

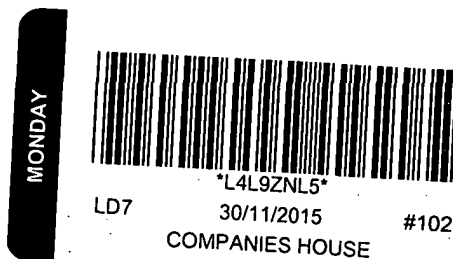
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Aurora Fashions Finance Limited

Directors' Report and Financial Statements

For the period 4 March 2014 to 28 February 2015



Company registered number: 6787528 (England and Wales)

Aurora Fashions Finance Limited

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Aurora Fashions Finance Limited
Company Information

Directors	Johann Peter Reyndal Mathew Charles Turner
Secretary	Heatons Secretaries Limited
Company number	6787528
Registered office	The Triangle Stanton Harcourt Industrial Estate Stanton Harcourt Witney Oxfordshire OX29 5UT
Auditor	KPMG LLP Arlington Business Park Theale, Reading, RG7 4SD
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Loan Providers	Kaupthing Bank hf. Borgartun 28 105 Reykjavik Iceland
Solicitors	Field Fisher Waterhouse LLP 5th Floor, Free Trade Exchange 37 Peter Street Manchester M2 5GB White & Case LLP 5 Old Broad Street London EC2N 1DW

Aurora Fashions Finance Limited

Strategic Report

For the period 4 March 2014 to 28 February 2015

Strategy and Objectives

The principal activities of the Company are operating as an intermediate holding company for the Aurora Fashions Group Limited group of companies ("Group" or "the Aurora Group") and as the primary source of external funding for the Aurora Group.

Business Model

The Group's objective is to grow sales profitability and to optimise returns for its shareholders. This objective will be delivered by driving brand performance and leveraging existing assets while continuing to exploit the significant opportunity offered by development of new stores, concessions and ecommerce channels internationally.

The directors use a number of key performance indicators which they consider are effective in measuring delivery of their strategy, and which assist in the management of the business. They assess individual store performance by monitoring changes in sales, margins and profitability.

During the 2014/15 period, the shares held by Oasis and Warehouse Limited in Aurora Fashions Asia Limited (100%) were transferred 50% to Oasis Fashions Limited and 50% to Coast Fashions Limited (effected 14 March 2014). Aurora Fashions Asia Limited is accounted for on an equity basis within the respective company financial statements.

This follows the internal restructure reported during the 2013/14 period (effected 3 March 2014) where shares held by Aurora Fashions Finance Limited in Oasis Fashions Holdings Limited, Warehouse Fashions Holdings Limited, A Fashions Sweden AB and Bastyan Fashions Limited were transferred to Oasis and Warehouse Limited (formerly Aurora Central Services Limited).

KPI's

The company, in its capacity as an intermediate holding company within the Aurora Group, holds the senior loans and revolving credit facility with Kaupthing Bank. See notes 11 and 12 for further details.

Future developments

Aurora Fashions Group Limited is the holding company for the Aurora group of companies (the "Aurora Group"). Following a Group reconstruction and amendment to the Senior facilities agreement effected 2 October 2015 Kaupthing Bank hf's holding of shares in Aurora Fashions Group Limited comprises 100% of all share capital by nominal value and 100% of the voting rights across all share capital. At 2 October 2015 in a share for share exchange Kaupthing Bank hf transferred its shares in Karen Millen Group Limited to Aurora Fashions Group Limited who in turn transferred the shares to Aurora Fashions Holdings Limited and in turn to Aurora Fashions Finance Limited. Details of the Group reconstruction and amendment agreement are contained in note 1.1 Basis of prep and note 18 Post balance sheet events.

In March 2013 the Aurora Group announced the next phase of a fundamental reshaping of its business. Further to this announcement the Group continues to brand align its remaining shared service functions and respective employees (both during 2014/15 and 2015/16) which currently operate within Aurora Fashions Services Limited an entity owned 50% by the OWL Group 25% by the Coast Group and 25% by the Karen Millen Group.

The internal restructure as outlined will further enable the main Aurora Group trading brands; Oasis, Warehouse and Coast, to operate independently and focus on the continued development of the brands and omni channel presence in both the UK and overseas.

