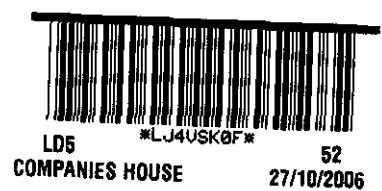


Company Registration No. 773076

Hermès (GB) Limited

Report and Financial Statements

31 December 2005



Hermès (GB) Limited

Report and financial statements 2005

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8

Hermès (GB) Limited

Report and financial statements 2005

Officers and professional advisers

Directors

Christian Blanckaert
Florian Craen (appointed 1st September 2006)
Pierre-Alexis Philippe Dumas
Gilles Duval
Charles-Henri Leroy
Patrick Marie Charles Thomas

Secretary

Comat Registrars Limited
8 Gray's Inn Square
Gray's Inn
London
WC1R 5JQ

Registered office

1 Bruton Street
London W1J 6TL

Bankers

HSBC Bank plc
202 Sloane Street
London
SW1X 9RG

Solicitors

Lewis Silkin
Windsor House
50 Victoria Street
London SW1H 0NW

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Hermès (GB) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Activities

The principal activities of the company continue to be retailing and wholesaling of luxury goods and accessories.

Review of developments and future prospects

Future developments are dictated by the parent company in accordance with overall group objectives.

The directors continue to be optimistic about the company's prospects for 2006.

Results and dividends

The company made a profit after tax of £851K (2004 – £755K). The directors do not recommend payment of a final dividend (2004 – £nil).

Directors

The present membership of the Board is set out on page 1. The directors served throughout the year.

None of the directors has any beneficial interests in the shares of the company or any other UK group company.

Charitable donations

The company has made charitable donations in the United Kingdom of £777 (2004 - £301).

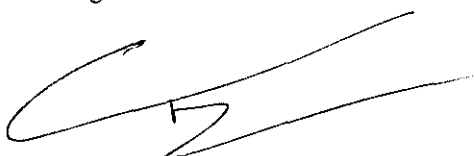
Exchange rate risk

The company's principal financial assets are trade receivables and stock balances. The company's exchange rate risk is primarily attributable to its trade debtor from the Dublin concession where trading is in Euro.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Charles-Henri Leroy
Director

23rd October 2006

Hermès (GB) Limited

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year 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 accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Hermès (GB) Limited

We have audited the financial statements of Hermès (GB) Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements..

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Hermès (GB) Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

26th October 2006

Hermès (GB) Limited

Profit and loss account Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Turnover	1	20,229	17,482
Cost of sales		(10,378)	(9,070)
Gross profit		9,851	8,412
Distribution costs		(6,674)	(5,577)
Administrative expenses		(1,886)	(1,651)
Operating profit	3	1,291	1,184
Interest receivable and similar income	4	26	43
Interest payable and similar charges	5	(67)	(44)
Profit on ordinary activities before taxation		1,250	1,183
Tax charge on profit on ordinary activities	6	(399)	(428)
Profit for the financial year		851	755
Profit and loss account brought forward		3,164	2,409
Profit and loss account carried forward		4,015	3,164

The above results derive from continuing operations. There has been no movement in shareholders' funds other than the retained profit in the current and the preceding financial years.

There are no recognised gains or losses in either year other than the profit for that year. Accordingly no separate Statement of Total Recognised Gains and Losses has been presented.

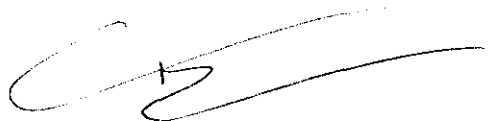
Hermès (GB) Limited

Balance sheet 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	7	4,365	4,404
Current assets			
Stocks	8	4,796	5,157
Debtors	9	4,612	2,151
Cash at bank and in hand		193	161
		9,601	7,469
Creditors: amounts falling due within one year	10	(6,546)	(5,338)
Net current assets		3,055	2,131
Total assets less current liabilities being net assets		7,420	6,535
Provisions for liabilities	11	(108)	(74)
Net assets		7,312	6,461
Capital and reserves			
Called up share capital	12	3,265	3,265
Share premium account		32	32
Profit and loss account		4,015	3,164
Equity shareholders' funds	15	7,312	6,461

These financial statements were approved by the Board of Directors on 23rd October 2006.

Signed on behalf of the Board of Directors



Charles-Henri Leroy
Director

Hermès (GB) Limited

Notes to the accounts

Year ended 31 December 2005

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted, which have been applied on a consistent basis with the prior year, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-leasehold property	Over the term of the lease
Fixtures, fittings and equipment	10% - 33 1/3% per annum on a straight-line basis

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that 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 the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of those assets. 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.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences are dealt with in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently-administered fund. The pension cost charge represents contributions payable by the company to the fund.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Turnover

Turnover comprises retail and wholesale sales net of discounts given. It arises and originates wholly within the United Kingdom and Ireland.

