

CHARTERED ACCOUNTANTS

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2241601

ALISON HAYES (UK) LIMITED  
(formerly Ablerose Limited)

For the year ended 31 December 2003

KJPITTAALIS&CO

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**ALISON HAYES (UK) LIMITED)**  
**(formerly Ablerose Limited)**

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**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroze 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 Georghiadou, Cypriot  
Mr Evelthon Vassiliou, Cypriot (appointed 24/09/2003)

**Company secretary:** Mr Neil White

**Registered in England:** 2241601

**Registered office:** Global House  
303 Ballards Lane  
London N12 8NP

**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  
Global House  
303 Ballards Lane  
London N12 8NP

**Solicitors:** Pittalis & Co  
Global House  
303 Ballards Lane  
London N12 8NP

**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroose Limited)**

**Directors' Report**

The directors present their report together with the accounts of the company for the year ended 31 December 2003.

On 6 May 2003 the company changed its name to Alison Hayes (UK) Limited, which is the trading name the company has used since incorporation

**Principal activity**

The principal activity of the company is that of designers, manufacturers and wholesalers of wearable, high quality ladies garments. The company trades under the name of Alison Hayes.

The company is a wholly owned subsidiary of Synek Limited, a company incorporated in Cyprus. The company itself has three wholly owned subsidiaries, Alison Hayes (Romania) S.A. and Alison Hayes Moda S.R.L. who deal with production of the garments in Romania and Alison Hayes (Britannica) S.A. which has property interests in Romania

**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 profit for the financial year before taxation was **£1,118,863** (2002-£554,102). No dividend is recommended.

**Review of the business and future developments**

The company has continued its growth with a significant increase in sales whilst at the same time maintaining its profitability. This trend has continued and the company believes it will improve its results in 2004.

**Fixed assets**

Details and movements in the fixed assets of the company are detailed in the balance sheet and notes 5 and 6 of the accounts on pages 11 and 12.

The company's land and buildings were professionally valued in April 2000 by Copping Joyce, surveyors. The directors consider that, in view of increasing commercial values in London, the open market values are in excess of the £1.1m value shown in the accounts.

**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroose Limited)**

**Directors' Report**

**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.

**Directors**

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

	<b>Ordinary Shares of £1 each</b>	
	<b>2003</b>	<b>2002</b>
Mr E Georgiades	--	--
Mr R A Chamberlain	--	--
Miss K Georgiadou	--	--
Mr G Vassiliou	--	--
Miss J Thompson	--	--
Mr N Georghiades	--	--
Mr E Vassiliou	--	--

Synek Limited, a company incorporated in Cyprus, holds **1,000,000** (2002 – 1,000,000) shares of £1 each. 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**

  
**N Georghiades**  
**Director**

16 June 2004

**ALISON HAYES (UK) LIMITED**  
**(formerly Ablerose Limited)**

**Independent auditor's report to the Shareholders of Alison Hayes (UK) Limited**

We have audited the accounts of Alison Hayes (UK) Limited (formerly Ablerose Limited) for the year ended 31 December 2003, which comprise the profit and loss account, balance sheet, statement of total recognised gains and losses and the related notes. These accounts have been prepared under the historical cost convention as modified by the revaluation of freehold premises and the accounting policies set out therein.

**Respective responsibilities of Directors and Auditors**

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

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 regarding directors' remuneration and transactions with the company is not disclosed.

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**

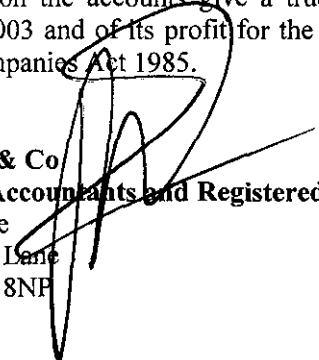
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts 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 then ended and have been properly prepared in accordance with the Companies Act 1985.

