

COMPANY REGISTRATION NUMBER 06499892

PERCASSI GROUP LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2010

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PERCASSI GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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PERCASSI GROUP LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was distribution and sale of children's, women's and men's apparel and accessories

Despite the upward trend recorded at the end of 2009, the first part of 2010 was still characterised by a weak consumers' confidence which led to a slowdown of consumers' spending. The UK economy began to see the end of the general economic crisis only in the last part of 2010 as witnessed by the recovery of the real estate market.

The Company continues to suffer from the high level of fixed costs such as rent, business rates, personnel costs, legal and consultancy fees, cost for surveillance and cost for distribution and carriage.

Another factor which adversely influenced the Company's sales was the less successful performance of the Ferrari Team in the Formula 1 Grand Prix season which showed 5 wins in 19 races and the second and sixth place of its drivers in the overall drivers standing.

The sales figures increased in the months of June, July, August and December which is an indication of the majority of the customers being tourists. The Gross Margin Ratio for the year ended 31 December 2010 was 48.90% (2009: 50.47%).

In light of the improvement in the UK market, the economic environment overall and the experience gained in the current and previous 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 £245,332. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies are as follows:

- 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.

PERCASSI GROUP LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2010

DIRECTORS

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

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.

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.

Signed on behalf of the directors:


Dell'Acqua Massimo

Director


Percassi Antonio

Director

Approved by the directors on 12.05.2011

PERCASSI GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PERCASSI GROUP LIMITED

YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of PERCASSI GROUP LIMITED for the year ended 31 December 2010. 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 2010 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 2010

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

13.05.2011

PERCASSI GROUP LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
TURNOVER	2	3,587,699	2,776,923
Cost of sales		<u>(1,833,489)</u>	<u>(1,375,501)</u>
GROSS PROFIT		1,754,210	1,401,422
Administrative expenses		<u>(2,212,512)</u>	<u>(2,121,949)</u>
Other operating income	3	<u>59,708</u>	<u>661,684</u>
OPERATING LOSS	4	(398,594)	(58,843)
Attributable to			
Operating loss before exceptional items		<u>(400,981)</u>	<u>(56,829)</u>
Exceptional items	4	<u>2,387</u>	<u>(2,014)</u>
		(398,594)	(58,843)
Interest payable and similar charges	6	<u>(54)</u>	<u>(1,423)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(398,648)	(60,266)
Tax on loss on ordinary activities	7	<u>153,316</u>	<u>14,180</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, BEING LOSS FOR THE FINANCIAL YEAR		(245,332)	(46,086)
Balance brought forward		<u>(509,449)</u>	<u>(463,363)</u>
Balance carried forward		<u>(754,781)</u>	<u>(509,449)</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 £245,332 attributable to the shareholders for the year ended 31 December 2010 (2009 - loss of £46,086)

The notes on pages 7 to 12 form part of these financial statements.

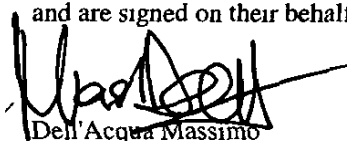
PERCASSI GROUP LIMITED

BALANCE SHEET

31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	8	<u>2,099,772</u>	<u>2,387,757</u>
CURRENT ASSETS			
Stocks	9	1,030,172	1,158,897
Debtors	10	1,007,615	1,266,172
Cash at bank and in hand		<u>32,932</u>	<u>92,097</u>
		<u>2,070,719</u>	<u>2,517,166</u>
CREDITORS: Amounts falling due within one year	12	<u>(780,520)</u>	<u>(1,958,420)</u>
NET CURRENT ASSETS		<u>1,290,199</u>	<u>558,746</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,389,971</u>	<u>2,946,503</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2	2
Other reserves	15	4,144,750	3,455,950
Profit and loss account		<u>(754,781)</u>	<u>(509,449)</u>
SHAREHOLDERS' FUNDS	16	<u>3,389,971</u>	<u>2,946,503</u>

These financial statements were approved by the directors and authorised for issue on 12.05.2011 and are signed on their behalf by


Del'Acqua Massimo

Director


Percassi Antonio

Director

Company Registration Number 06499892

The notes on pages 7 to 12 form part of these financial statements.

