

Registered in England
Company No. 2241601

**Report
And
Financial Statements**

ABLEROSE LIMITED

for the year ended 31 December 2001



K J Pittalis & Co.

KJP

CHARTERED ACCOUNTANTS

90-92 HIGH ROAD, EAST FINCHLEY, LONDON N2 9EB

ABLEROSE LIMITED

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ABLEROSE LIMITED

Officers and Company Information

Directors: Mr Evelthon Georgiades, Cypriot (Chairman)
Mr Robert Chamberlain, British (Managing)
Miss Koula Georgiadou, Cypriot
Mr George Vassiliou, Cypriot
Miss Julie Thompson, British
Mr Nicolas Georghiades, Cypriot

Company secretary: Mr Neil White

Registered in England: 2241601

Registered office: 90-92 High Road
London
N2 9EB

Trading address: 361B-363B Liverpool Road
London
N1 1NL

Bankers: Bank of Cyprus (London) Limited
162 Seven Sisters Road
London
N7 7PT

Auditors: K J Pittalis & Co
Chartered Accountants
90-92 High Road
London
N2 9EB

Solicitors: Pittalis & Co
98 High Road
London
N2 9EB

ABLEROSE LIMITED

Directors' Report

The directors present their report together with the accounts of the company for the year ended 31 December 2001.

Principal activity

The principal activity of the company is that of manufacturers and wholesalers of ladies garments. The company trades under the name of Alison Hayes.

Results and dividends

The profit and loss account of the company is set out on page 5 and shows the results for the year. The retained profit for the financial year before taxation was **£449,432** (2000 -£504,987). No dividend is recommended.

Review of the business and future developments

The company has continued its growth and has maintained its profitability. The company expects to improve its results during 2002.

Fixed assets

Details and movements in the fixed assets of the company are detailed in the balance sheet and note 5 of the accounts on page 11.

Directors' responsibilities

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

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records 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.

ABLEROSE LIMITED

Directors' Report

The Euro

Although the single European currency (the Euro) came into existence on 1 January 1999, the UK Government has indicated that the UK will not participate at this stage. The impact on our business has been considered and it is not expected to have any material effect due to the nature of our operations.

Directors

The directors of the company during the year and their interest in the share capital of the company were:

	Ordinary Shares of £1 each	
	2001	2000
Mr E Georgiades	--	--
Mr R A Chamberlain	--	--
Miss K Georgiadou	--	--
Mr G Vassiliou	--	--
Miss J Thompson	--	--
Mr N Georghiades	--	--

Synek Limited, a company incorporated in Cyprus, holds 1,000,000 (2000 – 1,000,000) shares of £1 each and apart from J Thompson, the others are also directors of Synek Limited.

Auditors

Messrs K J Pittalis & Co are deemed to be reappointed in accordance with Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



Neil White
Secretary

16 October 2002

ABLEROSE LIMITED

Independent auditor's report to the Shareholders of Ablerose Limited

We have examined the abbreviated accounts set out on pages 5 to 14 together with the full statutory accounts of the company for the year ended 31 December 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of Directors and Auditors

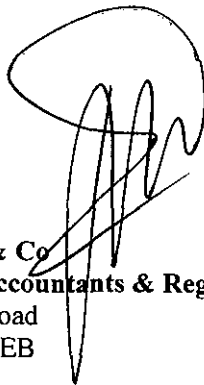
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full statutory accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 5 to 14 are properly prepared in accordance with those provisions.



K J Pittalis & Co
Chartered Accountants & Registered Auditors
90-92 High Road
London N2 9EB

16 October 2002

ABLEROSE LIMITED

Profit and Loss Account for the year ended 31 December 2001

	Notes	2001	2000
		£	£
Gross profit		4,840,210	4,941,825
Distribution costs		(3,437,713)	(3,608,426)
Administrative expenses		(971,508)	(867,738)
		<hr/>	<hr/>
Operating profit	3	430,989	465,661
Rental income		15,687	17,361
Interest receivable		1,338	10,269
Interest payable		(27,059)	(8,143)
Profit on sale of investments		28,477	19,839
		<hr/>	<hr/>
Profit on ordinary activities before taxation		449,432	504,987
Taxation	4	(147,319)	(189,094)
		<hr/>	<hr/>
Retained profit for the financial year		302,113	315,893
Retained profit at 1 January 2001		926,468	610,575
		<hr/>	<hr/>
Retained profit at 31 December 2001		1,228,581	926,468
		<hr/> <hr/>	<hr/> <hr/>

All of the company's activities derive from continuing operations.

