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Registrar's Copy

Company No: 2027951

GOLDEN LADY (UK) LIMITED

Annual Report

Year ended 31 December 2001



PKF
PANNELL HOUSE
159 CHARLES STREET
LEICESTER LE1 1LD

PKF

GOLDEN LADY (UK) LIMITED

COMPANY INFORMATION

Directors	Nadia Grassi Monica Grassi
Secretary	Nadia Grassi
Company Number	02027951
Registered Office	County Estate Nunn Brook Road Huthwaite, Sutton In Ashfield Nottinghamshire NG17 2HU
Auditors	PKF Pannell House 159 Charles Street Leicester LE1 1LD
Solicitors	Bray & Bray 1, 3 & 5 Welford Road Leicester LE2 7AN
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 2001

The directors submit their annual report and the audited financial statements for the year ended 31 December 2001.

Results and dividends

The profit for the year, after taxation, amounted to **£54,242** (2000 - £251,975 loss).

Principal activity and review of the 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 and all the UK Sales, Marketing and Distribution is undertaken from the company's freehold premises in Huthwaite, Nottinghamshire.

The directors are satisfied with the level of activity achieved in the year and the resulting profits. The market is showing signs of recovery, and the directors are confident of the future prospects of the company.

Directors

The directors at the end of the year were:

Nadia Grassi
Monica Grassi

Alan Cotton and David Dodds resigned as directors on 9 April 2001.

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 £870.

Fixed assets

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

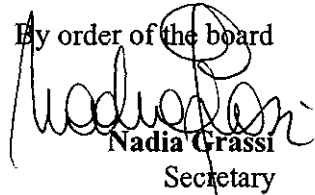
Status

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

GOLDEN LADY (UK) LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 31 DECEMBER 2001

Auditors

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the board

Nadia Grassi
Secretary

11 June 2002

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;
- 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 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

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

We have audited the financial statements of Golden Lady (UK) Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements 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 financial statements, 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 financial statements. It also includes an assessment of the significant estimates and judgments 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.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leicester, UK
11 June 2002


PKF
Registered Auditors

GOLDEN LADY (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
TURNOVER	2	5,189,712	5,403,313
Cost of sales		<u>(3,138,483)</u>	<u>(3,318,871)</u>
GROSS PROFIT		2,051,229	2,084,442
Distribution costs		<u>(981,746)</u>	<u>(1,158,010)</u>
Administrative expenses		<u>(978,901)</u>	<u>(1,196,803)</u>
OPERATING PROFIT/(LOSS)	3	90,582	(270,371)
Interest receivable and similar income		5,436	2,765
Interest payable and similar charges	6	<u>(1,963)</u>	<u>(2,867)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		94,055	(270,473)
TAXATION	7	<u>(39,813)</u>	<u>18,498</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>54,242</u>	<u>(251,975)</u>

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 2001

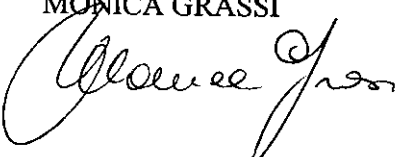
	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible	8	1,683,885	1,924,946
CURRENT ASSETS			
Stocks	9	1,245,488	1,271,340
Debtors	10	1,609,923	1,260,687
Cash at bank and in hand		396,560	183,508
		<u>3,251,971</u>	<u>2,715,535</u>
CREDITORS: amounts falling due within one year	11	<u>(2,183,868)</u>	<u>(1,943,704)</u>
NET CURRENT ASSETS		<u>1,068,103</u>	<u>771,831</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,751,988</u>	<u>2,696,777</u>
CREDITORS: amounts falling due after more than one year	12	<u>(969)</u>	<u>-</u>
NET ASSETS		<u><u>2,751,019</u></u>	<u><u>2,696,777</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	3,000,000	3,000,000
Profit and loss account	15	(248,981)	(303,223)
SHAREHOLDERS' FUNDS	16	<u><u>2,751,019</u></u>	<u><u>2,696,777</u></u>

