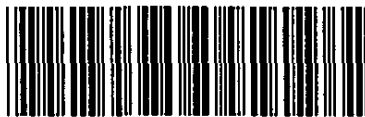


PERCASSI GROUP LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2009

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PERCASSI GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

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PERCASSI GROUP 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 year was the distribution and sale of children's, women's and men's apparel and accessories

In April 2009, after the start up phase which had begun in the previous year, the Company opened the first Ferrari branded store in Regent Street, one of the most prestigious streets in central London

The start up phase was characterised by significant investments in fixed assets and high level of fixed costs such as rent, business rates, personnel costs, legal and consultancy fees

The slow down in consumers' spending and the weak consumers' confidence in the UK market certainly affected the start of the Company's economic activity and the Company's sales during 2009

Another factor which influenced the Company's sales was the mediocre performance of the Ferrari Team in the Formula 1 Grand Prix season

The sales figures increased in the months of July, August, November and December which is an indication of the majority of the customers being tourists. The Gross Margin Ratio for the year ended 31 December 2009 was 50.47% (2008: NIL)

In light of the improvement in the UK market and the economic environment overall, which started during the second half of 2009, together with the experience gained in the year, the Company can look to the future with optimism

In the opinion of the Directors the Financial Statements give a true and fair view of the company's financial position

The accounts have been prepared on a going concern basis. The Directors are of the opinion that the shareholder of the company will continue to support it, and provide adequate funding when necessary to enable it to meet its obligations for the foreseeable future

RESULTS AND DIVIDENDS

The loss for the year amounted to £46,086. The directors have not recommended a dividend

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies are as follow

a) the financial risk management objectives and policies of the company including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and

b) the exposure of the company to price risk, credit risk, liquidity risk and cash flow risk,

unless such information is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

DIRECTORS

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

PERCASSI GROUP LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2009

Mr Collier Lee
Mr Dell'Acqua Massimo
Mr Di Filippo Paolo
Mr Percassi Antonio
Mr Percassi Matteo

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

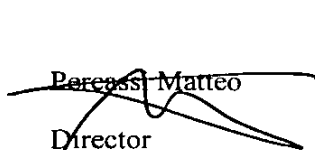
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

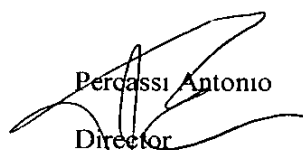
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

AUDITOR

So far as the directors are aware, there is no relevant audit information 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.

Signed on behalf of the directors


Percassi Matteo
Director


Percassi Antonio
Director

Approved by the directors on 19.03.2010

PERCASSI GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
PERCASSI GROUP LIMITED
YEAR ENDED 31 DECEMBER 2009

We have audited the financial statements of PERCASSI GROUP 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 shareholders, 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 shareholders 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 shareholders 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.

PERCASSI GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PERCASSI GROUP 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

In accordance with section 506 Companies Act 2006 a resolution has been passed and notified to the Secretary of State

MYRON LIPSON FCCA

MYRON LIPSON FCCA (Senior Statutory Auditor)

on behalf of

LIPSON & CO LIMITED

Chartered Certified Accountants

& Statutory Auditor

81A Station Road

London

E4 7BU

01.07.2010

PERCASSI GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Note	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
TURNOVER	2	2,776,923	–
Cost of sales		<u>(1,375,501)</u>	–
GROSS PROFIT		1,401,422	–
Administrative expenses		(2,121,949)	(666,330)
Other operating income	3	<u>661,684</u>	<u>22,939</u>
OPERATING LOSS	4	(58,843)	(643,391)
Interest payable and similar charges	6	<u>(1,423)</u>	–
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(60,266)	(643,391)
Tax on loss on ordinary activities	7	<u>14,180</u>	<u>180,028</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, BEING LOSS FOR THE FINANCIAL YEAR		(46,086)	(463,363)
Balance brought forward		<u>(463,363)</u>	–
Balance carried forward		<u>(509,449)</u>	<u>(463,363)</u>

All of the activities of the company are classed as continuing

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £46,086 attributable to the shareholders for the year ended 31 December 2009 (2008 - loss of £463,363)

