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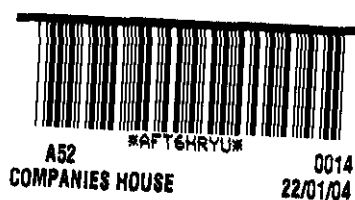
Registrar's Copy

Company No: 1174794

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

Abbreviated Accounts

Year ended 31 March 2003



PKF
PANNELL HOUSE
159 CHARLES STREET
LEICESTER LE1 1LD

PKF

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

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PARAMOUNT KNITWEAR (LEICESTER) LIMITED

DIRECTORS' REPORT YEAR ENDED 31 MARCH 2003

The directors submit their report and the financial statements for the year ended 31 March 2003.

Results and dividends

The profit for the year, after taxation, amounted to £257,883 (2002 - £609,814).

The directors recommend a dividend of £1,000,000 leaving a deficit of £742,117 which is deducted from retained reserves.

Principal activity and review of the business

The company's principal activity is that of wholesale distribution of knitwear, leisurewear, t-shirts and fashion garments.

The directors are satisfied with the results of the year and with the level of turnover achieved. In their opinion the company continues to be well placed for the future.

Directors

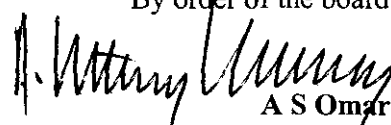
The directors who served throughout the year were:

Mr Abdul Sattar Omar
Mrs Kulsum Abdul Sattar Omar
Mr Aniz Omar

None of the directors have any interests in the shares of the company during the year.

Details of the interests of Abdul Sattar Omar and Mrs Kulsom Absul Sattar Omar in the shares of other group companies are disclosed in the Directors' Report of the ultimate holding company of which they are also directors. Aniz Omar had an interest in 360 ordinary shares of the ultimate holding company at the year end.

By order of the board


A S Omar
Director

15 December 2003

**INDEPENDENT AUDITORS' REPORT TO
PARAMOUNT KNITWEAR (LEICESTER) LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes, together with the financial statements of the company for the year ended 31 March 2003 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 section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision 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 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 Companies Act 1985 and the abbreviated accounts are properly prepared in accordance with that provision.

Leicester, UK
15 December 2003

PKF

PKF
Registered Auditors

PARAMOUNT KNITWEAR (LEICESTER) LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2003

| | Notes | 2003 £ | 2002 £ |
|--|-------|--------------------|--------------------|
| GROSS PROFIT | | 1,720,743 | 1,929,894 |
| Staff costs | 4 | (784,810) | (330,866) |
| Depreciation and amortisation | | (64,336) | (33,302) |
| Other operating charges | | (624,286) | (828,962) |
| OPERATING PROFIT | 2 | 247,311 | 736,764 |
| Income from other fixed asset investments | | 40,895 | 78,226 |
| Interest receivable and similar income | | 273,438 | 333,522 |
| Amounts written off investments | | (100,837) | (167,771) |
| Interest payable and similar charges | 5 | (31,867) | (48,901) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 428,940 | 931,840 |
| TAXATION | 6 | (171,057) | (322,026) |
| PROFIT FOR THE FINANCIAL YEAR | | 257,883 | 609,814 |
| DIVIDENDS | 7 | (1,000,000) | (1,000,000) |
| | | (742,117) | (390,186) |

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

BALANCE SHEET


31 MARCH 2003

| | Notes | 2003 £ | 2002 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible | 8 | 998,103 | 983,051 |
| Investments | 9 | 883,739 | 1,031,788 |
| | | <u>1,881,842</u> | <u>2,014,839</u> |
| CURRENT ASSETS | | | |
| Stocks | | 624,408 | 703,609 |
| Debtors | 10 | 1,168,070 | 1,526,529 |
| Cash at bank and in hand | | 6,951,350 | 7,487,747 |
| | | <u>8,743,828</u> | <u>9,717,885</u> |
| CREDITORS: amounts falling due within one year | 11 | <u>(3,642,694)</u> | <u>(4,027,168)</u> |
| NET CURRENT ASSETS | | <u>5,101,134</u> | <u>5,690,717</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>6,982,976</u> | <u>7,705,556</u> |
| CREDITORS: amounts falling due after more than one year | 12 | <u>(19,537)</u> | <u>-</u> |
| NET ASSETS | | <u><u>6,963,439</u></u> | <u><u>7,705,556</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 3,000 | 3,000 |
| Profit and loss account | 15 | 6,960,439 | 7,702,556 |
| SHAREHOLDERS' FUNDS | 16 | <u><u>6,963,439</u></u> | <u><u>7,705,556</u></u> |

