

Mohave Limited

Directors' Report and Accounts

Period ended 28 January 2006

Company Registration No. 5074656 (England and Wales)



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Mohave Limited

Company information

For the period ended 28 January 2006

Directors	Derek Lovelock Richard Glanville Jane Woolf Margaret Lustman Gunnar Sigurðsson
Secretary	Jessica Wilks
Company number	5074656
Registered office	Mohave Limited The Triangle Stanton Harcourt Industrial Estate Stanton Harcourt Witney Oxfordshire OX29 5UT
Auditor	KPMG Audit Plc
Bankers	Bank of Scotland Threadneedle Street London
Solicitors	Heatons

Mohave Limited

Directors' Report

For the period ended 28 January 2006

The directors present their annual report and the audited financial statements for 52 weeks ended 28 January 2006. The comparative period is the period from incorporation on 16 March 2004 to 29 January 2005. The company started trading on 25 June 2004.

Principal activities and business review

The principal activity of the Company is the ownership of Karen Millen Holdings Limited. There is no dividend payable for the period (2005: £nil).

Directors and directors' interests

The following directors have held office during the period:

Derek Lovelock	
Richard Glanville	
Jane Woolf	
Margaret Lustman	
Gunnar Sigurðsson	
Jón Björnsson	(appointed 30 March 2005, resigned 01 June 2005)
Heatons Directors Limited	(resigned 07 August 2006)

None of the directors at the end of the period had any interest in the shares of Mohave Limited. Their interests in the parent company, Mosaic Fashions hf. are disclosed within the accounts of that company.

Political and charitable contributions

The Company made no charitable donations (2005: £nil) and no political contributions during this period (2005: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this report of the board 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.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



17 November 2006

Jessica Wilks

Secretary

Mohave Limited

Statement of Directors' Responsibilities

For the period ended 28 January 2006

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 judgements 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 Audit Plc

8 Salisbury Square
London ECY 8BB
United Kingdom

Independent auditors' report to the members of Mohave Limited

We have audited the financial statements of Mohave Limited for the 52 week period ended 28 January 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.

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

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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 Mohave 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 January 2006 and of the loss for the 52 week period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

17 November 2006

Mohave Limited

Profit and Loss Account

For the period ended 28 January 2006

		2006	2005
	Note	£m	£m
Administrative expenses		-	-
Operating loss	2	-	-
Interest receivable and similar income	4	2.7	1.8
Interest payable and similar charges	5	-6.3	-3.7
Loss on ordinary activities before taxation		-3.6	-1.9
Tax on loss on ordinary activities	6	2.6	0.4
Loss after taxation for the financial period		-1.0	-1.5

The profit and loss account has been prepared on the basis that all operations are continuing.

There were no recognised gains or losses during the current period.

Mohave Limited
Balance Sheet
as at 28 January 2006

		2006	2005
	Note	£m	£m
Investments	7	97.4	97.4
Current assets			
Debtors	8	<u>31.8</u>	<u>26.9</u>
		31.8	26.9
Creditors : amounts falling due within one year	9	<u>-66.9</u>	<u>-61.0</u>
Net current liabilities		<u>-35.1</u>	<u>-34.1</u>
Total assets less current liabilities		62.3	63.3
Creditors : amounts falling due after more than one year		-	-
Net assets		<u>62.3</u>	<u>63.3</u>
Capital and reserves			
Called up share capital	10	64.8	64.8
Profit and loss account	11	<u>-2.5</u>	<u>-1.5</u>
Shareholders' funds - equity interests	12	<u>62.3</u>	<u>63.3</u>

These financial statements were approved by the board of directors on 17 November 2006 and signed on its behalf by:



Richard Glanville
Finance Director

Mohave Limited

Notes to the Accounts

For the period ended 28 January 2006

1. Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

In these financial statements the following new standards have been adopted for the first time:

FRS 21 'Events after the balance sheet date';

FRS 28 'Corresponding amounts'

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparative figures as is required by the Companies Act 1985. FRS 21 'Events after the balance sheet date' has had no material effect as no adjusting or disclosable events after the balance sheet date have been identified for the current or preceding year.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the cashflows of the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Mosaic Fashions hf., 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 Mosaic Fashions hf., within which this Company is included, can be obtained from Mosaic Fashions Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire OX29 5UT.

