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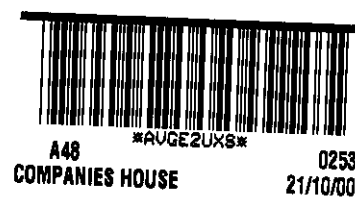
Registrar's Copy

Company No: 2027951

GOLDEN LADY (UK) LIMITED

Annual Report

Year ended 31 December 1999



PANNELL KERR FORSTER
CHARTERED ACCOUNTANTS
Pannell House
159 Charles Street
LEICESTER LE1 1LD

PKF

GOLDEN LADY (UK) LIMITED

COMPANY INFORMATION

Directors	United Kingdom: Alan Cotton (Managing Director) David Anthony Dodds(Financial Director) Italy: Nadia Grassi Monica Grassi
Secretary	David Anthony Dodds
Company Number	02027951
Registered Office	County Estate Nunn Brook Road Huthwaite Sutton in Ashfield Nottinghamshire NG17 2HU
Auditors	Pannell Kerr Forster Pannell House 159 Charles Street Leicester LE1 1LD
Solicitors	Bray & Bray 1, 3, 5 Welford Road Leicester LE2 7AW
Bankers	Lloyds TSB Bank 7 High Street Leicester LE1 9FS

GOLDEN LADY (UK) LIMITED

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GOLDEN LADY (UK) LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 1999

The directors submit their annual report and the audited financial statements for the year ended 31 December 1999.

Results and dividends

The loss for the year, after taxation but before exceptional item amounted to £17,306 (1998 profit - £284,888)

There are no distributable profits available for payment of a dividend.

Principal activity and review of business

The principal activity of the Company throughout the year continued to be the sale, marketing and distribution of ladies tights and stockings.

The Company continued to consolidate its principal brand name "Golden Lady" within the UK and, when combined with its associate companies, makes "Golden Lady" Europe's leading hosiery brand.

All manufacturing is carried out at the Group's own hi-tech factories in Italy but some packing operations are done at the company's freehold premises in Huthwaite, Notts from where all the UK Sales, Marketing and Distribution is undertaken.

Although the company's turnover in the year has reduced, the company has still maintained its share of the UK hosiery market and is hopeful of increasing this in the forthcoming year.

Directors

The directors of the Company at the end of the year were:

United Kingdom:

Alan Cotton (Managing Director)

David Anthony Dodds (Financial Director)

Italy:

Nadia Grassi

Monica Grassi

The Company is a wholly owned subsidiary of a company incorporated outside Great Britain and it is exempt from the requirement to disclose the interests of the directors in other group companies, all of which are incorporated outside Great Britain.

Political and charitable contributions

During the year the Company made charitable contributions amounting to £405.

Fixed assets

Details of fixed assets are shown in note 8 to the financial statements.

Year 2000

The directors have assessed the risks and uncertainties associated with the Year 2000 and have completed the changes to the company's computer systems to make them Year 2000 compliant. The cost of compliance was not material in the context of other normal operating costs.

GOLDEN LADY (UK) LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 31 DECEMBER 1999

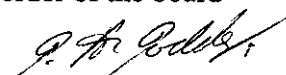
Status

The Company is a close company under the provisions of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint the auditors, Pannell Kerr Forster, Chartered Accountants, will be proposed at the Annual General Meeting.

By order of the board


David Anthony Dodds
Secretary

10 October 2000

County Estate
Nunn Brook Road
Huthwaite
Sutton in Ashfield
Notts
NG17 2HU

GOLDEN LADY (UK) LIMITED
STATEMENT OF 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,
- 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 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
GOLDEN LADY (UK) LIMITED**

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 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 affairs of the company as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

LEICESTER
10 October 2000


PANNELL KERR FORSTER

Registered Auditors

GOLDEN LADY (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
TURNOVER	2	5,030,447	6,741,883
Cost of sales		(2,973,671)	(4,407,906)
GROSS PROFIT		2,056,776	2,333,977
Distribution costs		(1,054,160)	(1,128,721)
Administrative expenses		(1,004,275)	(1,019,773)
OPERATING (LOSS)/PROFIT	3	(1,659)	185,483
Interest receivable and similar items		3,945	9,843
Interest payable and similar items	6	(2,098)	(3,183)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		188	192,143
TAXATION	7	(17,494)	(3,584)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(17,306)	188,559

All amounts relate to continuing operations.

