

Report of the Director and
Financial Statements for the Year Ended 30 June 2001
for
ROBERTSON OF DUMFRIES LIMITED

RST Fava and Co.
Chartered Accountants
Queens Court Business Centre
Newport Road
Middlesbrough
TS1 5EH



ROBERTSON OF DUMFRIES LIMITED

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ROBERTSON OF DUMFRIES LIMITED

Company Information

for the Year Ended 30 June 2001

DIRECTOR: Mr S. Angelino

SECRETARY: Mrs J.M Caven

REGISTERED OFFICE: Saughtree Factory
Belle Vue Street
Dumfries
Scotland
DG1 3EL

REGISTERED NUMBER: SC010939 (Scotland)

AUDITORS: RST Fava and Co.
Chartered Accountants
Queens Court Business Centre
Newport Road
Middlesbrough
TS1 5EH

BANKERS: HSBC
29 English Street
Carlisle
Cumbria
CA3 8JT

SOLICITORS: MacLay, Murray & Spens
3 Glenfinlas Street
Edinburgh
Scotland
EH3 6AQ

ROBERTSON OF DUMFRIES LIMITED

Report of the Director
for the Year Ended 30 June 2001

The director presents his report with the financial statements of the company for the year ended 30 June 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and wholesale of what is perceived to be Scotland's finest knitwear for ladies and gentlemen.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2001.

FIXED ASSETS

In the opinion of the director there is no significant difference between the present market value of the company's property and the amounts at which it is stated in the accounts. Details are set out in note 7.

DIRECTOR

Mr S. Angelino was the sole director during the year under review.

The director holding office at 30 June 2001 did not hold any beneficial interest in the issued share capital of the company at 1 July 2000 or 30 June 2001.

TAXATION STATUS

The company is a close company as defined by the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial period.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to

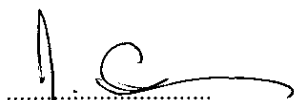
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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

The auditors, RST Fava and Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
Mrs J.M. Caven - SECRETARY

Dated: 09.01.02

ROBERTSON OF DUMFRIES LIMITED

Report of the Independent Auditors to the Shareholders of
ROBERTSON OF DUMFRIES LIMITED

We have audited the financial statements of ROBERTSON OF DUMFRIES LIMITED for the year ended 30 June 2001 on pages four to ten. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of director and auditors

As described on page two the company's director is responsible for the preparation of 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 Report of the Director 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 director's remuneration and transactions with the company is not disclosed.

We read the Report of the Director 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RST Fava and Co.
Chartered Accountants
Queens Court Business Centre
Newport Road
Middlesbrough
TS1 5EH

Dated: 23/4/02

ROBERTSON OF DUMFRIES LIMITED

Profit and Loss Account
for the Year Ended 30 June 2001

		Year Ended 30.6.01	Period 1.1.00 to 30.6.00
	Notes	£	£
TURNOVER		2,878,996	1,071,146
Cost of sales		3,261,429	1,035,680
GROSS (LOSS)/PROFIT		(382,433)	35,466
Administrative expenses		(1,838,515)	482,635
OPERATING PROFIT/(LOSS)	2	1,456,082	(447,169)
Interest receivable and similar income		4,103	340
		1,460,185	(446,829)
Interest payable and similar charges	3	297,262	61,677
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,162,923	(508,506)
Tax on profit/(loss) on ordinary activities	4	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		1,162,923	(508,506)
Deficit brought forward		(2,995,227)	(2,486,721)
DEFICIT CARRIED FORWARD		<u>£(1,832,304)</u>	<u>£(2,995,227)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

TOTAL RECOGNISED GAINS AND LOSSES

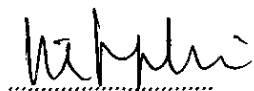
The company has no recognised gains or losses other than the profit for the current year and the loss for the previous period.

ROBERTSON OF DUMFRIES LIMITED**Balance Sheet****30 June 2001**

	Notes	2001		2000	
		£	£	£	£
FIXED ASSETS:					
Intangible assets	5		267		267
Tangible assets	6		719,634		388,080
			<u>719,901</u>		<u>388,347</u>
CURRENT ASSETS:					
Stocks	7	813,038		1,682,762	
Debtors	8	835,677		1,113,947	
Cash at bank and in hand		2,914,549		394,286	
		<u>4,563,264</u>		<u>3,190,995</u>	
CREDITORS: Amounts falling due within one year	9	<u>3,971,298</u>		<u>3,084,180</u>	
NET CURRENT ASSETS:			<u>591,966</u>		<u>106,815</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>1,311,867</u>		<u>495,162</u>
CREDITORS: Amounts falling due after more than one year	10		<u>1,108,808</u>		<u>1,455,026</u>
			<u>£203,059</u>		<u>£(959,864)</u>
CAPITAL AND RESERVES:					
Called up share capital	13		262,162		262,162
Revaluation reserve	14		399,656		399,656
Other reserves	15		1,373,545		1,373,545
Profit and loss account			<u>(1,832,304)</u>		<u>(2,995,227)</u>
SHAREHOLDERS' FUNDS:	17		<u>£203,059</u>		<u>£(959,864)</u>

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

ON BEHALF OF THE BOARD:



Mr S. Angelino - DIRECTOR

Approved by the Board on

9th April 2002

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 30 June 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold Property - 2% straight line

Plant, Machinery & Equipment - 15% straight line

Italian Assets - 15% straight line

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Going Concern Assumption

The company maintains bank ing support from Banca Sella in Biella, Italy. On this basis the director considers that it is appropriate to prepare the financial statements on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of Robertson of Dumfries srl (formerly Elba International Spa), who guarantee the loans made to Robertson of Dumfries Ltd by the Banca Sella.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, and to provide for further liabilities that might arise, and to rectify fixed assets and long term liabilities as current assets and liabilities.

