

Esprit Image & Product Development Limited
(Registered Number: 3309229)

Directors' Report & Accounts
For the Year Ended 30 June 2005



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Esprit Image & Product Development Limited

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Esprit Image & Product Development Limited

Company Information

Board of Directors

Heinz-Jürgen Krogner Kornalik
Derong Yang
John Cho Ming Poon
Thomas Johannes Grote

Secretary and Registered office

DWS Secretarial Services
5 Chancery Lane
Cliffords Inn
London
EC4A 1BU

Registered Auditors

PriceWaterhouseCoopers LLP
Chartered Accountants
1 Embankment Place
London
EC2N 6RH

Registered Number

3309229

Esprit Image & Product Development Limited

Directors' report for the Year Ended 30 June 2005

The directors present their report together with the audited financial statements of the Company for the year ended 30 June 2005.

Principal activities and review of business

In the prior year, activities of the Company were transferred to a fellow company within the Esprit Group and the Company ceased to trade.

The Directors believe the Company will continue to be dormant in future years.

Results and dividends

The Company's profit for the year was £6,000 (2004: loss of £15,000). The directors do not recommend the payment of a dividend (2004: £ nil).

Directors and their interests

The Directors who held office during the year under review and to the date of this report were as follows:

Heinz-Jürgen Krogner Kornalik
Derong Yang
John Cho Ming Poon
Thomas Johannes Grote

None of the directors held any interest in the share capital of the Company at 30 June 2005.

The interests of the directors in the Company's ultimate parent undertaking are shown in the accounts of Esprit Holdings Limited, which are available to the public.

Esprit Image & Product Development Limited

Directors' report For the Year Ended 30 June 2005 *(Continued)*

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.
By Order of the Board

24th July, 2006



Director
Heinz-Jürgen Krogner Kornalik

Independent auditors report to the members of Esprit Image & Product Development Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 the audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit 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 misstatements, 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 at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

24 July 2006

Esprit Image & Product Development Limited

Profit and loss account For the Year Ended 30 June 2005

	Notes	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Cost of sales		-	(15)
Administrative expenses		(2)	(70)
Other operating income	2	-	67
Operating loss	3	(2)	(18)
Interest receivable	4	12	15
Interest payable and similar charges		-	-
Profit/(loss) on ordinary activities before taxation		10	(3)
Tax (charge) on (loss)/profit on ordinary activities	6	(4)	(12)
Profit/(loss) on ordinary activities after taxation		6	(15)
Retained profit/ (loss) brought forward		20	35
Retained profit carried forward		26	20

All operations in the year and in the comparative period were continuing.

There are no recognised gains or losses other than those shown within the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above and their historical cost equivalents.

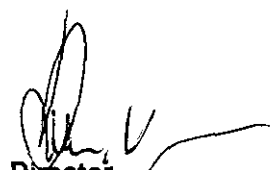
The notes on pages 7 to 12 form part of these accounts.

Esprit Image & Product Development Limited

Balance Sheet as at 30 June 2005

	Notes	As at 30 June 2005 £'000	As at 30 June 2004 £'000
Current assets			
Debtors	7	776	358
Cash at bank and in hand		60	468
		836	826
Creditors: amounts falling due within one year	8	(10)	(6)
Net current assets		826	820
Total assets less current liabilities and net assets		826	820
Capital and reserves			
Called up share capital	9	800	800
Profit and loss account	10	26	20
Equity shareholders' funds	11	826	820

These financial statements were approved by the Board of Directors on July 24th, 2006 and signed on their behalf by



Director
Heinz-Jürgen Krogner Kornalik

The notes on pages 7 to 12 form part of these accounts.

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2005

1 Accounting policies

Basis of accounts

The financial statements have been prepared on a going concern basis and under the historical cost convention in accordance with the Companies Act 1985 and applicable accounting standards.

The relevant accounting policies adopted are based on going concern considerations as the Company's parent undertaking Esprit Europe GmbH has undertaken to provide financial support to enable the company to carry out its activities and meet its obligations as they fall due. These accounting policies are described below.

Foreign currency items

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated at year-end rates of exchange. Exchange differences arising during the period have been charged or credited to the profit and loss account.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future.

