Registered number. 103844

Asprey Holdings Limited

Directors' report and financial statements

For the year ended 31 March 2008

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Asprey Holdings Limited

Company information

Directors	Mr D Standen Mr J Burley Mrs P De Santis
Secretary	Mrs P De Santis
Company number	103844
Registered office	167 New Bond Street London W1S 4AR
Independent auditors	Ferguson Maidment & Co Sardinia House Sardinia Street Lincoln Inns Fields London WC2A 3LZ
Bankers	HSBC Bank Plc 8 Canada Square London E14 5HQ

Asprey Holdings Limited

Contents

Asprey Holdings Limited

Board Review
For the year ended 31 March 2008

The shareholders were pleased to announce the acquisition of the Asprey group in March 2006 The acquisition included important restructuring activities in the whole Asprey group These restructuring activities have impacted Asprey Holdings Ltd and its subsidiaries significantly and therefore this commentary provides an overall review of the Asprey group

The principal shareholders of the company at the date of signing of these financial statements are Fleming Holdings Ltd (27 36%), John Rigas (19 44%) and Plainfield Capital Limited (48 9%) In October 2007 all of the shares held by Plainfield Special Situations Master fund Limited were transferred to Plainfield Capital Limited

Fleming Holdings Ltd is a Cayman company formed in 2003 as a holding company for international investments made by Sciens Capital Management and its affiliated investment entities Sciens Capital, who manages Fleming Holdings, is a New York based alternative asset management firm investing in private equity, hedge funds, structured finance and real estate, both in the US and Europe in a broad range of companies at various points in their development cycle The firm manages funds in excess of US$1 7 billion The Chairman and principal owner of Sciens Capital and Fleming Holdings Ltd is John Rigas

Plainfield manages in excess of US$4 8 billion of investment capital for institutions and high net-worth individuals based in the United States and abroad The firm was founded in February 2005 The Chairman of Plainfield is Max Holmes

Review of business

A chart summarising the key financials of the Asprey group is presented below

Key financials	**2008**	2007	2006
Net revenue	**US$36.0m**	US$41 8m	US$44 9m
Operating costs including depreciation, amortisation and restructuring costs	**US$56 2m**	US$54 8m	US$75 6m
Staff numbers	**171**	218	249

During the year ended 31 March 2007 the Asprey group consolidated the basis of its network The new store on Madison Avenue (New York) was refurbished and was opened in May 2007

During the year ended 31 March 2008 the group has redefined its strategy in line with the shareholders wishes to break even within an acceptable time frame without impacting the image and potential of the brand

Accordingly various stages of restructuring have been agreed on and implemented

i) Resizing of the overhead structure within the USA in July 2007,
ii) Redefinition of the logistics organisation in the UK in November 2007, and
iii) Reorganisation of the corporate overheads during May and June 2008 This phase was agreed by the Board prior to the balance sheet date and has been finalised prior to the approval of these financial statements

The first 2 phases, combined with the initial restructuring of the group on acquisition in 2006, have generated substantial cost savings of around US$20m The third phase is expected to bring further cost savings of around US$20m By the end of March 2009 the staff numbers are expected to be 126

The group remains loss making at this stage and has been heavily impacted by one off restructuring costs However the Asprey business structure is now properly sized and in a position to increase sales and achieve break even in the near future

At the beginning of July 2008, Mr Robert Procop has been appointed as CEO

Asprey Holdings Limited

Board Review
For the year ended 31 March 2008

Review of business (continued)

The directors have prepared a business plan including quarterly cash flow projections to September 2009 taking account of all significant conditions and events and mitigating factors that are relevant to the companies of the group to continue as going concerns The major shareholders have reviewed these cash flow projections and they (Fleming Holdings Ltd and Plainfield Capital Ltd) have provided a confirmation that they are in a position to and that they will continue to provide financial support to the group for a period of at least 12 months from the date of signing these financial statements

The directors believe that, supported by this confirmation, they have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing these accounts

P. De Santis

P De Santis
Director

9 July 2008

Directors' report
For the year ended 31 March 2008

The directors present their report and the audited financial statements for the year ended 31 March 2008

Principal activities, future developments and review of business

The company acts as a holding company for the Asprey brand whose principal activities during the period have been, and will continue to be, those of goldsmiths, silversmiths, jewellers and retailers of jewellery, watches and luxury goods within the UK and worldwide

The directors believe that, after making enquiries of their shareholders, they have a reasonable expectation that the company has adequate support to continue in operational existence for the foreseeable future The company has obtained a letter from its shareholders confirming that it will ensure that the company can meet its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements For this reason the directors continue to adopt the going concern basis in preparing these financial statements

