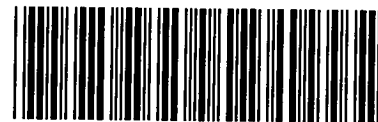


**COMPANY REGISTRATION NUMBER 03970757**

**LILESTONE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1st JULY 2013 TO**  
**31st DECEMBER 2013**

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**LILESTONE LIMITED**  
**FINANCIAL STATEMENTS**

**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

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<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>3 to 4</b>
Statement of directors' responsibilities	<b>5</b>
Independent auditors' report to the shareholders	<b>6 to 7</b>
Profit and loss account	<b>8</b>
Balance sheet	<b>9</b>
Notes to the financial statements	<b>10 to 19</b>
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	<b>21</b>
Notes to the detailed profit and loss account	<b>22 to 23</b>

**LILESTONE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

---

**The board of directors**

D T Metcalfe  
J W Hay  
T S Low  
T J Low (Alternate Director)

**Registered office**

100 New Bridge Street  
London  
EC4V 6JA

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants  
& Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

# LILESTONE LIMITED

## STRATEGIC REPORT

**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

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The directors present their strategic report of Lilestone Limited ("the company") for the period from 1st July 2013 to 31st December 2013.

### Principal Activities and Business Review

The principal activity of the company during the period was designing, wholesaling and retailing luxury ladies lingerie and accessories.

Following the change in ownership in June 2013, the Group is going through a complete review of the business with the object of establishing "Myla" as a leading international luxury ladies fashion brand. During the period, two of the directly operated stores were closed. In the meantime the existing wholesale, concession and ecommerce businesses will continue to operate as before. The owners have already injected significant cash resources and will continue to do so to secure the long term future of the Group.

### Financial Key Performance Indicators

	Period 1st July to 31 Dec 13	Year To 30 June 13
Turnover (£)	2,007,184	4,133,425
(Decrease) in turnover (Based upon annualised figures)	(3%)	(22%)
Gross profit margin (Excluding exceptional items)	59%	58%

### Principal Risks and Uncertainties

While the Group is going through this period of significant change and building for the future, it will be dependent on significant investment from the shareholders. The re-launch of the brand is expected in the latter part of 2015 but it will still be some time before the Group is in profit. In the meantime the Group's income is dependent on the demand for its products. The garments are manufactured in both Europe and Asia and sold in both domestic and overseas markets. A second risk is therefore the stability of exchange rates between Sterling, Euros and US Dollars. This exposure is managed and monitored regularly.

Signed on behalf of the directors



D T Metcalfe  
Director

Approved by the directors on 5 December 2014.

# **LILESTONE LIMITED**

## **DIRECTORS' REPORT**

### **PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

---

The directors present their report and the financial statements of the company for the period from 1st July 2013 to 31st December 2013.

#### **RESULTS AND DIVIDENDS**

The loss for the period amounted to £3,763,228 (12 months to 30 June 2013 £2,663,134). The directors have not recommended a dividend.

#### **DIRECTORS**

The directors of the company who were in office during the period and up to the signing the financial statements were as follows:

D T Metcalfe  
J W Hay  
T S Low  
T J Low (Alternate Director)

#### **GOING CONCERN**

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate controlling parent company disclosed in note 23. The directors have received confirmation that Lilestone Holdings Limited intend to support the company for at least one year after these financial statements are approved.

#### **POST BALANCE SHEET EVENT**

On 1<sup>st</sup> July 2014 the company allotted and issued 300,000,039 Ordinary shares for a total consideration of £3,000,000.

On 1<sup>st</sup> July 2014 the company allotted and issued 320,000,000 Ordinary shares for a total consideration of £3,200,000.

On 1<sup>st</sup> July 2014 the company's issued share capital consisting of 1,618,820,800 ordinary shares of £0.01 each were consolidated and divided into 16,188,208 ordinary shares of £1 each.

On 27<sup>th</sup> November 2014, the company allotted and issued 4,000,000 ordinary shares of £1.00 each to its sole shareholder, Lilestone Holdings Limited, for a total consideration of £4,000,000.

#### **STATEMENT OF PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each director has taken all 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.

#### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, were appointed as auditors in the year and have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the general meeting.

**LILESTONE LIMITED**

**DIRECTORS' REPORT**

**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

---

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'D T Metcalfe', written in a cursive style.

D T Metcalfe  
Director

Approved by the directors on 5 December 2014.

**LILESTONE LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

---

The directors are responsible for preparing the Strategic Report, 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 period. Under that law the directors have prepared 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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.

# LILESTONE LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LILESTONE LIMITED

**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

### Report on the financial statements

#### Our opinion

In our opinion the financial statements, defined below:

- Give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the period 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### What we have audited

The financial statements, which are prepared by Lilestone Limited, comprise:

- The balance sheet as at 31 December 2013;
- The profit and loss account for the period then ended; and
- The notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 the directors; and
- The overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Financial Statements (the "Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### 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.



**LILESTONE LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**LILESTONE LIMITED**

**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

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**Other matters on which we are required to report by exception**

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**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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**Responsibilities for the financial statements and the audit**

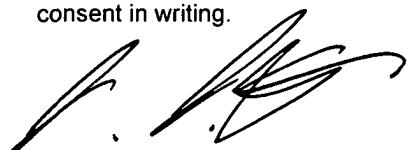
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**Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Craig Skelton (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

London 5 December 2014

**LILESTONE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

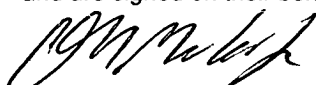
	Note	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
<b>TURNOVER</b>	<b>2</b>	<b>2,007,184</b>	<b>4,133,425</b>
Cost of sales		(1,864,937)	(1,740,737)
<b>GROSS PROFIT</b>		<b>142,247</b>	<b>2,392,688</b>
Concession commission and distribution costs		(502,637)	(1,005,273)
Administrative expenses		(3,402,576)	(4,062,299)
Operating loss before exceptional items		(2,716,297)	(2,674,884)
Exceptional items	3/4	(1,046,669)	-
<b>OPERATING LOSS</b>	<b>3</b>	<b>(3,762,966)</b>	<b>(2,674,884)</b>
Interest receivable and similar income	7	10	12,610
Interest payable and similar charges	8	(272)	(860)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(3,763,228)</b>	<b>(2,663,134)</b>
Tax on loss on ordinary activities	9	-	-
<b>LOSS FOR THE FINANCIAL PERIOD/YEAR</b>		<b>(3,763,228)</b>	<b>(2,663,134)</b>

All results are derived from continuing operations.

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

There is no material difference between the loss on ordinary activities before taxation and the loss for the current or prior financial years stated above and their historical cost equivalents.

These financial statements were approved by the directors and authorised for issue on 5 December 2014 and are signed on their behalf by:



D T Metcalfe  
Director

Company Registration Number: 03970757

The notes on pages 10 to 19 form part of these financial statements.

**LILESTONE LIMITED****BALANCE SHEET****31st DECEMBER 2013**

	Note	31 Dec 13 £	£	30 Jun 13 £
<b>FIXED ASSETS</b>				
Tangible assets	10		168,838	255,974
Investments	11		557	557
			<u>169,395</u>	<u>256,531</u>
<b>CURRENT ASSETS</b>				
Stocks	12	884,677		1,504,738
Debtors	13	2,943,008		2,924,672
Cash at bank and in hand		852,042		57,973
		<u>4,679,727</u>		<u>4,487,383</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(912,121)</u>		<u>(1,180,012)</u>
<b>NET CURRENT ASSETS</b>			<u>3,767,606</u>	<u>3,307,371</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,937,001</u>	<u>3,563,902</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15		<u>(17,068,893)</u>	<u>(17,632,535)</u>
<b>NET ASSETS</b>			<u>(13,131,892)</u>	<u>(14,068,633)</u>
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	19		9,988,208	5,288,239
Share premium account	20		1,594,282	1,594,282
Profit and loss account	21		<u>(24,714,382)</u>	<u>(20,951,154)</u>
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	22		<u>(13,131,892)</u>	<u>(14,068,633)</u>

These financial statements were approved by the directors and authorised for issue on 5 December 2014, and are signed on their behalf by:



D T Metcalfe  
Director

Company Registration Number: 03970757

The notes on pages 10 to 19 form part of these financial statements.

**LILESTONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

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**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Company Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies, which have been applied consistently throughout the period, are set out below.

**Basis of preparation**

The profit and loss account for the period ended 31st December 2013 shows a loss of £3,763,228 and the balance sheet at that date shows a Total Shareholders' Deficit of £13,131,892.

However, as shown in note 15 an amount of £17,068,773 is due to the parent undertaking Lilestone Holdings Limited. The directors of this company have confirmed that they will continue to support the subsidiary undertaking and will not call for repayment until such time as the company has sufficient working capital and that it itself has sufficient working capital to enable it to give such support.

The company has no bank facilities and meets its day to day working capital requirements through agreed trade facilities with third party suppliers and statutory taxation payment terms and from loans from the parent company.

The parent undertaking has taken further steps to secure the future of the group by securing additional investment from existing shareholders and have obtained confirmation of continuing support whilst the brand is being established.

The parent company has also provided confirmation to Lilestone Limited that it will continue to support the company with further loans as required.

The group's and company's budgets, which are considered reasonable by the directors, indicate that the company should be able to operate within the level of its current working capital for a period of at least 12 months from the approval of these accounts.

After making enquiries, and considering the circumstances described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include any adjustments that may result if the company was unable to continue as a going concern.

**Consolidation**

As permitted by section 400 of the Company Act 2006, the Group financial statements have not been prepared as the results and balances of this company are included in the consolidated financial statements of Lilestone Holdings Limited. These financial statements present financial information about the company as an individual undertaking and not about the Group. The company is a wholly owned subsidiary of Lilestone Holdings Limited.

**Cash flow statement**

The company has 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 wholly owned and its parent publishes a consolidated cash flow statement.

**LILESTONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

---

**1. ACCOUNTING POLICIES** *(continued)*

**Turnover**

The turnover shown in the profit and loss account represents amounts receivable for goods sold during the period, exclusive of Value Added Tax. Retail turnover is recognised at the point of the sale. Wholesale turnover is recognised on the date of despatch.

**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:

Fixtures & Fittings - over two to five years  
Equipment - over two to five years

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a first in, first out basis.

**Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

**Operating lease agreements**

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

**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 in the future.

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.

# LILESTONE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013

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### 1. ACCOUNTING POLICIES *(continued)*

#### 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.

#### Exceptional items

The directors believe that in order to understand the underlying performance of the business, material and non-recurring items should be separately disclosed as exceptional items in the profit and loss account (note 3/4).

### 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:

	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
United Kingdom	1,351,000	3,073,704
Overseas sales	656,184	1,059,721
	<u>2,007,184</u>	<u>4,133,425</u>

# LILESTONE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013

#### 3. OPERATING LOSS

Operating loss is stated after charging:

	Period from 1 July 13 to 31 Dec 13	Year to 30 June 13
	£	£
Depreciation of owned fixed assets	138,054	193,261
Depreciation of assets held under hire purchase agreements	1,167	2,543
Loss on disposal of fixed assets	1,530	57,141
Auditor's remuneration		
- as auditor	29,690	15,450
Operating lease costs:		
- Other	96,261	369,339
Net loss on foreign currency translation	16,474	76,565
Exceptional stock provision and asset impairment	<u>1,046,669</u>	<u>—</u>

Other operating lease costs relate to land and buildings.

Further details in respect of the exceptional items are shown in note 4.

#### 4. EXCEPTIONAL ITEMS

Included within cost of sales is an amount of £1,046,669 relating to an exceptional stock provision and asset impairment. This takes account of both old and slow moving stock which has been written down to the expected realisable value.