Principal Risks and Uncertainties

Changes in fashion trends

The principal risk faced by the Group is that the product offering declines in popularity, leading to reduced revenues, margins and cash flow. Across the Group the risk is managed by operating a buying and merchandising model which focuses on generating fashionable product lines, short lead times and low stock levels.

Supply chain

The Group is dependent on the ability of its suppliers to manufacture its products to the desired quality and standards and on its logistics providers to ensure it reaches the required location on a timely basis. The standards, arrangements and contingency plans are under constant review by management.

Liquidity risk

The Aurora Group as of 2 October 2015 is 100% owned by Kaupthing Bank hf. Following an Amendment Agreement effected 2 October 2015, resulting in 3 banking subgroups - the Oasis and Warehouse sub group, the Coast sub group and the Karen Millen sub group each of which meets its day to day working capital requirements and medium term funding requirements through senior and revolving facilities with Aurora Fashions Finance Limited, which is repayable in 2020 and subject to certain covenant requirements. The terms of the facility have been amended as at October 2013, April 2014, December 2014 and October 2015; refer to note 1.1. The treasury management function is undertaken on a sub group basis. The senior and revolving facilities include the need to meet certain covenant tests on a quarterly basis. The adequacy of the facilities and the achievability of the covenants are monitored regularly as part of the cash flow monitoring process. In turn the existing facilities agreement between Aurora Fashions Finance Limited and Kaupthing Bank hf shall continue in effect following an amendment letter executed in November 2015 which gives agreement to extend the termination date to 30th June 2017 in respect of each facility. In turn, the standstill period referred to in the main SFA is also extended and shall end on 30th June 2017. The result is the existing lender having agreed to forbear any potential breach, misrepresentation or default in respect of the existing facility commencing on the restructuring date 2 October 2015 to the cessation date of 30th June 2017.

Aurora Fashions Finance Limited
Strategic Report (continued)

For the period 4 March 2014 to 28 February 2015

Principal Risks and Uncertainties (continued)

Going Concern

Note 1.1 to the financial statements sets out the basis of preparation of the financial statements. As explained in note 1.1, having taken account of the Company's loss for the period, the directors consider that it continues to be appropriate to prepare the financial statements on the basis that the Group is a going concern.

Interest rate risk

The Group's policy is to minimise the impact of interest rate volatility on interest cost to protect earnings. This is achieved by reviewing both the amount of floating indebtedness over a certain period of time and its sensitivity to interest rate fluctuations. From time to time, the Group may hedge its interest rate exposure in order to fix the Group's exposure to interest rates on floating debt.

Currency risk

The Group is exposed to foreign currency risks on sales and purchases. Exposures are primarily to the US Dollar and the Euro.

Forecast transactional exposures are reviewed and hedged based on forecasted levels of foreign currency transactions. Hedging is achieved using forward exchange contracts and other suitable derivative products.

By Order of the Board



Matthew Turner
Director

26 Nov 2015

Aurora Fashions Finance Limited Directors' report

For the period 4 March 2014 to 28 February 2015.

The directors present their report and the audited financial statements of Aurora Fashions Finance Limited ("the Company") for the period from 4 March 2014 to 28 February 2015.

The Company is a member of the Aurora Fashions Group Limited (together with its subsidiaries "the Aurora Group").

The current period relates to the 51 week and 5 day period from 4 March 2014 to 28 February 2015. The prior period covers the 52 week and 2 day period from 3 March 2013 to 3 March 2014.

Results and dividends

The Company's results are set out on page 8.

The directors do not recommend the payment of a dividend (2014 : £nil).

Post balance sheet events

See Future developments included in the 'Strategic Report'.

