

MOVITEX (UK) LIMITED

DIRECTORS' REPORT

The directors present their report together with the balance sheet for the year ended 2nd January 1999.

Principal Activity

The principal activity of the Company is catalogue mail order retailing.

Review of Developments and Future Prospects

The directors consider the performance of the company to be satisfactory and remain optimistic about its future prospects.

Results and Dividends

The results of the company are set out on page 4. The profit for the year is £336,000. (year ended 3rd January 1998 : £87,000). The directors recommend a dividend for the year of £736,200 (year ended 3rd January 1998 : £Nil) and the profit for the year has been transferred to reserves.

Creditors Payment Policy

The company pays its creditors in accordance with the payment terms agreed with its suppliers. As at 2nd January 1999 creditor days were 29 days.

Year 2000

The directors have considered the risks and uncertainties associated with the year 2000 issue. A review is currently being undertaken on the company's hardware and software and that of its major suppliers. The review is incomplete and consequently the Board is unable to quantify the financial effect of the year 2000, though initial findings indicate that the impact on the company is unlikely to be material.

Euro

The directors have considered the risks involved with the Euro issue and are of the opinion that group systems are adequately designed to cope with the impact of this additional currency. It is not anticipated that the Euro will have a material impact upon the company.

Directors

The Directors who served during the year are shown below:

J-M. Bernard
A. Defossez
P. Duquesne
M. L. Hawker
A. R. Hill
A. J. Skelsey

MOVITEX (UK) LIMITED

DIRECTORS REPORT

(Continued)

Directors (continued)

The directors and their families have at 2nd January 1999 (or date of appointment if later), and had at 3rd January 1998, no interests in the issued share capital of the company or any group company.

Auditors

Deloitte & Touche have expressed their willingness to continue in the office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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.

By order of the Board.



F.W. OAKES,
Secretary.

24th June 1999.

18, Canal Road,
Bradford.
BD99 4XB.

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

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors.

As described on page 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

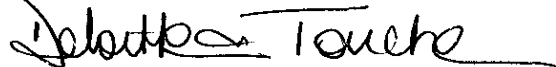
Basis of opinion.

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 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.

Opinion.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 2nd January 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche
Chartered Accountants
and Registered Auditors

25 JUNE 1999.

10-12 East Parade
Leeds
LS1 2AJ

MOVITEX (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 2nd JANUARY 1999

	Notes	Year ended 2 nd January 1999 £'000	Year ended 3 rd January 1998 £'000
Turnover - Continuing Operations	1	25,110	8,019
Cost of Sales		(9,525)	(3,125)
Gross Profit		15,585	4,894
Net Operating Expenses	1	(14,157)	(4,786)
Operating Profit - Continuing Operations		1,428	108
Interest receivable and similar income	2	185	20
Interest payable and similar charges	3	(45)	-
Profit on ordinary activities before taxation	1	1,568	128
Tax on profit on ordinary activities	5	(496)	(41)
Profit on ordinary activities after taxation		1,072	87
Dividends proposed	6	(736)	-
Retained profit for the financial year transferred to reserves	13	336	87
		===	===

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

The notes on pages 7 to 13 form part of these accounts.

MOVITEX (UK) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 2nd JANUARY 1999

	Year ended 2 nd January 1999	Year ended 3 rd January 1998
	£'000	£'000
Profit for the financial year	336	87
Opening Shareholders' funds	87	-
Closing Shareholders' funds	423	87
	===	===

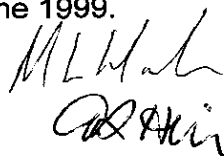
The notes on pages 7 to 13 form part of these accounts.

MOVITEX (UK) LIMITED
BALANCE SHEET
AS AT 2nd JANUARY 1999

	Note	2 nd January 1999 £'000	3 rd January 1998 £'000
Fixed assets			
Tangible Assets	7	135	135
Current Assets			
Stocks	8	227	343
Debtors	9	6,122	4,094
Cash at bank and in hand		104	22
		6,453	4,459
Creditors: amounts falling due within one year	10	(6,157)	(4,502)
Net current assets/(liabilities)		296	(43)
Total assets less current liabilities		431	92
Provisions for liabilities and charges	11	(8)	(5)
Net assets		423	87
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	422	86
Total Equity Shareholders' Funds		423	87

Approved by the Board on 24th June 1999.

M. L. HAWKER)
) Directors
A. R. HILL)



Notes on pages 7 to 13 form part of these accounts.

MOVITEX (UK) LIMITED

ACCOUNTING POLICIES

FOR THE YEAR ENDED 2nd JANUARY 1999

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

The principal accounting policies of the Company have not changed during the year.

a. **Tangible Fixed Assets**

Depreciation is provided to write off the cost in equal instalments over the estimated useful economic lives of the assets.