ABLEROSE LIMITED

Statement of total recognised gains and losses for the year ended 31 December 2001

	2001	2000
	£	£
Profit for the financial year	302,113	315,893

Note of historical cost profits and losses

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

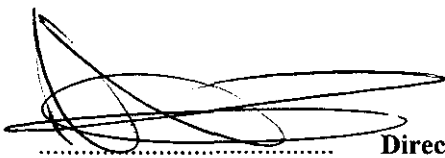
ABLEROSE LIMITED

Abbreviated Balance Sheet As at 31 December 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	5	1,386,404	1,429,342
Investments	6	800,187	800,187
		2,186,591	2,229,529
Current assets			
Stock	7	2,186,467	2,201,158
Debtors	8	1,940,069	877,981
Investments	9	50,000	98,500
Cash at bank and in hand		361,223	212,766
		4,537,759	3,390,405
Creditors			
Amounts falling due within one year	10	(3,250,906)	(2,642,468)
		1,286,853	747,937
Net current assets		1,286,853	747,937
Total assets less current liabilities		3,473,444	2,977,466
Creditors			
Amounts falling due after more than one year	11	(788,755)	(594,890)
		2,684,689	2,382,576
Net assets		2,684,689	2,382,576
Capital and reserves			
Called up share capital	13	1,000,000	1,000,000
Revaluation reserve	14	456,108	456,108
Profit and loss account		1,228,581	926,468
		2,684,689	2,382,576
Shareholders' funds	15	2,684,689	2,382,576

These abbreviated accounts have been prepared in accordance with the special provisions relating to medium-sized companies within Part VII of the Companies Act 1985.

The accounts were approved by the board of directors on 16 October 2002 and signed on its behalf by:


 Director
R A Chamberlain

ABLEROSE LIMITED

Cash Flow Statement for the year ended 31 December 2001

	Notes	2001		2000	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	1		535,961		(185,622)
Returns on investment and servicing of finance					
Interest paid		(27,059)		(8,143)	
Interest received		1,338		10,269	
Other income		<u>15,687</u>		<u>17,361</u>	
Net cash (outflow)/inflow from returns on investment & servicing of finance			(10,034)		19,487
Taxation					
Corporation tax paid			(30,262)		(19,098)
Investing activities					
Issuing of share capital		--		500,000	
Conversion of loan to share capital		--		(500,000)	
Payments to acquire tangible fixed assets		(53,937)		(126,127)	
Receipts from sale of fixed assets & investments		<u>77,877</u>		<u>17,000</u>	
Net cash inflow/(outflow) from investing activities			23,940		(109,127)
Management of liquid resources					
Purchase of listed investment			--		(50,000)
Net cash inflow/(outflow) before financing			519,605		(344,360)
Financing					
Loan repayments		--		(120,610)	
Net cash outflow from financing			--		(120,610)
Increase/(decrease) in cash & cash equivalents 2			<u>519,605</u>		<u>(464,970)</u>

NOTES TO CASH FLOW STATEMENT

1. **Reconciliation of operating profit to net cash inflow from operating activities.**

	2001	2000
	£	£
Operating profit	430,989	465,661
Depreciation charge	93,172	98,366
Loss/(profit) on sale of fixed assets	2,803	(742)
Decrease/(increase) in stocks & work in progress	14,691	(298,897)
(Increase) in debtors	(1,062,088)	(163,897)
Increase/(decrease) in creditors	<u>1,056,394</u>	<u>(286,113)</u>
Net cash inflow/(outflow) from operating activities	<u>535,961</u>	<u>(185,622)</u>

2. **Analysis of change in cash and cash equivalents during the year**

	2001	2000	Change in year
	£	£	£
Cash at bank and in hand	361,223	212,766	148,457
Bank overdraft	<u>(86,585)</u>	<u>(457,733)</u>	<u>371,148</u>
	<u>274,638</u>	<u>(244,967)</u>	<u>519,605</u>

ABLEROSE LIMITED

Notes forming part of the accounts for the year ended 31 December 2001

1. ACCOUNTING POLICIES

(i) **Accounting convention**

The financial statements were prepared under the historical cost convention modified to include the revaluation of the freehold property and comply with all applicable accounting standards.

(ii) **Depreciation**

Depreciation is calculated at the following rates using the reducing balance method and aims to write off the cost of assets over their expected useful lives.