The financial statements were approved by the board on 11 June 2002

Signed on behalf of the board of directors


NADIA GRASSI

Director

MONICA GRASSI


Director

GOLDEN LADY (UK) LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2001

	2001 £	2000 £
Reconciliation of operating profit/(loss) to net cash inflow from operating activities		
Operating profit/(loss)	90,582	(270,371)
Depreciation of tangible fixed assets	324,896	360,417
Loss/(profit) on sale of fixed assets	9,635	(3,444)
Increase in debtors	(369,842)	(201,163)
Decrease in stocks	25,852	8,143
Increase in creditors	206,184	322,682
Net cash inflow from operating activities	<u>287,307</u>	<u>216,264</u>
 CASH FLOW STATEMENT (note 17)		
Net cash inflow from operating activities	287,307	216,264
Returns on investments and servicing of finance	3,473	(102)
Taxation	19,604	(12,900)
Capital expenditure	(80,089)	(246,669)
	<u>230,295</u>	<u>(43,407)</u>
Financing	<u>(17,243)</u>	<u>(18,284)</u>
Increase/(decrease) in cash	<u>213,052</u>	<u>(61,691)</u>
 Reconciliation of net cash flow to movement in net funds (note 18)		
Increase/(decrease) in cash in the year	213,052	(61,691)
Decrease in hire purchase financing	3,862	18,283
Change in net funds	<u>216,914</u>	<u>(43,408)</u>
Net funds at 1 January 2001	173,077	216,485
Net funds at 31 December 2001	<u>389,991</u>	<u>173,077</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

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

(b) 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.

(c) Tangible fixed assets

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	20-33.3 %
Merchandising equipment	50 %
Motor vehicles	33.3 %

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

(d) 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.

(e) 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. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(f) Foreign currencies

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 the profit and loss account.

(g) 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.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

1 ACCOUNTING POLICIES (continued)

(h) 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 TURNOVER

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

3 OPERATING PROFIT/(LOSS)

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

	2001 £	2000 £
Depreciation of tangible fixed assets:		
- owned by the company	321,151	346,210
- held under finance lease or hire purchase contracts	3,745	14,207
Audit fees	6,600	6,400
Operating lease rentals:		
- plant & machinery	22,022	21,163
Loss/(profit) on disposal of fixed assets	9,635	(3,444)
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2001 £	2000 £
Directors' emoluments	51,685	140,720
Contributions to money purchase pension schemes	15,199	12,430
	<u> </u>	<u> </u>
The number of directors accruing benefits under pension schemes were:		
	No	No
Money purchase schemes	2	2
	<u> </u>	<u> </u>

A total of £7,920 was paid to former directors as compensation for loss of office.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

5 STAFF COSTS

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

	2001	2000
	£	£
Wages and salaries	329,813	368,081
Social security costs	28,664	40,259
Other pension costs	30,566	31,831
	<u>389,043</u>	<u>440,171</u>

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

	No	No
Sales and distribution	10	11
Administration	6	6
	<u>16</u>	<u>17</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
Bank loans and overdrafts	343	1,273
Finance charges under finance lease and hire purchase contracts	1,620	1,594
	<u>1,963</u>	<u>2,867</u>

7 TAXATION

	2001	2000
	£	£
UK corporation tax		
Current tax on income for the year	38,810	(18,498)
Adjustments in respect of prior periods	1,003	-
Total UK taxation	<u>39,813</u>	<u>(18,498)</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

8 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant, Machinery & Motor vehicles £	Merchandising equipment £	Total £
Cost				
At 1 January 2001	2,010,022	900,466	243,196	3,153,684
Additions	-	38,703	78,983	117,686
Disposals	-	(95,630)	(93,775)	(189,405)
At 31 December 2001	<u>2,010,022</u>	<u>843,539</u>	<u>228,404</u>	<u>3,081,965</u>
Depreciation				
At 1 January 2001	493,038	634,778	100,922	1,228,738
Charge for year	87,518	119,037	118,341	324,896
On disposals	-	(61,779)	(93,775)	(155,554)
At 31 December 2001	<u>580,556</u>	<u>692,036</u>	<u>125,488</u>	<u>1,398,080</u>
Net book amount				
At 31 December 2001	<u>1,429,466</u>	<u>151,503</u>	<u>102,916</u>	<u>1,683,885</u>
At 31 December 2000	<u>1,516,984</u>	<u>265,688</u>	<u>142,274</u>	<u>1,924,946</u>

The net book amounts above include £9,636 (2000 - £22,946) in respect of motor vehicles held under finance leases or hire purchase contracts.