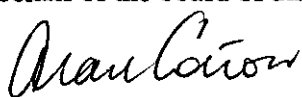
There were no recognised gains or losses for the year other than those included in the profit and loss account.

GOLDEN LADY (UK) LIMITED
BALANCE SHEET
31 DECEMBER 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible	8	2,035,250	2,065,042
CURRENT ASSETS			
Stocks	9	1,279,483	1,857,661
Debtors	10	1,028,126	1,368,821
Cash at bank and in hand		245,200	178,746
		<u>2,552,809</u>	<u>3,405,228</u>
CREDITORS: amounts falling due within one year	11	<u>(1,628,241)</u>	<u>(2,502,444)</u>
NET CURRENT ASSETS		<u>924,568</u>	<u>902,784</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,959,818</u>	<u>2,967,826</u>
CREDITORS: amounts falling due after more than one year	12	<u>(11,066)</u>	<u>(1,768)</u>
NET ASSETS		<u><u>2,948,752</u></u>	<u><u>2,966,058</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	3,000,000	3,000,000
Profit and loss account	15	(51,248)	(33,942)
SHAREHOLDERS' FUNDS	16	<u><u>2,948,752</u></u>	<u><u>2,966,058</u></u>

The financial statements were approved by the board on 10 October 2000

Signed on behalf of the board of directors



Alan Cotton Director



David Anthony Dodds Director

GOLDEN LADY (UK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
Reconciliation of operating (loss)/profit to net cash inflow from operating activities		
Operating (loss)/profit	(1,659)	185,483
Depreciation of tangible fixed assets	332,082	373,558
Profit on sale of fixed assets	(13,346)	(11,449)
Decrease in debtors	348,401	471,574
Decrease in stocks	578,178	106,728
Decrease in creditors	(883,216)	(1,070,891)
Net cash inflow from operating activities	<u>360,440</u>	<u>55,003</u>
CASH FLOW STATEMENT (note 17)		
Net cash inflow from operating activities	360,440	55,003
Returns on investments and servicing of finance	1,847	6,660
Taxation	(28,252)	(1,720)
Capital expenditure	(246,322)	(338,610)
	<u>87,713</u>	<u>(278,667)</u>
Financing	<u>(21,259)</u>	<u>(23,375)</u>
Increase/(decrease) in cash	<u>66,454</u>	<u>(302,042)</u>
Reconciliation of net cash flow to movement in net debt (note 18)		
Increase/(decrease) in cash in the period	66,454	(302,042)
(Increase)/decrease in hire purchase financing	(21,362)	23,375
Change in net funds/(debt)	<u>45,092</u>	<u>(278,667)</u>
Net funds at 1 January 1999	171,393	450,060
Net funds at 31 December 1999	<u>216,485</u>	<u>171,393</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

(b) Tangible fixed assets and depreciation

Tangible fixed assets except freehold land are depreciated by equal annual instalments over their anticipated useful lives on the following bases:

Buildings	4%.
Plant and equipment	20 - 33 1/3%
Merchandising equipment	50%
Motor vehicles	33.3%

Periodic reviews are made to take into account usage and obsolescence.

(c) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The instalments payable under each agreement are apportioned between capital and revenue to write off the finance charge in equal amounts over the period of the agreement.

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

(d) Stocks and work in progress

Goods for resale are stated at the lower of cost and net realisable value.