The Aurora Group underwent a Group reconstruction and Amendment Agreement effected 2 October 2015. This was to facilitate 3 separate banking sub groups, the Oasis and Warehouse subgroup, the Coast sub group and the Karen Millen sub group each of which meets its day to day working capital requirements and medium term funding requirements through term debt and revolving credit facilities with Aurora Fashions Finance Limited, who in turn retains a senior facilities agreement with Kaupthing Bank hf. (the "Bank"). Under the original terms of the senior facilities agreement ("SFA"), loan amounts became repayable in stages over the period to January 2015 and were subject to certain financial and other covenant requirements. The terms of the facility have been amended as at December 2014 and October 2015 to permit the senior loan repayments to be deferred for 4 years, with 50% of Facility A falling due in 2019, and the remaining A and B Facilities payable on the termination date in 2020. There is the option to roll up interest that falls due in years 1-3 or to cash pay, and thereafter interest will be cash paid to October 2020. Future financial covenant targets were adjusted through to the maturity of the loan. The current facility expires in 2020 at which point the directors consider that a new finance facility will be available. The financial conditions are detailed in Note 18 to the Financial statements 'Post Balance Sheet Events'.

Directors

The current Directors of the Company are listed on page 2.

The changes in Directors since the start of the period are:

Johann Peter Reyndal	appointed 29 April 2014
Matthew Charles Turner	appointed 29 April 2014
Derek Lovelock	resigned 13 May 2014
Richard Glanville	resigned 14 May 2014
Mike Shearwood	resigned 27 November 2014

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

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

By Order of the Board



Matthew Turner
Director

26 Nov 2015

Company registered number: 6787528 (England and Wales)

Aurora Fashions Finance Limited

Statement of directors' responsibilities

For the period 4 March 2014 to 28 February 2015

The directors are responsible for preparing the Strategic Report and 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).

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 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 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 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.



Independent auditor's report to the members of Aurora Fashions Finance Limited

We have audited the financial statements of Aurora Fashions Finance Limited for the period ended 28 February 2015, set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibility Statement set out on page 8 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 and express an opinion on 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 Standard for Auditors.

Scope of the audit of financial statements

A description of the scope of an audit of financial statements is now provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 28 February 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.

Jonathan Russell (Senior Statutory Auditor)
for and on behalf of KPMG LLP

Chartered Accountants
Arlington Business Park, Theale,
Reading, RG7 4SD

27th November 2015

Aurora Fashions Finance Limited

Profit and loss account

For the period 4 March 2014 to 28 February 2015

		4 March 2014 to 28 February 2015	3 March 2013 to 3 March 2014
	Notes	£m	£m
Administrative expenses		<u>1.0</u>	<u>-7.4</u>
Operating profit/(loss)	2	1.0	-7.4
Interest receivable and similar income	4	-	2.9
Interest payable and similar charges	5	<u>-3.1</u>	<u>-2.7</u>
Loss on ordinary activities before taxation		-2.1	-7.2
Tax on loss on ordinary activities	6	-	-2.5
Loss after taxation for the financial period		<u><u>-2.1</u></u>	<u><u>-9.7</u></u>

The notes on pages 10 to 18 also form part of these financial statements.

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

There were no other gains or losses other than the loss after taxation for the financial period. Accordingly a statement of total recognised gains and losses has not been included.

Aurora Fashions Finance Limited


Balance sheet

As at 28 February 2015

	Note	28 February 2015 £m	3 March 2014 £m
Fixed assets			
Negative Goodwill	7	-14.1	-15.1
Investments	8	<u>100.8</u>	<u>100.8</u>
		<u>86.7</u>	<u>85.7</u>
Current assets			
Debtors	9	<u>72.0</u>	<u>60.1</u>
		<u>72.0</u>	<u>60.1</u>
Creditors: amounts falling due within one year	10	<u>-36.2</u>	<u>-63.6</u>
Net current assets/(liabilities)		<u>35.8</u>	<u>-3.5</u>
Total assets less current liabilities		<u>122.5</u>	<u>82.2</u>
Creditors : amounts falling after more than one year	11	<u>-42.4</u>	<u>-</u>
Net assets		<u>80.1</u>	<u>82.2</u>
Capital and reserves			
Called up share capital	13	5.1	5.1
Profit and loss account	14	<u>75.0</u>	<u>77.1</u>
Shareholder's funds	15	<u>80.1</u>	<u>82.2</u>

The notes on pages 10 to 18 also form part of these financial statements.

