

Registration number 3633146

US APPAREL (UK) LTD

Abbreviated accounts

for the year ended 30 June 2004



US APPAREL (UK) LTD

Contents

	Page
Auditors' report	1 - 3
Abbreviated balance sheet	4
Notes to the financial statements	5 - 7

**Independent auditors' report to US APPAREL (UK) LTD
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 4 to 7 together with the financial statements of US APPAREL (UK) LTD for the year ended 30 June 2004 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders *those matters we are required to state to them in an auditors' report and for no other purpose*. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Section 246 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 246(5) and (6) 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 considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts 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 financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 in respect of the year ended 30 June 2004, and the abbreviated accounts on pages 4 to 7 are properly prepared in accordance with those provisions.

Other information

On we reported as auditors of US APPAREL (UK) LTD to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30 June 2004 and our audit report was as follows:

' We have audited the financial statements of US APPAREL (UK) LTD for the year ended 30 June 2004 which comprise the profit and loss account, the Balance Sheet and the related notes. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

**Independent auditors' report to US APPAREL (UK) LTD
under Section 247B of the Companies Act 1985**

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

We read the directors report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Qualified opinion arising from the limitation of audit scope

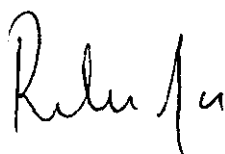
With the exception of the above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Independent auditors' report to US APPAREL (UK) LTD
under Section 247B of the Companies Act 1985**

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning stock and the opening balance sheet, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to stocks and opening balance sheet:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit;
- we were unable to determine whether proper accounting records had been maintained.



**Riley Moss Chartered Accountants
Chartered Accountants and
Registered Auditors**

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19/7/05

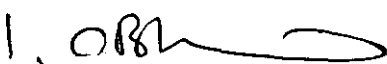
US APPAREL (UK) LTD

Abbreviated balance sheet as at 30 June 2004

	Notes	2004		2003	
		£	£	£	£
Fixed assets					
Intangible assets	2		855		-
Tangible assets	2		25,601		1,627
			<u>26,456</u>		<u>1,627</u>
Current assets					
Stocks		296,447		4,900	
Debtors		372,554		38,835	
Cash at bank and in hand		299,581		2,400	
		<u>968,582</u>		<u>46,135</u>	
Creditors: amounts falling due within one year		(1,035,784)		(58,996)	
Net current liabilities			<u>(67,202)</u>		<u>(12,861)</u>
Deficiency of assets			<u>(40,746)</u>		<u>(11,234)</u>
Capital and reserves					
Called up share capital	3		100		100
Profit and loss account			<u>(40,846)</u>		<u>(11,334)</u>
Shareholders' funds			<u>(40,746)</u>		<u>(11,234)</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies .

The abbreviated accounts were approved by the Board and signed on its behalf by



Javaid Bhatti
Director

Date: 12/7/05

The notes on pages 5 to 7 form an integral part of these financial statements.

US APPAREL (UK) LTD

Notes to the abbreviated financial statements for the year ended 30 June 2004

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life of 20 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 15% Reducing balance
Motor vehicles	- 25% Reducing balance

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

US APPAREL (UK) LTD

Notes to the abbreviated financial statements for the year ended 30 June 2004

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1.6. Deferred taxation

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

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

2. Fixed assets	Intangible assets £	Tangible fixed assets £	Total £
Cost			
At 1 July 2003	-	4,131	4,131
Additions	900	31,735	32,635
At 30 June 2004	900	35,866	36,766
Depreciation and Provision for diminution in value			
At 1 July 2003	-	2,504	2,504
Charge for year	45	7,761	7,806
At 30 June 2004	45	10,265	10,310
Net book values			
At 30 June 2004	855	25,601	26,456
At 30 June 2003	-	1,627	1,627

US APPAREL (UK) LTD

Notes to the abbreviated financial statements for the year ended 30 June 2004

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3. Share capital	2004 £	2003 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

4. Related party transactions

During the year the company purchased goods totalling £1,815,243 (2003: £35,371) from US Apparel & Textiles (pvt) Ltd, the company's holding company. The amount owed to US Apparel & Textiles (pvt) Ltd at 30 June 2004 is £737,786 (2003:£nil).

The company also received fee income for management of the company of £100,000 (2003: £67,094) from US Apparel & Textiles (pvt) Ltd.

As at 30 June 2004 the company had a inter-company balance owed to US Apparel & Textiles (pvt) Limited for the amount of £21,555 (2003: £9,861).

5. Ultimate parent undertaking

The company's ultimate parent company is US Apparel & Textiles (pvt) Ltd which is registered in Lahore, Pakistan.

6. Going concern

The company's parent company has confirmed that it will continue to make available such financial support as is required to enable the company to continue to trade for the foreseeable future. Having considered this and all other information available to them up to the date on which the financial statements were approved, the directors consider that it is appropriate to prepare the financial statements on a going concern basis.