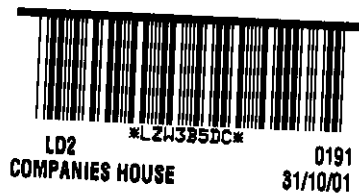


**ORTHET LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2000**



# ORTHET LIMITED

## COMPANY INFORMATION

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|                          |  |
|--------------------------|--|
| <b>Directors</b>         | Mr BLK Heng<br>Mr VK Sodhy   |
| <b>Secretary</b>         | Ms GCV Morris  |
| <b>Company Number</b>    | 2192427  |
| <b>Registered Office</b> | 2nd Floor<br>Pemberton House<br>15 Wrights Lane<br>London<br>W8 5SL  |
| <b>Auditors</b>          | BDO Stoy Hayward<br>8 Baker Street<br>London<br>W1M 1DA  |
| <b>Solicitors</b>        | Denton Hall<br>5 Chancery Lane<br>Cliffords Inn<br>London<br>EC4A 1BU  |
| <b>Bankers</b>           | Oversea - Chinese Banking<br>Corporation Limited<br>London Stonehouse<br>111 Cannon Street<br>London<br>EC4N 5AS |

# **ORTHET LIMITED**

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# ORTHET LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31ST DECEMBER 2000

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The directors present their report together with the audited financial statements for the year ended 31st December 2000.

#### Principal Activities and Review of Business

The company's principal activity continued to be the retailing of high fashion clothing. The directors expect a similar result for the ensuing year.

#### Results and Dividends

The results for the year are set out in the profit and loss account on page 3. The directors do not recommend a dividend.

#### Directors

The directors who served during the year, neither of whom had an interest in the ordinary share capital of the company were:

|             | Ordinary Shares |         |
|-------------|-----------------|---------|
|             | 31st            | 1st     |
|             | December        | January |
|             | 2000            | 2000    |
| Mr BLK Heng | -               | -       |
| Mr VK Sodhy | -               | -       |

#### 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 the company's affairs and of the profit or loss for that year. 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; and

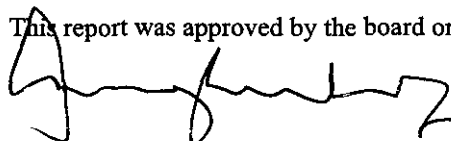
Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

#### Auditors

A resolution to reappoint BDO Stoy Hayward as auditors will be put to the Annual General Meeting.

This report was approved by the board on 26th September 2001, and signed on its behalf by:



Mr BLK Heng, Director  
26th September 2001

# **AUDITORS' REPORT TO THE SHAREHOLDERS OF ORTHET LIMITED**

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We have audited the financial statements of Orthet Limited for the year ended 31st December 2000 on pages 3 to 9. These financial statements have been prepared under the accounting policies set out therein.

## **Respective Responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

## **Basis of Audit Opinion**

We conducted our audit in accordance with United Kingdom 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 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 31st December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO Stoy Hayward**  
**Chartered Accountants and Registered Auditors**

**Date: 26th September 2001**

# ORTHET LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2000

|  | Notes | 2000<br>£  | 1999<br>£  |
|--|-------|------------|------------|
| <b>Turnover</b>                                      | 2     | 23,073,126 | 24,522,498 |
| Cost of Sales  |       | 13,552,275 | 13,179,558 |
| <b>Gross Profit</b>                                  |       | 9,520,851  | 11,342,940 |
| Administrative Expenses                              |       | 7,844,407  | 7,450,782  |
|  |       | 1,676,444  | 3,892,158  |
| Other operating income                               |       | 234,251    | 209,319    |
| <b>Operating Profit</b>                              | 4     | 1,910,695  | 4,101,477  |
| Interest Receivable                                  |       | 1,030,999  | 654,406    |
| Interest Payable and Similar Charges                 | 5     | (5,943)    | (2,594)    |
| <b>Profit on Ordinary Activities before Taxation</b> |       | 2,935,751  | 4,753,289  |
| Tax on profit on ordinary activities                 | 6     | 456,142    | 790,721    |
| <b>Profit on ordinary activities after taxation</b>  |       | 2,479,609  | 3,962,568  |
| <b>Retained Profit Brought Forward</b>               |       | 27,399,268 | 23,436,700 |
| <b>Retained Profit Carried Forward</b>               |       | 29,878,877 | 27,399,268 |

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The profit for the year represents the movement in shareholders' funds.