These financial statements were approved by the Board of Directors on 26 Nov 2015 and signed on its behalf by:



Matthew Turner
Director

Company registered number: 6787528 (England and Wales)

Aurora Fashions Finance Limited

Notes forming part of the financial statements

For the period 4 March 2014 to 28 February 2015

1. Accounting policies

1.1 Basis of preparation - Going Concern

Aurora Fashions Group Limited is the holding company for the Aurora group of companies (the "Aurora Group"). Following a Group reconstruction and amendment to the Senior facilities agreement effected 2 October 2015 Kaupthing Bank hf's holding of shares in Aurora Fashions Group Limited comprises 100% of all share capital by nominal value and 100% of the voting rights across all share capital. At 2 October 2015 in a share for share exchange Kaupthing Bank hf transferred its shares in Karen Millen Group Limited to Aurora Fashions Group Limited who in turn transferred the shares to Aurora Fashions Holdings Limited and in turn to Aurora Fashions Finance Limited.

The Company made a loss for the year of -£2.1 million (2014: -£9.7 million) and had net current assets of £35.8 million (2014: -£3.5 million) and net assets of £80.1 million (2014: £82.2 million).

Notwithstanding this, the directors have prepared the financial statements on a going concern basis for the reasons set out below:

The Aurora Group underwent a Group reconstruction and amendment agreement effected 2 October 2015. As described in note 18, 'Post balance sheet events', the Aurora Group 'banking sub groups' have secured an extension on these facilities, which are now repayable part October 2019 the balance on the termination date October 2020. The facilities are subject to certain financial and other covenant requirements. The treasury management function is now undertaken on an individual subsidiary/banking group level. Various companies in the 'Banking subgroups' only have granted fixed and floating charges over its sister Group's assets and undertakings, under a debenture granted to secure the banking facilities.

The directors have prepared projected cash flows for the period ending approximately 15 months from the approval of these financial statements (the "Projections"). The Projections are based on certain assumptions and show that the Aurora Group is capable of operating within the facilities currently available and complying with the covenant requirements for the full term covered by the Projections.

The directors of Aurora Fashions Group Limited have tested the impact of variations from the Projections by assessing the adequacy of the Aurora Group's funds, under a combination of different scenarios constructed to reflect reasonably possible downside risks to the assumptions contained within the Projections. The directors recognise that in the current economic environment, the main risks relate to the achievability of the Aurora Group's forecast sales and margins and the timing of cash flows going forward. In such downside scenarios, the ability to continue to operate would be dependent on maintaining compliance with the financial covenants by implementing various cost saving initiatives within the timescales required. The directors consider that, in all reasonable downside scenarios, there are cost saving measures available to the Aurora Group to implement which would avoid breaching the terms of any financial covenant.

Certain companies within the Aurora Fashions Group, The 'Banking subgroups' are party to the terms of a Senior Facilities Agreement (the "SFA") with Aurora Fashions Finance Limited (AFFL), exclusively as a borrower, the borrowers are Oasis and Warehouse Limited, Coast Debtco Limited and Karen Millen Holdings Limited. Each banking sub group/silo under the obligations of their SFA has a number of group companies party to the SFA as Guarantors, the values of which are disclosed within the respective company accounts. Such guarantee shall continue under the restructured bank loans. Under the terms of the cross guarantee, an event of default in the Company or certain other companies in the sub group would mean that the lender, AFFL, has the ability to call on any of the other companies within the respective banking sub groups to step in to fulfil the obligations of that borrower/guarantor. An event of default could include an entity becoming insolvent. It should be noted that the call under the guarantee is on demand, and as such the demand is at the discretion of AFFL in its capacity as sole Lender.

The going concern assessment performed by the directors of the Aurora Group therefore also depends on the going concern assessment performed by the directors of the respective sub groups, Oasis and Warehouse, Coast and Karen Millen. Accordingly, the directors have satisfied themselves with the going concern assessment performed by the directors of the respective sub groups. The directors, having made reasonable enquiries, consider that the Aurora Fashions Group has sufficient facilities in order to meet its projected obligations as they fall due.

Given the facts and circumstances described above and after making enquiries, the directors have a reasonable expectation that the Company and the Aurora Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.2 Accounting convention

The financial statements are prepared using generally accepted accounting principles in the UK.

1.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards and have been applied consistently in dealing with items which are considered material in relation to the financial statements.

