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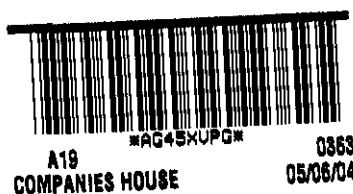
Registrar's Copy

Company No: 2027951

GOLDEN LADY (UK) LIMITED

Annual Report

Year ended 31 December 2003



PKF
PANNELL HOUSE
159 CHARLES STREET
LEICESTER LE1 1LD
PKF

GOLDEN LADY (UK) LIMITED

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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
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2003

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

Results and dividends

The profit for the year, after taxation, amounted to £158,285 (2002 - £90,862).

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, stockings and lingerie.

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 who served during the year were:

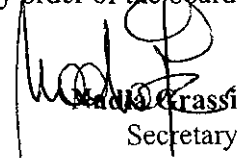
Nadia Grassi
Monica Grassi

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.

Fixed assets

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

By order of the Board


Nadia Grassi
Secretary

29 April 2004

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.

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 MEMBERS OF
GOLDEN LADY (UK) LIMITED**

We have audited the financial statements of Golden Lady (UK) Limited for the year ended 31 December 2003 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leicester, UK
29 April 2004



PKF
Registered Auditors

GOLDEN LADY (UK) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
TURNOVER	2	4,268,960	4,799,182
Cost of sales		<u>(2,473,438)</u>	<u>(2,873,242)</u>
GROSS PROFIT		1,795,522	1,925,940
Distribution costs		<u>(898,204)</u>	<u>(1,000,120)</u>
Administrative expenses		<u>(669,305)</u>	<u>(759,942)</u>
OPERATING PROFIT	3	228,013	165,878
Interest receivable and similar income		11,839	7,569
Interest payable and similar charges	6	<u>(30)</u>	<u>(585)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		239,822	172,862
TAXATION	7	<u>(81,537)</u>	<u>(82,000)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>158,285</u>	<u>90,862</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 2003

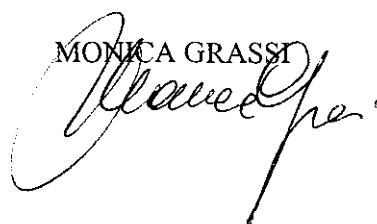
	Notes	2003 £	2002 £
FIXED ASSETS			
Tangible	8	1,355,039	1,453,990
CURRENT ASSETS			
Stocks	9	960,914	746,601
Debtors	10	791,530	914,788
Cash at bank and in hand		479,004	807,158
		<u>2,231,448</u>	<u>2,468,547</u>
CREDITORS: amounts falling due within one year	11	<u>(586,321)</u>	<u>(1,080,656)</u>
NET CURRENT ASSETS		<u>1,645,127</u>	<u>1,387,891</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,000,166</u>	<u>2,841,881</u>
CAPITAL AND RESERVES			
Called up share capital	13	3,000,000	3,000,000
Profit and loss account	14	166	(158,119)
SHAREHOLDERS' FUNDS	15	<u>3,000,166</u>	<u>2,841,881</u>

The financial statements were approved by the board on 29 April 2004

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 2003

	2003 £	2002 £
Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		
Operating profit	228,013	165,878
Depreciation of tangible fixed assets	161,892	254,394
(Profit)/loss on sale of fixed assets	(5,670)	13,872
Decrease in debtors	123,258	676,637
(Increase)/decrease in stocks	(214,313)	498,887
Decrease in creditors	(492,743)	(1,118,518)
Net cash (outflow)/inflow from operating activities	<u>(199,563)</u>	<u>491,150</u>
 CASH FLOW STATEMENT (note 16)		
Net cash (outflow)/inflow from operating activities	(199,563)	491,150
Returns on investments and servicing of finance	11,809	6,984
Taxation	(82,118)	(43,607)
Capital expenditure	(57,271)	(38,371)
	<u>(327,143)</u>	<u>416,156</u>
Financing	(1,011)	(5,558)
(Decrease)/increase in cash	<u>(328,154)</u>	<u>410,598</u>
 Reconciliation of net cash flow to movement in net funds (note 17)		
(Decrease)/increase in cash in the year	(328,154)	410,598
Decrease in hire purchase financing	1,011	5,558
Change in net funds	(327,143)	416,156
Net funds at 1 January 2003	<u>806,147</u>	<u>389,991</u>
Net funds at 31 December 2003	<u>479,004</u>	<u>806,147</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

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 falling within the Company's ordinary activities after the deduction of trade discounts and value added tax. Turnover is recognised at the point of dispatches.

(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 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.

(e) Operating leases

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

(f) 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.

(g) 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 exchange differences are taken to the profit and loss account.

(h) Deferred taxation

Deferred tax is provided using the full provision method at current rates for taxation deferred for all timing differences. Deferred tax balances are not discounted.

Deferred tax assets are only recognised if there is a reasonable probability that they can be utilised in the foreseeable future.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

1 ACCOUNTING POLICIES (continued)

(i) 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

The company engages in only one class of business and the majority of turnover arises in the United Kingdom.