**K J Pittalis & Co**  
**Chartered Accountants and Registered Auditors**  
Global House  
303 Ballards Lane  
London N12 8NF



16 June 2004

**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroose Limited)**

**Profit and Loss Account**  
**for the year ended 31 December 2003**

	Notes	2003	2002
		£	£
<b>Turnover</b>	<b>2</b>	<b>30,378,062</b>	23,018,092
Cost of sales		<b>(21,333,041)</b>	(16,503,386)
<b>Gross profit</b>		<b>9,045,021</b>	6,514,706
Distribution costs		<b>(5,947,762)</b>	(4,516,260)
Administrative expenses		<b>(1,985,634)</b>	(1,425,939)
<b>Operating profit</b>	<b>3</b>	<b>1,111,625</b>	572,507
Rental income		<b>14,400</b>	15,364
Interest receivable		<b>11,537</b>	6,032
Interest payable		<b>(18,699)</b>	(7,801)
Amounts written off investments		----	(32,000)
<b>Profit on ordinary activities before taxation</b>		<b>1,118,863</b>	554,102
Taxation - UK Corporation Tax	<b>4</b>	<b>(366,715)</b>	(192,895)
<b>Retained profit for the financial year</b>		<b>752,148</b>	361,207
Retained profit at 1 January 2003		<b>1,589,788</b>	1,228,581
<b>Retained profit at 31 December 2003</b>		<b>2,341,936</b>	1,589,788

All of the company's activities in the above two years wholly derive from continuing operations.

**ALISON HAYES (UK) LIMITED**  
**(formerly Ablerose Limited)**

**Statement of total recognised gains and losses**  
**for the year ended 31 December 2003**

	2003	2002
	£	£
<b>Profit for the financial year</b>	<b>752,148</b>	<b>361,207</b>

**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.



**ALISON HAYES (UK) LIMITED**  
(formerly Ablerose Limited)

**Balance Sheet**  
As at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	5	1,392,552	1,400,187
Investments	6	815,187	800,187
		2,207,739	2,200,374
<b>Current assets</b>			
Stock	7	2,654,595	2,398,235
Debtors	8	4,741,146	2,485,094
Investments	9	18,000	18,000
Cash at bank and in hand		500,252	610,561
		7,913,993	5,511,890
<b>Creditors</b>			
Amounts falling due within one year	10	(5,856,203)	(3,951,210)
		2,057,790	1,560,680
<b>Net current assets</b>			
		4,265,529	3,761,054
<b>Creditors</b>			
Amounts falling due after more than one year	11	(467,485)	(715,158)
		3,798,044	3,045,896
<b>Net assets</b>		3,798,044	3,045,896
<b>Capital and reserves</b>			
Called up share capital	13	1,000,000	1,000,000
Revaluation reserve	14	456,108	456,108
Profit and loss account		2,341,936	1,589,788
		3,798,044	3,045,896
<b>Shareholders' funds</b>	15	3,798,044	3,045,896

The accounts were approved by the board of directors on 16 June 2004 and signed on its behalf by:

..... )  
R Chamberlain )

) Directors

..... )  
E Vassiliou )

**ALISON HAYES (UK) LIMITED**  
(formerly Ablerose Limited)

**Cash Flow Statement**  
for the year ended 31 December 2003

	Notes	2003		2002	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	<b>1</b>		<b>115,357</b>		<b>747,049</b>
<b>Returns on investment and servicing of finance</b>					
Interest paid		(18,699)		(7,801)	
Interest received		11,537		6,032	
Rental income		<u>14,400</u>		<u>15,364</u>	
<b>Net cash inflow from returns on investment &amp; servicing of finance</b>			<b>7,238</b>		<b>13,595</b>
<b>Taxation</b>					
Corporation tax paid			(165,000)		(315,595)
<b>Investing activities</b>					
Payment to acquire investment		(15,000)		--	
Payments to acquire tangible fixed assets		(103,018)		(165,665)	
Receipts from sale of fixed assets & investments		<u>--</u>		<u>36,100</u>	
<b>Net cash (outflow) from investing activities</b>			<b>(118,018)</b>		<b>(129,565)</b>
<b>(Decrease)/increase in cash &amp; cash equivalents 2</b>			<u><b>(160,423)</b></u>		<u><b>315,484</b></u>

**NOTES TO CASH FLOW STATEMENT**

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

	2003	2002
	£	£
<b>Operating profit</b>	<b>1,111,625</b>	<b>572,507</b>
Depreciation charge	108,330	102,705
Loss on sale of fixed assets	2,323	13,077
<b>(Increase) in stocks &amp; work in progress</b>	<b>(256,360)</b>	<b>(211,768)</b>
<b>(Increase) in debtors</b>	<b>(2,256,052)</b>	<b>(545,025)</b>
<b>Increase in creditors</b>	<u><b>1,405,491</b></u>	<u><b>815,553</b></u>
<b>Net cash inflow from operating activities</b>	<u><b>115,357</b></u>	<u><b>747,049</b></u>