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

The financial statements were approved by the board on 15 December 2003

Signed on behalf of the board of directors


 A S Omar Director

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2003

| | 2003 £ | 2002 £ |
|--|--------------------|--------------------|
| Reconciliation of operating profit to net cash inflow from operating activities | | |
| Operating profit | 247,311 | 736,764 |
| Depreciation of tangible fixed assets | 64,336 | 33,302 |
| Profit on sale of fixed assets | (7,243) | (15,000) |
| Decrease in debtors | 381,250 | 745,115 |
| Decrease in stocks | 79,201 | 209,202 |
| Decrease in creditors | (282,822) | (712,347) |
| Net cash inflow from operating activities | <u>482,033</u> | <u>997,036</u> |
| CASH FLOW STATEMENT (note 17) | | |
| Net cash inflow from operating activities | 482,033 | 997,036 |
| Returns on investments and servicing of finance | 289,926 | 359,787 |
| Taxation | (291,010) | (424,919) |
| Capital expenditure | (5,184) | 31,847 |
| | <u>475,765</u> | <u>963,751</u> |
| Financing | <u>(1,012,162)</u> | <u>(1,000,000)</u> |
| Decrease in cash | <u>(536,397)</u> | <u>(36,249)</u> |
| Reconciliation of net cash flow to movement in net funds (note 18) | | |
| Decrease in cash in the year | (536,397) | (36,249) |
| New hire purchase agreements | (37,838) | - |
| | <u>(574,235)</u> | <u>(36,249)</u> |
| Change in net funds | <u>(574,235)</u> | <u>(36,249)</u> |
| Net funds at 1 April 2002 | <u>7,487,747</u> | <u>7,523,996</u> |
| Net funds at 31 March 2003 | <u>6,913,512</u> | <u>7,487,747</u> |

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties.

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|-----------------------------------|------|
| Equipment, fittings and furniture | 10 % |
| Motor vehicles | 4 % |
| Heating installation | 15 % |
| Freehold Property | 4 % |

Freehold property is now subject to depreciation as the directors have revised their opinion of its residual value.

(d) Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 (SSAP 19) and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

(e) Listed Investments

Listed investments are stated at cost less any provision for permanent diminution in value.

(f) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(g) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

1 ACCOUNTING POLICIES (continued)

(h) 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(i) Deferred taxation

The charge for taxation is based on the profit for the year as adjusted for tax purposes. Full provision is made at current rates for taxation deferred in respect of all timing differences. Deferred tax balances are not discounted.

Deferred tax assets are only recognised where they arise from timing differences where their recoverability in the short term is regarded as more likely than not.

(j) Pensions

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

2 OPERATING PROFIT

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

| | 2003 £ | 2002 £ |
|---|-------------------|-------------------|
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 64,336 | 33,302 |
| Audit fees | 4,000 | 4,000 |
| Profit on disposal of tangible fixed assets | (7,243) | (15,000) |
| | <u> </u> | <u> </u> |

PARAMOUNT KNITWEAR (LEICESTER) LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 MARCH 2003

3 DIRECTORS' EMOLUMENTS AND BENEFITS

| | 2003 £ | 2002 £ |
|-----------------------|----------------|----------------|
| Directors' emoluments | <u>507,969</u> | <u>155,361</u> |

The number of directors accruing benefits under pension schemes were:

| | No | No |
|------------------------|----------|----------|
| Money purchase schemes | <u>3</u> | <u>3</u> |

The highest paid director received emoluments and benefits as follows:

| | 2003 £ | 2002 £ |
|---|----------------|---------------|
| Emoluments and benefits under long term incentive schemes | <u>448,493</u> | <u>50,773</u> |

4 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

| | 2003 £ | 2002 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 704,390 | 305,061 |
| Social security costs | 80,420 | 25,805 |
| | <u>784,810</u> | <u>330,866</u> |

The average monthly number of employees, including executive directors, during the year was:

| | No | No |
|------------------------|-----------|-----------|
| Administration | 10 | 10 |
| Sales and distribution | 10 | 12 |
| | <u>20</u> | <u>22</u> |

