

Fruit of the Loom Investments Limited

Report and Accounts

31 December 1998

Registered No: 2459406



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Fruit of the Loom Investments Limited

Registered No: NI 2459406

DIRECTORS

D Mulder		(appointed 16 March 1999)
J Ray	(USA)	(appointed 22 December 1998)
P Weston		(appointed 22 December 1998)

SECRETARY

Clifford Chance Secretaries Limited

AUDITORS

Ernst & Young
Bedford House
16 Bedford Street
Belfast
BT2 7DT

SOLICITORS

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

REGISTERED OFFICE

200 Aldersgate Street
London
EC1A 4JJ

Fruit of the Loom Investments Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £5,643. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company, which is a 100% subsidiary of FOL International, is a non-trading intermediate holding company for the UK operations of FOL International.

FUTURE DEVELOPMENTS

It is the intention of the directors to continue to develop the current activities of the company and its subsidiaries.

EVENTS SINCE THE BALANCE SHEET DATE

There have been no events affecting the operations of the company subsequent to the balance sheet date.

DIRECTORS AND THEIR INTERESTS

The directors for the year were those listed on page 2 plus L R Marbury III and J M Russell who resigned on 22 December 1998. None of the directors had any interest in the share capital of the company during the year.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

For and on behalf of
CLIFFORD CHANCE SECRETARIES LTD

M Macintyre
Authorised signatory

Secretary

27 January 1999

Fruit of the Loom Investments Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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 confirm that these accounts comply with these requirements.

Fruit of the Loom Investments Limited

AUDITORS' REPORT

**REPORT OF THE AUDITORS
to the members of Fruit of the Loom Investment Limited**

We have audited the accounts on pages 6 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of the directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.


Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
BELFAST

27 January 2000

Fruit of the Loom Investments Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1998

	<i>Notes</i>	<i>1998</i> £	<i>1997</i> £
Administrative expenses		3,000	957
OPERATING LOSS	2	(3,000)	(957)
Interest receivable		-	166
Interest payable to parent undertaking		(2,643)	(2,965)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(5,643)	(3,756)
Tax on profit on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR	7	(5,643)	(3,756)

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £5,643 in the year ended 31 December 1998 and £3,756 in the year ended 31 December 1997.

Fruit of the Loom Investments Limited

BALANCE SHEET

at 31 December 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Investments in subsidiary undertakings	4	26,755,336	26,755,336
CURRENT ASSETS			
Cash at bank and in hand		-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		26,755,336	26,755,336
CREDITORS: amounts falling due after more than one year	5	26,269,214	26,263,571
		486,122	491,765
CAPITAL AND RESERVES			
Called up share capital	6	500,000	500,000
Profit and loss account	7	(13,878)	(8,235)
		486,122	491,765

Directors

Pam D. S. Heston
[Signature]

27 December 1998

Fruit of the Loom Investments Limited

NOTES TO THE ACCOUNTS at 31 December 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2. STAFF COSTS AND DIRECTORS' REMUNERATION

The company has no employees (1997 - Nil).

No director received any emoluments from the company as the directors of the company are all officers of other group companies and their emoluments have been charged in the accounts of those companies.

3. TAX ON LOSS ON ORDINARY ACTIVITIES

No charge arises due to tax losses.

4. FIXED ASSET INVESTMENTS

Investments in subsidiary undertakings

£

Cost:

At 1 January 1998 and 31 December 1998

26,755,336

In the opinion of the directors the investments in subsidiary undertakings are worth at least the amount stated above.

Details of the investment in subsidiary undertakings, all of which are wholly owned and held directly by the company are as follows:

<i>Name of company</i>	<i>Country of registration</i>	<i>Nature of business</i>	<i>Holding</i>
Fruit of the Loom Limited	England and Wales	Textile distribution	Ordinary shares
Fruit of the Loom Management Company Limited	England and Wales	Management services	Ordinary shares
Fruit of the Loom Manufacturing Company Limited	Northern Ireland	Yarn manufacture	Ordinary shares

Fruit of the Loom Investments Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

5. CREDITORS: amounts falling due after more than one year

	1998 £	1997 £
Amounts owed to parent undertaking	-	55,290
Amounts owed to subsidiary undertakings	26,266,214	26,208,281
Accruals	3,000	-
	<u>26,269,214</u>	<u>26,263,571</u>

Amounts owed to subsidiary undertakings include £26,208,281 of interest free loans, repayable at 12 months' notice from the lender at any time.

6. SHARE CAPITAL

	1998 £	Authorised 1997 £
Ordinary shares of £1 each	<u>70,000,000</u>	<u>70,000,000</u>

	1998 No.	1997 No.	1998 £	1997 £
				Allotted, called up and fully paid
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

7. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 1997	500,000	(4,479)	495,521
Loss for the year	-	(3,756)	(3,756)
At 1 January 1998	<u>500,000</u>	<u>(8,235)</u>	<u>491,765</u>
Loss for the year	-	(5,643)	(5,643)
At 31 December 1998	<u>500,000</u>	<u>(13,878)</u>	<u>486,122</u>

Fruit of the Loom Investments Limited

NOTES TO THE ACCOUNTS

at 31 December 1998

8. ULTIMATE PARENT COMPANY

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Fruit of the Loom Limited, incorporated in the Cayman Islands USA, and the parent undertaking of the smallest such group is FOL International, incorporated in the Republic of Ireland. Fruit of the Loom Limited is regarded as the ultimate parent company.

Copies of the accounts of Fruit of the Loom Limited and FOL International can be obtained from Fruit of the Loom Management Company Limited, Fruit of the Loom House, Halesfield 10G, Telford, Shropshire TF7 4QP.

9. CASH FLOW STATEMENT

The company is exempt from the production of a cash flow statement because a consolidated cash flow statement is produced in the accounts of Fruit of the Loom International Limited.