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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 of 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	- 5 years straight line
Equipment	- 5 years straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

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

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

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES *(continued)*

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

Going concern

The accounts have been prepared on a going concern basis. The directors are of the opinion that the shareholders 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

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

	2010 £	2009 £
United Kingdom	<u>3,587,699</u>	<u>2,776,923</u>

3. OTHER OPERATING INCOME

	2010 £	2009 £
Commission receivable	18,360	5,577
Other operating income	<u>41,348</u>	<u>656,107</u>
	<u>59,708</u>	<u>661,684</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of owned fixed assets	290,084	215,663
Auditor's remuneration		
- as auditor	3,000	3,000
Net loss/(profit) on foreign currency translation	3,521	(9,735)

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

4. OPERATING LOSS *(continued)*

Debtors (creditor) written off	<u>(2,387)</u>	<u>2,014</u>
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5. PARTICULARS OF EMPLOYEES

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

	2010	2009
	No	No
Number of sales and administrative staff	<u>27</u>	<u>22</u>

The aggregate payroll costs of the above were

	2010	2009
	£	£
Wages and salaries	447,744	367,352
Social security costs	<u>36,024</u>	<u>31,323</u>
	<u>483,768</u>	<u>398,675</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£	£
Other similar charges payable	<u>54</u>	<u>1,423</u>

7. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2010	2009
	£	£
Deferred tax:		
Origination and reversal of timing differences (note 11)		
Losses	<u>(153,316)</u>	<u>(14,180)</u>

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

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% (2009 - 28%).

	2010 £	2009 £
Loss on ordinary activities before taxation	(398,648)	(60,266)
Loss on ordinary activities by rate of tax	(111,621)	(16,875)
Expenses not deductible for tax purposes	202	15,914
Capital allowances for period in excess of depreciation	(1,962)	(41,896)
Utilisation of tax losses	113,381	42,857
Total current tax	-	-

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 January 2010	1,787,997	781,646	33,777	2,603,420
Additions	-	1,473	626	2,099
At 31 December 2010	1,787,997	783,119	34,403	2,605,519
DEPRECIATION				
At 1 January 2010	94,946	116,458	4,259	215,663
Charge for the year	126,979	156,329	6,776	290,084
At 31 December 2010	221,925	272,787	11,035	505,747
NET BOOK VALUE				
At 31 December 2010	1,566,072	510,332	23,368	2,099,772
At 31 December 2009	1,693,051	665,188	29,518	2,387,757

9. STOCKS

	2010 £	2009 £
Finished goods	1,030,172	1,158,897

PERCASSI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2010

10. DEBTORS

	2010	2009
	£	£
Trade debtors	375,253	292,454
Amounts owed by group undertakings	1,884	77,604
Other debtors	5,280	10,598
Prepayments and accrued income	277,674	691,308
Deferred taxation (note 11)	347,524	194,208
	<u>1,007,615</u>	<u>1,266,172</u>

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2010	2009
	£	£
Included in debtors (note 10)	<u>347,524</u>	<u>194,208</u>

The movement in the deferred taxation account during the year was

	2010	2009
	£	£
Balance brought forward	194,208	180,028
Profit and loss account movement arising during the year	153,316	14,180
Balance carried forward	<u>347,524</u>	<u>194,208</u>

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

	2010	2009
	£	£
Tax losses available	<u>347,524</u>	<u>194,208</u>
	<u>347,524</u>	<u>194,208</u>

12. CREDITORS: Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	296,241	1,217,876
Amounts owed to group undertakings	2,460	50,121
Other creditors including taxation		
VAT	71,582	95,730
Accruals and deferred income	410,237	594,693
	<u>780,520</u>	<u>1,958,420</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 2010

14. SHARE CAPITAL

Authorised share capital:

	2010 £	2009 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2010 No	£	2009 No	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

15. OTHER RESERVES

	2010 £	2009 £
Balance brought forward	3,455,950	1,635,255
Capitalisation of reserves	<u>688,800</u>	<u>1,820,695</u>
	<u>4,144,750</u>	<u>3,455,950</u>

On the 5th January 2011 the Company has received a sum of € 200,000 from SMALG S p A ,the ultimate parent company This amount has increased the Other Reserves during the year ending 31 December 2011

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Loss for the financial year	(245,332)	(46,086)
Less capitalised from reserves	<u>688,800</u>	<u>1,820,695</u>
Net addition to shareholders' funds	443,468	1,774,609
Opening shareholders' funds	<u>2,946,503</u>	<u>1,171,894</u>
Closing shareholders' funds	<u>3,389,971</u>	<u>2,946,503</u>

17. PARENT UNDERTAKINGS AND CONTROLLING PARTY

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.