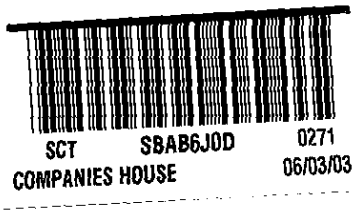
Companies House

Ilasco Limited

ABBREVIATED FINANCIAL STATEMENTS

for the year ended

30 June 2002



Company Registration Number 71900

Ilasco Limited
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr R M Anderson
Mr S R Fernando

SECRETARY

Mr R M Anderson

REGISTERED OFFICE

Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

AUDITORS

Baker Tilly
Chartered Accountants
& Registered Auditors
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

BANKERS

Bank of Scotland
9 Falkland Gate
Glenrothes
KY7 5LW

SOLICITORS

Innes & Johnstone
32 North Street
Glenrothes
KY7 5NA

DIRECTORS' REPORT

The directors submit their report and financial statements of Ilasco Limited for the year ended 30 June 2002.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of manufacturing and selling clothing.

REVIEW OF THE BUSINESS

The company's balance sheet shows a net deficit position with shareholders funds amounting to £75,279.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

Mr R M Anderson
Mr S R Fernando

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

AUDITORS

A resolution to reappoint Baker Tilly (formerly HLB Kidsons) as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

By order of the board

Mr R M Anderson

Company Secretary

24/02/03

Ilasco Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

a. select suitable accounting policies and then apply them consistently;

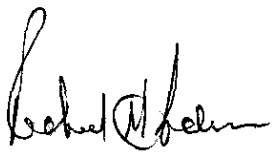
b. make judgements and estimates that are reasonable and prudent;

c. 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 requirements of 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.

Signed by order of the directors

Mr R M Anderson
Company Secretary



Approved by the directors on 24/02/03

Ilasco Limited

INDEPENDENT AUDITORS' REPORT TO ILASCO LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 5 to 14, together with the financial statements of the company for the year ended 30 June 2002 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of the directors and the 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 section 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 report our opinion to you.

Basis of opinion
We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, 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 financial statements.

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

BAKER TILLY

Registered Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

21 MARCH 2003

Ilasco Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2002

	Notes	2002 £	2001 £
Gross profit		382,602	398,926
Administrative expenses		(311,465)	(300,247)
OPERATING PROFIT	1	71,137	98,679
Interest receivable		28,365	–
Interest payable	3	(603)	(15,185)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		98,899	83,494
Tax on profit on ordinary activities	4	(34,560)	(18,038)
RETAINED PROFIT FOR THE FINANCIAL YEAR		64,339	65,456
Balance brought forward		(159,618)	(225,074)
Balance carried forward		95,279	159,618

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

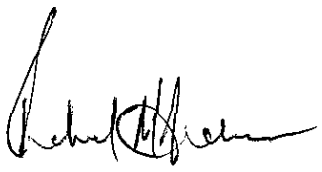
Ilasco Limited
BALANCE SHEET
30 June 2002

	Notes	£	2002 £	2001 £
FIXED ASSETS				
Tangible assets	5		56,846	63,382
CURRENT ASSETS				
Stocks	6	133,437		160,982
Debtors	7	80,025		206,964
Cash at bank and in hand		194,382		394,949
		407,844		762,895
CREDITORS				
Amounts falling due within one year	8	529,786		965,895
NET CURRENT LIABILITIES			(121,942)	(203,000)
TOTAL ASSETS LESS CURRENT LIABILITIES			(65,096)	(139,618)
PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	9		10,183	–
			(75,279)	(139,618)
CAPITAL AND RESERVES				
Called-up equity share capital	12		20,000	20,000
Profit and loss account			(95,279)	(159,618)
DEFICIENCY	13		(75,279)	(139,618)

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 24-02-03 and are signed on their behalf by:

Mr R M Anderson
Director



Ilasco Limited

CASH FLOW STATEMENT
for the year ended 30 June 2002

	Notes	£	2002 £	2001 £
Net cash flow from operating activities	14		(205,427)	802,309
Returns on investments and servicing of finance	14		27,762	(15,185)
Taxation	14		(18,038)	(28,317)
Capital expenditure and financial investment	14		(3,496)	(5,417)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(199,199)	753,390
Financing	14		(1,368)	(2,492)
(DECREASE)/INCREASE IN CASH IN THE PERIOD	14		(200,567)	750,898

BASIS OF ACCOUNTING

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

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	15% reducing balance
Fixtures & Fittings	-	15% reducing balance
Equipment	-	15% reducing balance

STOCKS

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

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

HIRE PURCHASE AGREEMENTS

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes the continued support of its parent, fellow subsidiaries and bank.

1 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Directors' emoluments	–	–
Depreciation	10,032	11,185
Auditors' remuneration		
- as auditors	5,400	5,308
Net profit on foreign currency translation	(755)	(129)

2 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No	No
Number of production staff	54	54
Number of distribution staff	8	12
Number of administrative staff	7	1
	69	67

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	143,414	157,018
Social security costs	17,299	21,209
	160,713	178,227

3 INTEREST PAYABLE

	2002	2001
	£	£
Interest payable on bank borrowing	227	14,596
Finance charges	376	589
	603	15,185

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2001 - 30%)	24,377	18,038
Total current tax	24,377	18,038
Deferred tax:		
Increase in deferred tax provision	10,183	–
Tax on profit on ordinary activities	34,560	18,038

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2001 - 30%).