Cost is determined on a first in first out basis.

Net realisable value is the estimated selling price reduced by all costs of marketing, selling and distribution.

(e) Exchange conversions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions during the year in foreign currencies are recorded at the rates applicable at the date of the transactions. All differences are taken to profit and loss account.

(f) Deferred taxation

The charge for taxation takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

(g) Pensions

The company operates defined contribution pension schemes 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.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

2 TURNOVER

Turnover represents the amounts derived from the provision of goods and services falling within the Company's ordinary activities after the deduction of trade discounts and value added tax. The company engages in only one class of business and the majority of turnover arises in the United Kingdom.

3 OPERATING (LOSS)/PROFIT

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

	1999 £	1998 £
Depreciation of tangible fixed assets:		
- owned by the company	324,281	367,001
- held under finance lease or hire purchase contracts	7,801	6,557
Audit fees	6,300	6,200
Operating lease rentals:		
- plant & machinery	19,940	24,630
Profit on disposal of fixed assets	(13,346)	(11,449)
Exceptional item:		
Unrecovered costs on warehouse roof claim	-	96,329
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	1999 £	1998 £
Directors' emoluments	141,428	141,659
Contributions to money purchase pension schemes	12,050	12,109
	<u> </u>	<u> </u>

The numbers of directors who were members of company pension schemes were:

	No	No
Money purchase schemes	2	2
	<u> </u>	<u> </u>

5 STAFF COSTS

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

	1999 £	1998 £
Wages and salaries	365,456	369,262
Social security costs	36,371	35,366
Other pension costs	26,823	24,166
	<u> </u>	<u> </u>
	428,650	428,794
	<u> </u>	<u> </u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

5 STAFF COSTS - CONTINUED

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

	No.	No.
Sales and distribution	12	12
Administration	6	6
	<u>18</u>	<u>18</u>

6 INTEREST PAYABLE AND SIMILAR ITEMS

	1999	1998
	£	£
Bank overdraft	734	359
Finance charges under finance lease and hire purchase contracts	1,364	2,824
	<u>2,098</u>	<u>3,183</u>

7 TAXATION

	1999	1998
	£	£
Current year taxation		
UK corporation tax at 30.2% (1998 - 31%)	17,494	3,051
Adjustments in respect of prior periods		
Corporation tax	-	533
	<u>17,494</u>	<u>3,584</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

8 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant & Merchandising equipment £	Merchandising equipment £	Motor vehicles £	Total £
Cost					
At 1 January 1999	1,942,172	660,064	232,949	110,502	2,945,687
Additions	44,030	118,926	93,775	54,373	311,104
Disposals	-	-	(54,777)	(69,171)	(123,948)
At 31 December 1999	<u>1,986,202</u>	<u>778,990</u>	<u>271,947</u>	<u>95,704</u>	<u>3,132,843</u>
Depreciation					
At 1 January 1999	346,007	411,679	59,844	63,115	880,645
Charge for year	72,992	94,735	127,625	36,730	332,082
On disposals	-	-	(54,777)	(60,357)	(115,134)
At 31 December 1999	<u>418,999</u>	<u>506,414</u>	<u>132,692</u>	<u>39,488</u>	<u>1,097,593</u>
Net book amount					
At 31 December 1999	<u>1,567,203</u>	<u>272,576</u>	<u>139,255</u>	<u>56,216</u>	<u>2,035,250</u>
At 31 December 1998	<u>1,596,165</u>	<u>248,385</u>	<u>173,105</u>	<u>47,387</u>	<u>2,065,042</u>

The net book value of assets held under finance lease or hire purchase contracts included above were:

	1999 £	1998 £
Plant & equipment	6,416	8,748
Motor vehicles	37,153	6,689
	<u>43,569</u>	<u>15,437</u>

9 STOCKS

	1999 £	1998 £
Finished goods and goods for resale	<u>1,279,483</u>	<u>1,857,661</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

