

MOVITEX (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27th December 2008

Registered No. 400458



MOVITEX (UK) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 27th December 2008.

Business review and principal activities

The company is a wholly owned subsidiary of PPR S.A. and operates as part of the group's UK division.

The company's principal activity is home shopping retailing in the UK. There have not been any significant changes in the company's principal activities during the period under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Financial review

During 2008 the marketing plan was been optimised focussing on core customers and eliminating non-value adding activities. Whilst this strategy has seen a decline in sales activity, the resulting business has been more profitable as evidenced by the increase in operating profits.

Average order value is a key performance indicator that management consider to be important. For the Autumn Winter 2008 catalogue this was £40 (2007: £37).

The business is conducted through two main channels: paper and web. During the period under review, the continued investment in the web platform has resulted in a modest increase in web sales from 4.3% of turnover in 2007 to 4.8% in 2008, with further increases to 7.6% in the period to the end of July 2009.

The bad debt to sales ratio of 2.8% has increased from prior year ratio of 1.8% due to the adverse economic conditions.

The reconciliation of movements in equity shareholders' funds on page 8 of the financial statements shows the impact that the retained profit for the period has had on the net assets of the company.

Principal risks and uncertainties

Competitive environment: competitive pressure in the UK is a continuing risk for the company, from a multi-channel perspective. The company manages this risk through implementation of competitive and efficient promotional activity.

Cashflow risk: the company hedges foreign exchange risk by taking out forward contracts and options. The company is indirectly exposed to interest rate risk in that any interest rate fluctuations affecting the company's debtor book (which has been sold to a group company, Redcats Finance Limited) are recharged/credited back to the company.

MOVITEX (UK) LIMITED

DIRECTORS' REPORT

(Continued)

Business review and principal activities (continued)

Credit risk: the company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The trade debtor exposure is spread over a large number of customers.

Liquidity risk: The UK group operates a cash pooling arrangement. In order to ensure that the group has sufficient funds for ongoing operation and future developments the group uses a mixture of short-term and longer-term debt finance.

Results and dividends

The results of the company are set out on page 7. The profit after tax for the period is £1,259,000 (period ended 29th December 2007: loss after tax £214,000). No dividend for 2008 has been proposed or paid (period ended 29th December 2007: the directors proposed and paid a dividend of £245,000). The profit for the period of £1,259,000 has been added to reserves (period ended 29th December 2007: loss deducted from reserves £459,000).

Directors

The directors who served during the period and subsequently are shown below:

H.B. Ohlsson	(appointed 30 March 2009)
A.C. Thomson	(appointed 19 December 2008)
B. Cambier	
J.E. Madeley	(resigned 19 December 2008)
S.M.M. Roche	(resigned 21 April 2009)

Supplier Payment Policy

The company policy is to agree payment terms with all suppliers and to settle payment within those agreed terms on satisfactory delivery of goods and services by the supplier.

The average creditor payment period for trade creditors at 27th December 2008 was 29 days (29th December 2007: 31 days).

MOVITEX (UK) LIMITED**DIRECTORS' REPORT****(Continued)****Financial Statements**

So far as each of the directors is aware, there is no relevant audit information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information. This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

Auditors

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Going Concern

In assessing whether the company's accounts can be prepared on a going concern basis, the directors have taken into account the fact that the company participates in a cash pooling arrangement, in conjunction with fellow UK subsidiary companies of Redcats UK PLC. Consequently, due to the collective nature of the Redcats UK cash pool, in assessing the going concern of the company, the directors have also considered the trading and cash flow forecasts of all of the Redcats UK cash pool participants. The Redcats UK cash pool has access to £30.0m of funds from the parent company of Redcats Group PLC, Redcats SA, and a further £12.5m from its bankers. As at 27 December 2008, £4.5m of the bank overdraft facility available to the cash pool was utilised (2007: £2.0m) and none of the group facility had been drawn down (2007: £25.0m).

The directors have reviewed the company's and the Redcats UK group's forecasts and taken due consideration of the sensitivity to trading conditions in the current uncertain economic climate. In particular, the directors have considered the forecast cash flows and projected funding required, and available, for the twelve months from the date of approval of the annual report and accounts.

After critically assessing these reviews, the directors have formed a reasonable expectation that the combined funding available from the Redcats UK cash pool sources will be sufficient so that the company can continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the company's annual report and accounts.

MOVITEX (UK) LIMITED**DIRECTORS' REPORT****(Continued)****Directors' responsibilities for preparing the financial statements**

The directors are responsible for preparing the Annual Report and 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.

The directors confirm that the above requirements have been complied with in the financial statements.

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

H.B. Ohlsson
Director

2 Holdsworth Street,
Bradford.
BD1 4AH

2009.

29 October

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MOVITEX (UK) LIMITED

We have audited the financial statements of Movitex (UK) Limited for the 52 week period ended 27th December 2008 which comprise the Profit and Loss Account, the Reconciliation of Movements in Equity Shareholders Funds, the Balance Sheet, and the related notes 1 to 14. 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 in the Statement of Directors' Responsibilities.

