

Company Registration No. 1034349 (England and Wales)

ANN SUMMERS LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000

Ref. 16482-00



ANN SUMMERS LTD

COMPANY INFORMATION

Chief Executive	J Gold	
Directors	J Gold D Gold R Gold J Harris C Ord V Gold	(Appointed 21 August 2000)
Secretary	C Ord	
Company number	1034349	
Registered office	Gadoline House 2 Godstone Road Whyteleafe Surrey CR3 0EA	
Auditors	MRI Moores Rowland Mitre House 177 Regent Street London W1B 4BB	

ANN SUMMERS LTD

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ANN SUMMERS LTD

CHIEF EXECUTIVE'S REPORT

I am delighted to announce that the year to 30 June 2000 has maintained the success of previous years for the Ann Summers brand.

Our principal core sales areas remain retail (the results of which are included in our sister company, Lydcare Limited) and party plan. However, website generated turnover is also becoming a major area and merits further investment and resources.

The retail expansion plan is currently underway, with eight stores being successfully opened in the year to 30 June 2000. Since the year end a further 11 stores have been opened bringing the total to 42 stores at January 2001. It is our intention to open a further 18 by the end of 2001. Our objective is to always locate our stores in central, high profile locations. It is worth noting that we now have a presence at Lakeside Shopping Centre, a prestigious location in Essex and we have also opened our biggest store yet in London's premier high street, Oxford Street.

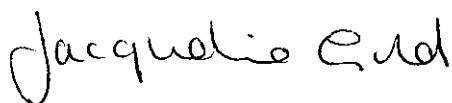
Retail trade has reported extremely strong sales figures during a particularly difficult economic period for retail businesses generally. We are pleased to report a 23.5% increase in retail turnover over that of the previous 12 months.

With the rapid growth in all areas of the Ann Summers brand, party plan still remains strong reporting a healthy increase in sales. This reaffirms our belief that party plan continues to be a very successful and unique market place for us and is not being restricted by sales in our other marketplaces.

The Ann Summers website/mail order has also shown excellent growth with a 58.1% increase in turnover. Our intention at the outset was to embrace new technology and the Internet has proved to be a successful marketing and sales medium for Ann Summers. The number of hits at www.annsummers.com has increased to 11 million per month, making it one of the UK's most successful websites on the Internet.

Our overseas development strategy for Ann Summers continued to penetrate new markets during the year to 30 June 2000 and will be a priority in the coming years. Subsequent to the year-end, we secured a franchise partner for the Middle East. The Dubai store, which opened in December 2000, was the first store to open within this agreement.

As highlighted above, we have been actively developing opportunities to build on our strengths whilst still continuing to maintain a determined focus on our core business. We could not have achieved our position to date without the committed support and enthusiasm of our employees. I believe that we are well prepared to meet the challenges ahead and continue in our objective of providing pleasure to all our customers.



Jacqueline Gold
Chief Executive

23.4.01

ANN SUMMERS LTD

FIELD REPORT

I am delighted to report, that the tremendous growth in party plan turnover experienced last year has been maintained this year. Together with the rapid growth in Ann Summers retail and the Ann Summers website, party plan continues to grow and compliment other sales channels of the company. The forthcoming financial year's sales projection for the party plan is also very encouraging.

The expansion of Ann Summers retail on the high street has helped strengthen the Ann Summers brand and widen our scope to attract more and more potential customers. Consequently more parties are being booked by Ann Summers retail customers which has helped boost party plan turnover.

Again, our success can also be attributed to our continued commitment to training, pushing forward with the Privilege Club and Driving Force initiatives.

The Ann Summers party plan concept continues to attract media attention with TV, radio and press coverage enhancing the brand and maintaining it in the public eye. This has resulted in a large increase in new recruits together with the related rise in sales.

Additionally, bringing on board third party brands who use Ann Summers party plan for trailing FMCG goods such as beverages, has been a huge boost to party plan, offering added value to our customers at no cost to Ann Summers.

Once again the Breast Cancer Campaign project was a huge success, raising awareness and funds for this high profile charity.

The achievements of Ann Summers party plan is primarily due to the dedication and passion of its sales force, in turn supported by a dedicated marketing and incentive team. This high degree of rewarded commitment will ensure that Ann Summers retains its unique position as the number one party plan company in the UK.



Julie Harris
Sales Director

23.4.01

ANN SUMMERS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

The directors present their report and financial statements for the year ended 30 June 2000.

Principal activities and review of the business

The principal activity of the company continued to be that of distributing lingerie, high street fashion, swimwear, t-shirts, hosiery, jewellery, boxed games, personal products, novelty items, books, cards, wrapping paper, oils, lotions and perfume.

