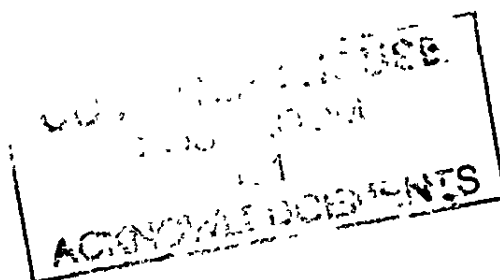


Financial statements ARNO GB Limited

For the Year Ended 31 December 2007



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Company information

Company registration number	1385669
Registered office	Victorian House Coronation Road Bristol BS3 1AA
Directors	M J Aspin G T Palmer S B Rothmeier
Secretary	P Drew (appointed 19 July 2007)
Bankers	National Westminster Bank 4th Floor Castlegate House Tower Hill Bristol BS2 OJA
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Hartwell House 55 - 61 Victoria Street BRISTOL BS1 6FT

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2007

Principal activities and business review

The principal activity of the company during the year was the design and management of retail display and merchandising projects

2007 was another year of strong growth with increased project values. A broad spread of market sectors was maintained with success in the outdoor and sport fashion as well as home improvement products. Through a focused approach, the value of projects has been increased, so aiding the increase in turnover without the incremental increase in the number of projects.

For 2008 we have a strong order pipeline with retained and new clients. We also have several structural changes to our business, the move to larger premises to house and nurture our expanding business and the integration of our new Accounts and Management Information Software.

Directors

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

M J Aspin
S B Rothmeier

G T Palmer was appointed as a director on 1 January 2008

In accordance with the company's articles of association the directors retire from the board at the annual general meeting and, being eligible, offer themselves for re-election

Directors' responsibilities

The directors are responsible for preparing the Annual 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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,
- 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 that 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 1985. 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.

Auditor

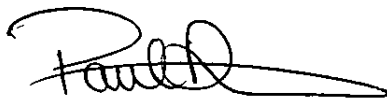
A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD

Paul Drew



Secretary

22 September 2008



Report of the independent auditor to the members of ARNO GB Limited

We have audited the financial statements of ARNO GB Limited for the year ended 31 December 2007 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 25. 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 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

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

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.

Report of the independent auditor to the members of ARNO GB Limited (continued)

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.

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 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS



Bristol
22 September 2008

Principal accounting policies

Basis of preparation

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Long Term Contracts

Turnover and related costs on each long-term contract are recorded in the profit and loss account as contract activity progresses. Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion is ascertained by assessing the costs incurred to date on the work done. Attributable profit is prudently assessed on a contract by contract basis when the outcome of the project can be assessed with reasonable certainty and with reference to the contract's cumulative turnover, total contract value and total profit estimated for the completed contract.

Losses on contracts are recognised in the period when the loss first becomes foreseeable. Contract losses are determined as the amount by which estimated costs of the contract exceed the estimated total revenue that will be generated by the contract.

Fixed assets

Tangible fixed assets are stated at cost net of depreciation.

Depreciation

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

Plant & Machinery	- 25% to 33% straight line
Fixtures, Fittings & Equipment	- 12.5% to 25% straight line

Investments

Investments are stated at cost less amounts written off.

Stocks

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

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element of the leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Retirement benefits

Defined Contribution Schemes

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

All other exchange differences are dealt with through the profit and loss account

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2007 £	2006 £
Turnover	1	9,978,785	8,494,913
Cost of sales		(6,036,299)	(5,402,268)
Gross profit		3,942,486	3,092,645
Other operating charges	2	(2,451,425)	(2,319,401)
Operating profit	3	1,491,061	773,244
Interest receivable	6	33,942	15,564
Interest payable and similar charges	7	(31,258)	(49,282)
Profit on ordinary activities before taxation		1,493,745	739,526
Tax on profit on ordinary activities	8	(471,049)	(196,827)
Profit for the financial year	22	1,022,696	542,699

All of the activities of the company are classed as continuing.

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

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	9	90,061	37,079
Investments	10	300	300
		<u>90,361</u>	<u>37,379</u>
Current assets			
Stocks	11	4,723	72,696
Debtors	12	2,087,144	1,901,054
Cash at bank		1,158,205	763,044
		<u>3,250,072</u>	<u>2,736,794</u>
Creditors: amounts falling due within one year	13	<u>1,631,560</u>	<u>2,087,996</u>
Net current assets		<u>1,618,512</u>	<u>648,798</u>
Total assets less current liabilities		<u>1,708,873</u>	<u>686,177</u>
Capital and reserves			
Called-up equity share capital	19	80,000	80,000
Share premium account	20	2,506	2,506
Other reserves	21	12,049	12,049
Profit and loss account	22	1,614,318	591,622
Shareholders' funds	23	<u>1,708,873</u>	<u>686,177</u>

These financial statements were approved by the directors and authorised for issue on 22 September 2008, and are signed on their behalf by:

M J Aspin



Notes to the financial statements

1 Turnover

The turnover and profit before taxation are attributable to the design and management of retail display and merchandising projects.