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 Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MOVITEX (UK) LIMITED

(Continued)

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 judgments 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.

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 27th December 2008 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 Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP

Chartered Accountants and Registered Auditors

Leeds

30 October 2009

MOVITEX (UK) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD ENDED 27th December 2008**

	Notes	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Turnover - Continuing Operations		29,981	36,730
Cost of Sales		(10,897)	(12,578)
		-----	-----
Gross Profit		19,084	24,152
Net Operating Expenses	1	(18,511)	(24,853)
		-----	-----
Operating Profit / (Loss) - Continuing Operations	1	573	(701)
Interest receivable and similar income	2	581	500
Interest payable and similar charges	2	(1)	(12)
		-----	-----
Profit / (Loss) on ordinary activities before taxation		1,153	(213)
Tax credit / (charge) on profit / (loss) on ordinary activities	4	106	(1)
		-----	-----
Profit / (Loss) on ordinary activities after taxation for the financial period		1,259	(214)
		=====	=====

There are no recognised gains and losses other than as stated in the profit and loss account for the current period and the previous period. Accordingly no separate statement of total recognised gains and losses is given.

MOVITEX (UK) LIMITED

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

FOR THE PERIOD ENDED 27th December 2008

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Profit / (loss) for the financial period	1,259	(214)
Dividends	-	(245)
	-----	-----
Net addition to / (deduction from) equity shareholders' funds	1,259	(459)
	-----	-----
Opening equity shareholders' funds	5,621	6,080
	-----	-----
Closing equity shareholders' funds	6,880	5,621
	=====	=====

MOVITEX (UK) LIMITED**BALANCE SHEET****AS AT 27th December 2008**

	Note	27 th December 2008 £'000	29 th December 2007 £'000
Current Assets			
Stocks	5	1,030	1,027
Debtors	6	13,980	16,019
Cash at bank and in hand		9,160	9,335
		-----	-----
		24,170	26,381
 Creditors: amounts falling due within one year	 7	 (17,290)	 (20,760)
		-----	-----
 Net assets		 6,880	 5,621
		=====	=====
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	6,879	5,620
		-----	-----
Total Equity Shareholders' Funds		 6,880	 5,621
		=====	=====

Approved by the Board on *29 October* 2009.



Alan Thomson
Director

Company registered number 400458

MOVITEX (UK) LIMITED**ACCOUNTING POLICIES****FOR THE PERIOD ENDED 27th December 2008**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards under the historical cost convention.

The principal accounting policies of the company have not changed during the period.

a. **Taxation**

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

Deferred taxation 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 taxation 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

b. **Stocks**

Stocks are valued at the lower of cost and net realisable value. Net realisable value represents estimated selling price less all costs incurred in selling and distribution. Cost is valued at actual purchase price.

c. **Catalogue costs**

The costs of catalogue production and printing are charged to the profit and loss account as they are incurred.

d. **Foreign exchange**

Transactions denominated in foreign currencies are translated at the contracted rate or at the rate ruling at that date. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

MOVITEX (UK) LIMITED**ACCOUNTING POLICIES****FOR THE PERIOD ENDED 27th December 2008****(Continued)****e. Turnover**

Turnover consists of the invoiced value of goods and services sold and delivered during the period stated net of value added tax.

f. Debt Factoring

Debts which are subject to debt factoring arrangements are shown in the balance sheet as trade debtors, with the corresponding inter-group liability within creditors, as the associated risks and rewards remain with the company.

g. Going concern

In assessing whether the company's accounts can be prepared on a going concern basis, the directors have taken into account that the company participates in a cash pooling arrangement in conjunction with its UK subsidiary companies. Consequently, due to the collective nature of the Redcats UK cash pool, in assessing the going concern of the company, the directors have also considered the trading and cash flow forecasts of all of the Redcats UK cash pool participants. The Redcats UK cash pool has access to £30.0m of funds from the parent company of Redcats Group PLC, Redcats SA and a further £12.5m from its bankers.

The directors have reviewed the company's and the Redcats UK group's forecasts and taken due consideration of the sensitivity to trading conditions in the current economic climate. In particular, the directors have considered the forecast cash flows and projected funding required, and available, for the twelve months from the date of approval of the annual report and accounts.

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MOVITEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27th December 2008

1. Turnover and operating profit / (loss)

Turnover (all of which arises in the United Kingdom) and profit / (loss) on ordinary activities before taxation are attributable to home shopping retailing.

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Net operating expenses:		
Distribution costs	18,022	24,349
Administration expenses	489	504
	-----	-----
	18,511	24,853
	=====	=====

Operating expenses include factoring fee income of £2.9m (period ended 29th December 2007: £2.8m) which is credited against administration expenses.

The audit fee has been borne by Redcats (Brands) Limited, a fellow subsidiary company, for this period and the previous period. The element relating to Movitex (UK) Limited is £15,000 (2007: £15,000).

2. Net finance income / (charge)

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Amounts receivable from group companies	581	500
Amounts payable to group companies	-	(8)
Other interest payable	(1)	(4)
	-----	-----
	580	488
	===	===

MOVITEX (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 27th December 2008****(Continued)****3. Staff costs**

The company had no employees during the current or preceding financial period. The activities of the company are undertaken by staff employed by Redcats (Brands) Limited. None of the directors received any remuneration from the company during the current or preceding financial period.

