Company number 3328638

MARCHPOLE HOLDINGS PLC

UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2007

CHAIRMAN'S STATEMENT

I am pleased to report the interim results of Marchpole Holdings plc for the six months ended 30 September 2007

The level of profitability is a direct consequence of our investment and expansion into new markets and the loss of the benefit of the YSL licence We recognise the importance of the emerging economies to the fashion retail business, and the significant returns that such markets can deliver We are making good progress in expanding sales of our brands in the brand driven consumer markets of Russia, the Eastern European States, the Middle East, India and the Far East These markets are experiencing a rapidly developing and increasingly sophisticated retail environment with a rising demand for luxury brands The Russian, the Eastern European, the Chinese and the Gulf Countries will make an increasing contribution to the future earnings of the group over the next three years

The Board is committed to a three to five year programme which we believe will deliver enhanced returns to shareholders and will continue to capitalise upon our key strength of managing international brands for further global growth, while exploiting opportunities in our core markets in the UK, USA and Western Europe

Results

Turnover declined to £29 9 million (2006 £38 5 million) On a comparable basis if sales of YSL are excluded, turnover rose to £29 9 million from £10 1 million in the six months to 30 September 2006

Operating profit declined to £1 2 million (2006 £5 0 million) Profit before Taxation was lower at £0 5 million (2006 £4 0 million) and basic earnings per share declined to 1 2p from 10 2p in 2006

Dividends

The Board has agreed to a payment of an interim dividend of 1 1 pence (2006 1 5 pence) to shareholders on the register at 15 January 2008 It is the Board's intention to maintain the total dividend distribution at 3 75 pence per share for the year to 31 March 2008

Board Changes and Management Structure

In July 2007, Marchpole announced that John Harrison, Group Finance Director would be stepping down from the Board and he has since left the Company Raymond Harris, formerly the senior independent non-executive Director, has now taken on the role of Finance Director and is contracted to remain in this position until at least the end of the current financial year In addition John Macaulay has been appointed Group Financial Officer John has over 15 years experience in senior financial positions in the clothing business

In August 2007, Marchpole strengthened its Board with the appointment of John Molloy as a Non Executive Director John brings valuable retail experience to the group having spent his career with C&A

The Board have also restructured the management of the operating subsidiaries to enhance performance and improve corporate governance in the international subsidiaries

Licences

Emanuel Ungaro and Ungaro Homme

We continue to work closely with the House of Ungaro to establish Emanuel Ungaro and the Ungaro Homme diffusion label as a worldwide menswear brand

The sales of Emanuel Ungaro and Ungaro Homme in Europe, including the UK, are encouraging despite the difficult trading conditions During the period, we appointed leading fashion designer, Franck Boclet as Creative Director and his first line Emanuel Ungaro collection has exceeded Company expectations, with significant forward orders following a very successful Paris Fashion Show in July

An important development for the brand was our breakthrough into the South American market The first long term licence and distribution agreements for Emanuel Ungaro and Ungaro Home in South America, were signed with TEXTRON SA, the leading Colombian menswear retailer and manufacturer with 28 stores

In addition there will be four new flagship stores in Azerbaijan, Bucharest, Colombia and Uzbekistan which will open during spring 2008

Marchpole's strong sourcing capabilities have resulted in improved margins in the US business but an extremely difficult retail environment in North America has resulted in a disappointing sales performance We have restructured the US business which will result in significant cost savings during the second half of the financial year

Jean-Charles de Castelbajac S.A ("JCC")

We continue to work with Jean-Charles de Castelbajac to build upon the success of the brand to date Good progress has been made and, on a like-for-like basis, sales of JCC have increased by 5 per cent and royalty income has increased by 50 per cent on the back of the new licensing agreements put in place during the previous twelve months

During the period a partnership agreement has been signed with the headwear company New Era

Significantly JCC has also signed an exclusive partnership with global denim brand, Lee Cooper Inc, for an initial period of five years Under the terms of the agreement JCC will design two new premium denim lines and casual tops for the Spring/Summer 2008 season This collection will be the only premium denim collection and casual tops offered by Lee Cooper and will be sold in JCC flagship stores worldwide and also initially in 110 of 670 Lee Cooper stores worldwide

