

CONSOLIDATED PROFIT AND LOSS ACCOUNT
 Period ended 2 July 2005

		Acquisitions	Ongoing Operations	Unaudited 26 weeks to 2 July 2005 Total	Unaudited 26 weeks to 3 July 2004 Total restated	Audited 52 weeks to 1 January 2005 Total restated
	Note	£m	£m	£m	£m	£m
Turnover	2	20.8	24.4	45.2	27.9	70.2
Operating profit/(loss)						
- base		(0.6)	0.4	(0.2)	(2.8)	0.9
- exceptional	3	(0.6)	(0.1)	(0.7)	(0.1)	(0.8)
- goodwill	6	1.4	-	1.4	-	-
amortisation		0.2	0.3	0.5	(2.9)	0.1
Exceptional gain on sale of Operations	3			-	4.3	3.0
Goodwill previously written off to reserves				-	(0.8)	(0.8)
Profit on disposal				-	3.5	2.2

of fixed assets		-	0.4	0.3
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Profit on ordinary activities before interest	2	0.5	1.0	2.6
Interest and similar charges		(1.0)	(0.9)	(2.5)
(Loss)/profit on ordinary activities before taxation		(0.5)	0.1	0.1
Taxation	5	-	-	-
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(Loss)/profit for the financial period transferred to reserves		(0.5)	0.1	0.1
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CONSOLIDATED BALANCE SHEET
at 2 July 2005

		Unaudited 2 July 2005	Unaudited 3 July 2004 restated	Audited 1 January 2005 restated
	Note	£m	£m	£m
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Fixed assets				
Intangible assets - negative goodwill	6	(6.1)	-	-
Tangible assets		4.9	3.1	2.6
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	(1.2)	3.1	2.6

Current assets			
Stocks	24.4	19.8	11.7
Debtors	25.3	20.2	13.1
Cash and deposits	5.1	7.8	11.9
	54.8	47.8	36.7

Creditors - amounts due within one year			
- borrowings	(8.3)	(3.4)	-
- other creditors	(15.2)	(14.3)	(9.3)
	(23.5)	(17.7)	(9.3)

Net current assets	31.3	30.1	27.4

Total assets less current liabilities	30.1	33.2	30.0
Creditors - amounts falling due after more than one year			
- borrowings	(5.3)	(9.2)	(5.7)
Provisions for liabilities and charges	(3.1)	(2.0)	(2.7)

Net assets excluding pension liability	21.7	22.0	21.6
Pension liability	(28.9)	(18.5)	(29.3)

Net assets including pension liability	(7.2)	3.5	(7.7)

Capital and reserves			
Called up share capital	50.9	50.8	50.8
Share premium	0.4	-	-
Profit & loss account	(58.5)	(47.3)	(58.5)
	7	3.5	(7.7)

CONSOLIDATED CASH FLOW STATEMENT
Period ended 2 July 2005

	Unaudited 26 weeks to 2 July 2005 £m	Unaudited 26 weeks to 3 July 2004 restated £m	Audited 52 weeks to 1 January 2005 restated £m
Reconciliation of operating profit/(loss) to net cash (outflow)/inflow from operating activities			
Operating (loss)/profit before exceptional items and goodwill	(0.2)	(2.8)	0.9
Depreciation	0.5	0.5	0.8
Loss on disposal of fixed assets	-	-	0.1
Decrease/(increase) in stocks	0.2	(5.7)	(2.9)
(Increase)/decrease in debtors	(4.1)	(5.5)	0.3
(Decrease)/increase in creditors	(3.3)	6.4	2.8

Net cash (outflow)/inflow from operating activities before exceptional items	(6.9)	(7.1)	2.0
Reorganisation costs and utilisation of closure provisions	(0.4)	(0.3)	(1.6)

Net cash (outflow)/inflow from operating activities	(7.3)	(7.4)	0.4

Returns on investments and servicing of finance	(0.3)	(0.7)	(1.2)

