

WITT (UK) LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

Registered Number 4408889

28 FEBRUARY 2009

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Directors' report

The directors present their directors' report and financial statements for the year ended 28 February 2009.

Principal activities

The company operates a catalogue home shopping business targeted mainly at the 55+ market within the UK.

Business review

The full results of the company's operations are set out on page 6. The loss for the year has been deducted from reserves as shown in note 10 to the financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend (2008: *£nil*).

Directors

The directors who held office during the year were as follows:

C West	(resigned 5 December 2008)
N Moore	(appointed 8 December 2008)
W Jess	
S Merck	

During the period, liability insurance was maintained for the company's directors.

Interests of directors and secretary

The directors who held office at the period end had no interests in the shares of the company.

Political and charitable contributions

The company made no political or charitable donations, or incurred any political expenditure during the year (2008: *£nil*).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Witt (UK) Limited
Directors report and financial statements
28 February 2009

Directors' report (continued)

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Ingleby Road
Bradford
BD99 2XG



Neill Moore
Director

29 May 2009

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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.

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Independent auditors' report to the members of Witt (UK) Limited

We have audited the financial statements of Witt (UK) Limited for the year ended 28 February 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

Independent auditors' report to the members of Witt (UK) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2009 and of its loss for the year then ended;
- 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

29 May 2009

Witt (UK) Limited
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Profit and loss account
for the year ended 28 February 2009

		2009	2008
	Note	£	£
Turnover	1	13,522,802	13,762,266
Cost of sales		(12,921,733)	(12,170,286)
Gross profit		601,069	1,591,980
Distribution costs		(1,744,183)	(1,280,698)
Administrative expenses		(1,153,437)	(1,320,947)
Other operating income	1	631,774	565,783
Operating loss		(1,664,777)	(443,882)
Loss on ordinary activities before taxation		(1,664,777)	(443,882)
Taxation on loss on ordinary activities	5	786	147,969
Loss for the financial year	10	(1,663,991)	(295,913)

All amounts relate to continuing activities.

The company has no recognised gains and losses other than those included in the loss above and therefore no separate statement of total recognised gains and losses has been prepared.

There is no difference between the loss for the year on an unmodified historical cost basis and the loss disclosed above.

The notes on pages 9 to 13 form part of the financial statements.

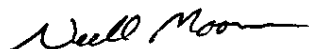
Witt (UK) Limited
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Balance sheet
at 28 February 2009

		2009	2008
	Note	£	£
Current assets			
Debtors	6	5,355,309	4,965,312
Creditors: amounts falling due within one year	7	(4,654,754)	(4,475,766)
		<hr/>	<hr/>
Net assets		700,555	489,546
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	13,275,000	11,400,000
Profit and loss account	10	(12,574,445)	(10,910,454)
		<hr/>	<hr/>
Shareholders' funds		700,555	489,546
		<hr/>	<hr/>

The notes on pages 9 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 29 May 2009, and were signed on its behalf by:



N Moore
Director

Witt (UK) Limited
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Reconciliation of Movements in Shareholders' Funds
For the year ended 28 February 2009

	2009	2008
	£	£
Loss for the financial year	(1,663,991)	(295,913)
Retained loss	(1,663,991)	(295,913)
New share capital subscribed (net of issue costs)	1,875,000	-
Net addition to/(reduction in) shareholders' funds	211,009	(295,913)
Opening shareholders' funds	489,546	785,459
Closing shareholders' funds	700,555	489,546

Notes to the financial statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards. The accounting period is for the 52 week period ended 28 February 2009. The comparative period being the 52 weeks ended 1 March 2008.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Otto Aktiengesellschaft für Beteiligungen (the ultimate holding company) includes the company in its own published consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by Otto Aktiengesellschaft für Beteiligungen, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Otto Aktiengesellschaft für Beteiligungen, within which this company is included, can be obtained from the address given in note 11.

Turnover

Turnover represents the value of goods sold net of VAT and customer account related deductions.

Turnover is recognised on a net despatch basis and provision made for expected returns.

Other operating income

Other operating income includes interest income earned on interest bearing instalment sales.

Interest income is recognised in the profit and loss account over the period in which it is earned.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

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Notes to the financial statements (continued)

2. Notes to the profit and loss account

	2009 £	2008 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
<i>Auditors' remuneration:</i>		
Audit of these financial statements	8,250	8,000
Exchange (gains) / losses	(496,308)	276,137
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The audit fees were borne by another group company.

3. Remuneration of Directors

The directors receive no payments in respect of services provided as directors of the company, (2008:£nil).

4. Staff numbers and costs

All employees were employees of the parent companies and details of their remuneration and pension arrangements are disclosed in the report of those companies. A recharge of employee costs is made by each parent.

5. Taxation

Analysis of credit in period

	2009 £	2008 £
<i>UK corporation tax</i>		
Current tax on loss for the period	-	(147,969)
Adjustment in respect of previous years	(786)	-
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Total current tax and tax on loss on ordinary activities	(786)	(147,969)
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Notes to the financial statements (continued)

5. Taxation (continued)

Factors affecting the tax credit for the current period

The current tax credit for the period is lower (2008: higher) than the standard rate of corporation tax in the UK (28%, 2008: 30%). The differences are explained below:

	2009	2008
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(1,664,777)	(443,882)
Current tax at 28% (2008: 30%)	(466,138)	(133,165)
<i>Effects of:</i>		
Capital allowances for the period	-	(14,804)
Tax losses carried forward	466,138	-
Total current tax credit (see above)	-	(147,969)

6. Debtors

	2009	2008
	£	£
Trade debtors	4,109,365	4,465,543
Prepayments	884,307	76,658
Amounts owed by group undertakings	361,637	423,111
	5,355,309	4,965,312

7. Creditors: amounts falling due within one year

	2009	2008
	£	£
Amounts due to immediate parent undertaking	3,906,197	3,756,447
Taxation and social security	391,176	500,673
Accruals	357,381	218,646
	4,654,754	4,475,766

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Notes to the financial statements (continued)

8. Deferred taxation

A deferred tax asset has not been recognised as it is not certain that the relevant timing differences will reverse in the foreseeable future. The full potential asset, at 28% (2008: 28%) is as follows:

	Potential asset 2009 £	Potential asset 2008 £
Accelerated capital allowances	41,451	41,451
Tax losses carried forward	3,382,718	2,916,580
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	3,424,169	2,958,031
	<hr/>	<hr/>

9. Share Capital

	2009 No	2008 No	2009 £	2008 £
Ordinary shares of €1 each	19,000,000	16,900,000	13,275,000	11,400,000
	<hr/>	<hr/>	<hr/>	<hr/>

2,100,000 €1 shares have been issued in the year for a total consideration of £1,875,000

10. Reserves

	Profit & Loss Account 2009 £
At beginning of year	(10,910,454)
Loss for the year	(1,663,991)
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At end of year	(12,574,445)
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Notes to the financial statements (continued)

11. Ultimate parent undertaking

The directors regard the ultimate holding company as being Otto Aktiengesellschaft für Beteiligungen, a company incorporated in Germany. The consolidated financial statements of Otto Aktiengesellschaft für Beteiligungen are available to the public and may be obtained from www.ebundesanzeiger.de.

The immediate parent is Josef Witt Beteiligungs-Verwaltungsgesellschaft International mbH, holding 75% of the shares, which is registered in Germany.

Josef Witt Beteiligungs-Verwaltungsgesellschaft International mbH is a 100% subsidiary of Josef Witt GmbH, registered in Germany. Josef Witt GmbH itself is a wholly owned subsidiary of Schwab Versand GmbH, within the Otto group.