2 Other operating charges

	2007 £	2006 £
Administrative expenses	<u>2,451,425</u>	<u>2,319,401</u>

3 Operating profit

Operating profit is stated after charging:

	2007 £	2006 £
Depreciation of owned fixed assets	36,549	30,696
Auditor's remuneration:		
Audit fees	13,200	12,850
Operating lease costs:		
Plant and equipment	79,323	95,998
Other	<u>113,744</u>	<u>103,444</u>

4 Directors and employees

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

	2007 No	2006 No
Client services (production)	13	11
Office administration and sales	12	10
Art studio	10	9
	<u>35</u>	<u>30</u>

The aggregate payroll costs of the above were:

	2007 £	2006 £
Wages and salaries	1,397,923	1,156,280
Social security costs	168,525	131,177
Other pension costs	49,453	38,338
	<u>1,615,901</u>	<u>1,325,795</u>

5 Directors

Remuneration in respect of directors was as follows:

	2007 £	2006 £
Emoluments	179,483	203,556
Value of company pension contributions to money purchase schemes	10,776	15,187
Compensation for loss of directorship	-	30,000
	<u>190,259</u>	<u>248,743</u>

Emoluments of highest paid director

	2007 £	2006 £
Total emoluments (excluding pension contributions)	179,483	118,959
Value of company pension contributions to money purchase schemes	10,776	10,500
	<u>190,259</u>	<u>129,459</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2007 No	2006 No
Money purchase schemes	<u>1</u>	<u>2</u>

6 Interest receivable

	2007 £	2006 £
Bank interest receivable	<u>33,942</u>	<u>15,564</u>

7 Interest payable and similar charges

	2007 £	2006 £
Interest payable on bank borrowing	<u>31,258</u>	<u>49,282</u>

8 Tax on profit/(loss) from ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	472,415	195,840
Under provision in prior year	(1,366)	987
Total current tax	<u>471,049</u>	<u>196,827</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%).

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>1,493,745</u>	<u>739,526</u>
Profit on ordinary activities by rate of tax	448,124	221,858
Expenses not deductible for tax purposes	21,979	14,547
Capital allowances in excess of depreciation	(429)	(1,397)
Deductible on paid basis	2,741	551
Losses brought forward	-	(39,719)
Adjustment in respect of prior year	(1,366)	987
Total current tax (note 8(a))	<u>471,049</u>	<u>196,827</u>

9 Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost			
At 1 January 2007	308,658	311,018	619,676
Additions	85,507	4,025	89,532
Disposals	–	(9,840)	(9,840)
At 31 December 2007	<u>394,165</u>	<u>305,203</u>	<u>699,368</u>
Depreciation			
At 1 January 2007	280,710	301,887	582,597
Charge for the year	32,091	4,458	36,549
On disposals	–	(9,839)	(9,839)
At 31 December 2007	<u>312,801</u>	<u>296,506</u>	<u>609,307</u>
Net book value			
At 31 December 2007	<u>81,364</u>	<u>8,697</u>	<u>90,061</u>
At 31 December 2006	<u>27,948</u>	<u>9,131</u>	<u>37,079</u>

10 Investments

	£
Cost	
At 1 January 2007 and 31 December 2007	<u>300</u>
Net book value	
At 31 December 2007	<u>300</u>
At 31 December 2006	<u>300</u>

11 Stocks

	2007 £	2006 £
Finished goods	<u>4,723</u>	<u>72,696</u>

12 Debtors

	2007 £	2006 £
Trade debtors	1,947,083	1,602,987
Amounts owed by group undertakings	-	185,093
Other debtors	8,350	5,950
Prepayments and accrued income	131,711	107,024
	<u>2,087,144</u>	<u>1,901,054</u>

13 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank loans	-	400,000
Payments received on account	81,794	266,670
Trade creditors	691,520	712,269
Amounts owed to group undertakings	5,754	-
Corporation tax	372,415	195,840
PAYE and social security	89,847	138,041
Other creditors	9,137	-
Accruals and deferred income	381,093	375,176
	<u>1,631,560</u>	<u>2,087,996</u>

14 Pensions

Defined Contribution Schemes

The company operates defined contribution pension schemes for the benefit of the directors and employees. The assets of the schemes are administered by trustees in funds independent from those of the company.

15 Leasing commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below.

	2007		2006	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	56,896	-	-	5,848
Within 2 to 5 years	-	76,920	-	78,672
After more than 5 years	-	-	113,744	-
	<u>56,896</u>	<u>76,920</u>	<u>113,744</u>	<u>84,520</u>

16 Capital commitments

There were no capital commitments at 31 December 2007 or 31 December 2006.

17 Contingent liabilities

There were no contingent liabilities at 31 December 2007 or 31 December 2006.

18 Related party transactions

During the year ARNO GB Limited transacted with its wider group. It made sales of £nil (2006: £13,290) and purchases of £2,429 (2006: £6,329) to and from ARNO Hellas S.A.. Sales of £270,558 (2006: £228,881) and purchases of £449,223 (2006: £62,777) were made to and from ARNO GmbH during the year and purchases of £7,632 (2006: £nil) were made from ARNO Shop Services GmbH during the year.

At 31 December 2007 the company owed ARNO GmbH £549 (2006: were owed £185,093). Furthermore it owed Arno Shop Services GmbH £5,205 (2006: £nil).

19 Share capital

Authorised share capital:

	2007 £	2006 £
80,000 Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>

Allotted, called up and fully paid:

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>

20 Share premium account

There was no movement on the share premium account during the financial year.

21 Other reserves

	2007 £	2006 £
Capital redemption reserve	<u>12,049</u>	<u>12,049</u>

22 Profit and loss account

	2007 £	2006 £
Balance brought forward	591,622	48,923
Profit for the financial year	1,022,696	542,699
Balance carried forward	<u>1,614,318</u>	<u>591,622</u>

23 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	1,022,696	542,699
Opening shareholders' funds	<u>686,177</u>	<u>143,478</u>
Closing shareholders' funds	<u>1,708,873</u>	<u>686,177</u>

24 Post balance sheet events

In April 2008, the company purchased freehold property for £1.61million funded entirely through bank borrowing.

25 Ultimate parent company

The ultimate parent undertaking of this company, and the largest and smallest group of undertakings for which group accounts are drawn up, is ARNO GmbH (incorporated in Germany). F Arnholdt is the controlling related party by virtue of his shareholding in ARNO GmbH.