Freehold buildings - 2% on cost or revalued amounts

Other assets - 25% on cost

(iii) **Stocks**

Stocks and work-in-progress are valued by the directors at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

(iv) **Investment in subsidiaries and consolidation**

The investment in the subsidiary undertakings is stated at cost. The directors consider that there has not been any permanent diminution in the value of the investments.

The company and its subsidiaries comprise a medium group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

(v) **Foreign currency translation**

(a) Monetary assets and liabilities denominated in a foreign currency are translated into Sterling at the foreign exchange rate ruling at the balance sheet date.

(b) Revenue and expenses in foreign currencies are recorded in Sterling at an average rate during the year in which the transactions arise.

(c) Gains and losses on translation are included in the profit and loss account.

(vi) **Deferred taxation**

Deferred tax is not provided as there is no reasonable probability of a material amount becoming payable in the foreseeable future.

(vii) **Pensions**

The company operates a defined benefit pension scheme. The assets of the scheme are invested and managed independently of the finances of the company.

In principle the company contributes to the scheme an amount equal to the regular cost of pensions as calculated by a qualified actuary. The regular pensions costs so calculated are charged to the profit and loss account.

The company also makes contributions to a defined contributions scheme. The pension costs so calculated are charged to the profit and loss account.

ABLEROSE LIMITED

Notes forming part of the accounts for the year ended 31 December 2001

2. TURNOVER

Turnover represents the amounts receivable, excluding VAT, by the company for goods sold in the United Kingdom.

3. OPERATING PROFIT

	2001	2000
	£	£
i) Operating profit is stated after charging:		
Depreciation	93,172	98,366
Auditors' emoluments - audit	17,500	15,000
- non audit	7,600	2,250
Directors' emoluments	290,127	297,367
Operating lease rentals	89,473	74,162
ii) Directors:		
Emoluments for service as directors	250,500	250,750
Pension contributions	17,950	25,856
Benefits in kind	21,677	20,761
	<u>290,127</u>	<u>297,367</u>
iii) Employee costs during the year amounted to:		
Wages & salaries	1,410,460	1,301,489
Social security costs	129,050	120,955
Pension contributions	10,358	11,300
	<u>1,549,868</u>	<u>1,433,744</u>

iv) The average number of employees during the year was 62 (2000 - 61).

v) There is one director who is accruing benefits under a defined benefits scheme.

vi) There is one director who is accruing benefits under a defined contributions scheme.

ABLEROSE LIMITED
Notes forming part of the accounts
for the year ended 31 December 2001

4.	TAXATION	2001	2000
		£	£
	Taxation based on the adjusted profit for the year:		
	Corporation tax on profit for the year at 29.96%	147,319	163,899
	Adjustment for prior year	--	25,195
		<u>147,319</u>	<u>189,094</u>

The directors do not consider that any provision is required for deferred taxation, as no material liability is expected to crystallise. No provision has been made for deferred taxation.

5.	TANGIBLE FIXED ASSETS	Land & Buildings	Computer Equipment	Fixtures & Fittings	Plant & Machinery	Motor Vehicles	Total
	Cost/revaluation	£	£	£	£	£	£
	At 1 January 2001	1,192,326	255,009	156,897	121,337	112,314	1,837,883
	Additions	--	10,298	16,664	6,385	20,590	53,937
	Disposals					(12,500)	(12,500)
	At 31 December 2001	1,192,326	265,307	173,561	127,722	120,404	1,879,320
	Depreciation						
	At 1 January 2001	50,289	145,578	98,279	70,734	43,661	408,541
	Charge for the year	15,625	26,938	18,800	14,247	17,562	93,172
	Disposals					(8,797)	(8,797)
	At 31 December 2001	65,914	172,516	117,079	84,981	52,426	492,916
	Net book values						
	At 31 December 2001	1,126,412	92,791	56,482	42,741	67,978	1,386,404
	At 31 December 2000	1,142,037	109,431	58,618	50,603	68,653	1,429,342

The freehold property from which the company operates was valued in April 2000 at £1,000,000 by Copping Joyce, surveyors, on the basis of open market value. The cost or revaluation of freehold buildings on which depreciation is charged amounted to £750,000 (2000 - £750,000).

The historical cost of freehold land and buildings included in the valuation of £1,000,000 was £543,892 (2000 - £543,892).

Land and buildings include an investment property at a cost of £192,326. The directors estimate that the open market value of the property is in the region of £250,000.