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

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Aurora Fashions Finance Limited

Notes forming part of the financial statements (continued)

For the period 4 March 2014 to 28 February 2015

1. Accounting policies (continued)

1.4 Intangible fixed assets and amortisation

On the acquisition of a business, fair values are attributed to the net assets acquired. Goodwill arises where the fair value of the consideration given for a business exceeds the fair value of such net assets. For purchased goodwill arising on acquisitions, goodwill is capitalised and amortised through the profit and loss account over a period of 20 years unless the directors consider it has a materially different useful life.

Negative goodwill arising in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are expected to be benefited, whether through depreciation or sale. On the subsequent disposal the profit or loss on disposal or termination is calculated after charging (crediting) the unamortised amount of any related goodwill (negative goodwill).

Fair value adjustments will be incorporated up until the first full financial period following an acquisition.

1.5 Investments

Investments are included at cost less amounts written off.

1.6 Impairments

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment is recognised when the carrying amount of an investment, fixed asset or goodwill exceeds the recoverable amount. The recoverable amount of the asset is the higher of net realisable value or value in use. To the extent that the carrying amount exceeds the recoverable amount, the difference will be recognised as an impairment loss through the profit and loss account.

In respect of Tangible Fixed Assets held at retail locations, management use the concept of payback period, defined as net book value divided by EBITDA, to help identify any indicators of impairment. Where such an indicator exists, an assessment of the retail location's prospects is performed based on budgeted data and facts and circumstances specific to that location. For retail locations where management do not expect a sufficient improvement in performance, or where there exists a plan to close the store, the assets assigned to that store are impaired in full where management deem that the recoverable amount is zero.

Where an indicator of impairment exists in respect of Goodwill or Investments, the value in use is assessed by discounting the expected future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. Management assess that future cash flows approximate to the EBITDA generated by the assets that gave rise to the goodwill, or to the EBITDA generated by the subsidiary undertakings in the case of Investments.

1.7 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction where no forward cover exists 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 rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

1.8 Taxation

The charge for taxation is based on the profit for the period 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 Financial Reporting Standard 19 *Deferred Taxation*.

Aurora Fashions Finance Limited

Notes forming part of the financial statements (continued)

For the period 4 March 2014 to 28 February 2015

2. Operating profit/(loss)

Operating profit/(loss) is stated after (crediting):

4 March 2014 to 28 February 2015	3 March 2013 to 3 March 2014
£m	£m

Amortisation of negative goodwill

-1.0

-1.0

In the current and previous periods, the remuneration payable in relation to audit services for the Company of £4,615 (2014: £3,078), was borne by Oasis and Warehouse Limited, and included in the fees of the financial statements of Oasis Fashions Limited, Warehouse Fashions Limited and Coast Fashions Limited, which are fellow Group subsidiaries.

3. Remuneration of directors and staff numbers and cost

In the current and previous periods, the directors were remunerated by Oasis and Warehouse Limited in respect of their services to a number of Companies within the Aurora Group. As they receive no emoluments from the Company their emoluments are dealt with in the financial statements of the above named companies.

Apart from the directors, the Company had no employees during the period (2014 : nil).

In the current and previous periods, staff providing shared administrative services to the Aurora Group as a whole were remunerated by Oasis and Warehouse Limited and Aurora Fashions Services Limited. As they receive no emoluments from the Company, their emoluments are dealt with in the financial statements of the above named companies.

4. Interest receivable and similar income

4 March 2014 to 28 February 2015	3 March 2013 to 3 March 2014
£m	£m

Interest receivable on amounts owed by Group undertakings

-

2.9

-

2.9

Aurora Fashions Finance Limited
Notes forming part of the financial statements (continued)

For the period 4 March 2014 to 28 February 2015

5. Interest payable and similar charges

	4 March 2014 to 28 February 2015 £m	3 March 2013 to 3 March 2014 £m
Interest payable on bank loans and overdrafts	3.1	2.3
Unrealised foreign exchange losses	-	0.4
	<u>3.1</u>	<u>2.7</u>

6. Taxation

	4 March 2014 to 28 February 2015 £m	3 March 2013 to 3 March 2014 £m
UK corporation tax		
Adjustments in respect of prior years	-	2.5
	<u>-</u>	<u>2.5</u>
Current tax	<u>-</u>	<u>2.5</u>

During the prior period a prior year current tax adjustment of £2.5m arose. This arose through the finalisation of prior year returns and, more significantly, agreement with HMRC regarding tax enquiries into the 2010, 2011 and 2012 tax returns.