The Russian, Eastern European and Middle and Far Eastern markets are proving particularly strong for the JCC brand, and we have signed two major long term distribution agreements for these regions In Russia we have signed an exclusive contract with The Crocus Group, one of the leading luxury goods retailers in Russia, and our flagship store in the Crocus City Mall in Moscow, opens this winter Our exposure to the Russian market has also driven our expansion into other Eastern European states, where our goods are stocked in over sixty stores

The Middle East distribution agreement with The Chalhoub Group, which has promoted luxury brands in the region for over 50 years, has resulted in JCC clothing and accessories now being distributed throughout the Middle East

In the USA JCC has increased its distribution to 60 multi-brand stores including, initially, 6 out of Bloomingdale's 35 stores

To support the established popularity of the Castelbajac brand in Japan and Korea, Marchpole signed a new distribution agreement with Coronet, a member of the Itochu Group, in July In addition we continued to strengthen the JCC brand presence in the Far East with the opening of a new flagship store in Tokyo

Greenmark Limited

The business of Greenmark Limited, the footwear designer and importers is now fully integrated into the Group In the first six months this subsidiary has made very good progress in terms of sales growth and also has diversified adding new sourcing areas in the Far East, resulting in new cost effective production which has led to an expansion in sales

Homebody Limited

We remain committed to the global expansion of this luxury brand and we continue to make progress with increased sales and distribution In the USA the brand is stocked in Neiman Marcus, Saks and Nordstrom and in the UK in Harrods womens, mens and maternity departments In September, we launched a new multi-lingual website to support and broaden our distribution network for the complete Homebody range and we look forward to growing this part of the business

Boateng

Despite the dispute over licence arrangements with Bespoke Couture, Marchpole's commitment to developing the brand remains unaltered The Company continues to sell the Boateng collection and we have experienced an increase in sales orders year on year

Outlook

Trading conditions during the current year are proving to be difficult however all of our brands which are in their infancy are developing to plan We have restructured some areas of the business to improve efficiency and reduce cost While we expect to achieve a much stronger performance in the second half, we expect that the results for the year as a whole will be slightly lower than anticipated

We are confident that the foundations we have laid during this period allied to the income from the new licensing and sales agreements and flagship store openings will lead to strong and sustained sales growth and enhanced profitability in financial years 2009 and 2010 We are also examining acquisition opportunities to increase our portfolio of brands and broaden and diversify our distribution channels

We remain committed to deliver enhanced returns for our shareholders and are confident the group will achieve this

Christopher Phillips
Chairman

13 November 2007

MARCHPOLE HOLDINGS PLC
UNAUDITED CONSOLIDATED INCOME STATEMENT
For the six months ending 30 September 2007

	Notes	6 months to 30 September 2007 Total £'000	6 months to 30 September 2006 Total £'000	Year ended 31 March 2007 Total £'000
Revenue	*3*	**29,851**	38,560	90,534
Cost of sales		**(21,229)**	(25,522)	(63,470)
Gross profit		**8,622**	13,038	27,064
Distribution costs		**(1,499)**	(544)	(4,229)
Administrative expenses		**(5,939)**	(7,471)	(14,906)
Fair value of net assets acquired in excess of fair value of purchase consideration		**-**	-	2,124
Operating profit		**1,184**	5,023	10,053
Net finance costs		**(731)**	(1,045)	(1,730)
Profit before tax	*3*	**453**	3,978	8,323
Tax	*5*	**(135)**	(1,217)	(2,096)
Profit for period		**318**	2,761	6,227
Minority interest		**-**	17	-
Profit for the period attributable to equity shareholders		**318**	2,778	6,227
Earnings per share basic	*4*	**1 2p**	10 2p	23 0p
Earnings per share diluted	*4*	**1 2p**	10 2p	22 0p