The notes on pages 7 to 13 form part of these financial statements

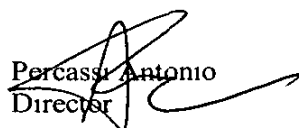
PERCASSI GROUP LIMITED

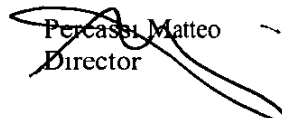
BALANCE SHEET

31 DECEMBER 2009

	Note	2009 £	2008 £
FIXED ASSETS			
Tangible assets	8	<u>2,387,757</u>	<u>1,225,114</u>
CURRENT ASSETS			
Stocks	9	1,158,897	24,050
Debtors	10	1,266,172	571,677
Cash at bank and in hand		<u>92,097</u>	<u>-</u>
		2,517,166	595,727
CREDITORS: Amounts falling due within one year	12	<u>(1,958,420)</u>	<u>(648,947)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>558,746</u>	<u>(53,220)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,946,503</u>	<u>1,171,894</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2	2
Other reserves	15	3,455,950	1,635,255
Profit and loss account		<u>(509,449)</u>	<u>(463,363)</u>
SHAREHOLDERS' FUNDS	16	<u>2,946,503</u>	<u>1,171,894</u>

These financial statements were approved by the directors and authorised for issue on 01.03.2010 and are signed on their behalf by


Percassi Antonio
Director


Percassi Matteo
Director

Company Registration Number 06499892

The notes on pages 7 to 13 form part of these financial statements

PERCASSI GROUP 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

Cash flow statement

The company has taken advantage of the 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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

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

Leasehold Property	- 14 years straight line
Fixtures & Fittings	- 14 years straight line
Equipment	- 5 years straight line

Going concern

The accounts have been prepared on the going on concern basis. The director is of the opinion that the shareholder of the company will continue to support it, and provide adequate funding when necessary to enable it to meet its obligations for the foreseeable future, being for a period of at least twelve months from the date of approval of financial statements

Stocks

Stocks are valued at the lower of cost and net realisable value

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES *(continued)*

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

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.

	Year to 31 Dec 09	Period from 11 Feb 08 to 31 Dec 08
	£	£
United Kingdom	<u>2,776,923</u>	<u>-</u>

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

3. OTHER OPERATING INCOME

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Commission receivable	5,577	–
Other operating income	656,107	22,939
	<u>661,684</u>	<u>22,939</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Directors' remuneration	–	–
Depreciation of owned fixed assets	215,663	–
Auditor's remuneration		
- as auditor	3,000	3,000
Net (profit)/loss on foreign currency translation	(9,735)	4,055
Debtors (creditor) written off	<u>2,014</u>	<u>–</u>

5. PARTICULARS OF EMPLOYEES

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

	Year to 31 Dec 09 No	Period from 11 Feb 08 to 31 Dec 08 No
Number of sales and administrative staff	<u>22</u>	<u>4</u>

The aggregate payroll costs of the above were

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Wages and salaries	367,352	49,167
Social security costs	31,323	5,372
	<u>398,675</u>	<u>54,539</u>

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Other similar charges payable	<u>1,423</u>	<u>-</u>

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Current tax		
Current tax on income for the year	-	-
Deferred tax		
Origination and reversal of timing differences (note 11)		
Losses	<u>(14,180)</u>	<u>(180,028)</u>

(b) 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%)

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Loss on ordinary activities before taxation	<u>(60,266)</u>	<u>(643,391)</u>
Loss on ordinary activities by rate of tax	(16,875)	(182,129)
Expenses not deductible for tax purposes	15,914	122
Capital allowances for period in excess of depreciation	(41,896)	(34,640)
Utilisation of tax losses	<u>42,857</u>	<u>216,647</u>
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 January 2009	1,110,177	113,306	1,631	1,225,114
Additions	677,820	668,340	32,146	1,378,306
At 31 December 2009	1,787,997	781,646	33,777	2,603,420
DEPRECIATION				
Charge for the year	94,946	116,458	4,259	215,663
At 31 December 2009	94,946	116,458	4,259	215,663
NET BOOK VALUE				
At 31 December 2009	1,693,051	665,188	29,518	2,387,757
At 31 December 2008	1,110,177	113,306	1,631	1,225,114

9. STOCKS

	2009 £	2008 £
Finished goods	1,158,897	24,050

10. DEBTORS

	2009 £	2008 £
Trade debtors	292,454	—
Amounts owed by group undertakings	77,604	722
VAT recoverable	—	163,708
Other debtors	10,598	5,011
Prepayments and accrued income	691,308	222,208
Deferred taxation (note 11)	194,208	180,028
	1,266,172	571,677

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Included in debtors (note 10)	<u>194,208</u>	<u>180,028</u>

The movement in the deferred taxation account during the year was

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Balance brought forward	180,028	-
Profit and loss account movement arising during the year	<u>14,180</u>	<u>180,028</u>
Balance carried forward	<u>194,208</u>	<u>180,028</u>

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

	2009 £	2008 £
Tax losses available	<u>194,208</u>	<u>180,028</u>
	<u>194,208</u>	<u>180,028</u>

12. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Overdrafts	-	2,673
Trade creditors	1,217,876	-
Amounts owed to group undertakings	50,121	-
Other creditors including taxation and social security		
PAYE and social security	-	8,995
VAT	95,730	-
Other creditors	<u>-</u>	<u>150,571</u>
	95,730	159,566
Accruals and deferred income	<u>594,693</u>	<u>486,708</u>
	<u>1,958,420</u>	<u>648,947</u>

13. RELATED PARTY 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

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

14. SHARE CAPITAL

Authorised share capital:

	2009 £	2008 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2009 No	£	2008 No	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

15. OTHER RESERVES

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
Balance brought forward	1,635,255	—
Additions	<u>1,820,695</u>	<u>1,635,255</u>
	<u>3,455,950</u>	<u>1,635,255</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
Loss for the financial year	(46,086)	(463,363)
New equity share capital subscribed	—	2
Additions to Other Reserves	<u>1,820,695</u>	<u>1,635,255</u>
	<u>1,820,695</u>	<u>1,635,255</u>
Net addition to shareholders' funds	1,774,609	1,171,894
Opening shareholders' funds	<u>1,171,894</u>	<u>—</u>
Closing shareholders' funds	<u>2,946,503</u>	<u>1,171,894</u>

17. ULTIMATE PARENT COMPANY

The immediate parent company and the ultimate parent company is SMALG S p A , a company incorporated in Italy The financial statements of this company are available to the public and may be obtained at this company's registered office The ultimate beneficial owner is Mr Antonio Percassi

PERCASSI GROUP LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2009

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 3 to 4**

PERCASSI GROUP LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
TURNOVER	2,776,923	—
COST OF SALES		
Opening stock - finished goods	(24,050)	—
Purchases	<u>(2,510,348)</u>	<u>(24,050)</u>
	(2,534,398)	(24,050)
Closing stock - finished goods	<u>1,158,897</u>	<u>24,050</u>
	(1,375,501)	—
GROSS PROFIT	<u>1,401,422</u>	—
OVERHEADS		
Administrative expenses	<u>(2,121,949)</u>	<u>(666,330)</u>
	(720,527)	(666,330)
OTHER OPERATING INCOME	<u>661,684</u>	<u>22,939</u>
OPERATING LOSS	<u>(58,843)</u>	<u>(643,391)</u>
Other similar charges	<u>(1,423)</u>	—
LOSS ON ORDINARY ACTIVITIES	<u>(60,266)</u>	<u>(643,391)</u>

PERCASSI GROUP LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
ADMINISTRATIVE EXPENSES		
Personnel costs		
Wages and salaries	367,352	49,167
Staff national insurance contributions	31,323	5,372
	<u>398,675</u>	<u>54,539</u>
Establishment expenses		
Rent, rates and water	738,408	488,889
Rates and water	374,130	12,709
Light and heat	21,226	3,033
Insurance	30,218	1,758
Repairs and maintenance	7,658	-
Cleaning of premises	18,393	-
Surveillance	53,288	-
Other establishment expenses	9,589	11,664
	<u>1,252,910</u>	<u>518,053</u>
General expenses		
Travel and subsistence	26,846	25,567
Telephone	4,934	122
Equipment repairs and renewals	2,632	-
Printing, stationery and postage	4,646	1,053
Other office administrative expenses	4,883	-
Other staff related expenses	3,993	28,880
Sundry expenses	129	-
Laundry and cleaning	-	67
Packing, freight and carriage expenses	82,804	-
Advertising	9,677	8,990
Entertaining	3,436	-
Legal and professional fees	53,338	3,437
Consultancy fees	7,675	4,093
Accountancy fees	23,731	12,575
Auditors remuneration	3,000	3,000
Debtors (creditor) written off	2,014	-
Depreciation Leasehold Improvements	94,946	-
Depreciation of fixtures and fittings	116,458	-
Depreciation of office equipment	4,259	-
	<u>449,401</u>	<u>87,784</u>
 Carried forward	 <u>2,100,986</u>	 <u>660,376</u>

PERCASSI GROUP LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Year to 31 Dec 09 £	Period from 11 Feb 08 to 31 Dec 08 £
ADMINISTRATIVE EXPENSES <i>(continued)</i>		
Brought forward	2,100,986	660,376
Financial costs		
Bad debts written off	2,248	—
Bank charges	28,450	1,899
Foreign currency gains/losses	(9,735)	4,055
	<u>20,963</u>	<u>5,954</u>
	<u>2,121,949</u>	<u>666,330</u>
OTHER OPERATING INCOME		
Commissions receivable	5,577	—
Cost recharged RE employees	44,442	22,939
Other operating income - insurance refund	1,725	—
Capital inducement	609,940	—
	<u>661,684</u>	<u>22,939</u>