#### 5. PARTICULARS OF EMPLOYEES

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

	Period from 1 July 13 to 31 Dec 13	Year to 30 June 13
	No	No
Number of sales and administrative staff	64	63
Number of management staff	2	3
	<u>66</u>	<u>66</u>

The aggregate payroll costs of the above were:

	Period from 1 July 13 to 31 Dec 13	Year to 30 June 13
	£	£
Wages and salaries	1,022,993	1,784,568
Social security costs	96,316	184,744
	<u>1,119,309</u>	<u>1,969,312</u>

# LILESTONE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013

#### 6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
Remuneration receivable	<u>65,365</u>	<u>310,000</u>

#### Remuneration of highest paid director:

	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
Total remuneration (excluding pension contributions)	<u>65,365</u>	<u>310,000</u>

#### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
Other similar income receivable	<u>10</u>	<u>12,610</u>

#### 8. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
Finance charges	<u>272</u>	<u>860</u>

#### 9. TAX ON LOSS ON ORDINARY ACTIVITIES

##### Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 20% (To 30 Jun 13 - 20%).

	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
Loss on ordinary activities before taxation	<u>(3,763,228)</u>	<u>(2,663,134)</u>
Loss on ordinary activities by rate of tax	(752,646)	(532,627)
Expenses not deductible for tax purposes	18,160	26,770
Capital allowances for the period in excess of depreciation	(3,019)	23,274
Tax losses carried forward	<u>737,505</u>	<u>482,583</u>
Total current tax	<u>-</u>	<u>-</u>



# LILESTONE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013

### 9. TAX ON LOSS ON ORDINARY ACTIVITIES *(continued)*

#### Factors that may affect future tax charges

The company has available tax losses of approximately £22.2 million (30th June 2013: £18.4 million) to carry forward against future trading profits. No deferred tax asset has been provided due to the uncertainty of the timing of recovery.

### 10. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Equipment £	Total £
<b>COST</b>			
At 1st July 2013	641,369	346,200	987,569
Additions	26,018	27,597	53,615
Disposals	(309,730)	(7,778)	(317,508)
<b>At 31st December 2013</b>	<b>357,657</b>	<b>366,019</b>	<b>723,676</b>
<b>ACCUMULATED DEPRECIATION</b>			
At 1st July 2013	456,199	275,396	731,595
Charge for the period	60,436	78,785	139,221
On disposals	(308,343)	(7,635)	(315,978)
<b>At 31st December 2013</b>	<b>208,292</b>	<b>346,546</b>	<b>554,838</b>
<b>NET BOOK VALUE</b>			
<b>At 31st December 2013</b>	<b>149,365</b>	<b>19,473</b>	<b>168,838</b>
At 30th June 2013	185,170	70,804	255,974

#### Hire purchase agreements

Included within the net book value of £168,838 is £5,828 relating to assets held under hire purchase agreements (To 30 June 13 - £6,995). The depreciation charged to the financial statements in the period in respect of such assets amounted to £1,167 (To 30 June 13 - £2,543).

### 11. INVESTMENTS

#### Shares in subsidiary undertakings

	£
<b>COST</b>	
At 1st July 2013 and 31st December 2013	<b>557</b>
<b>NET BOOK VALUE</b>	
<b>At 31st December 2013 and 30th June 2013</b>	<b>557</b>

## LILESTONE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013

11. INVESTMENTS *(continued)*

## Principal subsidiary undertakings

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
Myla Investments Limited	Ireland	Ordinary shares	100%	Retailer of lingerie and accessories
Myla Inc.	USA	Ordinary shares	100%	Dormant
Lilestone Overseas Limited	England and Wales	Ordinary shares	100%	Dormant

## 12. STOCKS

	31 Dec 13 £	30 June 13 £
Stock	<u>884,677</u>	<u>1,504,738</u>

The provision for old and obsolete stock has been increased by £1,004,569 to £1,144,600.

## 13. DEBTORS

	31 Dec 13 £	30 June 13 £
Trade debtors	390,771	275,768
Other debtors	2,132,034	2,213,841
Prepayments and accrued income	<u>420,203</u>	<u>435,063</u>
	<u>2,943,008</u>	<u>2,924,672</u>

Other debtors includes an amount of £Nil (30th June 2013: £47,250) due after more than one year in respect of rent deposits secured to the order of various landlords for future rental obligations.

At the period end an amount of £2,000,000 (30th June 2013: £2,000,000) was held in escrow on behalf of the company secured by a fixed charge in favour of a supplier in respect of future liabilities. At the period end an amount of £3,634 (30th June 2013: £90,064) was due to this supplier.