ROBERTSON OF DUMFRIES LIMITED

Notes to the Financial Statements
for the Year Ended 30 June 2001

2. OPERATING PROFIT/(LOSS)

The operating profit (2000 - operating loss) is stated after charging/(crediting):

	Year Ended 30.6.01 £	Period 1.1.00 to 30.6.00 £
Depreciation - owned assets	68,000	3,920
Profit on disposal of fixed assets	(3,404,117)	-
Auditors' remuneration	8,000	4,000
	<u>80,000</u>	<u>40,000</u>
Director's emoluments and other benefits etc	<u>80,000</u>	<u>40,000</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30.6.01 £	Period 1.1.00 to 30.6.00 £
Interest on Borrowings	295,662	60,877
Hire/Lease Purchase Interest	1,600	800
	<u>297,262</u>	<u>61,677</u>

4. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2001 nor for the period ended 30 June 2000.

5. INTANGIBLE FIXED ASSETS

	Trademarks £
COST:	
At 1 July 2000 and 30 June 2001	<u>267</u>
NET BOOK VALUE:	
At 30 June 2001	<u>267</u>
At 30 June 2000	<u>267</u>

ROBERTSON OF DUMFRIES LIMITED

Notes to the Financial Statements
for the Year Ended 30 June 2001

6. TANGIBLE FIXED ASSETS

	Freehold Property	Plant and Machinery	Italian Assets	Totals
	£	£	£	£
COST:				
At 1 July 2000	400,000	-	-	400,000
Additions	-	239,087	160,467	399,554
At 30 June 2001	400,000	239,087	160,467	799,554
DEPRECIATION:				
At 1 July 2000	11,920	-	-	11,920
Charge for year	8,000	35,930	24,070	68,000
At 30 June 2001	19,920	35,930	24,070	79,920
NET BOOK VALUE:				
At 30 June 2001	380,080	203,157	136,397	719,634
At 30 June 2000	388,080	-	-	388,080

7. STOCKS

	2001 £	2000 £
Raw Materials	224,814	405,993
Work in Progress	435,564	481,824
Finished Goods	152,660	794,945
	813,038	1,682,762

**8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2001 £	2000 £
Trade Debtors	757,299	1,049,539
Prepayments	17,941	25,925
VAT (UK and Italian)	60,437	38,483
	835,677	1,113,947

ROBERTSON OF DUMFRIES LIMITED

**Notes to the Financial Statements
for the Year Ended 30 June 2001**

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2001 £	2000 £
Bank loans and overdrafts (see note 11)	1,369,845	1,247,086
Trade Creditors	666,412	1,050,576
Hire/Lease Purchase	3,902	15,121
Payroll and Employment Taxes	164,115	174,466
Loan - Cashmeres of Scotland	738,353	400,000
Loan - ROD (Services) Limited	90,001	-
Other Creditors	13,254	21,791
Accruals	925,416	175,140
	<u>3,971,298</u>	<u>3,084,180</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2001 £	2000 £
Bank loans (see note 11)	<u>1,108,808</u>	<u>1,455,026</u>

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2001 £	2000 £
Amounts falling due within one year or on demand:		
Bank overdrafts	77,375	45,161
Bank loans	<u>1,292,470</u>	<u>1,201,925</u>
	<u>1,369,845</u>	<u>1,247,086</u>

Amounts falling due between one and two years:

Bank loans	<u>585,775</u>	<u>1,455,026</u>
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Amounts falling due between two and five years:

Bank loans	<u>523,033</u>	<u>-</u>
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12. SECURED DEBTS

The bank borrowings are guaranteed by Robertson of Dumfries srl (formerly Elba International Spa) who hold a first standard security and a floating charge over Robertson of Dumfries Limited.

ROBERTSON OF DUMFRIES LIMITED**Notes to the Financial Statements
for the Year Ended 30 June 2001****13. CALLED UP SHARE CAPITAL**

Authorised: Number:	Class:	Nominal value:	2001 £	2000 £
200,000	Ordinary	£1	200,000	200,000
100,000	Class B	£1	100,000	100,000
			<u>300,000</u>	<u>300,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2001 £	2000 £
162,162	Ordinary	£1	162,162	162,162
100,000	Class B	£1	100,000	100,000
			<u>262,162</u>	<u>262,162</u>

14. REVALUATION RESERVE

	2001 £	2000 £
Revaluation Reserve	<u>399,656</u>	<u>399,656</u>

15. OTHER RESERVES

	2001 £	2000 £
Brought forward	<u>1,373,545</u>	<u>1,373,545</u>

16. RELATED PARTY DISCLOSURES

Robertson of Dumfries Limited is a wholly owned subsidiary of Cashmeres of Scotland Limited which in turn is wholly owned by Trading and Investment Development Enterprises SA, a company registered in Luxembourg. All transactions during the period were conducted on an arms length basis.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit/(Loss) for the financial year	<u>1,162,923</u>	<u>(508,506)</u>
Net addition/(reduction) to shareholders' funds	<u>1,162,923</u>	<u>(508,506)</u>
Opening shareholders' funds	<u>(959,864)</u>	<u>(451,358)</u>
Closing shareholders' funds	<u>203,059</u>	<u>(959,864)</u>
Equity interests	<u>203,059</u>	<u>(959,864)</u>