

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

Directors' Report & Accounts
For the Year Ended 30 June 2006

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Esprit Image & Product Development Limited

Contents

	Page
Company Information	1
Directors' report	2 - 3
Statement of directors' responsibilities	3
Independent auditors' report	4-5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8 – 12

Esprit Image & Product Development Limited

Company Information

Board of Directors

Heinz-Jurgen 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 2006

The directors present their report together with the audited financial statements of the Company for the year ended 30 June 2006

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 £nil (2005 £6,000) The directors do not recommend the payment of a dividend (2005 £ 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-Jurgen 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 2006

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 2006 (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 judgments and estimates have been made in preparing the financial statements for the year ended 30 June 2006 and that applicable accounting standards have been followed.

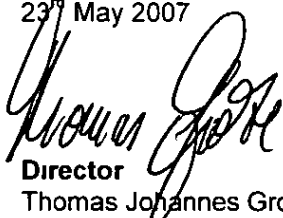
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets 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

23rd May 2007



Director

Thomas Johannes Grote

Esprit Image & Product Development Limited

Independent Auditors' Report to the members of Esprit Image and Product Development Limited

We have audited the financial statements of Esprit Image and Product Development Limited for the year ended 30th June 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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 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). 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 purpose². 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 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.

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

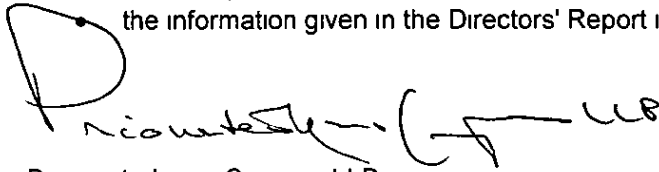
In our opinion:

- 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 30th June 2006 and of its results for the year then ended,

Esprit Image & Product Development Limited

Independent Auditors' Report to the members of Esprit Image and Product Development Limited (Continued)

- 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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
23rd May 2007

Esprit Image & Product Development Limited

Profit and loss account For the Year Ended 30 June 2006

	Notes	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Cost of sales		-	-
Administrative expenses		(1)	(2)
Operating loss	2	(1)	(2)
Interest receivable	3	1	12
Profit on ordinary activities before taxation		-	10
Tax on ordinary activities	5	-	4
Profit on ordinary activities after taxation		-	6
Retained profit brought forward		26	20
Retained profit carried forward		26	26

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 on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

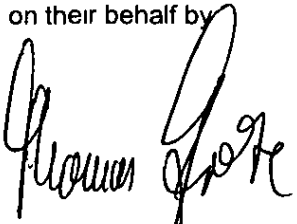
The notes on pages 8 to 12 form part of these accounts

Esprit Image & Product Development Limited

Balance Sheet as at 30 June 2006

	Notes	As at 30 June 2006 £'000	As at 30 June 2005 £'000
Current assets			
Debtors & prepayments	6	871	776
Cash at bank and in hand		3	60
		874	836
Creditors amounts falling due within one year	7	(48)	(10)
Net current assets		826	826
Total assets less current liabilities and net assets		826	826
Capital and reserves			
Called up share capital	8	800	800
Profit and loss account	9	26	26
Equity shareholders' funds	10	826	826

These financial statements were approved by the Board of Directors on 23rd May 2007 and signed on their behalf by



Director
Thomas Johannes Grote

The notes on pages 8 to 12 form part of these accounts

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2006

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

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, Dusseldorf, 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 2006

2 Operating loss

Auditors' remuneration for the year ended 30th June 2006 was borne by Esprit GB Limited and has not been recharged

3 Interest receivable

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Interest receivable on bank balances	1	12
	1	12

4 Information regarding directors and employees

There were no employees during the year

5 Taxation

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Current tax		
UK Corporation tax at 30% (2005 30%)	-	4
Adjustments in respect of prior periods	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior periods	-	-
Tax charge/(credit) on profit on ordinary activities	-	4

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2006

Taxation (continued)

Tax reconciliation:

	Year ended 30 June 2006 £'000	Year ended 30 June 2005 £'000
Profit on ordinary activities before tax	-	10
Profit on ordinary activities before tax for the year multiplied by the standard rate of corporation tax in the UK of 30% (2004 30%)	-	3
<i>Effects of</i>		
Expenses not deductible for tax purposes	-	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 2006 £'000	30 June 2005 £'000	30 June 2006 £'000	30 June 2005 £'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

6 Debtors

	As at 30 June 2006 £'000	As at 30 June 2005 £'000
Amounts owed by Group undertakings	869	770
Other debtors	2	6
Prepayments	-	-
	871	776

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2006

7 Creditors: Amounts falling due within one year

	As at 30 June 2006 £'000	As at 30 June 2005 £'000
Amounts owing to Group undertakings	38	-
Corporation tax	4	4
Other creditors	3	3
Accruals	3	3
	<hr/> 48	<hr/> 10

8 Called up share capital

	As at 30 June 2006 Number	£'000	As at 30 June 2005 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

9 Reserves

	Profit and loss account £'000
At 1 July 2005	26
Profit for the financial year	-
At 30 June 2006	<hr/> 26

10 Reconciliation of movements in shareholders' funds

	As at 30 June 2006 £'000	As at 30 June 2005 £'000
Profit for the financial year	-	6
Net addition to shareholders' funds	-	6
Shareholders' funds as at 1 July	826	820
Shareholders' funds as at 30 June	<hr/> 826	<hr/> 826

Esprit Image & Product Development Limited

Notes to the Accounts for the year ended 30 June 2006

11 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, 10/F, 11 Yuk Yat Street, Tokwawan, Kowloon, Hong Kong.