who was appointed to office since the last AGM will not be seeking re-election.

Set out below are the interests of the Directors and their immediate families in the share capital of the Company.

Shares

	26 April 2001	31 December 2000	1 January 2000
Beneficial			
J. N. Stevenson	4,133,133*	4,133,133	4,133,133
D. D. Stevenson (Alternate Director) Appointed 2.3.2000	4,133,133*	4,133,133	n/a
J. H. M. Mackenzie (Deceased 1/5/2000)	-	-	2,629,699
W.A. Muirhead Appointed 22.06.00	-	-	-
K. C. Scates	632,428*	632,428	584,428
R. Russell	99,334*	99,334	99,334
P. McDonald	180,000*	180,000	175,000
Non-beneficial			
J. H. M. Mackenzie	-	-	470,500

*The directors gave irrevocable undertakings to Cosalt plc in respect of their beneficial holdings in SEET plc shares under the terms of the recommended offer. As the recommended offer was declared unconditional on 23 April 2001 all rights and privileges in the directors' beneficial shareholdings passed to Cosalt plc, when the offer became unconditional.

Mr. J. N. Stevenson's and Mr. D. D. Stevenson's holdings are registered in the name of Ashleybank Investments Limited, a private company of which Mr. J. N. Stevenson and Mr. D. D. Stevenson are shareholders and directors.

DIRECTORS' REPORT - cont'd

Options

Details are shown below of the date of grant and the exercisable prices of the directors share options under the Executive Share Option Scheme and Savings Related Share Option Scheme.

The highest and lowest middle prices of the shares in the year were 28p and 19p respectively and the year-end price was 19.5p.

	26 April 2001	31 December 2000	1 January 2000
Executive Share Option			
The following options which were granted on 26 February 1998 are exercisable between 26 February 2001 and 26 February 2008 at an exercise price of 31.5p per share.			
K. C. Scates	95,238	95,238	95,238
R. Russell	95,238	95,238	95,238
P. McDonald	95,238	95,238	95,238
<i>All the rights in respect of these options were surrendered by the Directors for no consideration on 23 April 2001 when the recommended offer was declared unconditional.</i>			

	26 April 2001	31 December 2000	1 January 2000
Savings Related Share Option Scheme			
The following options, which were granted on 22 October 1998, are exercisable between 1 December 2001 and 1 June 2002 at an exercise price of 24p per share.			
K. C. Scates	42,450	42,450	42,450
R. Russell	12,000	12,000	12,000
P. McDonald	25,800	25,800	25,800
<i>A proposal letter was issued on 25 April 2001 to option holders inviting them to exercise their options on the same terms as the recommended share offer under the change of control conditions specified in the rules of the scheme.</i>			

Executive Share Incentive Scheme

The Executive Share Incentive Scheme was approved at the EGM on 22 June 2000 and following the approval of the scheme conditional awards were granted by the Trustees of the SEET Executive Share Incentive Trust Ltd., as follows:

The scheme is an unapproved scheme and the granting of options under the scheme is subject to the performance or change of criteria conditions outlined in the document, which was circulated to shareholders on 18 May 2000.

All the rights in respect of the awards were surrendered by the Directors on 23 April 2001 in exchange for a pro-rata payment of the awards, on the same terms as the recommended offer in accordance with the change of control conditions specified in the rules of the scheme.

K. C. Scates	289,000
R. Russell	289,000
P. McDonald	231,200

DIRECTORS' REPORT - cont'd

None of the present directors had a material interest in any contracts with the Company other than their service contracts.

Details of Directors' remuneration are shown in Note 11 of the accounts on page 23.

Substantial shareholdings

The directors have been informed that on 26 April 2001 Mr. A. M. Bottomley held 1,001,000 shares (5.67 per cent) and Mr. M. R. Seabrook held 571,857 shares (3.18 per cent) in a nominee holding. As far as the directors are aware there were no other holdings in the shares of the Company at that date in excess of 3 per cent of the issued share capital apart from the holdings of directors and the SEET Pension Scheme holdings.

Employees

The Group recognises the contributions made to the performance of the Group by the ability, skill, dedication and commitment of its employees. Employees are provided with information and are consulted on matters, which affect their employment. The decentralised structure of the Group provides a framework for a regular and ongoing dialogue between employees and the management of the Group both formally and informally, through meetings and other means of communication.

All Group businesses are encouraged to provide resources for staff development and career progression. These arrangements are considered to be important in encouraging employees to understand the Group's goals, objectives and to foster good working relationships, which the Board believe will be a key feature in their development plans for the Group.

Employees Share Trust

The setting up of an Employees Share Trust was approved at the EGM held on the 22 June 2000. The main purpose of the creation of the Trust was to facilitate the acquisition and holding of shares in the Company by and for the benefit of such employees, former employees and their families, as the Trustees shall determine. In view of the need to satisfy share options under the SEET plc Sharesave Scheme, the Board gave instructions to the Trustees for the Trust Company to acquire shares on the market to satisfy these options.

The Trust accordingly made several purchases during the latter part of 2000 and holds shares in SEET plc, which will be used to satisfy options under the SEET plc Sharesave Scheme.

Disabled Persons

The Group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the Group. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

Policy and practice on payment of creditors

In view of the diversity in the supply base of the various operating subsidiaries, the Group does not have a standard or code, which deals specifically with payment of creditors. Operating companies within the Group are responsible for agreeing terms with suppliers along with other terms and conditions of supply contracts and payments are made in accordance with these arrangements.

The number of creditor days calculated for the year ended 31 December 2000 was 64 days (1999: 69 days).

DIRECTORS' REPORT - cont'd

Share Capital

The authority given to the directors under article 18 of the Articles of Association for the disapplication of statutory pre-emption rights will expire during 2001. However, in view of the stated intention in the recommended offer document for Cosalt plc to procure that SEET plc applies for the cancellation of its Stock Exchange listing if the offer is declared unconditional, and as the offer became unconditional on 23 April 2001 the Directors will not be seeking to renew this authority.