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

	2003	2002	Change in year
	£	£	£
Cash at bank and in hand	500,252	610,561	(110,309)
Bank overdraft	<u>(70,553)</u>	<u>(20,439)</u>	<u>(50,114)</u>
	<u><b>429,699</b></u>	<u><b>590,122</b></u>	<u><b>(160,423)</b></u>

**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroose Limited)**

**Notes forming part of the accounts**  
**for the year ended 31 December 2003**

**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 basis of 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.

**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroose Limited)**

Notes forming part of the accounts  
for the year ended 31 December 2003

**2. TURNOVER**

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

**3. OPERATING PROFIT**

	2003	2002
	£	£
<b>i) Operating profit is stated after charging:</b>		
Depreciation	108,330	102,705
Auditors' emoluments - audit	28,000	20,000
- non audit	4,000	5,000
Directors' emoluments	427,731	362,323
<b>ii) Directors:</b>		
Emoluments for service as directors	370,753	309,723
Pension contributions	26,625	25,500
Benefits in kind	<u>30,353</u>	<u>27,100</u>
	<u>427,731</u>	<u>362,323</u>

The highest paid director received emoluments totalling £208,445.

**iii) Employee costs during the year amounted to:**

Wages & salaries	2,409,790	1,866,086
Social security costs	179,686	149,074
Pension contributions	<u>8,641</u>	<u>11,298</u>
	<u>2,598,117</u>	<u>2,026,458</u>

iv) The average number of employees during the year was 76 (2002 - 70).

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.

**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroose Limited)**

**Notes forming part of the accounts**  
**for the year ended 31 December 2003**

<b>4. TAXATION</b>		<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Taxation based on the adjusted profit for the year:		
	Corporation tax on profit for the year at 30%	<b>366,715</b>	192,895
		<u><b>366,715</b></u>	<u>192,895</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.

<b>5. TANGIBLE FIXED ASSETS</b>	<i>Land &amp; Buildings</i>	<i>Computer Equipment</i>	<i>Fixtures &amp; Fittings</i>	<i>Plant &amp; Machinery</i>	<i>Motor Vehicles</i>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost/revaluation</b>						
At 1 January 2003	1,192,326	290,657	200,357	172,926	103,528	1,959,794
Additions	30,000	40,848	8,884	16,063	7,223	103,018
Disposals	--	--	--	--	(13,055)	(13,055)
<b>At 31 December 2003</b>	<b>1,222,326</b>	<b>331,505</b>	<b>209,241</b>	<b>188,989</b>	<b>97,696</b>	<b>2,049,757</b>
<b>Depreciation</b>						
At 1 January 2003	81,539	202,051	137,899	106,967	31,151	559,607
Charge for the year	17,727	32,363	17,835	20,505	19,900	108,330
Disposals					(10,732)	(10,732)
<b>At 31 December 2003</b>	<b>99,266</b>	<b>234,414</b>	<b>155,734</b>	<b>127,472</b>	<b>40,319</b>	<b>657,205</b>
<b>Net book values</b>						
<b>At 31 December 2003</b>	<b>1,123,060</b>	<b>97,091</b>	<b>53,507</b>	<b>61,517</b>	<b>57,377</b>	<b>1,392,552</b>
<b>At 31 December 2002</b>	<b>1,110,787</b>	<b>88,606</b>	<b>62,458</b>	<b>65,959</b>	<b>72,377</b>	<b>1,400,187</b>

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** (2002 - £750,000).

The historical cost of freehold land and buildings included in the valuation of £1,000,000 was **£543,892** (2002 - £543,892) and the aggregate depreciation would have been £65,267 (2002 - £54,389)

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.

**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroose Limited)**

**Notes forming part of the accounts  
for the year ended 31 December 2003**

<b>6.</b>	<b>FIXED ASSET INVESTMENTS</b>	<b>2003</b>	<b>2002</b>
	<b>Cost</b>	<b>£</b>	<b>£</b>
	At 1 January 2003	<b>800,187</b>	800,187
	Additions	<u><b>15,000</b></u>	<u>---</u>
		<u><b>815,187</b></u>	<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) S.A., Alison Hayes (Brittanica) S.A. and Alison Hayes Moda S.R.L.