9 STOCKS

	2001 £	2000 £
Finished goods and goods for resale	<u>1,245,488</u>	<u>1,271,340</u>

10 DEBTORS

	2001 £	2000 £
Due within one year		
Trade debtors	1,490,147	1,161,663
Other debtors	18,498	39,104
Prepayments & accrued income	101,278	59,920
	<u>1,609,923</u>	<u>1,260,687</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

11 CREDITORS

	2001 £	2000 £
Amounts falling due within one year		
Trade creditors	192,125	211,385
Amounts owed to group undertakings	1,482,810	1,308,516
Corporation tax	38,810	-
Other tax and social security	235,414	217,155
Net obligations under finance lease and hire purchase contracts(note 13)	5,600	10,431
Other creditors	-	4,099
Accruals and deferred income	229,109	192,118
	<u>2,183,868</u>	<u>1,943,704</u>

12 CREDITORS

	2001 £	2000 £
Amounts falling due after more than one year		
Net obligations under finance lease and hire purchase contracts(note 13)	969	-
	<u>969</u>	<u>-</u>

13 FINANCE LEASES

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

	2001 £	2000 £
Within one year	5,600	10,431
Between two and five years	969	-
	<u>6,569</u>	<u>10,431</u>

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

14 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 January 2001 and 31 December 2001			
Ordinary shares of £100 each	4,000,000	30,000	3,000,000
	<u>4,000,000</u>	<u>30,000</u>	<u>3,000,000</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

15 RESERVES

Profit and loss account	£
At 1 January 2001	(303,223)
Profit for the year	<u>54,242</u>
At 31 December 2001	<u><u>(248,981)</u></u>

16 SHAREHOLDERS' FUNDS

	2001 £	2000 £
Shareholders' funds at 1 January 2001	2,696,777	2,948,752
Profit/(loss) for the year	<u>54,242</u>	<u>(251,975)</u>
Shareholders' funds at 31 December 2001	<u><u>2,751,019</u></u>	<u><u>2,696,777</u></u>

17 GROSS CASH FLOWS

	2001 £	2000 £
Returns on investments and servicing of finance		
Interest received	5,436	2,765
Interest paid	(343)	(1,273)
Interest element of finance lease rentals	<u>(1,620)</u>	<u>(1,594)</u>
	<u><u>3,473</u></u>	<u><u>(102)</u></u>
Taxation		
Taxation	<u><u>19,604</u></u>	<u><u>(12,900)</u></u>
Capital expenditure		
Payments to acquire tangible fixed assets	(104,305)	(251,169)
Receipts from sales of tangible fixed assets	<u>24,216</u>	<u>4,500</u>
	<u><u>(80,089)</u></u>	<u><u>(246,669)</u></u>
Financing		
Capital element of finance lease rentals	<u><u>(17,243)</u></u>	<u><u>(18,284)</u></u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2001

18 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2001 £	Cash flows £	Other changes £	At 31 December 2001 £
Cash at bank and in hand	183,508	213,052	-	396,560
Finance leases	(10,431)	3,862	-	(6,569)
Total	<u>173,077</u>	<u>216,914</u>	<u>-</u>	<u>389,991</u>

19 OTHER COMMITMENTS

At 31 December 2001 the company had annual commitments under operating leases as follows:

	Other 2001 £	2000 £
Expiry date:		
Between one and five years	<u>16,073</u>	<u>14,900</u>

20 TRANSACTIONS WITH RELATED PARTIES

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.

21 PENSION SCHEME

The company operates money purchase pension schemes for the benefit of directors of the company. The assets of the scheme 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 cost charge represents contributions payable by the Company during the year and is disclosed in note 5. Prepaid contributions at the year end amounted to £713 (2000: £4,099 payable).

22 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

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