Notes to the accounts
Year ended 31 December 2005

Cash flow statement

2. Information regarding directors and employees

3. Operating profit

4. Interest receivable and similar income

2005	2004
£'000	£'000
26	43

Hermès (GB) Limited

Notes to the accounts Year ended 31 December 2005

5. Interest payable and similar charges

	2005 £'000	2004 £'000
Bank interest	-	1
Interest on overdue tax	-	2
To group undertakings	67	41
	<u>67</u>	<u>44</u>

6. Tax charge on profit on ordinary activities

The tax charge comprises:	2005 £'000	2004 £'000
Current tax		
UK corporation tax at 30% (2004 – 30%)	365	125
Adjustment in respect of prior years	-	14
	<u>365</u>	<u>139</u>
Group relief	-	126
Adjustment in respect of prior years	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>365</u>	<u>265</u>
Deferred tax		
Origination and reversal of timing differences	34	159
Adjustment in respect of prior years	-	4
	<u>34</u>	<u>163</u>
Total deferred tax (see note 10)	<u>34</u>	<u>163</u>
Total tax on profit on ordinary activities	<u>399</u>	<u>428</u>

The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	£'000	£'000
Profit on ordinary activities before tax	<u>1,250</u>	<u>1,183</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 30 % (2004 – 30%)	375	355
Effects of:		
Expenses not deductible for tax purposes	7	56
Capital allowances in excess of depreciation	(13)	(124)
Movement in short term timing differences	(4)	(15)
Other deferred tax movements	-	(21)
Adjustments to tax charge in respect of previous periods	-	14
	<u>-</u>	<u>14</u>
Current tax charge for year	<u>365</u>	<u>265</u>

Hermès (GB) Limited

Notes to the accounts Year ended 31 December 2005

7. Tangible fixed assets

	Short leasehold property £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2005	539	6,468	7,007
Additions	-	540	540
Disposals	-	(615)	(615)
At 31 December 2005	539	6,393	6,932
Accumulated depreciation			
At 1 January 2005	317	2,286	2,603
Charge for the year	24	555	579
Disposals	-	(615)	(615)
At 31 December 2005	341	2,226	2,567
Net book value			
At 31 December 2005	198	4,167	4,365
At 31 December 2004	222	4,182	4,404

8. Stocks

	2005 £'000	2004 £'000
Finished goods for resale	4,796	5,157

9. Debtors

	2005 £'000	2004 £'000
Trade debtors	1,858	1,323
Amounts owed by fellow subsidiary undertakings	215	134
Amounts owed by parent company	1792	-
Other debtors	55	45
Prepayments and accrued income	692	649
	4,612	2,151

Hermès (GB) Limited

Notes to the accounts

Year ended 31 December 2005

10. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	363	548
Amounts owed to fellow subsidiary undertakings	2,813	2,909
Amounts owed to parent company	1,000	229
Taxation and social security	1,083	850
Other creditors	313	1
Accruals and deferred income	974	801
	<u>6,546</u>	<u>5,338</u>

11. Provision for liabilities

	2005 £'000	2004 £'000
Deferred tax:		
As at 1 January	74	(89)
Charge/(credit) to the profit and loss account	34	163
	<u>108</u>	<u>74</u>

The amount of deferred taxation provided in the accounts is as follows:

	2005 £'000	2004 £'000
Capital allowances in excess of depreciation	216	260
Other short term timing differences	(324)	(186)
	<u>108</u>	<u>74</u>

12. Called up share capital

	2005 £'000	2004 £'000
Authorised:		
3,500,000 ordinary shares of £1 each	3,500	3,500
Called up, allotted and fully paid:		
3,265,000 ordinary shares of £1 each	3,265	3,265

Hermès (GB) Limited

Notes to the accounts

Year ended 31 December 2005

13. Operating lease commitments

At 31 December 2005 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings		Other	
	2005	2004	2005	2004
	£'000	£'000	£'000	£'000
Leases which expire:				
Within one year	-	-	23	22
Within two to five years	15	-	18	10
After five years	1,751	1,711	-	-

The company is committed to minimum rent guarantees of £471,500 during the next year (2004 - £471,500).

14. Related party transactions

During the year Hermès (GB) Limited paid Rena Dumas Architecture Intérieure £46,623 for its services. Rena Dumas Architecture Intérieure is controlled by the mother of Pierre-Alexis Philippe Dumas, a director of this company.

The company has taken advantage of the exemption granted by paragraph 3(c) of FRS 8, Related Party Disclosures, not to disclose transactions with Hermès International group companies or interests of the group which are related parties, as the consolidated financial statements, in which the company is included, are publicly available.

15. Reconciliation of movements in shareholders' funds

	2005	2004
	£'000	£'000
Opening equity shareholders' funds	6,461	5,706
Profit for the financial year	851	755
Closing equity shareholders' funds	7,312	6,461

16. Parent company

The ultimate parent and controlling company is Hermès International, a company incorporated in France, and the smallest and largest group that produces consolidated accounts. Copies of the financial statements of the ultimate parent company may be obtained from the registered office of the company at 24 Rue de Faubourg, St Honoré, 75008 Paris, France.

The intermediate parent undertaking is Hermès Holding GB Limited, a company incorporated in Great Britain. Copies of the financial statements may be obtained from Hermès Holding GB Limited, 1 Bruton Street, London W1J 6TL.