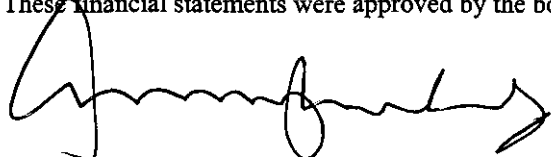
# ORTHET LIMITED

## BALANCE SHEET

AS AT 31ST DECEMBER 2000

|   | Notes | £          | 2000<br>£  | £          | 1999<br>£  |
|---|-------|------------|------------|------------|------------|
| <b>Fixed Assets</b>                                   |       |            |            |            |            |
| Tangible assets                                       | 7     |            | 4,197,908  |            | 2,342,203  |
| <b>Current Assets</b>                                 |       |            |            |            |            |
| Stocks  | 8     | 3,840,240  |            | 3,697,933  |            |
| Debtors   | 9     | 30,494,375 |            | 24,424,054 |            |
| Cash at bank and in hand                              |       | 812,264    |            | 2,658,161  |            |
|   |       |            |            |            |            |
|   |       | 35,146,879 |            | 30,780,148 |            |
| <b>Creditors: Amounts Falling Due Within One Year</b> | 10    | 7,740,910  |            | 3,998,083  |            |
| <b>Net Current Assets</b>                             |       |            | 27,405,969 |            | 26,782,065 |
| <b>Total Assets Less Current Liabilities</b>          |       |            | 31,603,877 |            | 29,124,268 |
| <b>Capital and Reserves - equity</b>                  |       |            |            |            |            |
| Share capital   | 11    |            | 1,725,000  |            | 1,725,000  |
| Profit and loss account                               |       |            | 29,878,877 |            | 27,399,268 |
| <b>Shareholders' Funds</b>                            |       |            | 31,603,877 |            | 29,124,268 |

These financial statements were approved by the board on 26th September 2001 and signed on its behalf by:



**Mr BLK Heng**  
Director

# **ORTHET LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2000**

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### **1 Accounting Policies**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### **Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

#### **Depreciation**

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated at the following rates:

|                         |                           |
|-------------------------|---------------------------|
| Leasehold improvements  | - over length of licenses |
| Motor vehicles          | - 25%                     |
| Furniture and equipment | - 20%                     |
| Fixtures and fittings   | - 20%                     |
| Computer equipment      | - 33.33%                  |

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete or slow moving items.

#### **Deferred Taxation**

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

#### **Foreign Currencies**

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions.

Assets and liabilities in foreign currencies are translated into sterling at year end exchange rates. All exchange differences are taken to the profit and loss account.

#### **Cash Flow Statement**

The company's intermediate parent company Como Holdings (UK) Limited, a company registered in England and Wales, has prepared a consolidated cashflow statement incorporating the company's cashflow and accordingly the company has not prepared a cashflow statement.



# ORTHET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST DECEMBER 2000

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#### 2 Turnover

The turnover is attributable to one activity, the retailing of high fashion clothing within the United Kingdom.

#### 3 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

|                       | 2000             | 1999             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 3,731,125        | 3,792,920        |
| Social security costs | 349,239          | 360,649          |
| Other pension costs   | 9,000            | 8,500            |
|                       | <u>4,089,364</u> | <u>4,162,069</u> |

The average number of employees during the year was as follows:

|           | 2000       | 1999       |
|-----------|------------|------------|
|           | Number     | Number     |
| Full Time | <u>270</u> | <u>280</u> |

Neither of the directors received any remuneration from the company during the year (1998 - £Nil).

#### 4 Operating Profit

*The operating profit is arrived at after charging or crediting:*

|                              | 2000         | 1999          |
|------------------------------|--------------|---------------|
|                              | £            | £             |
| Depreciation of owned assets | 744,704      | 770,604       |
| Auditors' remuneration       | <u>8,614</u> | <u>10,087</u> |

#### 5 Interest Payable and Similar Charges

|  | 2000         | 1999         |
|--|--------------|--------------|
|  | £            | £            |
| Interest payable on loans other than bank loans and overdrafts | <u>5,943</u> | <u>2,594</u> |
|  | <u>5,943</u> | <u>2,594</u> |

#### 6 Taxation

|                                  | 2000           | 1999           |
|----------------------------------|----------------|----------------|
|                                  | £              | £              |
| Based on the profit for the year |                |                |
| UK corporation tax               | <u>456,142</u> | <u>790,721</u> |
|                                  | <u>456,142</u> | <u>790,721</u> |

The tax charge for the year is reduced due to the availability of group relief.