MARCHPOLE HOLDINGS PLC
UNAUDITED CONSOLIDATED BALANCE SHEET
As at 30 September 2007

	As at 30-Sep-07 £'000	As at 30-Sep-06 £'000	As at 31-Mar-07 £'000
Non-current assets			
Goodwill	**6,137**	4,291	4,062
Other intangible assets	**3,702**	2,245	9,920
Property, plant and equipment	**1,032**	1,052	1,088
	10,871	7,588	15,070
Current assets			
Inventories	**5,448**	7,150	3,797
Trade and other receivables	**23,521**	18,627	14,284
Cash and cash equivalents	**1,213**	8,195	2,342
	30,182	33,972	20,423
Current liabilities			
Trade and other payables	**(6,281)**	(10,105)	(9,446)
Current tax liabilities	**(3,286)**	(3,587)	(2,604)
Bank overdrafts and loans	**(15,718)**	(13,896)	(2,512)
Deferred tax liabilities	**(140)**	(72)	(353)
	(25,425)	(27,660)	(14,915)
Net current assets	**4,757**	6,312	5,508
Non-current liabilities			
Deferred tax liabilities	**(661)**	(369)	(2,498)
Loans	**(2,894)**	(1,965)	(3,541)
	(3,555)	(2,334)	(6,039)
Net assets	**12,073**	11,566	14,539
Capital and reserves			
Share capital	**1,373**	1,360	1,373
Share premium account	**2,800**	2,800	2,800
Other reserves	**374**	290	374
Hedging and translation reserves	**(796)**	(424)	(751)
Retained earnings	**8,322**	7,618	10,743
Total shareholders' equity	**12,073**	11,644	14,539
Minority Interest	-	(78)	
Total equity	**12,073**	11,566	14,539

The Unaudited Financial Statements were approved by the Board of Directors on 13 November 2007.

They were signed on its behalf by:

Christopher Phillips
Non-executive Chairman

Michael Morris
Executive Deputy Chairman

MARCHPOLE HOLDINGS PLC
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the six months ending 30 September 2007

	Share capital £'000	Share premium £'000	Other reserve £'000	Hedging and translation reserve £'000	Retained earnings reserve £'000	**Total £'000**
As at 31 March 2006	1,360	2,798	290	(212)	5,537	9,773
Shares issued in the period	13	2	-	-	-	**15**
Credit in respect of share option charge	-	-	84	-	-	**84**
Profit for the period	-	-	-	-	6 227	**6,227**
Foreign exchange movement	-	-	-	(539)	-	**(539)**
Dividends	-	-	-	-	(1,021)	**(1,021)**
As at 31 March 2007	1 373	2,800	374	(751)	10,743	**14,539**
Shares issued in the period	-	-	-	-	-	-
Credit in respect of share option charge	-	-	-	-	-	-
Profit for the period	-	-	-	-	318	**318**
Prior year adjustment	-	-	-	-	(2 124)	**(2,124)**
Foreign exchange movement	-	-	-	(45)	-	**(45)**
Dividends	-	-	-	-	(615)	**(615)**
As at 30 September 2007	1,373	2,800	374	(796)	8,322	12,073

MARCHPOLE HOLDINGS PLC
UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
For the six months ending to 30 September 2007

	Note	6 months to 30-Sep-07 £'000	6 months to 30-Sep-06 £'000	Year to 31-Mar-07 £'000
Net cash from operating activities	2	**(14,419)**	2,918	12,518
Investing activities				
Interest received				-
Purchase of property, plant and equipment		**(98)**	(74)	(282)
Purchase of intangibles		-	(48)	(63)
Acquisition of subsidiary		-	(292)	(3,305)
Net cash used in investing activities		**(98)**	(414)	(3,650)
Financing activities				
Dividends paid		**(615)**	(612)	(1,021)
Repayments of borrowings		**305**	(2,981)	(404)
Repayments of obligations under finance leases				(16)
Proceeds on issue of shares		-	-	15
New bank loans raised		-	1,705	1,683
Increase in bank facilities		**13,698**	-	(6,535)
Net cash from financing activities		**13,388**	(1,888)	(6,278)
Net increase/(decrease) in cash and cash equivalents		**(1,129)**	616	2,590
Cash and cash equivalents at beginning of period		**2,342**	(248)	(248)
Cash and cash equivalents at end of period		**1,213**	368	2,342