## 14. CREDITORS: Amounts falling due within one year

	31 Dec 13 £	30 June 13 £
Trade creditors	358,598	534,721
Other taxation and social security	51,793	286,791
Hire purchase agreements	2,982	4,508
Other creditors	73,590	76,093
Accruals and deferred income	<u>425,158</u>	<u>277,899</u>
	<u>912,121</u>	<u>1,180,012</u>

# LILESTONE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013

### 15. CREDITORS: Amounts falling due after more than one year

	31 Dec 13	30 June 13
	£	£
Amounts owed to group undertakings	17,068,773	17,631,745
Hire purchase agreements	120	790
	<u>17,068,893</u>	<u>17,632,535</u>

### 16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	31 Dec 13	30 June 13
	£	£
Amounts payable within 1 year	2,982	4,508
Amounts payable between 2 to 5 years	120	790
	<u>3,102</u>	<u>5,298</u>
Hire purchase agreements are analysed as follows:		
Current obligations	2,982	4,508
Non-current obligations	120	790
	<u>3,102</u>	<u>5,298</u>

### 17. COMMITMENTS UNDER OPERATING LEASES

At 31st December 2013 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	31 Dec 13	30 June 13
	£	£
Operating leases which expire:		
Within 1 year	-	52,500
Within 2 to 5 years	129,000	132,750
	<u>129,000</u>	<u>185,250</u>

**LILESTONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

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**18. RELATED PARTY TRANSACTIONS****Control**

Control vests with the parent undertaking as shown in note 23 to the financial statements and ultimate control vests with Virtue Trustees (Switzerland) Ltd.

**Related Party Transactions**

Amounts due to and from subsidiary undertakings are aggregated as permitted by FRS 8 and shown separately in debtors and creditors. In accordance with FRS 8 exemption is taken not to disclose transactions in the year between wholly owned subsidiary undertakings.

Lilestone Holdings Limited has advanced a cumulative amount of £17,125,281 (30th June 2013: £17,631,745) to the company. The directors of Lilestone Holdings Limited have confirmed they will continue to support Lilestone Limited and will not call for repayment until such time as Lilestone Limited has sufficient working capital.

During the period the directors of the company purchased a total of £52,001 in goods and vouchers for Myla stock.

**19. CALLED UP SHARE CAPITAL****Allotted and called up:**

	31 Dec 13		30 Jun 13	
	No	£	No	£
Ordinary shares of £0.01 each	<u>998,820,761</u>	<u>9,988,208</u>	<u>528,823,824</u>	<u>5,288,238</u>

On 31st December 2013 the company allotted and issued 469,996,937 Ordinary shares of £0.01 each at par for a total consideration of £4,699,969 to provide the company with additional working capital.

**20. SHARE PREMIUM ACCOUNT**

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

**21. PROFIT AND LOSS ACCOUNT**

	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
Balance brought forward	(20,951,154)	(18,288,020)
Loss for the financial period	<u>(3,763,228)</u>	<u>(2,663,134)</u>
Balance carried forward	<u>(24,714,382)</u>	<u>(20,951,154)</u>

# LILESTONE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013

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### 22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Dec 13	30 June 13
	£	£
Loss for the financial period/year	(3,763,228)	(2,663,134)
New ordinary share capital subscribed	4,699,969	4,280,734
Net addition to shareholders' deficit	936,741	1,617,600
Opening shareholders' deficit	(14,068,633)	(15,686,233)
Closing shareholders' deficit	(13,131,892)	(14,068,633)

### 23. ULTIMATE PARENT COMPANY

Lilestone Holdings Limited is the immediate parent undertaking and the directors consider Virtue Trustees (Switzerland) Ltd. to be the ultimate parent undertaking and controlling party.

Group financial statements are prepared by Lilestone Holdings Limited incorporating the results of Lilestone Limited. The largest group preparing group financial statements is Lilestone Holdings Limited. The consolidated financial statements of Lilestone Holdings Limited can be obtained from 100 New Bridge Street, London, EC4V 6JA.

### 24. POST BALANCE SHEET EVENTS

On 1<sup>st</sup> July 2014 the company allotted and issued 300,000,039 Ordinary shares for a total consideration of £3,000,000.