The rates of depreciation are as follows :

Plant and equipment between 10% and 25% per annum.

b. **Deferred Taxation**

Deferred taxation has been provided at current and expected future corporation tax rates on all timing differences between the accounting and taxation treatment of income and expense to the extent that it is considered that these could become payable in the foreseeable future. Unprovided deferred taxation is disclosed as a potential liability.

c. **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.

d. **Catalogue costs**

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

e. **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

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 2nd JANUARY 1999

	Year ended 2 nd January 1999 ----- £'000	Year ended 3 rd January 1998 ----- £'000
1. Turnover and profit on ordinary activities before taxation		
The turnover (all of which arises in the United Kingdom) and profit on ordinary activities before taxation are attributable to catalogue mail order retailing.		
Net operating expenses:		
Distribution costs	2,808	865
Administration expenses	11,349	3,921
	-----	-----
	14,157	4,786
	=====	=====
The profit on ordinary activities before taxation is stated after charging:		
Depreciation	22	2
Auditors' remuneration - audit	5	5
- other services	-	5
	-----	-----
	=====	=====
2. Interest receivable and similar income		
Amounts due from group companies	185	13
Other interest receivable	-	7
	-----	-----
	185	20
	=====	=====

MOVITEX (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 2nd JANUARY 1999
(Continued)

	Year ended 2 nd January 1999	Year ended 3 rd January 1998
	----- £'000	----- £'000
3. Interest payable and similar charges		
Amounts due to group companies	45	-
	==	==

4. Staff Costs

The company has no employees. The activities of the company are undertaken by staff employed by Empire Stores Limited. None of the directors received any remuneration from the company during the year or the previous year

	Year ended 2 nd January 1999	Year ended 3 rd January 1998
	----- £'000	----- £'000
5. Taxation		
U.K. Corporation tax at 31%	493	36
Deferred tax	3	5
	----- 496	----- 41
	====	====

6. Dividends

A dividend of £736,200 (£1,227 per share) has been proposed for the year (year ended 3rd January 1998 : £Nil).

MOVITEX (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 2nd JANUARY 1999
(Continued)

7. Tangible fixed assets

	Plant and Equipment £'000
Cost	
At 4 th January 1998	137
Additions	22

At 2 nd January 1999	159

Accumulated depreciation	
At 4 th January 1998	2
Provided during year	22

At 2 nd January 1999	24
	=====
Net book amount at 2 nd January 1999	135
	=====
Net book amount at 3 rd January 1998	135
	=====

The only tangible fixed assets that the company holds fall into the Plant and Equipment category.

MOVITEX (UK) LIMITED
NOTES TO THE ACCOUNTS
FOR YEAR ENDED 2nd JANUARY 1999
(Continued)

8. Stocks

Stocks comprise goods for resale. There was no significant difference between the replacement cost of stock and the value shown in the balance sheet.

2 nd January 1999	3 rd January 1998
£'000	£'000

9. Debtors

Amounts due from fellow subsidiaries	6,048	4,052
Prepayments and accrued income	74	42
	<u>6,122</u>	<u>4,094</u>
	=====	=====

10. Creditors: amounts falling due within one year

Bank loans and overdrafts	1	5
Trade creditors	457	560
Amounts due to parent company and fellow subsidiaries	652	1,385
Other creditors	357	970
Other taxation and social security	2,042	860
Corporation tax	493	36
Accruals and deferred income	1,419	686
Dividends proposed	736	-
	<u>6,157</u>	<u>4,502</u>
	=====	=====

MOVITEX (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 2nd JANUARY 1999

(Continued)

11. Provisions for liabilities and charges

Deferred Taxation :

	£'000
At 4 th January 1998	5
Provided in the year	3

At 2 nd January 1999	8
	==

The provision for deferred tax represents capital allowances in excess of depreciation. There are no unprovided deferred taxation liabilities.

12. Share Capital

	2 January 1999 £	3 January 1998 £
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 ===

13. Profit and Loss Account

	£'000
At 4 th January 1998	86
Profit for the year	336

At 2 nd January 1999	422
	===

MOVITEX (UK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 2nd JANUARY 1999

(Continued)

14. Capital commitments

	2 nd January 1999 £'000	3 rd January 1998 £'000
Contracted for but not provided in the financial statements	-	17
	=====	=====

15. Contingent liabilities

The company is jointly and severally liable for the bank borrowings of its parent company and fellow subsidiaries totalling £111,600,000 (3rd January 1998 £97,200,000)

16. 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 Pinault Printemps-Redoute S.A. and its cash flows are dealt with in the consolidated cash flow statement of that company.

17. Related party transactions

The company has taken advantage of the exemption contained in FRS8 not to disclose related party transactions with other group companies as it is indirectly a wholly owned subsidiary of Pinault Printemps-Redoute S.A.

18. Ultimate parent company

The company's immediate parent company is Empire Stores Group plc, which is registered in England and Wales.

The Company is indirectly a wholly owned subsidiary of La Redoute S.A., which is incorporated in France.

The Company's ultimate parent company and ultimate controlling party is Pinault Printemps-Redoute S.A., which is incorporated in France.

Copies of the group accounts of Pinault Printemps-Redoute S.A. are available from the Company Secretary, Empire Stores Group plc, 18 Canal Road, Bradford, West Yorkshire, BD99 4XB.