	2002 £	2001 £
Profit on ordinary activities before tax	98,899	83,494
Tax at 30% thereon:	(29,670)	(25,048)
Expenses not deductible for tax purposes	(300)	
Capital allowances in excess of depreciation	(509)	(256)
Other adjustments	7,005	7,266
Prior period adjustments	(11,086)	-
Current tax charge for period	(34,560)	(18,038)

5 TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Equipment £	Total £
Cost				
At 1 July 2001	261,060	12,564	13,441	287,065
Additions	–	–	3,496	3,496
At 30 June 2002	261,060	12,564	16,937	290,561
Depreciation				
At 1 July 2001	207,431	10,791	5,461	223,683
Charge for the year	8,045	266	1,721	10,032
At 30 June 2002	215,476	11,057	7,182	233,715
Net book value				
At 30 June 2002	45,584	1,507	9,755	56,846
At 30 June 2001	53,629	1,773	7,980	63,382

Hire purchase agreements
Included within the net book value of £56,846 is £4,903 (2001 - £5,768) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £865 (2001 - £1,018).

6 STOCKS

	2002 £	2001 £
Stock	116,062	125,166
Work in progress	17,375	35,816
	133,437	160,982

7 DEBTORS

	2002	2001
	£	£
Trade debtors	58	12,435
Amounts owed by group undertakings	-	67,383
Other debtors	79,967	127,146
	80,025	206,964

8 CREDITORS amounts falling due within one year

	2002	2001
	£	£
Trade creditors	56,606	185,415
Amounts owed to group undertakings	356,995	744,313
Other creditors including taxation and social security:		
Corporation tax	23,474	17,135
Other taxation and social security	3,041	9,191
Hire purchase agreements	–	1,368
	440,116	957,422
Accruals and deferred income	89,670	8,473
	529,786	965,895

The bank holds a standard security over the parent company's property at 52/53 Nasmyth Road and 44 Ramsden Road, Glenrothes. The bank also holds full security over the whole company's assets and an unlimited guarantee is held between the parent and its subsidiaries.

9 DEFERRED TAXATION

	2002	2001
	£	£
The movement in the deferred taxation provision during the year was:		
Profit and Loss Account movement arising during the year	10,183	–
Provision carried forward	10,183	–

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002	2001
	£	£
Excess of taxation allowances over depreciation on fixed assets	10,183	–
	10,183	–

10 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002	2001
	£	£
Amounts payable within 1 year	–	1,368
	–	1,368

11 CONTINGENCIES

A contingent liability exists in respect of cross guarantees given by the company in connection with the indebtedness of the holding company Ardmel Automation Limited and a fellow subsidiary Keela International Limited. Reference should be made to the statutory accounts of these companies. Should either of these companies cease to trade and a shortfall exists after the liquidation(s), the company would be liable to pay any unpaid debts to the subsidiaries' bankers. The total at 30 June 2002 was £2,191,784 (2001 - £2,168,865).

12 SHARE CAPITAL

	2002 £	2001 £
Authorised:		
20,000 Ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid:		
Ordinary share capital	20,000	20,000

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	64,339	65,456
Opening shareholders' equity deficit	(139,618)	(205,074)
Closing shareholders' equity deficit	(75,279)	(139,618)

14 NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	71,137	98,679
Depreciation	10,032	11,185
Decrease in stocks	27,545	572,207
Decrease/(increase) in debtors	26,219	(96,747)
(Decrease)/increase in creditors	(340,360)	216,985
Net cash (outflow)/inflow from operating activities	(205,427)	802,309

ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW

Returns on investment and servicing of finance

	2002 £	2001 £
Interest received	28,365	–
Interest paid	(227)	(14,596)
Interest element of hire purchase	(376)	(589)
Net cash inflow/(outflow) from returns on investments and servicing of finance	27,762	(15,185)

14 NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

Taxation

	2002	2001
	£	£
Taxation	(18,038)	(28,317)

Capital expenditure

	2002	2001
	£	£
Payments to acquire tangible fixed assets	(3,496)	(5,417)
Net cash outflow from capital expenditure	(3,496)	(5,417)

Financing

	2002	2001
	£	£
Capital element of hire purchase	(1,368)	(2,492)
Net cash outflow from financing	(1,368)	(2,492)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2002	2001
	£	£	£
(Decrease)/increase in cash in the period	(200,567)		750,898
Cash outflow in respect of hire purchase	1,368		2,492
CHANGE IN NET FUNDS		(199,199)	753,390
NET FUNDS AT 1 JULY 2001		393,581	(359,809)
NET FUNDS AT 30 JUNE 2002		194,382	393,581

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jul 2001	Cash flows	At 30 Jun 2002
	£	£	£
Net cash:			
Cash in hand and at bank	394,949	(200,567)	194,382
Debt:			
Hire purchase agreements	(1,368)	1,368	–
Net funds	393,581	(199,199)	194,382

15 ULTIMATE PARENT COMPANY

The ultimate holding company is Ardmel Automation Limited, a company registered in Scotland.