Purchase by the Company of its own shares

It has been the company's practice for several years to take powers, as permitted by the Companies Act 1985, to purchase, in the market, a limited number of its own shares. However, in view of the stated intention in the recommended offer document for Cosalt plc to procure that SEET plc applies for the cancellation of its Stock Exchange listing if the offer is declared unconditional, and as the offer became unconditional on 23 April 2001 the Directors are not seeking to renew this authority.

Company status

The close company provisions of the Income and Corporation Taxes Act 1988 did not apply to the company during the year and no change in this status has since occurred.

Year 2000

The group experienced no systems difficulties resulting from the Year 2000 date change.

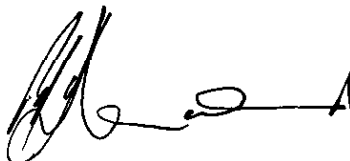
Charitable donations

During the period the group made charitable donations of £560 (1999: £1,700)

Auditors

The auditors, Mazars Neville Russell have signified their willingness to continue in office and a resolution to re-appoint them as auditors and for the directors to determine their remuneration will be proposed at the forthcoming annual general meeting.

By order of the Board



P. McDonald

Secretary – 26 April 2001

CORPORATE GOVERNANCE REPORT

Introduction

The Board is committed to achieving high standards of Corporate Governance throughout the Group in accordance with Section 1 of the Combined Code – principles of good governance and code of best practice, which applies to all UK Listed Companies.

This statement describes how the Company has applied the principles on Corporate Governance to the management of the Group's activities and why, in certain instances, after the directors have given careful consideration to the requirements of the Combined Code, it does not fulfil all of the requirements.

The Board

The directors of the Company who served throughout the year and their biographical details are shown on page 5 of the report. These biographies demonstrate that each director brings different qualities and experience to the Board and come from a range of backgrounds which it is felt are suitable for managing a business in niche sectors of the clothing and protective clothing markets.

The Board is headed by a Chairman whose role is distinct and separate from that of the operational directors. As the Group consists of two separate operating divisions the executive responsibility for running the Company's business is vested in the managing directors of the respective divisions.

The Board meets on a regular basis to review, amongst other matters, the trading performance and finances of the Group. In addition, the Board is responsible for the formulation of strategic and financial planning and the implementation and monitoring of policies across the Group. It also has a formalised schedule of matters, which are reserved to it for decision making. The Board have agreed a procedure to be followed should the need arise for a director to seek independent advice on a particular matter.

Non-executive directors

Although the Board includes one independent non-executive director, the composition of the Board does not meet the criteria relating to non-executive directors recommended by provision A.3 of the Combined Code. However, the Board has concluded that the current position best suits the efficient and proper operation of the business in its present circumstances.

Board appointments

In view of the current size of the Board, the directors have concluded that it is inappropriate for the Company to have a nomination committee, which is a situation recognised by the Combined Code. Any new appointment will be a matter for the Board as a whole and the appointment will be made in accordance with established procedures.

Retirement by rotation

One third of the directors are required to retire by rotation and any director appointed by the Board is required to be re-elected by shareholders at the first general meeting of the Company following their appointment. Details of the directors offering themselves for re-election are contained in the Notice of the Meeting, which will be sent under separate cover, and their biographical details are shown on page 5.

Directors' remuneration

The directors have given full consideration to sections B.1 and B.2 of the Combined Code provisions appended to the UK Listing Authority listing rules. However, because of the composition of the Board, the Company does not have a Remuneration Committee and, therefore, does not currently comply with B.1.1., B.1.2 and B.1.3 of the Combined Code. The arrangements for determining the remuneration of the directors are detailed below and the Company believes these best suit its present circumstances.

CORPORATE GOVERNANCE REPORT - cont'd

The basic salary of executive directors (excluding the Chairman) is determined by the Chairman in conjunction with the non-executive member of the Board and the alternate director with reference to appropriate advice from external and financial advisers. The other members of the Board determine the basic salary of the Chairman, again with appropriate advice being taken from external and financial advisers. No basic salary is paid to the non-executive director, but he is paid a *fee for each board meeting attended and any other authorised work*. Salaries are reviewed annually or when a change of responsibility occurs and details of the directors' remuneration are shown in note 11 on page 23 of these accounts.

Each of the executive directors has a rolling service contract, which requires 12 months notice of termination to be given by either party.

Accountability and Audit

In submitting the Annual Report and Accounts to shareholders, the Board has sought to present an understandable assessment of the company's present position and future prospects. The basis on which the accounts have been prepared and a statement outlining the directors' responsibilities for the preparation of the accounts is set out on page 13.

The Company does not currently comply with provisions D.3.1 and D.3.2 of the Combined Code, as it does not have an Audit Committee and an internal audit function. In view of the composition of the Board and the present size of the Group it is felt that a separate Audit Committee or an Internal Audit function is neither practical nor economically justified at the present time. However, the Board takes collective responsibility for the appointment of, and receiving reports from, the auditors, which *are reviewed and acted upon by the whole of the Board*.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Relations with Shareholders

The Company reports formally to shareholders twice a year when its half-year and year-end results are published and circulated to the shareholders. All shareholders are welcome to attend the Annual General Meeting, which provides private shareholders with an opportunity to meet the directors of the Company and gives them the opportunity of asking questions about the Group.

A resume of the business carried out at the Annual General Meeting will be available on request from the Company's Head Office after the Annual General Meeting has been held.

Internal Control

As required by the Financial Services Authority the Company has complied with the provision of the Combined Code relating to internal control by establishing the necessary procedures to identify, evaluate and manage the risks faced by the Group in accordance with the requirements of the Turnbull Committee.

