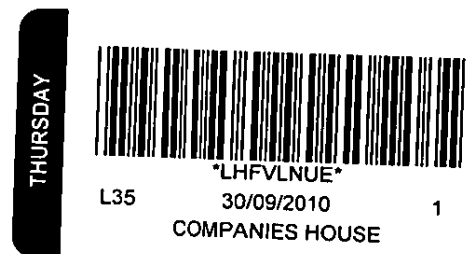


COMPANY REGISTRATION NUMBER 05895246

**VALENTINO ENGLAND LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 2009**



**VALENTINO ENGLAND LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

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# **VALENTINO ENGLAND LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2009**

The directors present their report and the financial statements of the company for the year ended 31 December 2009

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the period was distribution and sale of women's and men's luxury apparel and accessories

The directors expect the trading position to improve in the coming year and they consider that there are no significant risks or uncertainties facing the company

#### **RESULTS AND DIVIDENDS**

The loss for the year amounted to £127,949 The directors have not recommended a dividend

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The directors consider the company's exposure to price risk, credit risk, liquidity risk and cash flow to be low, and consider information relating to their financial risk management objectives and policies to be immaterial for the assessment of assets, liabilities, financial position and profit and loss of the company

#### **DIRECTORS**

The directors who served the company during the year were as follows

Mr Vianello

Mr Bartalozzi

#### **DIRECTORS' RESPONSIBILITIES**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 those 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

# VALENTINO ENGLAND LIMITED

## THE DIRECTORS' REPORT *(continued)*

### YEAR ENDED 31 DECEMBER 2009

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.


### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### AUDITOR

Lipson & Co Limited are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Signed on behalf of the directors

  
MR BARTALOZZI  
Director  
Approved by the directors on 29/09/2010

**VALENTINO ENGLAND LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF**  
**VALENTINO ENGLAND LIMITED**  
**YEAR ENDED 31 DECEMBER 2009**

We have audited the financial statements of Valentino England Limited for the year ended 31 December 2009. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholder, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 to 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **VALENTINO ENGLAND LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF VALENTINO ENGLAND LIMITED (continued)**

**YEAR ENDED 31 DECEMBER 2009**

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

**Myron Lipson FCCA**

MYRON LIPSON FCCA (Senior  
Statutory Auditor)  
For and on behalf of  
LIPSON & CO LIMITED  
Chartered Certified Accountants  
& Statutory Auditors

81A Station Road  
London  
E4 7BU

29/09/2010

# VALENTINO ENGLAND LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £
<b>TURNOVER</b>	<b>2</b>	<b>3,307,768</b>	<b>1,007,942</b>
Cost of sales		<u>(2,151,440)</u>	<u>(611,632)</u>
<b>GROSS PROFIT</b>		<b>1,156,328</b>	<b>396,310</b>
Distribution costs		(489,159)	(311,188)
Administrative expenses		(757,758)	(186,367)
Other operating income	<b>3</b>	<u>25,209</u>	<u>—</u>
<b>OPERATING LOSS</b>	<b>4</b>	<b>(65,380)</b>	<b>(101,245)</b>
Interest receivable		2	—
Interest payable and similar charges	<b>6</b>	<u>(99,342)</u>	<u>(158,167)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(164,720)</b>	<b>(259,412)</b>
Tax on loss on ordinary activities	<b>7</b>	<u>36,771</u>	<u>75,621</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(127,949)</b>	<b>(183,791)</b>
Balance brought forward		<u>(228,296)</u>	<u>(44,505)</u>
Balance carried forward		<u><b>(356,245)</b></u>	<u><b>(228,296)</b></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 7 to 14 form part of these financial statements

# VALENTINO ENGLAND LIMITED

## BALANCE SHEET

31 DECEMBER 2009

	Note	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	8	940,796	549,647
Investments	9	<u>4,314,223</u>	<u>4,311,716</u>
		<u>5,255,019</u>	<u>4,861,363</u>
<b>CURRENT ASSETS</b>			
Stocks	10	1,316,193	1,198,202
Debtors	11	1,178,344	625,213
Cash at bank and in hand		<u>151,153</u>	<u>93,225</u>
		<u>2,645,690</u>	<u>1,916,640</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(3,479,861)</u>	<u>(2,160,480)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(834,171)</u>	<u>(243,840)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,420,848</u>	<u>4,617,523</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>(394,288)</u>	<u>(4,685,819)</u>
		<u>4,026,560</u>	<u>(68,296)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	16	4,382,805	160,000
Profit and loss account		<u>(356,245)</u>	<u>(228,296)</u>
<b>SHAREHOLDER'S FUNDS/(DEFICIENCY)</b>	17	<u>4,026,560</u>	<u>(68,296)</u>

