

**PENHALIGON'S AND JEA VONS
INVESTMENT CO LIMITED**

Report and Unaudited Financial Statements

53 weeks ended 5 January 2002



Deloitte & Touche
1 Woodborough Road
Nottingham
NG1 3FG

PENHALIGON'S AND JEA VONS INVESTMENT CO LIMITED

REPORT AND UNAUDITED FINANCIAL STATEMENTS 2002

CONTENTS

Page

Officers and professional advisers

1

Directors' report

2

Balance sheet

3

Notes to the accounts

4

PENHALIGON'S AND JEAVONS INVESTMENT CO LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R A Nielsen (USA)

SECRETARY

C Wong

REGISTERED OFFICE

Unit 5-7
Blenheim Court
62 Brewery Road
London
N7 9NY

PENHALIGON'S AND JEAVONS INVESTMENT CO LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 5 January 2002.

REVIEW OF DEVELOPMENTS

The principal activity of the company is that of a holding company. The company did not trade during the year. The profit for the period, after taxation, amounted to £Nil (period ended 1 January 2001 £Nil).

On 8 February 2002, Cradle Penhaligon's Limited purchased 51% of the issued share capital of Penhaligon's and Jeavons Investment Co Ltd as part of the structuring of the acquisition the Penhaligon's group of companies by Fox Paine Capital II Fund L.P. The ultimate parent company of Cradle Penhaligon's Limited is Fox Paine Capital II Fund L.P.

PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding accounting period. There have been no movements in shareholders' funds during the year under review or the preceding accounting period.

ULTIMATE PARENT COMPANY CHAPTER 11 (VOLUNTARY CREDITORS ARRANGEMENT)

The Warnaco Group, Inc. announced on 11 June 2001 that the Company, and certain of its subsidiaries, have voluntarily petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code with the U.S. Bankruptcy Court for the Southern District of New York.

The sale of Penhaligon's and Jeavons Investment Co Ltd, which was subject to Court approval, has released Penhaligon's and Jeavons Investment Co Ltd from any of its obligations of operating under the protection of Chapter 11.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year, none of which had any beneficial interest in the company or the group were as follows:

J M Boughton

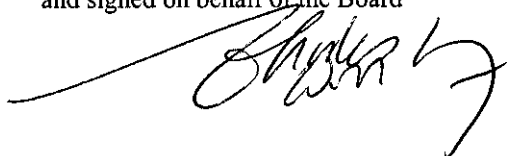
M E Stewart

R Kemp – resigned 8 February 2002

None of the directors received emoluments for their services during the year (1 January 2001 £Nil).

No director held shares in the company during the year, nor did they have any interest in shares in other group companies within Great Britain. Under statutory instrument 802 1985, the interests of the directors in the capital of the ultimate holding company or any of its subsidiaries incorporated overseas, are not required to be disclosed.

Approved by the Board of Directors
and signed on behalf of the Board



C WONG

Secretary

PENHALIGON'S AND JEAVONS INVESTMENT CO LIMITED

BALANCE SHEET

5 January 2002

	Note	5 January 2002 £	30 December 2000 £
FIXED ASSETS			
Investments		500,000	500,000
CURRENT ASSETS			
Debtors		80	80
CREDITORS: amounts falling due			
Within one year		(500,000)	(500,000)
NET CURRENT (LIABILITIES)/ASSETS		(499,900)	(499,900)
TOTAL ASSETS LESS CURRENT			
 LIABILITIES		80	80
CAPITAL AND RESERVES			
Called up share capital	4	80	80
TOTAL EQUITY SHAREHOLDERS' FUNDS		80	80

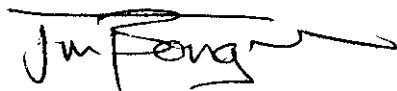
The annual accounts have not been audited because the company is entitled to the exemption provided by section 249AA(1) of the Companies Act 1985, relating to dormant companies and its members have not required the company to obtain an audit of these accounts in accordance with s249B(2).

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with Section 221 of the Companies Act 1985. The directors also acknowledge their responsibilities for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with Section 266 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

J M BOUGHTON



Director

PENHALIGON'S AND JEAVONS INVESTMENT CO LIMITED

NOTES TO THE ACCOUNTS

53 weeks ended 5 January 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Fixed asset investments are stated at cost less impairment.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Standard 1 (Revised 1996) on the grounds that copies of the report and financial statements of the Warnaco Group Inc., the ultimate parent company, are publicly available.

2. PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the company has not received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding accounting period. There have been no movements in shareholders' funds during the year under review or the preceding accounting period.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No emoluments were payable to the directors, who were the only employees of the company during the current and preceding financial year.

4. CALLED UP SHARE CAPITAL

	5 January 2002 £	30 December 2000 £
Authorised		
80 'A' ordinary shares of £1 each	80	80
20 'B' ordinary shares of £1 each	20	20
	<hr/>	<hr/>
	100	100
	<hr/>	<hr/>
Called up, allotted and fully paid		
80 'A' ordinary shares of £1 each	80	80
	<hr/>	<hr/>
	80	80
	<hr/>	<hr/>

PENHALIGON'S AND JEAVONS INVESTMENT CO LIMITED

NOTES TO THE ACCOUNTS

53 weeks ended 5 January 2002

5. RELATED PARTY DISCLOSURES

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard No 8 - 'Related Party Disclosures' as the consolidated accounts of Warnaco Inc., in which the company is included, can be obtained from The Warnaco Group Inc., 740 Wheelers Farm, Milford, Connecticut, 06460 USA.

At the year end the ultimate holding company was The Warnaco Group Inc. , a company incorporated in the United States of America. The ultimate holding company became Fox Paine Capital II Fund L.P., a company incorporated in the United States of America, on the 8th February 2002