Results and dividends

The results for the year are set out on page 6. The directors do not recommend the payment of a dividend (1999 - £nil).

Directors

The following directors have held office since 1 July 1999:

J Gold

D Gold

R Gold

J Harris

C Ord

V Gold

(Appointed 21 August 2000)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	30 June 2000	1 July 1999
D Gold	-	-
R Gold	-	-
J Harris	-	-
C Ord	-	-
J Gold	-	-

The interests of D Gold, R Gold and J Gold in the ultimate parent company are disclosed in those financial statements.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that MRI Moores Rowland be reappointed as auditors of the company will be put to the Annual General Meeting.

ANN SUMMERS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2000

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 departures 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.

By order of the board



.....
J Gold
Chief Executive
.....

23.4.01

ANN SUMMERS LTD

AUDITORS' REPORT TO THE SHAREHOLDERS OF ANN SUMMERS LTD

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 directors 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

MRI Moores Rowland

MRI Moores Rowland

Chartered Accountants
Registered Auditors

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Mitre House
177 Regent Street
London
W1B 4BB

ANN SUMMERS LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2000

	Notes	2000 £	1999 £
Turnover	2	16,971,701	16,605,238
Cost of sales		(6,317,394)	(7,314,199)
Gross profit		10,654,307	9,291,039
Distribution costs		(5,047,925)	(4,007,642)
Administrative expenses		(4,432,700)	(4,811,684)
Other operating income		580,222	747,044
Operating profit	3	1,753,904	1,218,757
Other interest receivable and similar income	4	193	179
Profit on ordinary activities before taxation		1,754,097	1,218,936
Tax on profit on ordinary activities	5	(379,715)	(407,430)
Profit on ordinary activities after taxation	13	1,374,382	811,506

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 8 to 14 form an integral part of these financial statements.

ANN SUMMERS LTD

BALANCE SHEET AS AT 30 JUNE 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	6	1,335,431		1,360,139	
Investments	7		100		100
		<u>1,335,531</u>		<u>1,360,239</u>	
Current assets					
Stocks	8	1,360,921		2,392,809	
Debtors	9	16,827,720		12,351,175	
Cash at bank and in hand		65,858		80,351	
		<u>18,254,499</u>		<u>14,824,335</u>	
Creditors: amounts falling due within one year	10	(12,526,640)		(10,495,566)	
Net current assets		<u>5,727,859</u>		<u>4,328,769</u>	
Total assets less current liabilities		<u>7,063,390</u>		<u>5,689,008</u>	
Capital and reserves					
Called up share capital	12	500,000		500,000	
Profit and loss account	13	6,563,390		5,189,008	
Shareholders' funds - equity interests	14	<u>7,063,390</u>		<u>5,689,008</u>	

The financial statements were approved by the Board on 23.4.01.....

Jaqueline Gold

J Gold

Chief Executive

The notes on pages 8 to 14 form an integral part of these financial statements.

ANN SUMMERS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

1.2 Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

1.3 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 less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% Straight line
Motor vehicles	25% Straight line

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock

Stock is valued at the lower of cost and net realisable value. Cost is computed on a first in, first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

1.6 Pensions

The company operates money purchase pension arrangements. Pension contributions are paid to separate administered funds. Contributions to these funds are charged to the profit and loss account as and when they are due.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Cashflow

The company has taken advantage of the exemption applicable to wholly owned subsidiaries under Financial Reporting Standard 1 (revised) where the parent company produces consolidated financial statements including a consolidated cashflow statement showing the cashflows of the group. Therefore no cashflow statement has been produced.

1.10 Consolidation

As an intermediate parent company whose securities are not listed anywhere in the European community and whose immediate parent company is incorporated under the law of an EC member country, the company is exempt from the requirement to prepare group financial statements. The results of the company and of its subsidiaries are included in the consolidated financial statements prepared by the parent company, Gold Group International Limited. For a listing of subsidiary undertakings of the company, please refer to note 7.

ANN SUMMERS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	512,902	457,522
Auditors' remuneration	7,886	11,531
	<u> </u>	<u> </u>
 4 Other interest receivable and similar income	 2000	 1999
	£	£
Bank interest	193	179
	<u> </u>	<u> </u>
 5 Taxation	 2000	 1999
	£	£
U.K. current year taxation		
Payment in respect of group relief	381,148	407,575
Prior years		
U.K. corporation tax	(1,433)	(145)
	<u> </u>	<u> </u>
	<u>379,715</u>	<u>407,430</u>