1.3 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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

Mohave Limited

Notes to the Accounts

For the period ended 28 January 2006

1.4 Investments

Investments are included at cost less amounts written off.

1.5 Going concern

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Mosaic Fashions hf. Mosaic Fashions hf. has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the above the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Mohave Limited

Notes to the Accounts

For the period ended 28 January 2006

2. Loss on ordinary activities before taxation

Auditors' remuneration is borne by another Group company.

3. Staff numbers and costs

The directors are the only employees of the Company. The directors are remunerated by Oasis Stores Limited in respect of their services to the Mosaic Fashions Group as a whole. As they receive no emoluments from the company their emoluments are dealt with in Oasis Stores Limited's accounts.

4. Interest receivable and similar income

	2006 £m	2005 £m
Interest from Group Companies	2.7	1.8

5. Interest payable and similar charges

	2006 £m	2005 £m
On group loans	6.3	3.7

6. Taxation

	2006 £m	2005 £m
UK corporation tax		
Current tax on income for the period	-1.1	-0.4
Adjustments in respect of prior years	-1.5	-
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on losses on ordinary activities	-2.6	-0.4

	2006 £m	2005 £m
Current tax reconciliation		
Loss on ordinary activities before tax	-3.6	-1.9
Current tax at 30%	-1.1	-0.6
Factors affecting charge for the period		
Group relief surrendered for greater than 30%	-	-0.2
Permanently disallowable expenses	-	0.4
Adjustment to tax charge in respect of previous periods	-1.5	-
Total actual amount of current tax	-2.6	-0.4

Mohave Limited

Notes to the Accounts

For the period ended 28 January 2006

7. Fixed asset investments	2006 £m	2005 £m
At 30 January 2005	97.4	-
Additions		
Investment in Karen Millen Holdings Limited	-	97.4
Disposals	-	-
At 28 January 2006	<u>97.4</u>	<u>97.4</u>

The principal undertaking in which the Company's interest at period end is more than 20% is as follows:

Name	Country of incorporation	Principal activity	% of shares held	Class of share
Subsidiary: Karen Millen Holdings Limited	UK	Holding company	100%	Ordinary

8. Debtors	2006 £m	2005 £m
Amounts owed by group undertakings	<u>31.8</u>	<u>26.9</u>

9. Creditors: amounts falling due within one year	2006 £m	2005 £m
Amounts owed to group undertakings	<u>66.9</u>	<u>61.0</u>

10. Share capital	2006 £m	2005 £m
Authorised:		
64,800,022 Ordinary Shares of £1 each	<u>64.8</u>	<u>64.8</u>
Allotted, called up and fully paid:		
64,800,022 Ordinary Shares of £1 each	<u>64.8</u>	<u>64.8</u>

11. Profit and loss account	Profit and Loss Account £m
At 30 January 2005	-1.5
Loss for the period	<u>-1.0</u>
At 28 January 2006	<u>-2.5</u>

Mohave Limited

Notes to the Accounts

For the period ended 28 January 2006

12. Reconciliation of movements in shareholders' funds

	2006 £m	2005 £m
Loss for the financial period	-1.0	-1.5
New share capital subscribed	-	64.8
Dividends	-	-
	<hr/>	<hr/>
Net increase / (decrease) in shareholders' funds	-1.0	63.3
Opening shareholders' funds	63.3	-
	<hr/>	<hr/>
Closing shareholders' funds	62.3	63.3

13. Ultimate parent company and parent undertaking of larger group

The largest Group in which the results of the Company are consolidated is that headed by Mosaic Fashions hf., incorporated in Iceland. The consolidated accounts of Mosaic Fashions hf. are available to the public and may be obtained from Mosaic Fashions Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire OX29 5UT.