At 31 December 2003, the aggregate of the share capital and reserves of Alison Hayes (Romania) S.A. and Alison Hayes Moda S.R.L amounted to £1,226,665 and £16,560 respectively. The profit for the year to that date amounted to £22,154 and £1,560 respectively. At 31 December 2003 the aggregate of share capital and reserves of Alison Hayes (Brittanica) S.A amounted to £50,958 and the profit for the year to that date was £75,464.

**7. STOCK**

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

	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Fabric and trimmings	<b>1,637,188</b>	1,710,770
Finished goods	<b>459,228</b>	407,492
Goods in transit	<b>394,372</b>	60,304
Work in progress	<b>163,807</b>	219,669
	<u><b>2,654,595</b></u>	<u>2,398,235</u>

**8. DEBTORS**

Trade debtors	<b>2,688,806</b>	808,028
Amounts owed by group undertakings	<b>1,922,889</b>	1,523,845
Other debtors	<b>92,088</b>	92,228
Prepayments	<b>37,363</b>	60,993
	<u><b>4,741,146</b></u>	<u>2,485,094</u>

**9. CURRENT ASSET INVESTMENTS**

These comprise investments in shares of a company listed on the Cyprus Stock Exchange. The market value of shares listed on the Cyprus Stock Exchange at the date of signing the accounts was approximately £18,000 (cost - £50,000). The value of the shares was written down to the current market value in 2002.

**ALISON HAYES (UK) LIMITED**  
(formerly Ableroose Limited)

Notes forming part of the Accounts  
for the year ended 31 December 2003

<b>10. CREDITORS</b>	<b>2003</b>	<b>2002</b>
	£	£
<b>Amounts falling due within one year</b>		
Bank overdraft	70,553	20,439
Trade creditors	2,843,418	2,047,141
Amounts owed to group undertakings	464,683	489,922
Customs & Excise – VAT	1,076,983	745,690
Inland Revenue – PAYE & NIC	170,212	60,846
Corporation tax	404,855	203,140
Other creditors & accruals	825,499	384,032
	<b>5,856,203</b>	<b>3,951,210</b>
	<b>5,856,203</b>	<b>3,951,210</b>

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

<b>11. CREDITORS</b>		
<b>Amounts falling due after more than one year</b>		
Amount owed to group undertakings	327,157	559,830
Other creditors	140,328	155,328
	<b>467,485</b>	<b>715,158</b>
	<b>467,485</b>	<b>715,158</b>

**12. DEFERRED TAXATION**

No provision for deferred taxation has been made. The provision with regards to plant and equipment is negligible.

**13. CALLED UP SHARE CAPITAL**

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

**14. REVALUATION RESERVE**

At 1 January 2003 and 31 December 2003	<u>456,108</u>
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**ALISON HAYES (UK) LIMITED**  
**(formerly Ableroose Limited)**

Notes forming part of the Accounts  
for the year ended 31 December 2003

**15. SHAREHOLDERS FUNDS**

Reconciliation of movements in shareholders' funds	2003	2002
	£	£
Profit for the financial year after taxation	752,148	361,207
Opening shareholders' funds at 1 January 2003	3,045,896	2,684,689
	<hr/>	<hr/>
Closing shareholders' funds at 31 December 2003	3,798,044	3,045,896
	<hr/> <hr/>	<hr/> <hr/>

**16. RELATED PARTY TRANSACTIONS**

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

Alison Hayes (Romania) S.A.	5,344,738	3,137,497
	<hr/>	<hr/>

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

Alison Hayes (Romania) S.A.	1,665,411	1,319,887
Alison Hayes (Brittanica) S.A.	98,026	93,926
Synek Limited	--	110,032
Alison Hayes Moda S.R.L.	159,452	--
	<hr/>	<hr/>
	1,922,889	1,523,845
	<hr/> <hr/>	<hr/> <hr/>

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

Synek Limited	464,683	483,903
Alison Hayes (Brittanica) S.A.	-	6,019
	<hr/>	<hr/>
	464,683	489,922
	<hr/> <hr/>	<hr/> <hr/>

Amount included in long term creditors as per note 11

Synek Limited – subordinated loan	327,157	343,365
Alison Hayes (Romania) S.A. - Euro loan	--	216,465
	<hr/>	<hr/>
	327,157	559,830
	<hr/> <hr/>	<hr/> <hr/>