Following a review of the guidance notes issued by the Turnbull Committee in September 1999, the Board have established procedures for the identification, evaluation and categorisation of risks across the Group's operations, which were in place for the year ended 31 December 2000 and to the date of approval of the Annual Report and Accounts. The Company has used the "Risk Track" system developed by JLT Corporate Risks as the main method of monitoring and managing risks and the Board has received regular progress reports on the establishment of the system of internal control. A risk audit assessment programme was implemented in 2000 utilising the "Risk Track" system, which provides a facility to identify at a subsidiary and group level the principle risks by major category, which are then assessed in relation to the *corresponding control mechanism*.

CORPORATE GOVERNANCE REPORT - cont'd

The final risk audit report including recommendations were submitted to each operating company and the Group Board for review to determine whether any further action is necessary to reduce the level of risk without jeopardising the operations of the Group. Following the reviews action plans have been developed, where appropriate, which are currently being implemented.

The management of risk is an ongoing process and the risk profiling reviews and audits will be updated annually and consideration is being given to the setting of minimum standards on risk management, which all operating companies will be targeted to achieve.

The directors are also responsible for the Company's system of internal financial control. *Any such system can only provide a reasonable and not absolute assurance of the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial control.* The Group's systems have been developed to manage rather than eliminate business risks and can, therefore, only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has decided that the Group will operate with a small head office function. This facilitates a Group structure, which provides a high degree of autonomy and the empowerment of management of operating companies to make decisions at a local level, so that they can respond quickly to changing market conditions.

To ensure that there is adequate control over this decentralised structure, a formalised control and reporting structure has been established with clearly defined lines of management responsibility and delegation of authority.

The day-to-day control of the Group's operations is undertaken by the properly constituted boards of its operating subsidiaries, all of which report directly to a member of the Board of the Company. In addition one or more of the Board members are also directors of each operating subsidiary so as to provide a clear line of communication between the Company and its subsidiaries and to facilitate the monitoring and control process.

The system of internal financial control includes a detailed formal budgeting process for all Group activities, which culminates in the production of an annual budget for the Group, which is approved by the Board. Actual

performance is monitored on a monthly basis against the Board's approved budget. The Board agrees policies and procedures relating to financial and strategic matters. As part of this process the main business risks are identified and reviewed as part of the Risk Management programme outlined above.

Revised forecasts are, from time to time, prepared for review by the Board during the year.

Any significant treasury and investment matters are reviewed in detail by the Board. The Group has defined procedures for the appraisal, review and control of capital expenditure, including approval limits and required rates of return.

The directors confirm that they have reviewed the effectiveness of the system of internal financial control during the year.

By order of the Board



P. McDonald
Secretary – 26 April 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgement and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

AUDITORS' REPORT

To the Shareholders of SEET plc
We have audited the accounts on pages 15 to 36 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 18 and 19.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 13, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom Law and Accounting Standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts 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 accounts, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the company is not disclosed.

We review whether the Corporate Governance statement on pages 10 to 12 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. As stated by the Directors the Company does not comply with provision D.3.1. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the Corporate Governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

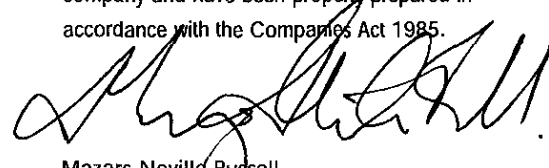
Basis of audit opinion

We conducted our audit in accordance with the 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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31 December 2000 and of the profit of the Group for the year then ended so far as concerns the members of the holding company and have been properly prepared in accordance with the Companies Act 1985.



Mazars Neville Russell
Registered Auditors
London

26 April 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover			
Continuing operations		33,271,725	32,586,445
	2	33,271,725	32,586,445
Net operating costs	4	(32,079,083)	(31,597,475)
Goodwill amortisation	13	(116,930)	38,875
Operating Profit		1,075,712	1,027,845
Other interest receivable and similar income		11,133	6,419
Profit on ordinary activities before interest		1,086,845	1,034,264
Interest payable	6	(470,511)	(374,591)
Profit on ordinary activities before taxation	5	616,334	659,673
Taxation on Profit on ordinary activities	7	(170,823)	(237,437)
Profit on ordinary activities after taxation		445,511	422,236
Minority interest – non equity	8	1,681	(1,600)
Profit on ordinary activities attributable to the members of SEET plc		447,192	420,636
Dividend	9	-	(107,759)
Retained Profit for the financial year		447,192	312,877
Earnings per Ordinary share-basic and diluted	12	2.51p	2.34p
Earnings per Ordinary share (excluding goodwill amortisation)	12	3.16p	2.12p

There were no recognised gains or losses other than the profit for the year.

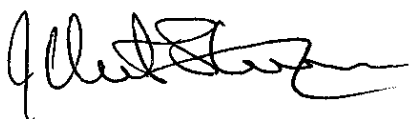
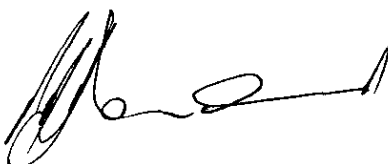
There is no material difference between the profit for the year and the equivalent figure calculated on the historical basis