These financial statements were approved by the directors and authorised for issue on and are signed on their behalf by

  
MR. BARTALOZZI  
Director

Company Registration Number 05895246

29/09/2010

The notes on pages 7 to 14 form part of these financial statements



**VALENTINO ENGLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

**Consolidation**

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts

**Turnover**

Turnover comprises revenue recognised by the company in respect of services supplied, exclusive of Value Added Tax and trade discounts

**Fixed assets**

All fixed assets are initially recorded at cost

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	- over 10 years straight line
Fixtures & Fittings	- part over 23& 15 months and part over 10 years straight line
Equipment	- part over 23& 20& 10 months straight line

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

**Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

**VALENTINO ENGLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**1 ACCOUNTING POLICIES** *(continued)*

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**Cash flow statement**

The company has taken advantage of exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

**2. TURNOVER**

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below.

	2009 £	2008 £
United Kingdom	3,229,378	991,448
EC Countries	78,390	16,494
	<u>3,307,768</u>	<u>1,007,942</u>

**3. OTHER OPERATING INCOME**

	2009 £	2008 £
Commission receivable	17,321	—
Other operating income	7,888	—
	<u>25,209</u>	<u>—</u>

**4. OPERATING LOSS**

Operating loss is stated after charging/(crediting)

	2009 £	2008 £
Directors' remuneration	—	—
Depreciation of owned fixed assets	72,805	51,939
Net (profit)/loss on foreign currency translation	(21,649)	1,545
Auditor's remuneration	<u>2,000</u>	<u>2,000</u>

**VALENTINO ENGLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**5. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the company during the financial year amounted to

	<b>2009</b>	<b>2008</b>
	No	No
Management	<b>10</b>	1
Sales assistants	<b>2</b>	3
	<u>          </u>	<u>          </u>

The aggregate payroll costs of the above were

	<b>2009</b>	<b>2008</b>
	£	£
Wages and salaries	<b>217,274</b>	77,888
Social security costs	<b>17,804</b>	6,951
	<u><b>235,078</b></u>	<u>84,839</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2009</b>	<b>2008</b>
	£	£
Other similar charges payable	<b>99,342</b>	158,167
	<u>          </u>	<u>          </u>

**7. TAXATION ON ORDINARY ACTIVITIES**

**Analysis of charge in the year**

	<b>2009</b>	<b>2008</b>
	£	£
Deferred tax		
Origination and reversal of timing differences (note 12)		
Effect of corporation tax losses	<b>(74,557)</b>	(74,213)
Accelerated capital allowances	<b>37,786</b>	1,963
Prior year adjustment	<u>-</u>	<u>(3,371)</u>
Total deferred tax (note 12)	<u><b>(36,771)</b></u>	<u>(75,621)</u>

**VALENTINO ENGLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**7. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28%)

	2009 £	2008 £
Loss on ordinary activities before taxation	<u>(164,720)</u>	<u>(259,412)</u>
(Loss)/profit on ordinary activities by rate of tax	(46,122)	72,636
Expenses not deductible for tax purposes	9,351	(386)
Capital allowances for period in excess of depreciation	(37,786)	13,809
Effect of corporation tax losses	<u>74,557</u>	<u>(86,059)</u>
Total current tax	<u>-</u>	<u>-</u>

**8. TANGIBLE FIXED ASSETS**

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>				
At 1 January 2009	461,561	243,239	11,426	716,226
Additions	454,657	9,297	-	463,954
<b>At 31 December 2009</b>	<u>916,218</u>	<u>252,536</u>	<u>11,426</u>	<u>1,180,180</u>
<b>DEPRECIATION</b>				
At 1 January 2009	215	163,963	2,401	166,579
Charge for the year	59,824	12,078	903	72,805
<b>At 31 December 2009</b>	<u>60,039</u>	<u>176,041</u>	<u>3,304</u>	<u>239,384</u>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2009</b>	<u>856,179</u>	<u>76,495</u>	<u>8,122</u>	<u>940,796</u>
At 31 December 2008	<u>461,346</u>	<u>79,276</u>	<u>9,025</u>	<u>549,647</u>