Current tax reconciliation

The current tax charge for the period differs from the standard rate of corporation tax in the UK of 21.17% (2014: 23.08%) applied to the loss before tax. The differences are explained below.

	4 March 2014 to 28 February 2015 £m	3 March 2013 to 3 March 2014 £m
Loss on ordinary activities before taxation	<u>-2.1</u>	<u>-7.2</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK	-0.4	-1.7
Factors affecting charge for the period		
Expenses not deductible for tax	-	2.0
Short term timing differences	-0.3	-0.3
Transfer pricing adjustments	0.5	0.2
Group relief claimed	-	-0.2
Group relief surrendered	0.2	-
Adjustments in respect of prior periods	<u>-</u>	<u>2.5</u>
Current tax charge for the period	<u>-</u>	<u>2.5</u>

A reduction in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012. Reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The deferred tax asset at 28 February 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

Aurora Fashions Finance Limited
Notes forming part of the financial statements (continued)

For the period 4 March 2014 to 28 February 2015

7. Intangible fixed assets	Goodwill £m
Cost	
At 3 March 14 and 28 February 2015	<u>-20.1</u>
Amortisation	
At 3 March 2014	5.0
Credit for the period	<u>1.0</u>
At 28 February 2015	<u>6.0</u>
Net book value	
At 28 February 2015	<u>-14.1</u>
At 3 March 2014	<u>-15.1</u>

The negative goodwill arose as part of the acquisition by the Company of various trades and assets of the UK subsidiaries of Mosaic Fashion hf on 2 March 2009, and is being written off over 20 years.

Aurora Fashions Finance Limited
Notes forming part of the financial statements (continued)

For the period 4 March 2014 to 28 February 2015

8. Investments

Subsidiary undertakings
£m

At 3 March 14 and 28 February 2015

100.8

The undertakings in which the Company's interest at the end of the period is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Percentage of shares held
<i>Directly owned:</i>			
Oasis and Warehouse Limited (formerly Aurora Central Services Limited)	UK	Holding	100%
And Other Brands Limited (formerly Aurora Fashions Ventures Limited)	UK	Holding	100%
Aurora Specialty Brands Limited	UK	Holding	100%
Coast Holdings Limited	UK	Holding	100%
<i>Owned via subsidiary undertakings:</i>			
A Fashions Sweden AB	Sweden	Retailer	100%
Anoushka G Limited	UK	Retailer	100%
Aurora Fashions Asia Limited	Hong Kong	Service	100%
Aurora Fashions Services Limited	UK	Service	75%
Bastyan Fashions Limited	UK	Retailer	100%
Coast Retail Limited	UK	Property	100%
Coast Fashions Limited	UK	Retailer	100%
Coast Stores Ireland Limited	Ireland	Retailer	100%
Coast Fashions Australia Pty Limited	Australia	Retailer	100%
Coast Fashions New Zealand Limited	New Zealand	Retailer	100%
Coast Fashions US Limited	UK	Retailer	100%
Coast Fashions Spain SL	Spain	Retailer	100%
Oasis Fashions Holdings Limited	UK	Holding	100%
Oasis Fashions Retail Limited	UK	Property	100%
Oasis Fashions Ireland Limited	Ireland	Retailer	100%
Oasis Fashions Limited	UK	Retailer	100%
Oasis Fashions US Limited	UK	Dormant	100%
Warehouse Fashions Holdings Limited	UK	Holding	100%
Warehouse Retail Limited	UK	Property	100%
Warehouse Fashions Limited	UK	Retailer	100%
Warehouse Fashion Ireland Limited	Ireland	Retailer	100%
Warehouse Fashions US Limited	UK	Dormant	100%

The class of shares held is ordinary shares for all investments.

The Oasis Pacific Rim Limited group, which is indirectly 50% owned by the Company, is not treated as an associated undertaking as the Company does not exercise a significant influence over its operational and financial policy.