CONSOLIDATED BALANCE SHEET

as at 31 December 2000

	Notes	£	2000 £	£	1999 £
Assets employed					
Fixed assets					
Goodwill	13		1,539,519		1,744,707
Negative goodwill	13		-		(271,320)
Tangible assets	14		2,432,850		2,074,574
Investments - associated undertakings	15		9,731		9,731
- own shares	15		121,987		-
			4,104,087		3,557,692
Current assets					
Stocks and work in progress	16	7,720,028		6,789,866	
Debtors	17	3,985,803		4,878,024	
Cash at bank and in hand		380,775		145,553	
		12,086,606		11,813,443	
Creditors: amounts falling due within one year	18	(8,734,468)		(8,062,681)	
Net current assets			3,352,138		3,750,762
Total assets less current liabilities			7,456,225		7,308,454
Creditors: amounts falling due after more than one year	19		(258,613)		(594,050)
Provision for liabilities and charges	20		(74,127)		(18,111)
			7,123,485		6,696,293
Financed by:					
Capital and reserves					
Called up share capital	21		3,591,955		3,591,955
Share premium account	22		1,548,810		1,548,810
Profit and loss account	23		1,982,720		1,535,528
Minority interests - non-equity	8		-		20,000
Shareholders' funds	24		7,123,485		6,696,293

The financial statements were approved by the Board on 26 April 2001 and signed on its behalf by:

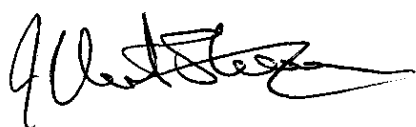
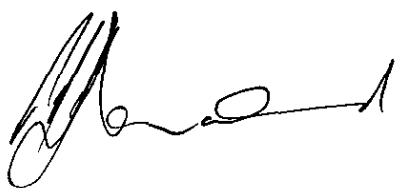

J. Neil Stevenson
Chairman

P. McDonald
Finance Director

COMPANY BALANCE SHEET

as at 31 December 2000

	Notes	2000 £	1999 £
Assets employed			
Fixed assets			
Tangible assets	14	1,874	2,944
Investments: - subsidiary undertakings	15	4,880,529	4,880,529
- own shares	15	121,987	
		5,004,390	4,883,473
Current assets			
Debtors	17	5,982,112	6,667,358
Cash at bank and in hand		7,389	6,172
		5,989,501	6,673,530
Creditors: - amounts falling due - within one year	18	(2,316,205)	(3,060,157)
Net current assets		3,673,296	3,613,373
Total assets less current liabilities		8,677,686	8,496,846
Creditors: - amounts falling due - after more than one year	19	(659,055)	(897,495)
		8,018,631	7,599,351
Financed by:			
Capital and reserves			
Called up share capital	21	3,591,955	3,591,955
Share premium account	22	1,548,810	1,548,810
Profit and loss account	23	2,877,866	2,458,586
Shareholders' funds		8,018,631	7,599,351

The financial statements were approved by the Board on 26 April 2001 and signed on its behalf by


J. Neil Stevenson
Chairman

P. McDonald
Finance Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards.

a) Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets.

b) Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods to customers.

c) Basis of consolidation and goodwill

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings made up to 31 December 2000.

The profits and losses of subsidiary undertakings are consolidated from the date of acquisition and up to the date of disposal. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised, as goodwill or negative goodwill, and amortised through the profit and loss account in equal instalments over their estimated useful lives which are estimated to be:

Goodwill	up to 20 years
Negative Goodwill	up to 3 years

However, the directors will continue to carry out an annual review of the estimated useful lives of goodwill.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these financial statements. The parent company's profit for the financial period was £419,280 (1999: £939,133).

d) Depreciation of tangible fixed assets

No depreciation is provided on freehold land. Provision for depreciation, on a straight line basis, is charged to write off all other tangible fixed assets over their anticipated lives which are estimated to be:

Freehold buildings	50 years
Leasehold land and buildings	over the term of the lease
Plant and machinery	4 to 10 years

Government grants are credited to the profit and loss account at rates corresponding to the depreciation of the relevant fixed asset.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

1 ACCOUNTING POLICIES - CONT'D

e) Stocks and work in progress

These are valued at the lower of cost and net realisable value. Cost of work in progress and finished goods includes materials, direct labour and production overheads. Net realisable value is based on estimated selling price less distribution costs.

f) Foreign currencies

Assets, liabilities and costs in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for:

- i) trading transactions settled against forward contracts; and
- ii) monetary assets and liabilities translated at exchange rates applicable at the balance sheet date.
Differences arising on the translation of such items are dealt with in the profit and loss account.

g) Finance leases

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable, so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

h) Operating leases

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

Assets held for use in operating leases are included as a separate category in fixed assets at cost and depreciated over their useful life.

i) Deferred taxation

Deferred taxation is accounted for on the liability method in respect of all timing differences except where they are not expected to reverse in the foreseeable future.

j) Pension funding

The Group operates a defined benefits pension scheme, the contributions to which are based on independent periodic actuarial calculations and are charged to the profit and loss account accordingly. The scheme is fully funded by payments to an insurance company.

The Group also operates defined contribution schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

k) Employee Share Ownership Plans

The Company operates an ESOP trust. The Company has de facto control of the shares held by the trust and bears their benefits and risks and records certain assets and liabilities of the trust as its own.

Finance costs and administrative expenses are charged as they accrue.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

2 SEGMENTAL REPORT

<i>Classes of business</i>	<i>Manufacture and supply of schoolwear & clothing</i>		<i>Manufacture and supply of specialist & protective clothing</i>		<i>Other</i>	<i>Total</i>	
	2000 £	1999 £	2000 £	1999 £	2000 £	1999 £	2000 £
Turnover							
Total sales	26,269,317	24,314,653	7,093,408	8,319,792	-	-	33,362,725
Inter segment sales	(91,000)	(48,000)	-	-	-	-	(91,000)
Sales to third parties	26,178,317	24,266,653	7,093,408	8,319,792	-	-	33,271,725
Profit/(Loss) before taxation	480,254	399,197	284,790	386,729	(148,710)	(126,253)	616,334
Net assets							
Segment net assets	1,885,116	1,651,114	1,228,127	1,127,952	4,010,242	3,917,227	7,123,485
Total net assets							7,123,485