Cash flow statement and related party disclosures

The Company is a wholly owned subsidiary of Esprit Europe GmbH, Düsseldorf, Germany, which is included in the consolidated financial statements, produced by the ultimate parent company, Esprit Holdings Limited, incorporated in Bermuda, which are available to the public. The Company has consequently taken advantage of the exemption in FRS1 (Revised 1996) from producing a cash flow statement. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of Esprit Europe Group.

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2005

2 Other operating income

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Other income	-	67

Other income in 2004 relates to amounts recharged to Esprit GB Limited for consulting on property refurbishment.

3 Operating loss

The operating loss is stated after charging the following:

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Auditors' remuneration - audit	-	2
Staff costs (see note 5)	-	13

Auditors' remuneration for the year ended 30th June 2005 was borne by Esprit GB Limited and has not been recharged.

4 Interest receivable

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Interest receivable on bank balances	12	15
	12	15

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2005

5 Information regarding directors and employees

Directors' information

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Aggregate emoluments	-	-

Employee information

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Staff costs during the year		
Wages and salaries	-	12
Social security costs	-	1
	-	13

No pension contributions have been made by the Company during the year.

There were no employees during the year (2004: 1).

6 Taxation

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Current tax:		
UK Corporation tax at 30% (2004: 30%)	4	-
Adjustments in respect of prior periods	-	-
Deferred tax:		
Origination and reversal of timing differences	-	12
Adjustment in respect of prior periods	-	-
Tax charge on profit on ordinary activities	4	12

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2005

Taxation (continued)

Tax reconciliation:

	Year ended 30 June 2005 £'000	Year ended 30 June 2004 £'000
Profit/(loss) on ordinary activities before tax	10	(3)
Profit/(loss) on ordinary activities before tax for the year multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	3	(1)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	1
Accounting depreciation in excess of capital allowances	-	-
Group relief claimed	-	-
Adjustments in respect of prior periods	-	-
Other short term timing differences	-	-
Total current tax charge	4	-

Deferred Tax Asset

	Recognised		Unrecognised	
	30 June 2005 £'000	30 June 2004 £'000	30 June 2005 £'000	30 June 2004 £'000
Accelerated capital allowances	-	-	-	-
Trading losses carried forward	-	-	12	12
Other timing differences	-	-	-	-
Total	-	-	12	12

No deferred tax asset has been recognised on the basis that the company has ceased to trade and it is not expected that the losses will be utilised in the immediately foreseeable future.

7 Debtors

	As at 30 June 2005 £'000	As at 30 June 2004 £'000
Amounts owed by Group undertakings	770	352
Other debtors	6	6
	776	358

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2005

8 Creditors: Amounts falling due within one year

	As at 30 June 2005 £'000	As at 30 June 2004 £'000
Corporation tax	4	-
Other creditors	3	3
Accruals and deferred income	3	3
	<u>10</u>	<u>6</u>

9 Called up share capital

	As at 30 June 2005 Number	£'000	As at 30 June 2004 Number	£'000
Authorised:				
Ordinary shares of £1 each	800,000	800	800,000	800
Allotted and fully paid:				
Ordinary shares of £1 each	800,000	800	800,000	800

10 Reserves

	Profit and loss account £'000
At 1 July 2004	20
Profit for the financial year	6
<u>At 30 June 2005</u>	<u>26</u>

11 Reconciliation of movements in shareholders' funds

	As at 30 June 2005 £'000	As at 30 June 2004 £'000
Profit/(loss) for the financial year	6	(15)
Net addition/(reduction) to shareholders' funds	6	(15)
Shareholders' funds as at 1 July	820	835
<u>Shareholders' funds as at 30 June</u>	<u>826</u>	<u>820</u>

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2005

12 Parent company

The immediate parent company during the period was Esprit Europe GmbH. The ultimate parent company is Esprit Holdings Limited, a company registered in Bermuda. The consolidated financial statements of this company can be obtained from Esprit Holdings Limited, 43/f Enterprise square three, 39 Wang chiu road, Kowloon Bay, Kowloon, Hong Kong.