

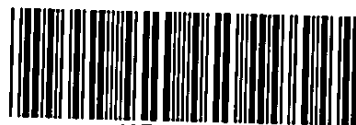
Company registration No. 04313439

**REPORT AND FINANCIAL STATEMENTS  
30 DECEMBER 2006**

**FOR**

**WACOAL (UK) LIMITED**

THURSDAY



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**WACOAL (UK) LIMITED**

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**52 week period ended 30 December 2006**

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**WACOAL (UK) LIMITED**

**COMPANY INFORMATION**

**52 week period ended 30 December 2006**

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**DIRECTORS:**

R Murray  
K Yamamoto  
H Hyogo

**SECRETARY:**

Scrip Secretaries Limited

**REGISTERED OFFICE:**

17 Hanover Square  
London  
W1S 1HU

**REGISTERED NUMBER**

04313439

**AUDITORS:**

Badger Hakim  
Chartered Accountants and Registered Auditors  
10 Dover Street  
London  
W1S 4LQ

## **WACOAL (UK) LIMITED**

### **REPORT OF THE DIRECTORS**

**52 week period ended 30 December 2006**

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The directors present their annual report and the audited financial statements of the company for the 52 week period ended 30 December 2006

#### **PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of sale of clothing on behalf of the parent company, Wacoal America Inc

#### **REVIEW OF BUSINESS**

The results for the period and financial position of the company are as shown in the annexed financial statements

The directors expect the current level of activity to continue for the foreseeable future

#### **DIVIDENDS**

The directors do not recommend the payment of a dividend (52 week period ended 31 December 2006 - £nil)

#### **DIRECTORS**

The directors during the period under review were

R Murray (US citizen)  
K Yamamoto (Japanese citizen)  
H Hyogo (Japanese citizen) - appointed 3<sup>rd</sup> April 2006  
Y Ide (Japanese citizen) - resigned 1<sup>st</sup> April 2006

The directors holding office at 30 December 2006 did not hold any beneficial interest in the issued share capital of the company at 1 January 2006 (or date of appointment if later) or 30 December 2006, or any other group company at any point in the year

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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, and
- 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.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**WACOAL (UK) LIMITED**

**REPORT OF THE DIRECTORS**

**52 week period ended 30 December 2006**

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**AUDITORS**

The auditors, Badger Hakim, were appointed to act on 2nd January 2007. Badger Hakim have expressed their willingness to continue in office and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



Date 10/12/2007

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## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF WACOAL (UK) LIMITED**

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We have audited the financial statements of Wacoal (UK) Limited for the 52 week period ended 30 December 2006 on pages 6 to 12. 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 auditors' 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors 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 International Standards on Auditing (UK and Ireland) 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.

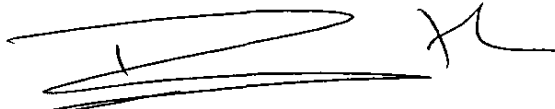
## REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF WACOAL (UK) LIMITED

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### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 30 December 2006 and of its loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



Badger Hakim  
Chartered Accountants and Registered Auditors  
10 Dover Street  
London  
W1S 4LQ

Date 12<sup>th</sup> OCTOBER 2007

**WACOAL (UK) LIMITED****PROFIT AND LOSS ACCOUNT****52 week period ended 30 December 2006**

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	Notes	52 week period ended 30 December 2006 £	52 week period ended 31 December 2005 £
<b>TURNOVER</b>	1	410,588	442,125
Administrative expenses		<u>434,739</u>	<u>442,575</u>
<b>OPERATING LOSS</b>	3	(24,151)	(450)
Interest receivable and similar income		<u>492</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(23,659)	(450)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION</b>		<u>(23,659)</u>	<u>(450)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current period or previous period

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current period or previous period

The notes form part of these financial statements



**WACOAL (UK) LIMITED****BALANCE SHEET****30 December 2006**

	Notes	30 December 2006 £	31 December 2005 £
<b>FIXED ASSETS</b>			
Tangible assets	5	19,269	26,751
<b>CURRENT ASSETS</b>			
Debtors	6	57,627	76,679
Cash at bank and in hand		<u>70,527</u>	<u>18,248</u>
		128,154	94,927
<b>CREDITORS</b>			
Amounts falling due within one year	7	<u>84,745</u>	<u>35,341</u>
<b>NET CURRENT ASSETS</b>		<u>43,409</u>	<u>59,586</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>62,678</u>	<u>86,337</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	162,502	162,502
Profit and loss account	9	<u>(99,824)</u>	<u>(76,165)</u>
<b>SHAREHOLDERS' FUNDS</b>	11	<u>62,678</u>	<u>86,337</u>

The financial statements were approved by the Board of Directors on its behalf by

8/20/2007

and were signed on

Director

The notes form part of these financial statements

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## WACOAL (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

52 week period ended 30 December 2006

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#### 1 ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in both the current and preceding period.

##### **Accounting convention**

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

##### **Turnover**

Turnover represents the total income receivable by the company (exclusive of value added tax) in respect of goods sold and services rendered and is shown net of discounts allowed.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	– term of lease
Fixture fittings and equipment	– 5 years

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

##### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

##### **Cash flow statement**

A cash flow statement, as required by Financial Reporting Standard ("FRS") 1 (Revised) has not been prepared, as the company is a wholly owned subsidiary of Wacoal Inc., a company incorporated and registered in the USA, and the consolidated accounts of Wacoal Inc. include a cash flow statement.

## WACOAL (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued

52 week period ended 30 December 2006

#### 2 STAFF COSTS

	52 week period ended 30 December 2006 £	52 week period ended 31 December 2005 £
Wages and salaries	235,404	218,202
Social security costs	35,570	35,421
	<u>270,974</u>	<u>253,623</u>

The company employed an average of 5 persons during the period (five persons in 52 week period ended 1 January 2005). The directors receive no emoluments in either the current or preceding period.