# ORTHET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

### 7 Tangible Fixed Assets

|                              | Short<br>Leasehold<br>Land and<br>Buildings | Motor<br>Vehicles | Furniture<br>and<br>Equipment | Fixtures<br>and<br>Fittings | Computer<br>Equipment | Total             |
|------------------------------|---|-------------------|-------------------------------|-----------------------------|-----------------------|-------------------|
| <b>Cost</b>                  | <b>£</b>                                    | <b>£</b>          | <b>£</b>                      | <b>£</b>                    | <b>£</b>              | <b>£</b>          |
| At 1st January 2000          | 7,374,791                                   | 81,138            | 547,326                       | 968,550                     | 490,570               | 9,462,375         |
| Additions                    | 1,836,904                                   | -                 | 167,852                       | 567,179                     | 28,474                | 2,600,409         |
| <b>At 31st December 2000</b> | <b>9,211,695</b>                            | <b>81,138</b>     | <b>715,178</b>                | <b>1,535,729</b>            | <b>519,044</b>        | <b>12,062,784</b> |
| <b>Depreciation</b>          |   |                   |                               |                             |                       |                   |
| At 1st January 2000          | 5,249,145                                   | 71,621            | 467,249                       | 898,904                     | 433,253               | 7,120,172         |
| Charge for the year          | 551,295                                     | 9,517             | 45,359                        | 104,753                     | 33,780                | 744,704           |
| <b>At 31st December 2000</b> | <b>5,800,440</b>                            | <b>81,138</b>     | <b>512,608</b>                | <b>1,003,657</b>            | <b>467,033</b>        | <b>7,864,876</b>  |
| <b>Net Book Value</b>        |   |                   |                               |                             |                       |                   |
| <b>At 31st December 2000</b> | <b>3,411,255</b>                            | <b>-</b>          | <b>202,570</b>                | <b>532,072</b>              | <b>52,011</b>         | <b>4,197,908</b>  |
| <i>At 31st December 1999</i> | <i>2,125,646</i>                            | <i>9,517</i>      | <i>80,077</i>                 | <i>69,646</i>               | <i>57,317</i>         | <i>2,342,203</i>  |

|  |                  |                  |
|--|------------------|------------------|
| <b>8 Stocks</b>                          | <b>2000</b>      | <b>1999</b>      |
|  | <b>£</b>         | <b>£</b>         |
| Finished goods and goods held for resale | <b>3,840,240</b> | <b>3,697,933</b> |

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| <b>9 Debtors</b>                   | <b>2000</b>       | <b>1999</b>       |
|                                    | <b>£</b>          | <b>£</b>          |
| Trade debtors                      | <b>156,114</b>    | <b>118,590</b>    |
| Amounts owed by group undertakings | <b>26,994,722</b> | <b>21,846,004</b> |
| Other debtors                      | <b>974,387</b>    | <b>885,026</b>    |
| Prepayments and accrued income     | <b>2,369,152</b>  | <b>1,574,434</b>  |
|                                    | <b>30,494,375</b> | <b>24,424,054</b> |

|  |                  |                  |
|--|------------------|------------------|
| <b>10 Creditors: Amounts Falling Due Within One Year</b> | <b>2000</b>      | <b>1999</b>      |
|  | <b>£</b>         | <b>£</b>         |
| Trade creditors  | <b>2,045,616</b> | <b>1,379,040</b> |
| Amounts owed to group undertakings                       | <b>316,056</b>   | <b>157</b>       |
| Corporation tax  | <b>256,830</b>   | <b>665,632</b>   |
| Other taxes and social security                          | <b>732,190</b>   | <b>832,734</b>   |
| Other creditors  | <b>1,463,763</b> | <b>247,944</b>   |
| Accruals and deferred income                             | <b>2,926,455</b> | <b>872,576</b>   |
|  | <b>7,740,910</b> | <b>3,998,083</b> |

# ORTHET LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

| 11 | Share Capital  | 2000<br>£        | 1999<br>£        |
|----|--|------------------|------------------|
|    | <b>Authorised<br/>Equity Shares</b>  |                  |                  |
|    | 1,725,000 Ordinary shares of £1.00 each                                    | <u>1,725,000</u> | <u>1,725,000</u> |
|    | <b>Allotted<br/>Equity Shares</b>  |                  |                  |
|    | 1,725,000 Allotted, called up and fully paid ordinary shares of £1.00 each | <u>1,725,000</u> | <u>1,725,000</u> |

## 12 Capital Commitments

At 31 December 2000, no capital commitments were authorised or contracted for (1999 - £Nil)

## 13 Operating Lease Commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

|                                | <b>Land and buildings</b> |                  |
|--------------------------------|---------------------------|------------------|
|                                | 2000                      | 1999             |
|                                | £                         | £                |
| Operating leases which expire: |                           |                  |
| Within one year                | 170,722                   | 230,000          |
| Between two and five years     | 519,837                   | 426,780          |
| After five years               | <u>1,750,800</u>          | <u>1,395,800</u> |
|                                | <u>2,441,359</u>          | <u>2,052,580</u> |

## 14 Contingent Liabilities

The company has guaranteed the lease obligations of certain group companies and another third party company relating to leases which expire between 2005 and 2020. The total amount of the annual rentals in respect of these leases is £460,000.

The company is party to a cross guarantee to secure the borrowings of its parent company, Como Holdings (UK) Limited. As at 31 December 2000 the amount guaranteed was £Nil.

The company is also party to a cross guarantee to secure the borrowings of certain other fellow subsidiary undertakings. as at 31 December 2000 the amount guaranteed was £Nil.

## 15 Related Parties

The company has relied upon the exemption from the disclosure of transactions with companies within a group where at least 90% of the voting rights are controlled within the group.

# **ORTHET LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 2000**

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### **16 Ultimate parent company**

Adobe Holdings Limited, a company incorporated in Gibraltar, is regarded by the directors as the company's ultimate parent company.

The company's intermediate parent is Como Holdings (UK) Limited, a company registered in England and Wales.