All directors were remunerated by other group companies. The directors received combined emoluments of £616,000 (Period ended 29th December 2007: £253,000) from other group companies during the period, of which £313,000 (Period ended 29th December 2007: £132,000) related to the highest paid director. It is not practicable to ascertain what proportion of these emoluments relates to the company.

4. Tax on profit / (loss) on ordinary activities

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
U.K. Corporation tax credit at 28% (period ended 29 th December 2007: 30%)	106	-
	-----	-----
	-	-
Deferred tax :		
Timing differences; origination and reversal	-	1
	-----	-----
	106	1
	=====	=====

MOVITEX (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 27th December 2008

(Continued)

4. Tax on profit / (loss) on ordinary activities (continued)

The tax assessed for the period is different from that resulting from applying the standard rate of corporation tax in the UK of 28% (Period ended 29th December 2007: 30%). The differences are explained below :

	Period ended 27 th December 2008 £'000	Period ended 29 th December 2007 £'000
Profit / (Loss) on ordinary activities before taxation	1,153	(213)
Tax at 28% thereon (period ended 29 th December 2007: 30%):	323	(64)
Effects of :		
Group relief	(323)	64
Prior period adjustment	106	-
	-----	-----
Corporation tax credit for the period	106	-
	=====	=====

5. Stocks

Stocks comprise goods for resale. The directors consider that the replacement cost of stock is not significantly different from the value shown in the balance sheet.

MOVITEX (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 27th December 2008****(Continued)**

	27 th December 2008 £'000	29 th December 2007 £'000
6. Debtors		
Trade debtors	13,164	14,468
Prepayments and accrued income	600	882
Other debtors	110	669
Corporation tax	106	-
	-----	-----
	13,980	16,019
	=====	=====

A charge in favour of HSBC to secure borrowing shown in another group company exists over trade debtors and £87,000 (Period ended 29th December 2007: £653,000) included within other debtors shown above.

	27 th December 2008 £'000	29 th December 2007 £'000
7. Creditors: amounts falling due within one year		
Bank loans and overdrafts	-	3
Trade creditors	388	517
Amounts due to parent company and fellow subsidiaries	14,266	15,467
Other taxation and social security	1,276	2,004
Other creditors	236	452
Accruals and deferred income	1,124	2,317
	-----	-----
	17,290	20,760
	=====	=====

Bank overdrafts are covered by multi-lateral guarantees for all group companies totalling £21,389,000 (Period ended 29th December 2007: £6,837,000).

MOVITEX (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR PERIOD ENDED 27th December 2008
(Continued)

8. Deferred taxation

Deferred taxation (assets) provided

	Assets	
	27 th December 2008 £'000	29 th December 2007 £'000
At beginning of period	-	(1)
Current period (credit) / charge	-	1
	----	----
At end of period (see note 6)	-	-
	===	===

There were no provided deferred tax assets or liabilities for the period ended 27th December 2008, or the period ended 29th December 2007.

There was £2,000 in respect of unprovided deferred tax asset on capital allowances in excess of depreciation (Period ended 29th December 2007: £1,000).

	27 th December 2008 £	29 th December 2007 £
9. Called up share capital		
2,000 authorised shares of £1 each	2,000	2,000
	=====	=====
600 ordinary shares of £1 each called up, allotted and fully paid	600	600
	===	===

Dividends per share were £nil (2007:£408 per share)

MOVITEX (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR PERIOD ENDED 27th December 2008
(Continued)

10. Profit and loss account

At 30 th December 2007	5,620
Profit for the period	1,259

At 27 th December 2008	6,879
	=====

11. Cash flow statement

The company has taken advantage of the exemption contained in FRS 1 not to publish its own cash flow statement as it is indirectly a wholly owned subsidiary of PPR S.A. and its cash flows are dealt with in the consolidated cash flow statement of that company.

12. Related party transactions

The company has taken advantage of the exemption contained in FRS 8 not to disclose related party transactions with other group companies as it is a wholly owned subsidiary of PPR S.A.

13. Derivatives not included at fair value

The company has derivatives which are not included at fair value in the accounts:

	Principal	Fair Value	
	£'000	2008 £'000	2007 £'000
Forward foreign exchange contracts	1,000	143	-
	=====	===	===

The company uses the derivatives to hedge its exposure in foreign currency exchange rates arising from foreign currency purchases. The fair values are based on market values of equivalent instruments at the balance sheet date.

MOVITEX (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR PERIOD ENDED 27th December 2008****(Continued)****14. Ultimate parent company**

The company's immediate parent company is Redcats (UK) plc, which is registered in England and Wales.

The company's ultimate parent company and ultimate controlling party is PPR S.A., which is incorporated in France. The only group in which the results of the company are consolidated is headed by PPR S.A.

Copies of the group financial statements of PPR S.A. are available from the Company Secretary, Redcats (UK) plc, 2 Holdsworth Street, Bradford, West Yorkshire BD1 4AH