ANN SUMMERS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

6 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost			
At 1 July 1999	350,034	1,776,722	2,126,756
Group transfers	53,789	4,630	58,419
Additions	100,575	516,053	616,628
Disposals	-	(529,527)	(529,527)
At 30 June 2000	504,398	1,767,878	2,272,276
Depreciation			
At 1 July 1999	142,715	623,902	766,617
Group transfers	8,141	(15,066)	(6,925)
On disposals	-	(335,749)	(335,749)
Charge for the year	99,780	413,122	512,902
At 30 June 2000	250,636	686,209	936,845
Net book value			
At 30 June 2000	253,762	1,081,669	1,335,431
At 30 June 1999	207,319	1,152,820	1,360,139

ANN SUMMERS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 1999 & at 30 June 2000	178,980
Provisions for diminution in value	
At 1 July 1999 & at 30 June 2000	178,880
Net book value	
At 30 June 2000	100
At 30 June 1999	100

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%	Principal Activity
Subsidiary undertakings				
Ann Summers Deutschland GmbH	Germany	Ordinary	100	Dormant
Ann Summers Nederland BV	The Netherlands	Ordinary	100	Dormant
Ann Summers (Ireland) Limited	Ireland	Ordinary	100	Party plan
Ann Summers Australasia Pty Limited	Australia	Ordinary	100	Retail
Greenwich House Properties Limited	England & Wales	Ordinary	67	Property development
*Aacron Self Storage Limited	England & Wales	Ordinary	67	Dormant
*York Place Investments Limited	England & Wales	Ordinary	67	Property development

* - held as a 100% subsidiary of Greenwich House Properties Limited.

8 Stocks	2000 £	1999 £
Finished goods	1,360,921	2,392,809

ANN SUMMERS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

9 Debtors	2000 £	1999 £
Trade debtors	471,230	567,889
Amounts owed by group undertakings	16,229,028	11,706,831
Other debtors	126,970	68,351
Prepayments and accrued income	492	8,104
	<u>16,827,720</u>	<u>12,351,175</u>

10 Creditors: amounts falling due within one year	2000 £	1999 £
Trade creditors	1,219,848	830,822
Amounts owed to group undertakings	10,442,161	8,399,163
Taxes and social security costs	615,321	616,550
Other creditors	162,067	549,769
Accruals and deferred income	87,243	99,262
	<u>12,526,640</u>	<u>10,495,566</u>

11 Pension costs

The company contributes to defined contribution pension policies held individually by directors and staff. The pension cost charge represents contributions payable by the company in the year to these policies and amounted to £6,715 (1999 £5,056).

12 Share capital	2000 £	1999 £
Authorised		
500,000 Ordinary Shares of £ 1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
500,000 Ordinary Shares of £ 1 each	<u>500,000</u>	<u>500,000</u>

ANN SUMMERS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 July 1999	5,189,008
Retained profit for the year	1,374,382
Balance at 30 June 2000	6,563,390

14 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	1,374,382	811,506
Opening shareholders' funds	5,689,008	4,877,502
Closing shareholders' funds	7,063,390	5,689,008

15 Contingent liabilities

The company has given a cross guarantee to secure the banking arrangements of the group. At the balance sheet date the group's indebtedness to its bankers was £nil (1999 £nil).

The company has a joint and several liability for VAT under a group registration scheme. At the balance sheet date amounts outstanding and covered by the scheme totalled £395,322 (1999 £468,676). The liability included for Ann Summers Ltd is £550,491 (1999 £567,254).

16 Directors' emoluments

	2000 £	1999 £
Emoluments for qualifying services	246,792	213,410
Company pension contributions to money purchase schemes	6,715	5,056
	253,507	218,466

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	101,484	84,456
Company pension contributions to money purchase schemes	4,124	2,717

The emoluments of D Gold and R Gold are shown in the financial statements of the parent company.

A'NN SUMMERS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2000

17 Transactions with directors

Included in other debtors at the year end are balances owed by J Gold of £5,739 (1999 - £3,723). These were the maximum amounts outstanding during the year. All amounts were repaid after the year end.

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Production staff	96	64
Administration staff	120	145
	<u>216</u>	<u>209</u>

Employment costs

	£	£
Wages and salaries	2,889,327	2,270,862
Social security costs	233,472	179,748
Other pension costs	6,715	5,056
	<u>3,129,514</u>	<u>2,455,666</u>

19 Ultimate parent undertaking

The company's ultimate parent undertaking and immediate controlling party at the balance sheet date was Gold Group International Limited, a company registered in England and Wales.

The ultimate controlling parties are considered to be David Gold and Ralph Gold, majority shareholders of Gold Group International Limited.

20 Related party transactions

The company is a wholly owned subsidiary of Gold Group International Limited and utilises the exemption contained in FRS 8 Related Party Disclosures not to disclose any transactions with entities that are part of the Gold Group International group. The address at which the consolidated financial statements are publicly available is Gadoline House, 2 Godstone Road, Whyteleafe, Surrey CR3 0EA.