	2000 £	1999 £
The geographical analysis of turnover by destination is as follows:		
United Kingdom	31,084,619	29,255,591
Rest of the European Union	805,230	1,977,726
Rest of the World	1,381,876	1,353,128
	33,271,725	32,586,445

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

3 ACQUISITION OF BUSINESSES BY SUBSIDIARY UNDERTAKING

Johns-Craft acquisition – Mens/boys pyjama and schoolwear businesses

On the 3 February 2000 Banner Limited entered into business and asset acquisition agreements with Johns-Craft Limited to acquire Johns-Craft mens/boys pyjama and Johns-Craft schoolwear businesses. Johns-Craft Limited subsequently changed its name to Worthwear Limited and a new company was formed which changed its name to Johns-Craft Limited to protect the trading name for the group. The business was acquired by phased payments for stock amounting to £399,968 in total. Phased payments in respect of Goodwill of £104,893 were paid during the year with a balance of £38,860 being accrued.

Michael de Leon acquisition

On 31 July 2000 Banner Limited entered into a business and assets agreement with Bartex Limited to acquire the Michael de Leon concession outlets which operate in a number of well known department stores. The business was acquired by a payment of £40,000 for fixtures and fittings and phased payments for stock amounting to £183,884 in total. Further phased payments of 6% of turnover (excluding VAT) are also payable for the twelve months following completion to take over the benefit of the concession agreements. Under this agreement a minimum consideration of £75,000 is payable and the maximum payment is capped at £125,000. At the year end £48,309 has been paid in respect of this arrangement and the estimated balance of £41,000 was accrued.

4 NET OPERATING COSTS

	2000 £	1999 £
Changes in stocks of finished goods and work-in-progress	1,019,665	(71,418)
	1,019,665	(71,418)
Raw materials and consumables	(20,409,798)	(19,516,612)
Other external charges	(2,828,842)	(2,649,712)
Trading expenses	(9,860,108)	(9,359,733)
	(32,079,083)	(31,597,475)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Profit on ordinary activities before taxation is stated after charging/(crediting):

	2000 £	1999 £
Staff costs (note 10)	6,673,273	6,364,888
Depreciation (note 14)	319,796	316,469
Directors' emoluments (note 11)	353,894	336,540
Group auditors:		
- audit	78,768	72,956
- non-audit services	30,715	4,510
Subsidiary auditors:		
- audit	11,350	10,780
- non-audit services	4,588	-
Operating lease rentals - land and buildings	267,906	345,747
- other	81,484	98,532
Profit on sale of tangible fixed assets	(873)	(2,600)

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank overdrafts, bank loans and other loans: repayable within five years	470,511	374,591

7 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Corporation tax payable at 28.81%(1999:30.25%)	(126,197)	(140,413)
Transfers to/from deferred tax	(102,139)	(97,024)
Overprovision in previous years	57,513	-
	(170,823)	(237,437)

There are expenses of management of £222,099 (1999:£453,718) in the Company which are available to be carried forward for tax purposes against future profits.

8 MINORITY INTEREST

Included in the share capital of Ballyclare Special Products Limited are Nil (1999:20,000) £1 non-equity Redeemable Cumulative Preference shares held by a third party which are eligible to receive a fixed cumulative preference dividend on the nominal amount of each of the preference shares. The shares are redeemable at the option of the shareholder at their nominal value plus any premium paid on subscription. This option was exercised in 2000 and 20,000 shares were redeemed at par.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

9 DIVIDEND

	2000 £	1999 £
Ordinary dividend		
Proposed dividend for the year of Nil (1999:0.6p) per Ordinary Share.	-	107,759

10 STAFF COSTS

	2000 Number	1999 Number
The average weekly number of employees (including directors) during the period was:		
Production	268	286
Distribution	78	46
Administration	114	108
	460	440
Staff costs comprise the following:	£	£
Wages and salaries	5,979,438	5,707,460
Social security costs	494,742	473,721
Other pension costs	199,093	183,707
	6,673,273	6,364,888

11 DIRECTORS' REMUNERATION

The remuneration of the directors who served during the year is detailed below:

	Salary £	Benefits £	Fees £	Pension Contributions £	2000 Total £	1999 Total £
J H M Mackenzie (deceased)	-	-	7,778	-	7,778	29,333
J N Stevenson	15,000	-	-	-	15,000	15,000
K C Scates	88,020	11,577	-	14,747	114,344	109,412
R Russell	96,700	8,836	-	16,459	121,995	95,030
P McDonald	70,020	9,448	-	11,809	91,277	87,765
W A Muirhead	3,500	-	-	-	3,500	-
	273,240	29,861	7,778	43,015	353,894	336,540

The fees paid to J H M Mackenzie include an amount of £7,778 in respect of a pension paid by the company.

Further information on directors' remuneration are detailed in the Corporate Governance report on pages 10-12.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

12 EARNINGS PER ORDINARY SHARE

	2000 £	1999 £
a) Earnings	447,192	420,636
Goodwill Amortisation	116,930	(38,875)
b) Earnings excluding goodwill amortisation	564,122	381,761
	Number	Number
Weighted average number of Ordinary shares	17,829,420	17,959,766
a) Basic and diluted earnings per share	2.51p	2.34p
b) Earnings per share excluding goodwill amortisation	3.16p	2.12p

a) The basic and diluted earnings per share calculation is based on the profit; attributable to the shareholders of the company after taxation, minority interests and goodwill amortisation of £447,192 (1999:£420,636) on the weighted average of the 20p Ordinary shares in issue during the year, less owned shares, of 17,829,420 (1999:17,959,766)

b) The earnings per share excluding goodwill amortisation is based on the profit; attributable to the shareholders of the company after taxation and minority interests, of £564,122 (1999:£381,761) on the weighted average of the 20p Ordinary share in issue during the year, less owned shares, of 17,829,420 (1999:17,959,766)

The Directors consider that the earnings per share, excluding goodwill amortisation, provide shareholders with a better measure of comparative performance.

