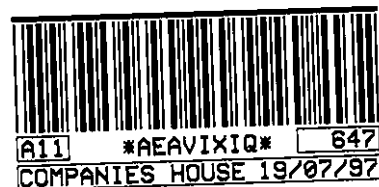


HARRODS (MANAGEMENT) LIMITED
REPORT AND FINANCIAL STATEMENTS
53 WEEKS ENDED 1 FEBRUARY 1997



HARRODS (MANAGEMENT) LIMITED

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HARRODS (MANAGEMENT) LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the 53 weeks ended 1 February 1997.

Principal Activity

The Company did not trade or conduct any other activities during the 53 weeks ended 1 February 1997. No changes are expected in the immediate future.

Directors and their Interests

The present Directors of the Company are:

B F Ames
R L Assanand
C P de Boer
X M Carr-Griffiths (Appointed 1.6.96)
P Crofton (Appointed 1.5.96)
A T P Duddle (Appointed 20.1.97)
R Fossati (Appointed 28.10.96)
J M Griffiths
M Jonckers (Appointed 12.2.96)
J G Hawkins
J L Macnamara (Appointed 24.6.96)
A Maeder
G Marshall (Appointed 6.1.97)
A Pitcher
M Rogers
B Smith (Appointed 1.3.96)
L Waters (Appointed 25.3.97)
A K Wiles
M E Zipp

Other Directors who served during the year were:

R-J Bandmann (Appointed 4.3.96., Resigned 30.1.97)
R Dillon (Appointed 12.2.96., Resigned 14.8.96)
R J Loftus (Resigned 4.7.96)
M-L McLeod (Resigned 9.2.96)
K McMahon (Appointed 19.4.96., Resigned 14.12.96)
F A Matz (Resigned 2.4.96)
G T Scarangelo (Appointed 1.8.96., Resigned 30.1.97)
D J Wilkinson (Resigned 7.8.96)

In accordance with the Articles of Association, R L Assanand, X M Carr Griffiths, P Crofton, A T P Duddle, R Fossati, J M Griffiths, J L Macnamara, G Marshall, and L Waters and M E Zipp, will retire by rotation, and being eligible, will seek re-election at the forthcoming Annual General Meeting.

HARRODS (MANAGEMENT) LIMITED

DIRECTORS' REPORT (Continued)

Directors and their Interests (Continued)

No Director in office at 1 February 1997 held any beneficial interest in the shares of Harrods Holdings plc (formerly Harrods Investments plc) or any of its subsidiaries at 28 January 1996 or date of appointment or at 1 February 1997.

No Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business of the company.

Auditors

Price Waterhouse have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment will be put to the Annual General Meeting.

Statement of Directors' Responsibilities

The Directors are required by the Companies Act 1985 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 for the financial year.

The Directors have prepared the financial statements on pages 4 and 5 on a going concern basis and consider that the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By Order of the Board



S Jerman
Secretary
8 April 1997

Registered Office
87 -135 Brompton Road
Knightsbridge
London
SW1X 7XL

HARRODS (MANAGEMENT) LIMITED

AUDITORS' REPORT TO THE MEMBERS OF HARRODS (MANAGEMENT) LIMITED

We have audited the financial statements on pages 4 and 5 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

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 the Company's affairs as at 1 February 1997 and have been properly prepared in accordance with the Companies Act 1985.



Price Waterhouse
Chartered Accountants
and Registered Auditors
8 April 1997

Southwark Towers
32 London Bridge Street
London
SE1 9SY

HARRODS (MANAGEMENT) LIMITED

BALANCE SHEET

AT 1 FEBRUARY 1997

| Note | 1 February 1997 £ | 27 January 1996 £ |
|-------------------------------------|-------------------------|-------------------------|
| Current Assets | | |
| Debtors: | | |
| Amounts due from group undertakings | <u>52</u> | <u>52</u> |
| Capital and Reserves | | |
| 3 Called up share capital | <u>52</u> | <u>52</u> |

A profit and loss account has not been produced as the Company did not trade during the financial year or the preceding financial year making neither a profit nor a loss.

Approved by the Board on 8 April 1997.



J G Hawkins
DIRECTOR

HARRODS (MANAGEMENT) LIMITED

NOTES TO THE ACCOUNTS

1 Accounting Policies

Basis of Accounts:

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

2 Information regarding Directors and Employees

No emoluments were paid to Directors of the Company during the year (1995/96 - £nil).

The Company did not employ any persons or incur any staff costs during the year (1995/96 - £nil).

3 Share Capital

| | 1 February 1997 £ | 27 January 1996 £ |
|--------------------------------|-------------------------|-------------------------|
| Authorised: | | |
| 100 ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| Issued and fully paid: | | |
| 52 ordinary shares of £1 each | <u>52</u> | <u>52</u> |

4 Parent Undertakings

The Company's immediate parent undertaking is Harrods Limited. The ultimate UK holding company of Harrods Limited is Harrods Holdings plc (formerly Harrods Investments plc), which is the parent undertaking of the Harrods Holdings Group and which is both the smallest and the largest group which consolidates the results of the Company. The Group accounts will be filed with the Registrar of Companies in due course.

The ultimate parent undertaking is Alfayed Investment and Trust PVT LP, a partnership based in Bermuda. All interests in the Partnership continue to be under the control and held for the benefit of the Fayed family, the ultimate controlling party.

The Company is a wholly owned subsidiary of Harrods Holdings plc and, as permitted by Financial Reporting Standard 8 "Related Party Disclosures", transactions with other entities in the Harrods Holdings Group are not disclosed.