

Fruit of the Loom Investments Limited

Report and Accounts

Registered Number 2459406
31 December 1996



Fruit of the Loom Investments Limited

DIRECTORS

J M Russell (USA)
L R Marbury III (USA)

SECRETARY

Clifford Chance Secretaries Limited

AUDITORS

Ernst & Young
One Colmore Row
Birmingham
B3 2DB

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 1996.

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from the obligation to prepare and deliver group accounts by virtue of S.228 Companies Act 1985.

RESULTS AND DIVIDENDS

The retained loss for the period amounted to £3,506 (1995: loss £3,762) and is dealt with as shown in the profit and loss account. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE YEAR

The company holds investments in subsidiary undertakings, whose principal activities are yarn manufacture and textile distribution.

On 2 May 1996 the company passed a special resolution to allow it to purchase its own shares and subsequently repurchased 68,805,927 £1 ordinary shares. The result of this was to reduce issued share capital to £500,000.

FIXED ASSETS

Changes in fixed asset investments during the year are summarised in note 4 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors at 1 January 1996 and 31 December 1996 were as follows:

J M Russell	(USA)	
L R Marbury III	(USA)	
J B Holland	(USA)	resigned on 31 January 1996

No director held any shares in the company or its subsidiary undertakings during the year.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be put to the members at the Annual General Meeting.

By order of the board,

CLIFFORD CHANCE SECRETARIES LTD

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Clifford Chance Secretaries Limited

Secretary

14 July 1997

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 year. 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;
- 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.

REPORT OF THE AUDITORS

to the members of Fruit of the Loom Investments Limited

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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.

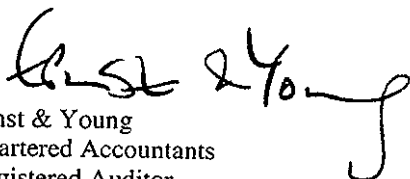
Basis of opinion

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 information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Birmingham

14 July 1997

Fruit of the Loom Investments Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	<i>Notes</i>	<i>1996</i> £	<i>1995</i> £
Administrative expenses		1,014	1,184
OPERATING LOSS	2	(1,014)	(1,184)
Interest receivable		257	308
Interest payable to parent undertaking		(2,749)	(2,886)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,506)	(3,762)
Tax on loss on ordinary activities	3	-	-
LOSS FOR THE FINANCIAL YEAR	7	(3,506)	(3,762)


RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £3,506 in the year ended 31 December 1996 (1995 - loss £3,762).

Fruit of the Loom Investments Limited

BALANCE SHEET at 31 December 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Investments in subsidiary undertakings	4	26,755,336	69,397,320
CURRENT ASSETS			
Cash at bank and in hand		5,714	6,471
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>26,761,050</u>	<u>69,403,791</u>
CREDITORS: amounts falling due after more than one year	5	<u>26,265,529</u>	<u>98,837</u>
		<u>495,521</u>	<u>69,304,954</u>
CAPITAL AND RESERVES - EQUITY			
Called up share capital	6	500,000	69,305,927
Profit and loss account	7	(4,479)	(973)
		<u>495,521</u>	<u>69,304,954</u>


L.R. Marbury III

- Director

14 July 1997

Fruit of the Loom Investments Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

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 (1995 - 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 the availability of group relief.

4. FIXED ASSETS INVESTMENTS

Investments in subsidiary undertakings

Cost:	£
At 1 January 1996	69,397,320
Own shares repurchased by subsidiary undertaking (Fruit of the Loom Limited)	42,641,984
At 31 December 1996	<u>26,755,336</u>

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

Fruit of the Loom Investments Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

4. FIXED ASSETS INVESTMENTS *(continued)*

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

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

	<i>1996</i>	<i>1995</i>
	<i>£</i>	<i>£</i>
Amounts owed to parent undertaking	52,323	50,575
Amounts owed to subsidiary undertakings	26,213,206	48,262
	<u>26,265,529</u>	<u>98,837</u>

Amounts owed to subsidiary undertakings include £26,213,206 of interest free loans, repayable at 12 months' notice from the lender at any time.

6. SHARE CAPITAL

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>1996</i>	<i>1995</i>	<i>1996</i>	<i>1995</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	70,000,000	70,000,000	500,000	69,305,927

On 2 May 1996 the company passed a Special resolution to allow it to purchase its own shares and subsequently repurchased 68,805,927 ordinary shares at par value. The result of this is to reduce issued share capital to £500,000.

Fruit of the Loom Investments Limited

NOTES TO THE ACCOUNTS

at 31 December 1996

7. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 1995	69,305,927	2,789	69,308,716
Loss for the year	-	(3,762)	(3,762)
At 31 December 1995	69,305,927	(973)	69,304,954
Repurchase of own shares	(68,805,927)	-	(68,805,927)
Loss for the year	-	(3,506)	(3,506)
At 31 December 1996	500,000	(4,479)	495,521

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 Inc, incorporated in the USA, and the parent undertaking of the smallest such group is Fruit of the Loom International Ltd, incorporated in the Republic of Ireland. Fruit of the Loom Inc is regarded as the ultimate parent company.

Copies of the accounts of Fruit of the Loom Inc. and Fruit of the Loom International Limited 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.