Effective 31 July 2015, Oasis Pacific Rim Limited is no longer part of the Aurora Group.

Aurora Fashions Finance Limited
Notes forming part of the financial statements (continued)

For the period 4 March 2014 to 28 February 2015

9. Debtors	28 February 2015 £m	3 March 2014 £m
Amounts falling due within one year	72.0	60.0
Amounts owed by Group undertakings	-	0.1
Other debtors	<u>72.0</u>	<u>60.1</u>

10. Creditors: amounts falling due within one year	28 February 2015 £m	3 March 2014 £m
Bank loans and overdrafts	33.6	61.1
Corporation tax	2.5	2.5
Other creditors	<u>0.1</u>	<u>-</u>
	<u>36.2</u>	<u>63.6</u>

11. Creditors: amounts falling due after more than one year	28 February 2015 £m	3 March 2014 £m
Bank loans and overdrafts	<u>42.4</u>	<u>-</u>
	<u>42.4</u>	<u>-</u>

12. Loans	28 February 2015 £m	3 March 2014 £m
The bank loans and overdrafts are due for repayment as follows:		
Overdraft	33.6	20.3
Loan due in less than 1 year	-	40.8
Wholly repayable within 5 years	<u>42.4</u>	<u>-</u>
	<u>76.0</u>	<u>61.1</u>

Under the Revolving Credit Facility, there was a balance of £33.6m drawn down at the end of the period (2014: £20.3m).

Details of loans wholly repayable within 5 years are as follows:

	28 February 2015 £m	3 March 2014 £m
Interest rate of LIBOR + 3.5%, repayable 30 June 2017	14.2	13.7
Interest rate of LIBOR + 3.75%, repayable 30 June 2017	<u>28.2</u>	<u>27.1</u>
	<u>42.4</u>	<u>40.8</u>

Subsequent to the period-end the Aurora Group's borrowing facilities were amended and extended as set out in note 18 Post balance sheet events.

13. Share capital	28 February 2015 £m	3 March 2014 £m
Allotted, called up and fully paid:		
5,135,803 Ordinary shares of £1.00	<u>5.1</u>	<u>5.1</u>

Aurora Fashions Finance Limited
Notes forming part of the financial statements (continued)

For the period 4 March 2014 to 28 February 2015

14. Reserves

Profit and loss account
£m

At 3 March 2014	77.1
Loss after taxation for the financial period	<u>-2.1</u>
At 28 February 2015	<u>75.0</u>

15. Reconciliation of movements in shareholder's funds

	4 March 2014 to 28 February 2015 £m	3 March 2013 to 3 March 2014 £m
Loss after taxation for the financial period	-2.1	-9.7
New share capital subscribed	-	5.1
Net decrease in shareholder's funds	<u>-2.1</u>	<u>-4.6</u>
At the start of the period	<u>82.2</u>	<u>86.8</u>
At the end of the period	<u>80.1</u>	<u>82.2</u>

16. Guarantees and other commitments

Certain companies within the Aurora Fashions Group, The 'Banking subgroups' are party to the terms of a Senior Facilities Agreement (the "SFA") with Aurora Fashions Finance Limited (AFFL), exclusively as a borrower, the borrowers are Oasis and Warehouse Limited, Coast Debtco Limited and Karen Millen Holdings Limited. Each banking sub group/silo under the obligations of their SFA has a number of group companies party to the SFA as Guarantors, the values of which are disclosed within the respective company accounts. Such guarantee shall continue under the restructured bank loans. Under the terms of the cross guarantee, an event of default in the Company or certain other companies in the sub group would mean that the lender, AFFL, has the ability to call on any of the other companies within the respective banking sub groups to step in to fulfil the obligations of that borrower/guarantor. An event of default could include an entity becoming insolvent. It should be noted that the call under the guarantee is on demand, and as such the demand is at the discretion of AFFL in its capacity as sole Lender.

As of 2 October 2015 there is security between the banking sub groups, Oasis and Warehouse, Coast and Karen Millen and certain of their trading subsidiaries in favour of AFFL, in the form of fixed and floating charges over the undertakings and all property and assets. The net book value of assets are contained within the individual entities' statutory accounts.