10 DEBTORS

	1999 £	1998 £
Due within one year		
Trade debtors	977,338	1,328,816
Other debtors	7,706	-
Prepayments & accrued income	43,082	40,005
	<u>1,028,126</u>	<u>1,368,821</u>

11 CREDITORS:

Amounts falling due within one year

	1999 £	1998 £
Trade creditors	220,887	144,880
Amounts owed to group undertakings	1,071,983	1,884,688
Corporation tax	-	3,051
Other tax and social security	176,196	320,081
Net obligations under finance lease and hire purchase contracts (note 13)	17,649	5,585
Other creditors	378	1,028
Accruals and deferred income	141,148	143,131
	<u>1,628,241</u>	<u>2,502,444</u>

12 CREDITORS:

Amounts falling due after more than one year

	1999 £	1998 £
Net obligations under finance lease and hire purchase contracts (note 13)	11,066	1,768
	<u>11,066</u>	<u>1,768</u>

13 FINANCE LEASES

Net obligations under finance lease and hire purchase agreements fall due as follows:

	1999 £	1998 £
Due within one year	17,649	5,585
Due within two and five years	11,066	1,768
	<u>28,715</u>	<u>7,353</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

14 SHARE CAPITAL

	Authorised	Allotted, called up and	
fully paid	£	No.	£
At 1 January 1999 and 31 December 1999 Ordinary shares of £100 each	4,000,000	30,000	3,000,000

15 RESERVES

Profit and loss account	£
At 1 January 1999	(33,942)
Loss for the year	(17,306)
At 31 December 1999	(51,248)

16 SHAREHOLDERS' FUNDS

	1999 £	1998 £
Shareholders' funds at 1 January 1999	2,966,058	2,777,499
(Loss)/profit for the year	(17,306)	188,559
Shareholders' funds at 31 December 1999	2,948,752	2,966,058

17 GROSS CASH FLOWS

	1999 £	1998 £
Returns on investments and servicing of finance		
Interest received	3,945	9,843
Interest paid	(2,098)	(3,183)
	1,847	6,660
Capital expenditure		
Payments to acquire tangible fixed assets	(268,483)	(354,676)
Receipts from sales of tangible fixed assets	22,161	16,066
	(246,322)	(338,610)
Financing		
Hire purchase repayments	(21,259)	(23,375)
	(21,259)	(23,375)

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1999

18 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 1999 £	Cash flows £	Other changes £	At 31 December 1999 £
Cash at bank and in hand	178,746	66,454	-	245,200
Finance leases	(7,353)	(21,362)	-	(28,715)
Total	<u>171,393</u>	<u>45,092</u>	<u>-</u>	<u>216,485</u>

19 OTHER COMMITMENTS

At 31 December 1999 the company had annual commitments under operating leases as follows:

	1999 £	Other 1998 £
Expiry date: Between 2 and 5 years	14,900	14,885

20 DEFERRED TAXATION

There is no potential liability to deferred taxation at 31 December 1999 (1998 £Nil).

21 RELATED PARTY TRANSACTIONS

As Golden Lady (UK) Limited is a subsidiary of Gilfin Spa and the consolidated accounts of Gilfin Spa are publicly available in Italy, advantage has been taken of the exemption offered by Financial Reporting Standard 8 from the requirement to disclose transactions with other group companies.

22 PENSION SCHEME

The company operates money purchase pension schemes for the benefit of directors of the company. The assets of the schemes are held separately from those of the Company, being invested in insurance companies. The Company also contributes to personal pension plans for certain employees. The pension costs charge represents contributions payable by the Company during the year and is disclosed in note 5. Unpaid contributions at the year end amounted to £378 (1998: £293).

23 ULTIMATE PARENT AND CONTROLLING PARTY

The ultimate parent Company is Gilfin Spa, a company incorporated in Italy, which is also the ultimate controlling party.