5 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2003 £ | 2002 £ |
|---|---------------|---------------|
| Bank loans and overdrafts | 30,304 | 48,901 |
| Finance charges under finance lease and hire purchase contracts | 1,563 | - |
| | <u>31,867</u> | <u>48,901</u> |

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

6 TAXATION

| (a) Analysis of charge in year | 2003 £ | 2002 £ |
|---|----------------|----------------|
| UK corporation tax | | |
| Current tax on income for the year | 171,889 | 321,842 |
| Adjustments in respect of prior periods | (832) | 184 |
| Tax on profit on ordinary activities | <u>171,057</u> | <u>322,026</u> |

(b) Factors affecting the tax charge for the year

The tax assessed for the year is greater than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

| | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Profit on ordinary activities before tax | <u>428,940</u> | <u>931,840</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002: 30%) | 128,682 | 279,552 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 30,584 | 51,759 |
| Depreciation charged in excess of capital allowances | 5,992 | (5,936) |
| Expenses deductible for tax purposes | (2,444) | (3,530) |
| Schedule A expenses deductible for tax purposes | - | (353) |
| (Loss)/gain on capital disposals | 9,075 | 350 |
| Adjustments in respect of previous periods | (832) | 184 |
| Current tax charge for the year | <u>171,057</u> | <u>322,026</u> |

7 DIVIDENDS

| | 2003 £ | 2002 £ |
|----------------------------|------------------|------------------|
| Ordinary shares | | |
| Final proposed | <u>1,000,000</u> | <u>1,000,000</u> |
| of which: | | |
| Dividends on equity shares | <u>1,000,000</u> | <u>1,000,000</u> |

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS YEAR ENDED 31 MARCH 2003

8 TANGIBLE FIXED ASSETS

| | Freehold land & buildings £ | Motor vehicles £ | Heating installation, equipment and furniture £ | Total £ |
|------------------------|--------------------------------------|------------------------|---|------------------|
| Cost | | | | |
| At 1 April 2002 | 880,621 | 136,368 | 131,449 | 1,148,438 |
| Additions | - | 79,701 | 8,445 | 88,146 |
| Disposals | - | (43,786) | - | (43,786) |
| At 31 March 2003 | <u>880,621</u> | <u>172,283</u> | <u>139,894</u> | <u>1,192,798</u> |
| Depreciation | | | | |
| At 1 April 2002 | - | 75,563 | 89,824 | 165,387 |
| Charge for year | 23,225 | 33,956 | 7,155 | 64,336 |
| On disposals | - | (35,028) | - | (35,028) |
| At 31 March 2003 | <u>23,225</u> | <u>74,491</u> | <u>96,979</u> | <u>194,695</u> |
| Net book amount | | | | |
| At 31 March 2003 | <u>857,396</u> | <u>97,792</u> | <u>42,915</u> | <u>998,103</u> |
| At 31 March 2002 | <u>880,621</u> | <u>60,805</u> | <u>41,625</u> | <u>983,051</u> |

The net book amounts of motor vehicles above include **£66,381** (2002 - £NIL) in respect of assets held under finance leases or hire purchase contracts.

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

9 FIXED ASSET INVESTMENTS

| | Listed Investments £ | Investment property £ | Total £ |
|---------------------------|----------------------------|-----------------------------|------------------|
| Cost or valuation | | | |
| At 1 April 2002 | 542,099 | 657,460 | 1,199,559 |
| Additions | 63,558 | - | 63,558 |
| Disposals | (110,770) | - | (110,770) |
| At 31 March 2003 | <u>494,887</u> | <u>657,460</u> | <u>1,152,347</u> |
| Provisions | | | |
| At 1 April 2002 | 167,771 | - | 167,771 |
| Charge to profit and loss | 100,837 | - | 100,837 |
| At 31 March 2003 | <u>268,608</u> | <u>-</u> | <u>268,608</u> |
| Net book amount | | | |
| At 31 March 2003 | <u>226,279</u> | <u>657,460</u> | <u>883,739</u> |
| At 31 March 2002 | <u>374,328</u> | <u>657,460</u> | <u>1,031,788</u> |

The market value of the listed investments at the balance sheet date was £146,041 (2002 - £295,676).

The investment property consists of freehold land and buildings which are stated at market value. This is deemed by the directors to equal the purchase price paid in November 1996.