17. Related parties

The Company has a related party relationship with its directors, with the undertakings which form the Aurora Group and with its ultimate parent company, Kaupthing Bank hf., and its subsidiary undertakings, specifically the Karen Millen Group.

The Company has taken advantage of the exemption in Financial Reporting Standard 8 *Related Parties Disclosures* not to disclose transactions with fellow wholly owned subsidiary undertakings of the group headed by Aurora Fashions Group Limited.

Kaupthing Bank hf. loans and overdrafts totalling £76.0 million (2014: £61.1 million) were outstanding at the period end.

Aurora Fashions Finance Limited

Notes forming part of the financial statements (continued)

For the period 4 March 2014 to 28 February 2015

18. Post balance sheet events

The Aurora Group underwent a Group reconstruction and Amendment Agreement effected 2 October 2015. This was to facilitate 3 separate banking sub groups, the Oasis and Warehouse subgroup, the Coast sub group and the Karen Millen sub group each of which meets its day to day working capital requirements and medium term funding requirements through term debt and revolving credit facilities with Aurora Fashions Finance Limited, who in turn retains a senior facilities agreement with Kaupthing Bank hf. (the "Bank"). Under the original terms of the senior facilities agreement ("SFA"), loan amounts became repayable in stages over the period to January 2015 and were subject to certain financial and other covenant requirements. The terms of the facility have been amended as at December 2014 and October 2015 to permit the senior loan repayments to be deferred for 4 years, with 50% of Facility A falling due in 2019, and the remaining A and B Facilities payable on the termination date in 2020. There is the option to roll up interest that falls due in years 1-3 or to cash pay, and thereafter interest will be cash paid to October 2020. Future financial covenant targets were adjusted through to the maturity of the loan. The current facility expires in 2020 at which point the directors consider that a new finance facility will be available. The financial conditions are detailed below.

The Revolving credit facility was amended on 2 October 2015 – with £10million available to the Oasis and Warehouse sub group – £5m available to the Coast sub group - and £10m available to the Karen Millen sub group of which £5m was drawn in October 2015 post completion of the deed of amendment and restatement. As of the date of amendment (2 October 2015) all existing guarantees/security granted by the group were released.

The historic facilities between Karen Millen Group Limited and Kaupthing Bank hf have been novated to Aurora Fashions Finance Limited, and so Aurora Fashions Finance Limited is now the only direct borrower from Kaupthing Bank hf under this facility. The agreement between Aurora Fashions Finance Limited and Kaupthing Bank hf shall continue in effect following an amendment letter executed in November 2015 which gives agreement to extend the termination date to 30th June 2017 in respect of each facility. In turn, the standstill period referred to in the main SFA is also extended and shall end on 30th June 2017. The result is the existing lender having agreed to forebear any potential breach, misrepresentation or default in respect of the existing facility commencing on the restructuring date 2 October 2015 to the cessation date of 30th June 2017.

As a result of the Group reconstruction as detailed above from 2 October 2015 the Karen Millen Group of companies form part of the overall Aurora Group of companies effected by a share for share exchange. Six new holding companies were incorporated and formed part of the group from this date. Karen Millen Holdco 1 Limited became the immediate parent of Karen Millen Group Limited, Oasis Holdco 2 Limited became the immediate parent of Oasis and Warehouse Limited, Oasis and Warehouse Holdco 1 Limited became the immediate parent of Oasis and Warehouse Holdco 2 Limited, Coast Debtco Limited became the immediate parent of Coast Holdings Limited, Coast Holdco 2 Limited became the immediate parent of Coast Debtco Limited, Coast Holdco 1 Limited became the immediate parent of Coast Holdco 1 Limited. Each new sub group Holdco's immediate parent being Aurora Fashions Finance Limited.

19. Immediate and ultimate parent company and parent undertaking of larger group

The immediate parent company is Aurora Fashions Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company is Kaupthing Bank hf., a company incorporated in Iceland. The largest and smallest group in which the results of the Company are consolidated is that headed by Aurora Fashions Group Limited, incorporated in England and Wales. The consolidated financial statements of Aurora Fashions Group Limited are available from Aurora Fashions Group Limited, The Triangle, Stanton Harcourt Industrial Estate, Stanton Harcourt, Witney, Oxfordshire, OX29 5UT, UK.