**VALENTINO ENGLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**9. INVESTMENTS**

	Subsidiary Undertaking
	£
<b>COST</b>	
At 1 January 2009	4,311,716
Additions	2,507
At 31 December 2009	<u>4,314,223</u>
<b>NET BOOK VALUE</b>	
At 31 December 2009	<u>4,314,223</u>
At 31 December 2008	<u>4,311,716</u>

The company holds 100% of the issued ordinary share capital of the following companies

Subsidiary undertaking	Principle activity	Country of incorporation
Twenty One LA Limited	Retail of fashion ware	England

The aggregate amount of capital and reserves and the results of the associate undertakings for the last financial year were as follows

	2009 £	2008 £
<b>Aggregate capital and reserves</b>		
Twenty One LA Limited	<u>854,448</u>	<u>1,057,968</u>
	2009 £	2008 £
<b>Loss for the year</b>		
Twenty One LA Limited	<u>(203,520)</u>	<u>(50,273)</u>

In the opinion of the directors, the book value of the investment in the undertaking is not significantly different to the open market value at the balance sheet date

**10. STOCKS**

	2009 £	2008 £
Finished goods	<u>1,316,193</u>	<u>1,198,202</u>

**VALENTINO ENGLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**11. DEBTORS**

	2009	2008
	£	£
Trade debtors	608,913	134,845
Amounts owed by group undertakings	113,288	75,027
Corporation tax repayable	–	100
Other debtors	309,113	308,389
Prepayments and accrued income	22,792	19,385
Deferred taxation (note 12)	124,238	87,467
	<u>1,178,344</u>	<u>625,213</u>

**12. DEFERRED TAXATION**

The deferred tax included in the Balance sheet is as follows

	2009	2008
	£	£
Included in debtors (note 11)	<u>124,238</u>	<u>87,467</u>

The movement in the deferred taxation account during the year was

	2009	2008
	£	£
Balance brought forward	87,467	11,846
Profit and loss account movement arising during the year	<u>36,771</u>	<u>75,621</u>
Balance carried forward	<u>124,238</u>	<u>87,467</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2009	2008
	£	£
Tax losses available	160,616	86,059
Excess of depreciation over taxation allowances	(39,749)	(1,963)
Other adjustments	<u>3,371</u>	<u>3,371</u>
	<u>124,238</u>	<u>87,467</u>

**VALENTINO ENGLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**13. CREDITORS: Amounts falling due within one year**

	2009	2008
	£	£
Trade creditors	967,334	458,006
Amounts owed to group undertakings	2,290,529	1,627,298
Other creditors including taxation and social security		
PAYE and social security	850	175
VAT	<u>35,832</u>	<u>26,959</u>
	36,682	27,134
Accruals and deferred income	<u>185,316</u>	<u>48,042</u>
	<u>3,479,861</u>	<u>2,160,480</u>

**14. CREDITORS: Amounts falling due after more than one year**

	2009	2008
	£	£
Amounts owed to group undertakings	94,288	4,385,819
Other creditors	<u>300,000</u>	<u>300,000</u>
	<u>394,288</u>	<u>4,685,819</u>

**15. RELATED PARTIES TRANSACTIONS**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

**16. SHARE CAPITAL**

**Authorised share capital:**

	2009	2008
	£	£
5,350,000 (2008 - 350,000) Ordinary shares of £1 each	<u>5,350,000</u>	<u>350,000</u>

**Allotted, called up and fully paid:**

	2009	£	2008	£
	No		No	
4,382,805 Ordinary shares (2008 - 160,000) of £1 each	<u>4,382,805</u>	<u>4,382,805</u>	<u>160,000</u>	<u>160,000</u>

During the year the company issued 4,222,805 ordinary £1 shares for cash at par

**VALENTINO ENGLAND LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2009	2008
	£	£
Loss for the financial year	(127,949)	(183,791)
New ordinary share capital subscribed	4,222,805	—
Net addition/(reduction) to shareholder's (deficit)/funds	4,094,856	(183,791)
Opening shareholder's (deficit)/funds	(68,296)	115,495
Closing shareholder's funds/(deficit)	<u>4,026,560</u>	<u>(68,296)</u>

**18. PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent company is Valentino S p A The ultimate parent company is Valentino Fashion Group S p A The ultimate controlling party is Permira