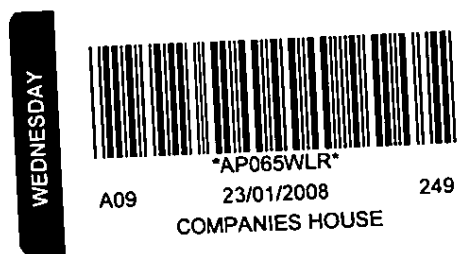


Wilkinson & Riddell (Holdings) Limited

Directors' report and financial statements

30 June 2007



Registration number 35768

Wilkinson & Riddell (Holdings) Limited
Directors' report and financial statements
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Wilkinson & Riddell (Holdings) Limited
Company Information

DIRECTORS

M Ellis
S M Llewellyn

SECRETARY AND REGISTERED OFFICE

N Russ
PO Box 54
Haydn Road
Nottingham
NG5 1DH

AUDITORS

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Wilkinson & Riddell (Holdings) Limited
Directors' Report

The directors present their directors' report and financial statements for the year ended 30 June 2007

Principal activities

The company does not trade

Review of the business

During the year the Company incurred a loss after tax of £nil (2006 £2,614,000) which was transferred to reserves as detailed in the profit and loss account on page 5

In order to simplify the group structure the Company's ultimate parent, Huit Holdings Limited, made an offer to purchase the Company's publicly traded preference shares on 5 April 2007. The offer was accepted by over 90% of the preference shareholders and consequently Huit Holdings Limited acquired these shares. On 29 June 2007 the Company announced it had applied for the cancellation of these preference shares on the Official List and the cancellation of trading of these shares on the London Stock Exchange which took effect from 27 July 2007.

Financial instruments

The management of the business and the execution of the company's strategy are subject to a number of risks. The Company's exposure to financial risk is limited to exposure on related party loans. The risk of foreign exchange exposure and other financial risks are insignificant, and as such no further derivative instruments are used.

Dividends

The directors do not recommend the payment of an ordinary dividend (2006 £nil).

The dividends due on the preference shares in the year were paid in full by Huit Holdings (UK) Limited, the Company's parent, due to the Company's deficit on reserves.

Post balance sheet events

As detailed above, on 27 July 2007 the Company's preference shares were delisted on the London Stock Exchange. On 8 October 2007 the Company issued 4,413,341 ordinary shares of 25 pence each to its parent. The subscription price has been settled through amounts due to group undertakings, and resulted in an increase in the Company's net assets of £1,103,000.

Directors and directors' interests

The directors who served during the year are shown on page 1.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

PricewaterhouseCoopers LLP resigned as auditors of the Company and KPMG LLP were appointed. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board



M Ellis
Director

18 January 2008

Wilkinson & Riddell (Holdings) Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 the 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 a 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 its financial statements comply with the Companies Act 1985. They have a 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.

Report of the independent auditors to the members of Wilkinson & Riddell (Holdings) Limited

We have audited the financial statements of Wilkinson & Riddell (Holdings) Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes. 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, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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 directors' report is consistent with the financial statements.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited company financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its result 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 directors' report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Nottingham

18 January 2008

Wilkinson & Riddell (Holdings) Limited
Profit and Loss Account
For the year ended 30 June 2007

	Note	2007 £ 000	2006 £ 000
Administrative expenses		(36)	(2,644)
Operating loss		<u>(36)</u>	<u>(2,644)</u>
Interest receivable from group undertakings		36	36
Loss on ordinary activities before taxation	2 - 3	<u>-</u>	<u>(2,608)</u>
Taxation	4	-	(6)
Loss for the year		<u><u>-</u></u>	<u><u>(2,614)</u></u>

There are no recognised gains or losses in either year other than the result for that year

Wilkinson & Riddell (Holdings) Limited
Balance Sheet
At 30 June 2007

	Note	2007 £ 000	2006 £ 000
Creditors: amounts falling due within one year	6	(1,110)	(1,110)
Net liabilities		<u>(1,110)</u>	<u>(1,110)</u>
Capital and reserves			
Called up share capital	7	826	826
Profit and loss account	8	(1,936)	(1,936)
Shareholders' funds		<u>(1,110)</u>	<u>(1,110)</u>

The accounts on pages 5 to 11 were approved by the board of directors on 18 January 2008 and signed on its behalf by


M Ellis
Director

Wilkinson & Riddell (Holdings) Limited
Reconciliation of Movements in Shareholders' Funds
For the year ended 30 June 2007

	2007	2006
	£ 000	£ 000
Retained loss	-	(2,614)
Opening shareholders' funds	(1,104)	1,510
Closing shareholders' funds	<u>(1,104)</u>	<u>(1,104)</u>

Wilkinson & Riddell (Holdings) Limited

Notes

(forming part of the financial statements)

1 Accounting policies

Wilkinson & Riddell (Holdings) Limited (the "Company") is a company incorporated in the UK

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Cash flow statement

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

Related party transactions

As the Company is a wholly owned subsidiary of Macanie (London) Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Courtaulds Clothing Brands Limited, within which this Company is included, can be obtained from the address given in note 10

Going concern

The financial statements have been prepared on a going concern basis notwithstanding net liabilities of £1,110,000, as the parent has indicated its continuing support for the foreseeable future

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Wilkinson & Riddell (Holdings) Limited
Notes
(forming part of the financial statements)