#### 3 OPERATING LOSS

The operating loss on ordinary activities before taxation is stated after charging

	52 week period ended 30 December 2006 £	52 week period ended 31 December 2005 £
Depreciation - owned assets	12,951	14,812
Loss on disposal of fixed assets	605	-
Operating lease rentals - other	<u>81,511</u>	<u>81,511</u>

The auditors' remuneration has been borne by the parent company Wacoal Inc., in both the current and preceding period.

#### 4 TAXATION

	52 week period ended 30 December 2006 £	52 week period ended 31 December 2005 £
Current tax	-	-
United Kingdom corporation tax	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

**WACOAL (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued****52 week period ended 30 December 2006**

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the operating loss on ordinary activities before taxation are as follows

	<b>52 week period ended 30 December 2006 £</b>	<b>52 week period ended 31 December 2005 £</b>
Operating loss on ordinary activities before tax	<u>(23,659)</u>	<u>(450)</u>
Tax on operating loss on ordinary activities at standard UK Corporation tax rate of 30%	-	135
Effects of		
Expenses not deductible for tax purposes	-	-
Capital allowances in (short)/excess of depreciation	(2,409)	1,190
Utilisation of tax losses	-	-
Movement in short term timing differences	-	-
Tax profit /(losses) carried forward	2,409	(1,325)
Other	-	-
Current tax charge for period	<u>-</u>	<u>-</u>

**5 TANGIBLE FIXED ASSETS**

	<b>Leasehold improvements £</b>	<b>Fixtures, fittings &amp; equipment £</b>	<b>Totals £</b>
<b>COST</b>			
At 1 January 2006	50,073	23,416	73,489
Additions	2,000	1,777	3,777
Disposals	-	(1,040)	(1,040)
At 30 December 2006	<u>52,073</u>	<u>24,153</u>	<u>76,226</u>
<b>DEPRECIATION</b>			
At 1 January 2006	28,920	17,818	46,738
Charge for period	9,859	3,092	12,951
Eliminated on disposal	-	(2,732)	(2,732)
At 30 December 2006	<u>38,779</u>	<u>18,178</u>	<u>56,957</u>
<b>NET BOOK VALUE</b>			
At 30 December 2006	<u>13,294</u>	<u>5,975</u>	<u>19,269</u>
At 31 December 2005	<u>21,153</u>	<u>5,598</u>	<u>26,751</u>

**WACOAL (UK) LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued****52 week period ended 30 December 2006****6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>30 December 2006</b>	<b>31 December 2005</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	21,289
Other debtors	<b>40,752</b>	<b>27,741</b>
Prepayments	<b><u>16,875</u></b>	<b><u>27,649</u></b>
	<b><u>57,627</u></b>	<b><u>76,679</u></b>

**7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>30 December 2006</b>	<b>31 December 2005</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>32,674</b>	<b>2,599</b>
Amounts owed to group undertakings	<b>22,756</b>	-
Social security and other taxes	<b>4,745</b>	<b>5,825</b>
Other creditors	<b>3,512</b>	-
Accruals and deferred income	<b><u>21,058</u></b>	<b><u>26,917</u></b>
	<b><u>84,745</u></b>	<b><u>35,341</u></b>

**8 CALLED UP SHARE CAPITAL**

Authorised Number	Class	Nominal value	<b>30 December 2006</b>	<b>31 December 2005</b>
			<b>£</b>	<b>£</b>
1 000,000	Ordinary shares	£1	<b><u>1,000,000</u></b>	<b><u>1,000,000</u></b>

Allotted, issued and fully paid Number	Class	Nominal value	<b>30 December 2006</b>	<b>31 December 2005</b>
			<b>£</b>	<b>£</b>
100,000	Ordinary shares	£1	<b><u>162,502</u></b>	<b><u>162 502</u></b>

On 14<sup>th</sup> June 2004, the company increased its authorised share capital from £100,000 to £1,000,000 and allotted 62,502 ordinary shares of £1 each as fully paid for cash. The cash paid for these shares was incorrectly recognised as capital contribution in the profit and loss account. This error has been corrected by adjusting the company's reserves at 1<sup>st</sup> January 2004 and the issued share capital accordingly. There is no effect overall to shareholders' funds.

**9 RESERVES**

	<b>Profit and loss account £</b>
At 1 January 2006	<b>(76,165)</b>
Deficit for the period	<b><u>(23,659)</u></b>
At 30 December 2006	<b><u>(99,824)</u></b>

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## WACOAL (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - continued

52 week period ended 30 December 2006

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#### 10 CAPITAL COMMITMENTS

The company has annual commitments under non cancellable operating leases as follows

	Property 2006 £	Property 2005 £
Payment due within one year for leases which expire - between one and five years	<u>81,511</u>	<u>81,511</u>

#### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 December 2006 £	31 December 2005 £
Loss for the financial period	<u>(23,659)</u>	<u>(450)</u>
Net reduction of shareholders' funds	<u>(23,659)</u>	<u>(450)</u>
Opening shareholders' funds	<u>86,337</u>	<u>86,787</u>
Closing shareholders' funds	<u>62,678</u>	<u>86,337</u>

#### 12 ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party is Wacoal America Inc , a company registered in the USA

The largest and smallest group in which the results of the company are consolidated is that headed by Wacoal America Inc

The consolidated accounts of Wacoal America Inc are available to the public and may be obtained from Wacoal America Inc , 1 Wacoal Plaza, Lyndhurst, U S A

#### 13 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemptions available under FRS 8 Related Party Disclosures not to disclose transactions with other group companies