On 1<sup>st</sup> July 2014 the company allotted and issued 320,000,000 Ordinary shares for a total consideration of £3,200,000.

On 1<sup>st</sup> July 2014 the company's issued share capital consisting of 1,618,820,800 ordinary shares of £0.01 each were consolidated and divided into 16,188,208 ordinary shares of £1 each.

On 27<sup>th</sup> November 2014, the company allotted and issued 4,000,000 ordinary shares of £1.00 each to its sole shareholder, Lilestone Holdings Limited, for a total consideration of £4,000,000.

**LILESTONE LIMITED**  
**MANAGEMENT INFORMATION**  
**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

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**The following pages do not form part of the statutory financial statements  
Which are the subject of the independent auditor's report on pages 6 to 7.**

**LILESTONE LIMITED**  
**DETAILED PROFIT AND LOSS ACCOUNT**  
**PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

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	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
<b>TURNOVER</b>	<b>2,007,184</b>	<b>4,133,425</b>
<b>COST OF SALES</b>		
Purchases	818,268	1,740,737
Exceptional stock write off	<u>1,046,669</u>	<u>—</u>
	<b>1,864,937</b>	<b>1,740,737</b>
<b>GROSS PROFIT</b>	<b><u>142,247</u></b>	<b><u>2,392,688</u></b>
<b>OVERHEADS</b>		
Concession commission and distribution costs	502,637	1,005,273
Administrative expenses	<u>3,402,576</u>	<u>4,062,299</u>
	<b>3,905,213</b>	<b>5,067,572</b>
<b>OPERATING LOSS</b>	<b>(3,762,966)</b>	<b>(2,674,884)</b>
Other similar income	<u>10</u>	<u>12,610</u>
	<b>(3,762,956)</b>	<b>(2,662,274)</b>
Hire purchase and finance lease charges	<u>(272)</u>	<u>(860)</u>
<b>LOSS ON ORDINARY ACTIVITIES</b>	<b><u>(3,763,228)</u></b>	<b><u>(2,663,134)</u></b>

## LILESTONE LIMITED

## NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013

	Period from 1 July 13 to 31 Dec 13 £	£	Year to 30 June 13 £
<b>ADMINISTRATIVE EXPENSES</b>			
<b>Personnel costs</b>			
Directors salaries	65,365		310,000
Wages and salaries	957,628		1,474,568
Employers national insurance contributions	96,316		184,744
		1,119,309	1,969,312
<b>Establishment expenses</b>			
Rent	96,261		369,339
Service charges	10,496		38,940
Rates and water	44,236		119,195
Light and heat	4,575		11,081
Insurance	13,529		29,401
Repairs and maintenance	11,807		25,763
		180,904	593,719
<b>General expenses</b>			
Travel and subsistence	68,348		78,503
Telephone	12,329		19,145
Computer expenses	73,382		166,937
Coexistence agreement	58,333		—
Hire of equipment	7,574		7,476
Printing, stationery and postage	39,163		56,623
Staff training	1,870		1,003
Other staff related expenses	15		9,483
Recruitment	73,794		28,453
Sundry expenses	44,817		40,872
Cleaning	5,003		11,976
Loan write off	—		(90,000)
Samples	51,370		64,102
Advertising	407,616		332,594
Entertaining	18,260		8,989
Concession fees	17,348		24,132
Legal and professional fees	973,317		189,341
Consultancy fees	42,865		156,871
Accountancy fees	13,370		24,019
Auditors remuneration	29,690		15,450
Depreciation	139,221		195,804
Loss on disposal of fixed assets	1,530		57,141
		2,079,215	1,398,914
<b>Financial costs</b>			
Provision for doubtful debts	—		12,891
Bank charges	6,674		10,898
Foreign currency gains/losses	16,474		76,565
		23,148	100,354
		<u>3,402,576</u>	<u>4,062,299</u>



**LILESTONE LIMITED****NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT****PERIOD FROM 1st JULY 2013 TO 31st DECEMBER 2013**

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	Period from 1 July 13 to 31 Dec 13 £	Year to 30 June 13 £
<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
Other similar income	<u>10</u>	<u>12,610</u>