2 Notes to the profit and loss account	2007	2006
	£ 000	£ 000

Loss on ordinary activities before taxation is stated after charging

Provision against amount owed by group undertaking	<u>36</u>	<u>2,644</u>
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The provision against a debtor due from a group undertaking was established following the change in ownership of the company's parent, Courtaulds Clothing Brands Limited, in the prior year

Auditors' remuneration has been borne by other group companies

3 Directors' remuneration

None of the directors received any emoluments or accrued retirement benefits under defined contribution or defined benefit pension schemes in respect of their services to the company (2006 £nil)

The average number of employees during the year was nil (2006 nil)

4 Taxation

2007	2006
£ 000	£ 000

Analysis of charge in period

UK corporation tax

Current tax on income for the period	-	6
Adjustments in respect of prior periods	-	-
Total current tax	<u>-</u>	<u>6</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is the same as (2006 lower than) the standard rate of corporation tax in the UK (30%, 2006 30%) The differences are explained below

2007	2006
£ 000	£ 000

Current tax reconciliation

Loss on ordinary activities before taxation	<u>-</u>	<u>(2,608)</u>
Current tax at 30% (2006 30%)	-	(782)
<i>Effects of</i>		
Provisions not deductible for tax	-	793
Transfer pricing adjustment	-	27
Group relief	-	(32)
Total current tax charge (see above)	<u>-</u>	<u>6</u>

5 Dividends

2007	2006
£ 000	£ 000

The aggregate amount of dividends comprises

Dividends on preference shares at 5%	<u>-</u>	<u>6</u>
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The dividends due in the year ended 30 June 2007 were not paid by the Company due to the deficit on reserves These dividends were paid by Huit Holdings (UK) Limited, the Company's UK parent

Wilkinson & Riddell (Holdings) Limited
Notes
(forming part of the financial statements)

6 Creditors: amounts falling due within one year

	2007	2006
	£ 000	£ 000
Amounts owed to group undertakings	1,106	1,104
Corporation tax	4	6
	<u>1,110</u>	<u>1,110</u>

7 Share capital

	5% cumulative preference shares of £1 each		Ordinary shares of 25 pence each	
	2007	2006	2007	2006
<i>In thousands of shares</i>				
On issue at 30 June 2006 and 2007	<u>130</u>	<u>130</u>	<u>2,782</u>	<u>2,782</u>
			2007	2006
			£ 000	£ 000
<i>Authorised</i>				
Ordinary shares of 25 pence each			720	720
5% cumulative preference shares of £1 each			<u>130</u>	<u>130</u>
			<u>850</u>	<u>850</u>
<i>Allotted called up and fully paid</i>				
Ordinary shares of 25 pence each			696	696
5% cumulative preference shares of £1 each			<u>130</u>	<u>130</u>
			<u>826</u>	<u>826</u>
Shares classified as shareholders' funds			<u>826</u>	<u>826</u>

The preference shares carry no voting rights. They are entitled to dividends half yearly provided the directors consider that the profits of the company justify such payment. On a winding up the surplus assets of the company available for distribution among the members shall be applied first in repaying the capital paid up on the preference shares together with any dividend arrears on those shares. The preference shares are not redeemable.

On 5 April 2007 Huit Holdings Limited, the Company's ultimate parent, made an offer to purchase the Company's listed preference shares at par value. The offer was accepted by over 90% of the preference shareholders, Huit Holdings Limited acquired the shares, and subsequently the shares have been cancelled on the Official List and from trading on the London Stock Exchange.

Wilkinson & Riddell (Holdings) Limited
Notes
(forming part of the financial statements)

8 Reserves

	Profit and loss account
	£ 000
At 1 July 2004 as previously reported	655
Profit for the year	36
Dividends on shares classified in shareholders funds	(7)
At 30 June 2005 as restated	684
Loss for the year	(2,614)
Dividends on shares classified in shareholders funds	(6)
At 30 June 2006 as restated	(1,936)
Loss for the year	-
At 30 June 2007	<u>(1,936)</u>

9 Post balance sheet events

- a) Subsequent to the acquisition of the preference shares from external investors as detailed in note 7 with effect from 27 July 2007 the Company cancelled its preference shares on the Official List and cancelled the trading of these shares on the London Stock Exchange
- b) On 8 October 2007 the Company issued 4,413,341 ordinary shares of 25 pence each to its parent. The subscription price has been settled through amounts due to group undertakings, and resulted in an increase in the Company's net assets of £1,103,000

10 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary of Huit Holdings Limited which is the ultimate parent company incorporated in Hong Kong. The ultimate controlling party is Ng Man Choong, the beneficial shareholder of 100% of Huit Holdings Limited.

The only group in which the results of the Company are consolidated is that headed by its parent, Courtaulds Clothing Brands Limited, incorporated in England and Wales. The consolidated financial statements of Courtaulds Clothing Brands Limited are available to the public and may be obtained from

PO Box 54
 Haydn Road
 Nottingham
 NG5 1DH

11 Related party guarantee

A guarantee has been put in place between the Company and Kadima Properties (UK) Limited, a related company. Under the terms of this guarantee all future obligations arising in respect of dividend, redemption, buy back or interest thereon to the Company's preference shareholders will be met as they fall due to the extent that the Company has insufficient funds to make such payments.