Taxation	(0.1)	-	0.3

Capital expenditure			
- Purchase of tangible fixed assets	(0.9)	(0.4)	(0.5)
- Sale of tangible fixed assets	-	0.7	0.8

Net cash (outflow)/inflow from capital expenditure	(0.9)	0.3	0.3

Acquisitions & disposals			
- Acquisition of Dorma Group Limited	(8.4)	-	-
- Disposals	-	12.7	16.7
- Net cash balances acquired/(disposed of)	1.7	(0.2)	(0.2)

Net cash (outflow)/inflow from acquisitions and disposals	(6.7)	12.5	16.5

Financing			
- Net proceeds of Loan Stock issue	-	9.2	5.3
- Shareholder loan repaid	-	(3.3)	(3.3)
- Net movement in other loans	-	(0.2)	(0.2)

Net cash inflow from financing	-	5.7	1.8

(Decrease)/increase in cash	(15.3)	10.4	18.1

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
Period ended 2 July 2005

	Unaudited 26 weeks to 2 July 2005 £m	Unaudited 26 weeks to 3 July 2004 restated £m	Audited 52 weeks to 1 January 2005 restated £m

(Decrease)/increase in cash	(15.3)	10.4	18.1
Decrease in debt	-	3.5	3.5

Change in net debt resulting from cashflows	(15.3)	13.9	21.6
Loans disposed of	-	0.7	0.7
Loan Stock (net of issue costs)	0.4	(9.2)	(5.7)
Translation adjustments	0.2	(0.1)	(0.3)

Movement in net debt in the period	(14.7)	5.3	16.3
Net funds/(debt) at beginning of period	6.2	(10.1)	(10.1)

Net (debt)/funds at end of period	(8.5)	(4.8)	6.2
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NOTES TO THE INTERIM REPORT

1. Basis of preparation

The interim report has been prepared on a basis consistent with the statutory financial statements for the 52 weeks to 1 January 2005 except for the implementation of FRS17 (Retirement Benefits) and FRS 20 (Share-based Payment).

FRS17 (Retirement Benefits) has been adopted in the current period. This required a restatement of 2004 results as follows:
Opening shareholders funds were reduced by £21.0 million to incorporate the FRS17 pension liabilities at that date and to eliminate the prepayments and provisions reported under previous accounting guidelines. The operating profit for the year was increased by £1.1 million (interim: £0.8 million), interest charges increased by £0.2 million (interim: £0.1 million) and the gain on disposal of operations was increased by £0.8 million (interim: £0.8 million). Shareholders funds were reduced by £11.1 million (interim: nil) to incorporate the actuarial loss on the pension funds in the year.

FRS20 (Share-based Payment) has been adopted in the current period, superseding the previous guidance of UITF17.
There was no significant impact on results or net assets in any of the reported periods.

The financial information contained in this report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. It is unaudited but has been reviewed by the auditors. Figures for the 52 weeks ended 1 January 2005 are abridged and derived from the full

statutory accounts which carry an unqualified auditor's report and which have been filed with the Registrar of Companies.

The interim report for the 26 weeks ended 2 July 2005 was approved by the directors on 2 September 2005.

2 Segmental analysis

	Turnover			Loss before interest		
	Unaudited 26 weeks to 2 July 2005 £m	Unaudited 26 weeks to 3 July 2004 £m	Audited 52 weeks to 1 January 2005 £m	Unaudited 26 weeks to 2 July 2005 £m	Unaudited 26 weeks to 3 July 2004 restated £m	Audited 52 weeks to 1 January 2005 restated £m
Fibres & Yarns						
- base	16.9	21.3	31.3	2.1	0.4	0.7
- exceptional				-	(0.1)	(0.3)
				2.1	0.3	0.4
Knitwear	3.5	6.1	10.1	0.6	(0.9)	(0.6)
Sourced Garments						
- base	5.2	2.3	31.1	(1.0)	(1.2)	3.1
- exceptional				-	-	1.5