MARCHPOLE HOLDINGS PLC
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the six months ending 30 September 2007

1 **Basis of preparation**

These unaudited condensed consolidated interim financial statements have been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards and have been prepared using the same accounting policies as set out in the Group's Annual Report for the year ended 31 March 2007

The unaudited financial information presented in this interim statement does not constitute full financial information within the meaning of Section 240 of the Companies Act 1985 The Group income statement for the year ended 31 March 2007 and the Group balance sheet at that date have been extracted from the statutory accounts for the period, which have been delivered to the Registrar of Companies The auditors opinion on these accounts was unqualified and does not contain a statement made under section 273(2) and section 237(3) of the companies act 1985

2. **Notes to the cash flow statement**

	6 months to 30-Sep-07 £'000	6 months to 30-Sep-06 £'000	Year to 31-Mar-07 £'000
Operating profit from continuing operations	**1,184**	5,023	10,053
Net gain on derivatives	**45**	-	99
Depreciation of property, plant and equipment	**163**	163	335
Amortisation of intangible assets	**250**	120	461
Share option charge	-	-	84
Excess of fair value net assets acquired over fair value consideration released to income statement	-	-	(2,124)
Foreign exchange	**91**	-	-
Operating cash flows before movements in working	**1,733**	5,306	8,908
(Increase)/decrease in inventories	**(1,651)**	(3,215)	168
(Increase)/decrease in receivables	**(9,237)**	2,126	9,391
Increase/(decrease) in payables	**(4,533)**	(208)	(2,260)
Cash generated by operations	**(13,688)**	4,009	16,207
Income taxes paid	-	(46)	(1,959)
Overdrafts	**(731)**	(1,045)	(1,730)
Net cash inflow/(outflow) from operating activities	**(14,419)**	2,918	12,518

3. **Geographical segments**

The group operates in the single business segment of high fashion apparel design, marketing and distribution The group has sales operations located in the UK, Europe and America, and a procurement office in Hong Kong The following table provides an analysis of the group's sales and operating profit before tax by geographical market, irrespective of the origin of the goods/services

Turnover analysis by geographical origin of sales

	6 months to 30-Sep-07 £'000	6 months to 30-Sep-06 £'000	Year to 31-Mar-07 £'000
United Kingdom	**23,173**	29 967	75,195
Europe & rest of world	**4,159**	3,366	6,835
North America	**2,519**	5,227	8,504
	29,851	38,560	90,534

Geographical analysis of profit on ordinary activities before taxation

	6 months to 30-Sep-07 £'000	6 months to 30-Sep-06 £'000	Year to 31-Mar-07 £'000
United Kingdom	**250**	4 024	9 191
Europe & rest of world	**831**	63	(953)
North America	**(628)**	(110)	85
	453	3,978	8,323

MARCHPOLE HOLDINGS PLC
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
For the six months ending 30 September 2007

4. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data

	6 months to 30-Sep-07 £'000	6 months to 30-Sep-06 £'000	Year to 31-Mar-07 £'000
Net profit attributable to equity holders of the parent	**318**	2778	6227
Weighted average number of ordinary shares in issue	**27,340,813**	27,209,247	27,253,918
Effect of dilutive potential ordinary shares	**2,383**	141,000	3 476
	27,343,196	27,350,247	27,257,394
Earnings per share (pence)			
Basic	**1.2**	10 2	23
Diluted	**1 2**	10 2	23

Following the consolidation of ordinary shares the prior periods results have been restated

5 Taxation

A provision for corporation tax has been made using the rate of 30% on profit before taxation

6 Reserves

On the acquisition of Greemark Limited completed in the year to 31 March 2007, the value of customer relationships of Greenmark Limited was provisionally valued at £8m This figure has now been reviewed and reduced to £2m The resulting adjustment of £2 124m has been set against reserves