10 DEBTORS

| | 2003 £ | 2002 £ |
|-------------------------------------|------------------|------------------|
| Due within one year | | |
| Trade debtors | 1,054,273 | 1,436,357 |
| Amounts due from group undertakings | 200 | 200 |
| Other debtors | 71,193 | 76,950 |
| Prepayments & accrued income | 42,404 | 13,022 |
| | <u>1,168,070</u> | <u>1,526,529</u> |

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS YEAR ENDED 31 MARCH 2003

11 CREDITORS

| | 2003 £ | 2002 £ |
|---|------------------|------------------|
| Amounts falling due within one year | | |
| Trade creditors | 1,502,543 | 2,116,715 |
| Corporation tax | 36,889 | 156,842 |
| Other tax and social security | 227,790 | 225,012 |
| Proposed dividends | 1,000,000 | 1,000,000 |
| Net obligations under finance lease and hire purchase contracts(note 13) | 18,301 | - |
| Other creditors | 367,632 | 441,526 |
| Accruals and deferred income | 489,539 | 87,073 |
| | <u>3,642,694</u> | <u>4,027,168</u> |

12 CREDITORS

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Amounts falling due after more than one year | | |
| Net obligations under finance lease and hire purchase contracts(note 13) | 19,537 | - |

13 FINANCE LEASES

Net obligations under hire purchase agreements fall due as follows:

| | 2003 £ | 2002 £ |
|----------------------------|---------------|-----------|
| Within one year | 18,301 | - |
| Between one and five years | 19,537 | - |
| | <u>37,838</u> | <u>-</u> |

Hire purchase creditors are secured on the assets concerned.

14 SHARE CAPITAL

| | Authorised £ | Allotted, called up and fully paid No | £ |
|--------------------------------------|-----------------|---|-------|
| At 1 April 2002 and 31 March 2003 | | | |
| Ordinary shares of £1 each | 25,000 | 3,000 | 3,000 |

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

15 RESERVES

| Profit and loss account | £ |
|--------------------------------|------------------|
| At 1 April 2002 | 7,702,556 |
| Profit for the year | 257,883 |
| Dividends | (1,000,000) |
| At 31 March 2003 | <u>6,960,439</u> |

16 SHAREHOLDERS' FUNDS

| | 2003 £ | 2002 £ |
|--------------------------------------|------------------|------------------|
| Shareholders' funds at 1 April 2002 | 7,705,556 | 8,095,742 |
| Profit for the year | 257,883 | 609,814 |
| Dividends | (1,000,000) | (1,000,000) |
| Shareholders' funds at 31 March 2003 | <u>6,963,439</u> | <u>7,705,556</u> |

17 GROSS CASH FLOWS

| | 2003 £ | 2002 £ |
|--|--------------------|--------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 250,647 | 333,522 |
| Interest paid | (30,304) | (48,901) |
| Interest element of finance lease rentals | (1,563) | - |
| Rent received | 63,000 | 63,400 |
| Dividend received | 8,146 | 11,766 |
| | <u>289,926</u> | <u>359,787</u> |
| Capital expenditure | | |
| Payments to acquire tangible fixed assets | (38,146) | (57,223) |
| Payments to acquire fixed asset investments | (63,558) | (610,680) |
| Receipts from sales of tangible fixed assets | 16,001 | 14,999 |
| Receipts from sales of fixed asset investments | 80,519 | 684,751 |
| | <u>(5,184)</u> | <u>31,847</u> |
| Financing | | |
| Capital element of finance lease rentals | (12,162) | - |
| Dividends paid | (1,000,000) | (1,000,000) |
| | <u>(1,012,162)</u> | <u>(1,000,000)</u> |

PARAMOUNT KNITWEAR (LEICESTER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

18 ANALYSIS OF CHANGES IN NET FUNDS

| | At 1 April 2002 £ | Cash flows £ | Other changes £ | At 31 March 2003 £ |
|--------------------------|-------------------------|--------------------|-----------------------|--------------------------|
| Cash at bank and in hand | 7,487,747 | (536,397) | - | 6,951,350 |
| Finance leases | - | 12,162 | (50,000) | (37,838) |
| Total | <u>7,487,747</u> | <u>(524,235)</u> | <u>(50,000)</u> | <u>6,913,512</u> |

19 PENSION COSTS

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company.

No contributions have been made to the scheme during the year (2002 NIL).

20 PARENT UNDERTAKINGS

The parent company is Paramount Holdings (UK) Limited, a company registered in England and Wales. The controlling party is Paramount Holdings (UK) Limited. The ultimate controlling parties are Mr A S Omar and Mrs K A S Omar who control the majority of shares in Paramount Holdings (UK) Limited.