				(1.0)	(1.2)	4.6
Home Furnishings						
- base	20.8	-	-	(0.6)	-	-
- exceptional				(0.6)	-	-
- goodwill amortisation				1.4	-	-
				0.2	-	-
Central overheads						
- base				(1.3)	(1.1)	(2.3)
- exceptional				(0.1)	-	(2.0)
				(1.4)	(1.1)	(4.3)
Intra Group turnover	(1.2)	(1.8)	(2.3)			
Group turnover / operating profit/ (loss)	45.2	27.9	70.2	0.5	(2.9)	0.1
Profit on sale of operations				-	4.3	3.0
Goodwill previously written off to reserves				-	(0.8)	(0.8)
Profit on disposal of fixed assets				-	0.4	0.3
Profit on ordinary activities before interest				0.5	1.0	2.6

The Fibres & Yarns segment includes the Joseph Dawson business which was disposed of on 15 October 2004.

The Knitwear segment includes the Ballantyne business which was disposed of on

31 March 2004.

As it was not possible to clearly distinguish the results of either the Joseph Dawson business or the Ballantyne business for financial reporting purposes neither was reported as a discontinued activity in 2004.

	26 weeks to 2 July 2005	26 weeks to 3 July 2004 restated	52 weeks to 1 January 2005 restated
3 Exceptional charges	£m	£m	£m

Operating			
Reorganisation of the Dorma business	(0.6)	-	-
Reorganisation of the Fibres & Yarns business	-	(0.1)	(0.2)
Move to the Alternative Investment Market	(0.1)	-	-
Refinancing costs	-	-	(0.6)
Exceptional debtor provision	-	-	(1.5)
Release of supplier provision	-	-	1.5
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	(0.7)	(0.1)	(0.8)

Exceptional gain/(loss) on sale of operations			
Disposal of the Ballantyne business	-	4.3	4.3
Disposal of the Joseph Dawson business	-	-	(1.3)
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	-	4.3	3.0

	26 weeks to 2 July 2005	26 weeks to 3 July 2004 restated	52 weeks to 1 January 2005 restated
4 Earnings per share	pence	pence	pence

Basic and diluted (loss)/profit per share	(0.5)	0.1	0.1
Goodwill	(1.3)	0.8	0.8
Exceptional profit on disposal of fixed assets	-	(0.4)	(0.3)
Profit on sale of operations	-	(4.2)	(3.0)
Other exceptional charges	0.7	0.1	1.0

Adjusted loss per share	(1.1)	(3.6)	(1.4)

Adjusted loss per share is calculated on the loss for the period before exceptional items and goodwill.

5 Taxation

The Group has significant tax losses available in both the UK and USA.

Consequently no significant tax charge or credit is anticipated in the current year.

6 Acquisition of Dorma Group Limited

The Company acquired Dorma Group Limited ('Dorma') on 14 February 2005. Dorma was acquired at an estimated discount to net asset value of £7.5

million, subject to completion of a fair value assessment. The business was loss making at acquisition and the Board are of the view that it will be a two year project to turn the business to profit. The negative goodwill is therefore being credited to the profit and loss account over this period.

	26 weeks to 2 July 2005	26 weeks to 3 July 2004	52 weeks to 1 January 2005
7 Reconciliation of movements in shareholders funds	£m	£m	£m

At beginning of period	(7.7)	23.7	23.7
Prior year adjustment (see note 1)	-	(21.0)	(21.0)
	(7.7)	2.7	2.7

New share capital subscribed	0.6	-	-
(Loss)/profit for the financial period	(0.5)	0.1	0.1
Actuarial loss on pension scheme	-	-	(11.1)
Equity settled transactions	-	-	0.1
Goodwill previously written off to reserves	-	0.8	0.8
Exchange differences arising on translation of overseas subsidiaries	0.4	(0.1)	(0.3)
	(7.2)	3.5	(7.7)