13 INTANGIBLE FIXED ASSETS

	Goodwill £	Negative Goodwill £	Total £
Cost			
At 1 January 2000	2,657,214	(1,220,939)	1,436,275
Deferred consideration written back	(50,000)	-	(50,000)
Additions at cost	233,062	-	233,062
At 31 December 2000	2,840,276	(1,220,939)	1,619,337
Amortisation			
At 1 January 2000	(912,507)	949,619	37,112
(Charge)/Credit for the year	(192,187)	271,320	79,133
Exceptional charge	(196,063)	-	(196,063)
At 31 December 2000	(1,300,757)	1,220,939	(79,818)
Net book values			
At 31 December 2000	1,539,519	-	1,539,519
At 31 December 1999	1,744,707	(271,320)	1,473,387

The directors have carried out an impairment review of the carrying value of Goodwill in relation to the business of Glory Years Limited and have concluded that there has been a permanent diminution in the value of Goodwill as a result of the losses incurred by the business in 2000. The value of Goodwill relating to the Glory Years Limited business has therefore been written down to £50,000 as at 31 December 2000. The exceptional charge shown above relates to the revision of the value of Glory Years business. Other revisions are reflected in the charge for the year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

14 TANGIBLE FIXED ASSETS - GROUP

	Freehold properties £	Short-term leasehold properties £	Plant, machinery, equipment and vehicles £	Total £
Cost and valuation				
At 1 January 2000	860,883	356,815	2,052,453	3,270,151
Additions at cost	-	565	680,190	680,755
Disposals at cost	-	-	(35,094)	(35,094)
At 31 December 2000	860,883	357,380	2,697,549	3,915,812
Depreciation				
At 1 January 2000	87,507	63,119	1,044,951	1,195,577
Disposals	-	-	(32,411)	(32,411)
Charge for year	16,461	22,908	280,427	319,796
At 31 December 2000	103,968	86,027	1,292,967	1,482,962
Net book values				
At 31 December 2000	756,915	271,353	1,404,582	2,432,850
At 31 December 1999	773,376	293,696	1,007,502	2,074,574
Cost or valuation of group tangible fixed assets at 31 December 2000 was made up as follows:				
Valuation in 1994	270,000	-	-	270,000
Valuation in 1999	325,000	-	-	325,000
Cost	265,883	357,380	2,697,549	3,320,812
	860,883	357,380	2,697,549	3,915,812

If the land and buildings had not been revalued they would have been included at the following amounts:

	2000 £	1999 £
Historical cost	253,655	253,655
Aggregate depreciation	117,532	113,699
Net book value	136,123	139,956

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

14 TANGIBLE FIXED ASSETS CONT'D

The net book values and related depreciation charge for the year in respect of assets held under finance leases and hire purchase contracts are as follows:

	Net book values		Depreciation	
	2000 £	1999 £	2000 £	1999 £
Motor vehicles	179,727	233,985	117,789	104,803
Plant and machinery	159,811	92,427	25,203	8,073

During 2000 Ballyclare Special Products Limited entered into an eight year rental contract with a Fire Authority for the rental of fire suits over the term of the contract. At the Balance Sheet date fire suits with a net book value of £297,257, and a depreciation charge of £6,394 relating to this contract are included in Plant, machinery, equipment and vehicles.

Ballyclare Special Products Limited is committed to replace the fire suits as and when required under the terms of the contract. The directors estimate an annual commitment of £51,819 for the replacement of the fire suits.

FIXED ASSETS - COMPANY

	Short-term leasehold properties £	Plant, machinery, equipment and vehicles £	Total £
Cost			
At 1 January and 31 December 2000	1,850	32,793	34,643
Depreciation			
At 1 January 2000	1,850	29,849	31,699
Charge for the period	-	1,070	1,070
At 31 December 2000	1,850	30,919	32,769
Net book value			
At 31 December 2000	-	1,874	1,874
At 31 December 1999	-	2,944	2,944

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

15 FIXED ASSETS INVESTMENTS

	Group Associated Undertakings £	Group & Company Own shares £	Company Shares in Subsidiary Undertakings £
Cost			
At 1 January 2000	9,731	-	4,979,994
Additions	-	121,987	-
At 31 December 2000	9,731	121,987	4,979,994
Provisions			
At 1 January and 31 December 2000	-	-	99,465
Net book values			
At 1 January 2000	9,731	-	4,880,529
At 31 December 2000	9,731	121,987	4,880,529

The above investments are unlisted.

Associated undertakings:

The group's investments in associated undertakings represents 50% shareholdings in Probanimpex SRL and Carom Trade SRL both of which are incorporated and operate in Romania. Both companies source and manufacture clothing.

Principal subsidiary undertakings:

Banner Group Limited is registered in Scotland and is an intermediate holding company. SEET plc owns 100% of both the Ordinary shares and the Preference shares. Banner Group Limited owns 100% of the Ordinary shares of Banner Limited which is registered in England, and operates principally in the United Kingdom as designers, manufacturers and suppliers of schoolwear and clothing.

Banner Group Limited also owns 100% of the Ordinary shares of Glory Years Limited and Superleague Sports Limited; both are registered in England, and operate in the United Kingdom as designers, manufacturers and distributors of football kit and leisurewear clothing.

Banner Group Limited also owns 100% of the Ordinary shares of Leda Workwear Limited; which is registered in England and operates principally in the United Kingdom as manufacturers and suppliers of corporate clothing.

Ballyclare Special Products Limited is registered in England, and operates principally in the United Kingdom and manufactures and supplies protective clothing. SEET plc owns 100% of the Ordinary shares.