ABLEROSE LIMITED
Notes forming part of the accounts
for the year ended 31 December 2001

6. FIXED ASSET INVESTMENTS

Cost	£
At 1 January 2001 and 31 December 2001	<u>800,187</u>

Subsidiary undertakings

The company's investment in its subsidiary companies represents the cost of acquisition of 100% of the ordinary share capital of Alison Hayes (Romania) SA and Alison Hayes (Brittanica) SA.

At 31 December 2001, the aggregate of the share capital and reserves of Alison Hayes (Romania) SA amounted to £858,037 and the loss for the year to that date was £105,710. At 31 December 2001, the aggregate of the share capital and reserves of Alison Hayes (Brittanica) SA amounted to £100,083.

7. STOCK

Stock has been valued at the lower of cost and net realisable value and comprises of the following:

	2001 £	2000 £
Fabric and trimmings	1,511,775	1,609,973
Finished goods	258,493	400,443
Goods in transit	154,065	73,212
Work in progress	262,134	117,530
	2,186,467	2,201,158
	2,186,467	2,201,158

8. DEBTORS

Trade debtors	1,232,747	616,869
Amounts owed by group undertakings	614,847	173,255
Other debtors	59,558	66,597
Prepayments	32,917	21,260
	1,940,069	877,981
	1,940,069	877,981

9. CURRENT ASSET INVESTMENTS

These comprise investments in shares of companies listed on the London and Cyprus Stock Exchanges at cost. The shares listed on the London Stock Exchange were sold in the year at a profit. The market value of shares listed on the Cyprus Stock Exchange at the date of signing the accounts was £14,218 (cost - £50,000). The directors are confident that this company has good long term prospects and expect the share price to increase.

ABLEROSE LIMITED

Notes forming part of the Accounts for the year ended 31 December 2001

10. CREDITORS	2001 £	2000 £
Amounts falling due within one year		
Bank overdraft	86,585	457,733
Trade creditors	1,602,941	863,378
Amounts owed to group undertakings	457,461	722,174
Customs & Excise – VAT	447,645	285,501
Inland Revenue – PAYE & NIC	99,244	56,737
Corporation tax	325,840	208,783
Other creditors & accruals	231,190	48,162
	3,250,906	2,642,468
	3,250,906	2,642,468

The bank overdraft facility is secured by a first legal charge over one of the company's freehold properties.

11. CREDITORS		
Amounts falling due after more than one year		
Amount owed to group undertakings	580,755	537,390
Other creditors	208,000	57,500
	788,755	594,890
	788,755	594,890

12. DEFERRED TAXATION

No provision for deferred taxation has been made. The provision with regards to plant and equipment is negligible. The deferred tax not provided on the properties, based on estimated current market values, calculated at 30%, is in the region of £210,000.

13. CALLED UP SHARE CAPITAL

Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>500,000</u>

14. REVALUATION RESERVE

At 1 January 2001 and 31 December 2001	<u>456,108</u>
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ABLEROSE LIMITED

Notes forming part of the Accounts for the year ended 31 December 2001

15. SHAREHOLDERS FUNDS

Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Profit for the financial year after taxation	302,113	315,893
Other recognised gains relating to the year	--	--
Allotment of shares	--	500,000
	<u>302,113</u>	<u>815,893</u>
Opening shareholders' funds at 1 January 2001	2,382,576	1,566,683
	<u>2,684,689</u>	<u>2,382,576</u>

16. RELATED PARTY TRANSACTIONS

During the year the company paid production costs in the ordinary course of business to Alison Hayes (Romania) SA a subsidiary undertaking. The production costs paid were as follows:

Alison Hayes (Romania) SA	2,326,797	1,467,974
	<u>2,326,797</u>	<u>1,467,974</u>

Amounts owed by group undertaking as disclosed in note 8 are as follows:

Alison Hayes (Romania) SA	520,918	79,326
Alison Hayes (Brittanica) SA	93,929	93,929
	<u>614,847</u>	<u>173,255</u>

Amount owed to group undertaking as disclosed in note 10 are as follows:

Synek Limited	337,333	533,852
Alison Hayes (Romania) SA	120,128	188,322
	<u>457,461</u>	<u>722,174</u>

Amount included in long term creditors as per note 11

Synek Limited – subordinated loan	343,365	300,000
Alison Hayes (Romania) SA - Euro loan	237,390	237,390
	<u>580,755</u>	<u>537,390</u>