3 OPERATING PROFIT

The operating profit is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	161,892	249,934
- held under finance lease or hire purchase contracts	-	4,460
Audit fees	7,250	7,150
Operating lease rentals:		
- plant & machinery	25,939	37,334
(Profit)/ loss on disposal of fixed assets	(5,670)	13,872
	<u> </u>	<u> </u>

4 DIRECTORS' EMOLUMENTS AND BENEFITS

	2003 £	2002 £
Directors' emoluments	4,800	4,800
	<u> </u>	<u> </u>

No directors (2002 - none) were members of company pension schemes.

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

5 STAFF COSTS

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

	2003	2002
	£	£
Wages and salaries	328,509	325,187
Social security costs	32,172	34,871
Other pension costs	17,741	18,303
	<u>378,422</u>	<u>378,361</u>

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

	No	No
Sales and distribution	9	11
Administration	6	7
	<u>15</u>	<u>18</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Bank loans and overdrafts	9	71
Finance charges under finance lease and hire purchase contracts	21	514
	<u>30</u>	<u>585</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

7 TAXATION

(a) Analysis of charge in year	2003 £	2002 £
UK corporation tax		
Current tax on income for the year	89,032	82,000
Adjustments in respect of prior periods	(7,495)	-
Tax on profit on ordinary activities	<u>81,537</u>	<u>82,000</u>

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>239,822</u>	<u>172,862</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002: 30%)	71,947	51,859
Effects of:		
Depreciation in excess of capital allowances	17,028	28,568
Movement in provisions	(267)	1,007
Expenses not deductible for tax purposes	324	566
Prior period adjustments	(7,495)	-
Current tax charge for the year	<u>81,537</u>	<u>82,000</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

8 TANGIBLE FIXED ASSETS

	Freehold land & buildings £	Plant, Machinery & Motor vehicles £	Merchandising equipment £	Total £
Cost				
At 1 January 2003	2,010,022	851,176	229,095	3,090,293
Additions	-	40,175	28,812	68,987
Disposals	-	(29,162)	-	(29,162)
At 31 December 2003	<u>2,010,022</u>	<u>862,189</u>	<u>257,907</u>	<u>3,130,118</u>
Depreciation				
At 1 January 2003	655,439	778,583	202,281	1,636,303
Charge for year	74,784	53,844	33,264	161,892
On disposals	-	(23,116)	-	(23,116)
At 31 December 2003	<u>730,223</u>	<u>809,311</u>	<u>235,545</u>	<u>1,775,079</u>
Net book amount				
At 31 December 2003	<u>1,279,799</u>	<u>52,878</u>	<u>22,362</u>	<u>1,355,039</u>
At 31 December 2002	<u>1,354,583</u>	<u>72,593</u>	<u>26,814</u>	<u>1,453,990</u>

The net book amounts of motor vehicles above include £NIL (2002 - £5,176) in respect of assets held under finance leases or hire purchase contracts.

9 STOCKS

	2003 £	2002 £
Finished goods and goods for resale	<u>960,914</u>	<u>746,601</u>

10 DEBTORS

	2003 £	2002 £
Due within one year		
Trade debtors	749,063	873,880
Prepayments & accrued income	42,467	40,908
	<u>791,530</u>	<u>914,788</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

11 CREDITORS

	2003 £	2002 £
Amounts falling due within one year		
Trade creditors	131,690	132,810
Amounts owed to group undertakings	2,013	505,133
Corporation tax	58,124	58,705
Other tax and social security	254,369	246,692
Net obligations under finance lease and hire purchase contracts(note 12)	-	1,011
Accruals and deferred income	140,125	136,305
	<u>586,321</u>	<u>1,080,656</u>

12 FINANCE LEASES

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

	2003 £	2002 £
Within one year	-	1,011
	<u>-</u>	<u>1,011</u>

creditors are secured on the assets concerned.

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

13 SHARE CAPITAL

	Authorised £	Allotted, called up and fully paid No	£
At 1 January 2003 and 31 December 2003			
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>

14 RESERVES

	£
Profit and loss account	
At 1 January 2003	(158,119)
Profit for the year	158,285
At 31 December 2003	<u>166</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

15 SHAREHOLDERS' FUNDS

	2003 £	2002 £
Shareholders' funds at 1 January 2003	2,841,881	2,751,019
Profit for the year	158,285	90,862
Shareholders' funds at 31 December 2003	<u>3,000,166</u>	<u>2,841,881</u>

16 GROSS CASH FLOWS

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	11,839	7,569
Interest paid	(9)	(71)
Interest element of finance lease rentals	(21)	(514)
	<u>11,809</u>	<u>6,984</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(68,987)	(40,869)
Receipts from sales of tangible fixed assets	11,716	2,498
	<u>(57,271)</u>	<u>(38,371)</u>
Financing		
Capital element of finance lease rentals	(1,011)	(5,558)
	<u></u>	<u></u>

17 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2003 £	Cash flows £	Other changes £	At 31 December 2003 £
Cash at bank and in hand	807,158	(328,154)	-	479,004
Finance leases	(1,011)	1,011	-	-
Total	<u>806,147</u>	<u>(327,143)</u>	<u>-</u>	<u>479,004</u>

GOLDEN LADY (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2003

18 OTHER COMMITMENTS

At 31 December 2003 the company had annual commitments under operating leases as follows:

	2003	Other	2002
	£		£
Expiry date:			
Between one and five years	11,444		18,873

19 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.

20 PENSION COSTS

The Company 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. Accrued contributions at the year end amounted to £1,753 (2002: £2,644).

21 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

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