Marmair Holdings Limited is registered in England and is an intermediate holding company. SEET plc owns 100% of the Ordinary shares, 'A' Ordinary shares, Preference shares and Cumulative Redeemable Preference shares.

Marmair Holdings Limited owns 100% of the Ordinary shares of Distinctive Clothing Limited which is registered in England and operates principally in the United Kingdom as manufacturers and suppliers of schoolwear and children's clothing.

Own shares:

The SEET Employees Share Trust Limited was established in June 2000 to facilitate the acquisition and holding of shares in the Company by and for the benefit of such employees, former employees and their families, as the Trustees shall determine.

During the year the Company made several purchases of shares in SEET plc to satisfy share options under the SEET plc Sharesave Scheme. At 31 December 2000 the trust held 522,333 shares (1999:Nil) which had not vested unconditionally in employees, with a market value of £101,855 at that date.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

16 STOCKS AND WORK IN PROGRESS

	2000 £	1999 £
Raw materials and consumables	1,862,119	1,636,923
Work in progress	401,133	663,812
Finished goods	5,456,776	4,489,131
	7,720,028	6,789,866

17 DEBTORS

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Amounts falling due within one year				
Trade debtors	3,342,461	4,237,839	2,005	3,016
Dividends receivable from subsidiary undertakings	-	-	188,242	789,857
Other amounts owed by subsidiary undertakings	-	-	1,228,786	1,251,843
Deferred tax	-	46,123	-	-
Other debtors	181,657	167,999	6,588	5,178
Prepayments and accrued income	461,685	426,063	10,536	9,497
	3,985,803	4,878,024	1,436,157	2,059,391
Amounts falling due after one year				
Amount owed by subsidiary undertakings	-	-	4,545,955	4,607,967
	3,985,803	4,878,024	5,982,112	6,667,358

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
Bank loans and overdrafts-secured	3,353,612	2,575,855	2,077,470	2,679,864
Trade creditors	3,570,338	3,670,932	23,560	50,675
Finance leases and hire purchase	115,127	140,865	-	-
Amounts owed to subsidiary undertakings	-	-	49,656	48,512
Corporation tax payable	74,199	138,924	-	-
Other taxation and social security payable	340,203	319,256	24,120	35,228
Other creditors	576,729	357,690	95,383	95,733
Accruals and deferred income	704,260	751,400	46,016	42,386
Proposed dividend	-	107,759	-	107,759
	8,734,468	8,062,681	2,316,205	3,060,157

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loan- secured	192,255	430,695	192,255	430,695
Trade creditors	-	-	-	-
Amounts owed to subsidiary undertakings	-	-	466,800	466,800
Deferred consideration	-	50,000	-	-
Finance leases and hire purchase	63,021	109,291	-	-
Deferred credit for government grants	3,337	4,064	-	-
	258,613	594,050	659,055	897,495

Included above are the following:

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Amounts repayable by instalments:				
Repayable within five years	192,255	430,695	192,255	430,695

The Company has a term loan with Barclays Bank, the instalments on which are payable at quarterly intervals and the final instalment is payable on 5 September 2002. Additionally the Company and its principal subsidiaries have overdraft facilities with Barclays Bank Plc. These are secured by multilateral guarantees and debentures from each of the principal subsidiary undertakings and bonds and floating charges from the Company and Banner Group Limited over the whole of their property and legal charges from Banner Limited, Ballyclare Special Products Limited and Distinctive Clothing Company Limited.

Subsidiary undertakings have also entered into a facility agreement with HSBC Bank Plc to provide credit facilities in respect of documentary letters of credit, bills of exchange, overdraft, duty deferment, and foreign exchange facilities. These facilities are secured by guarantees from the company and Banner Group Limited and by a fixed and floating charge over the whole of the property of the subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR CONT'D

Analysis of debt maturity as at 31 December 2000

	Group		Company	
	Bank loans and overdrafts		Bank loans and overdrafts	
	2000	1999	2000	1999
	£	£	£	£
Amounts payable:				
In one year or less or on demand	3,353,612	2,575,855	2,167,470	2,679,864
Between one and two years	192,255	238,440	192,255	238,440
Between two and five years	-	192,255	-	192,255
	3,545,867	3,006,550	2,359,725	3,110,559

20 PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2000	1999
	£	£
Deferred taxation:		
At 1 January	18,111	19,815
Transfer from/(to) profit and loss account	56,016	(1,704)
At 31 December	74,127	18,111
Potential amounts of deferred tax are as follows:		
Provided above in respect of:		
Timing differences	74,127	18,111

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

21 SHARE CAPITAL

	2000 £	1999 £
Authorised:		
35,000,000 Ordinary shares of 20p each (31 December 1999: 35,000,000)	7,000,000	7,000,000
Allotted, called up and fully paid:		
17,959,766 Ordinary shares of 20p each (31 December 1999: 17,959,766)	3,591,955	3,591,955

22 SHARE PREMIUM

Group and Company	£
At 1 January and 31 December 2000	1,548,810

23 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2000 £	1999 £	2000 £	1999 £
At 1 January	1,535,528	1,222,651	2,458,586	1,519,453
Profit for the year	447,192	312,877	419,280	939,133
At 31 December	1,982,720	1,535,528	2,877,866	2,458,586

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

24 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group	
	2000	1999
	£	£
Opening shareholders' funds	6,696,293	6,403,416
Profit for the financial year	447,192	312,877
Minority interest -non-equity	(20,000)	(20,000)
Closing shareholders' funds	7,123,485	6,696,293

25 LEASES

	Group	
	2000	1999
	£	£
Annual commitments under non-cancellable operating leases in respect of:		
Land and buildings		
Within one year	-	16,290
Within two to five years	13,408	12,000
Expiring after five years	260,650	263,333
	274,058	291,623
Other:		
Within one year	10,749	136,465
Within two to five years	60,030	100,283
	70,779	236,748

