

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007
FOR
WACOAL (UK) LIMITED**

MONDAY



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12/05/2008
COMPANIES HOUSE

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

WACOAL (UK) LIMITED

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FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007**

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WACOAL (UK) LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007**

DIRECTORS:

R Murray
H Hyogo
K Hirooka

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 FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007

The directors present their report with the financial statements of the company for the period 31 December 2006 to 29 December 2007

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, Walcoal 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 30 December 2006 - £nil)

DIRECTORS

The directors shown below have held office during the whole of the period from 31 December 2006 to the date of this report

R Murray
H Hyogo

Other changes in directors holding office are as follows

K Yamamoto - resigned 2 April 2007
K Hirooka - appointed 2 April 2007

The directors holding office at 29 December 2007 did not hold any beneficial interest in the issued share capital of the company at 30 December 2006 (or date of appointment if later) or 29 December 2007, 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,
- 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
FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007**

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:

Director 

Date 4/24/08

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

We have audited the financial statements of Wacoal (UK) Limited for the period ended 29 December 2007 on pages six to twelve. 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.

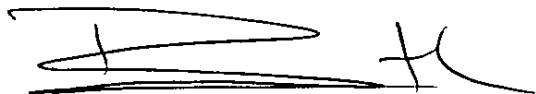
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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**

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 29 December 2007 and of its profit 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 24th April 2008

WACOAL (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007

		Period 31/12/06 to 29/12/07 £	Period 1/1/06 to 30/12/06 £
	Notes		
TURNOVER		424,444	410,588
Administrative expenses		<u>420,301</u>	<u>434,739</u>
OPERATING PROFIT/(LOSS)	3	4,143	(24,151)
Interest receivable and similar income		<u>-</u>	<u>492</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		4,143	(23,659)
Tax on profit/(loss) on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD AFTER TAXATION		<u>4,143</u>	<u>(23,659)</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 profit for the current period and the loss for the previous period

The notes form part of these financial statements

WACOAL (UK) LIMITED**BALANCE SHEET
29 DECEMBER 2007**

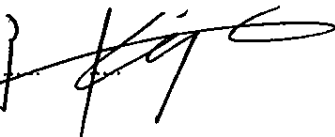
		2007	2006
	Notes	£	£
FIXED ASSETS			
Tangible assets	5	36,759	19,269
CURRENT ASSETS			
Debtors	6	79,499	57,627
Cash at bank and in hand		50,613	70,527
		<u>130,112</u>	<u>128,154</u>
CREDITORS			
Amounts falling due within one year	7	100,050	84,745
NET CURRENT ASSETS		<u>30,062</u>	<u>43,409</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>66,821</u>	<u>62,678</u>
CAPITAL AND RESERVES			
Called up share capital	8	162,502	162,502
Profit and loss account	9	(95,681)	(99,824)
SHAREHOLDERS' FUNDS	11	<u>66,821</u>	<u>62,678</u>

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

21/1/08

and were signed on

Director



The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007

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
Motor Vehicles	- 3 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.

2 STAFF COSTS

The company employed an average of six persons during the period (five persons in 52 week period ended 30 December 2006). The directors receive no emoluments in either the current or preceding period.

WACOAL (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007****3 OPERATING PROFIT/(LOSS)**

The operating profit (2006 - operating loss) is stated after charging

	Period 31/12/06 to 29/12/07 £	Period 1/1/06 to 30/12/06 £
Depreciation - owned assets	15,061	12,951
Loss on disposal of fixed assets	1,820	605
Operating lease rentals - other	<u>83,211</u>	<u>81,511</u>
Directors' emoluments	<u>-</u>	<u>-</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 29 December 2007 £	52 week period ended 30 December 2006 £
Current tax		
United Kingdom corporation tax	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

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

WACOAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007

5 TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST				
At 31 December 2006	52,073	24,153	-	76,226
Additions	4,956	12,778	16,637	34,371
Disposals	-	(5,845)	-	(5,845)
	<u>57,029</u>	<u>31,086</u>	<u>16,637</u>	<u>104,752</u>
At 29 December 2007				
DEPRECIATION				
At 31 December 2006	38,779	18,178	-	56,957
Charge for period	4,901	4,614	5,546	15,061
Eliminated on disposal	-	(4,025)	-	(4,025)
	<u>43,680</u>	<u>18,767</u>	<u>5,546</u>	<u>67,993</u>
At 29 December 2007				
NET BOOK VALUE				
At 29 December 2007	<u>13,349</u>	<u>12,319</u>	<u>11,091</u>	<u>36,759</u>
At 30 December 2006	<u>13,294</u>	<u>5,975</u>	<u>-</u>	<u>19,269</u>

6 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Other debtors	25,875	24,224
VAT	31,160	16,528
Prepayments	22,464	16,875
	<u>79,499</u>	<u>57,627</u>

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade creditors	5,858	32,674
Amounts owed to group undertakings	70,320	22,756
Social security and other taxes	3,453	4,745
Other creditors	475	3,512
Accruals and deferred income	19,944	21,058
	<u>100,050</u>	<u>84,745</u>

WACOAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007

8 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2007 £	2006 £
1,000,000	Ordinary shares		<u>1,000,000</u>	<u>1,000,000</u>

Allotted, issued and fully paid Number	Class	Nominal value £1	2007 £	2006 £
162,502	Ordinary shares		<u>162,502</u>	<u>162,502</u>

9 RESERVES

	Profit and loss account £
At 31 December 2006	(99,824)
Profit for the period	<u>4,143</u>
At 29 December 2007	<u>(95,681)</u>

10 CAPITAL COMMITMENTS

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

	Property 2007 £	Property 2006 £
Payment due within one year for leases which expire - between one and five years	<u>84,000</u>	<u>81,511</u>

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit/(Loss) for the financial period	<u>4,143</u>	<u>(23,659)</u>
Net addition/(reduction) to shareholders' funds	<u>4,143</u>	<u>(23,659)</u>
Opening shareholders' funds	<u>62,678</u>	<u>86,337</u>
Closing shareholders' funds	<u>66,821</u>	<u>62,678</u>

WACOAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 31 DECEMBER 2006 TO 29 DECEMBER 2007

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