26 POST BALANCE SHEET EVENTS

The Board received an approach after the year end from Cosalt plc expressing interest in acquiring the whole of the share capital of the company. Following discussions with Cosalt plc, the Board received an offer from Cosalt plc which they have reviewed in conjunction with the company's financial advisers RSM Robson Rhodes and having considered various alternative ways of delivering shareholders value, the Board believe that it was in the best interest of shareholders to recommend the offer. Details of the recommended cash offer was circulated to shareholders on the 21 March 2001 and the offer was declared unconditional on 23 April 2001 by which time Cosalt plc had received acceptances for 86.4% of the issued share capital

No provision has been made in these accounts for any gain or loss arising from the offer or for the costs associated with the offer.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000 cont'd

27 PENSION COMMITMENTS

The Group has a responsibility for a pension scheme, the benefits of which are based on final pensionable pay. The assets of the scheme are held separate to those of the Company and following a review of the scheme the liability for existing pension commitments were secured by the purchase of insured annuities, which was funded by the sale of part of the investment portfolio of the scheme. There were three active members and 66 deferred pensioners as at 31 December 2000 and the scheme is now closed to new members.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation available is at 1 July 2000. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would exceed salary increases by 0.5% per annum and that future pensions will increase at 3% per annum compound for pensions accrued prior to 5 April 1997 and at 5% or, R.P.I. if less, in respect of pensions accrued after 6 April 1997.

The pension charge for the year was £3,237 (1999: £NIL). As a result of the most recent actuarial valuation no contributions other than stated have been paid by the Group. The valuation showed the market value of the scheme's assets was £2,142,285 and that the actuarial value of those assets represented 112% (1997: 110%) of the benefits that had accrued to members after allowing for expected future increases in earnings.

Subsidiary companies within the Group contributed to defined contribution schemes, the contributions to which are based on independent actuarial calculations and charged to the profit and loss account accordingly. The schemes are fully funded by payments to insurance companies. The pension charge for the year was £195,856 (1999: £179,897).

An unfunded widow's pension of £11,667 pa is also paid under a contractual obligation to the widow of a former director of the Company.

28 OTHER COMMITMENTS

At the balance sheet date subsidiaries of the Group had outstanding commitments in respect of foreign currency contracts, which amounted to £4,705,393 (1999: £3,213,599).

A subsidiary undertaking finances part of its trade utilising bills of exchange, which at the year end, amounted to £434,356 (1999: £228,434).

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2000

	Notes	2000 £	1999 £
Net cash inflow/(outflow) from operating activities	A	1,400,446	(449,833)
Returns on investment and servicing of finance	B	(460,251)	(368,172)
Taxation		(133,409)	(338,484)
Capital expenditure and financial investment	B	(800,059)	(350,101)
Acquisition and disposal	B	(203,062)	(89,808)
Equity dividend paid		(107,759)	(107,759)
Cash outflow before use of liquid resources and financing		(304,094)	(1,704,157)
Financing – decrease in debt	B	(472,314)	(203,815)
Decrease in cash in the year		(776,408)	(1,907,972)
<i>Reconciliation of net cash flow to movement in net debt</i>			
Decrease in cash in the period		(776,408)	(1,907,972)
Cash outflow from decrease in debt		472,314	203,815
Change in net debt resulting from cash flows		(304,094)	(1,704,157)
Movement in net debt for the year	C	(304,094)	(1,704,157)
Net debt at 1 January 2000	C	(2,950,998)	(1,246,841)
Net debt at 31 December 2000	C	(3,255,092)	(2,950,998)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2000 cont'd

A RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2000 £	1999 £
Operating profit	1,075,712	1,027,845
Depreciation of tangible fixed assets	319,796	316,469
Loss/(Profit) on sale of tangible fixed asset	873	(2,600)
(Increase)/Decrease in stock	(930,162)	96,856
Decrease/(Increase) in debtors	770,232	(1,227,279)
Increase/(Decrease) in creditors	51,129	(621,350)
Government grant cash	(4,064)	(899)
Goodwill amortisation	116,930	(38,875)
	1,400,446	(449,833)

B ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	10,260	6,419
Interest paid	(470,511)	(374,591)
Net cash outflow for returns on investments and servicing of finance	(460,251)	(368,172)
Capital expenditure and financial investment		
Purchase of fixed assets	(680,755)	(362,202)
Purchase of owned shares	(121,987)	
Sale of fixed assets	2,683	12,101
Net cash outflow for capital expenditure and financial investment	(800,059)	(350,101)
Acquisition and disposal		
Purchase of business undertakings	(233,062)	(69,808)
Deferred consideration not paid	50,000	-
Redemption of Preference shares	(20,000)	(20,000)
Net cash outflow for acquisitions and disposal	(203,062)	(89,808)

CONSOLIDATED CASH FLOW STATEMENTfor the year ended 31 December 2000 *cont'd***B ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT CONT'D**

	2000 £	1999 £
Financing		
Debt due beyond one year:		
Repayment of loan	(472,314)	(203,815)
Net cash from financing	(472,314)	(203,815)

C ANALYSIS OF NET DEBT

	At 1 January 2000 £	Cashflow £	At 31 December 2000 £
Cash in hand and in bank	145,553	235,222	380,775
Overdrafts	(2,103,542)	(1,011,629)	(3,115,171)
Debt due within one year	(562,314)	233,873	(328,441)
Debt due after one year	(430,695)	238,440	(192,255)
	(2,950,998)	(304,094)	(3,255,092)

D PURCHASE OF BUSINESS UNDERTAKINGS

	Johns-Craft & Michael De Leon £
Net assets acquired	
Tangible fixed assets	40,000
Stock	583,852
	623,852
Goodwill	233,062
	856,914
	Total Purchase £
Satisfied by:	
Cash	777,054
Deferred consideration	79,860
	856,914