Results and dividends

The loss for the year after taxation amounted to £21,724,000 (2007 - Loss £16,852,000), and has been deducted from reserves

The directors do not recommend the payment of a dividend (2007 £Nil)

Financial Risk Management

The group's activities expose it to a variety of financial risks such as foreign exchange risk, liquidity risk, credit risk and interest rate risk

Risk management is carried out by the board, who review the exposure of the group on an ongoing basis and put in place specific procedures to mitigate this risk where it is felt appropriate to do so

a) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures Foreign exchange risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations The group manages this risk by holding foreign currency to ensure that the impact of currency fluctuations on the group are reduced

b) Liquidity risk

The group maintains sufficient cash and credit lines to ensure that resources are available as required

c) Credit risk

The group considers the credit risk to be low as credit sales are minimal and encouraged only with customers with good credit worthiness This together with repeat sales to regular customers limit the amount of credit exposure of the group

d) Interest rate risk

The group has no external bank borrowings as the shareholders provide all of the funding Whilst interest is being accrued on these loans, the interest rate exposure is not significant and fixed in certain instances

Key Performance Indicators

The group compares actual against forecast results At this stage in the group's restructuring this is considered to be the key performance indicator

Directors' report
For the year ended 31 March 2008

Directors and their interests

The directors who served during the year and up to the date of signing these financial statements were

Mrs P De Santis
Mr J Burley (appointed 24 July 2007)
Mr D Standen (appointed 24 July 2007)
Mr G Brozzetti (resigned 24 July 2007)

On 30 June 2008, Ms F Morrison resigned as Company Secretary Mrs P De Santis was appointed as Company Secretary on the same day

Disabled persons

It is the policy of the group to support the employment of employees with disabilities wherever practicable and to ensure that, as far as possible, they share in the training, career development and promotion opportunities available to all employees

Staff information and consultation

Staff are kept fully informed of matters of interest through notice boards and a staff handbook A two-way process of informing and consulting staff operates through the line management structure

Environmental statement

In connection with the Royal Warrants held for His Royal Highness The Prince of Wales, a committee assembles regularly to review environmental performance and promote best possible environmental management

Statement of 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the surplus or deficit of income over expenditure of the group for that period In preparing these financial statements the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 each 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 each company and hence taking reasonable steps for the prevention and detection of fraud or other irregularities

Asprey Holdings Limited

Directors' report
For the year ended 31 March 2008

Statement of directors' responsibilities (continued)

The directors, at the date of this report, confirm that, as far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware Each director has taken all necessary steps to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In March 2008 Pricewaterhousecoopers LLP resigned as auditors to the company and the Asprey group A resolution has been passed appointing Ferguson Maidment & Co as auditors

Ferguson Maidment & Co have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

This report was approved by the board on 9 July 2008 and signed on its behalf

P. De Santis

P De Santis
Director

Independent Auditors' report to the members of Asprey Holdings Limited

We have audited the group and company financial statements of Asprey Holdings Limited for the year ended 31 March 2008 which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cash flow statement and the related notes numbered 1 to 29 These financial statements have been prepared in accordance with 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 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 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, the financial statements are properly prepared in accordance with the Companies Act 1985 and the information given in the directors' report is consistent with the financial statements We also 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements 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 beyond that referred to in this paragraph

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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

Asprey Holdings Limited

Independent Auditors' report to the members of Asprey Holdings Limited

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 group's and the parent company's affairs as at 31 March 2008 and of the group's loss and cash flows for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information provided in the directors' report is consistent with the financial statements

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the Board review, the Directors' report and Note 1 1 to the financial statements concerning the company's ability to continue as a going concern and the dependence of the company on funding from its major shareholders (Fleming Holdings Limited (Cayman) and Plainfield Capital Ltd (USA))

The disclosures explain that the company has obtained a letter from its major shareholders confirming that they will meet the company's liabilities as they fall due for a period of at least 12 months from date of signing of these accounts

The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of the company's shareholders by providing adequate funding

The company continued to incur trading losses and to report operating cash outflows during the year ended 31 March 2008 These conditions, along with the other matters explained in the Board review, the Directors' report and Note 1 1 to the financial statements, indicate the existence of a material uncertainty which, without the continued support from the company's major shareholders may cast significant doubt about its ability to continue as a going concern

The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern

Ferguson Maidment & Co

Ferguson Maidment & Co
Chartered Accountants and
Registered Auditors
London

9 July 2008

Asprey Holdings Limited

Consolidated profit and loss account
For the year ended 31 March 2008

	Note	2008 £000	2007 £000
Turnover	2	**17,076**	19,094
Cost of sales	3	**(11,399)**	(9,923)
Gross profit		**5,677**	9,171
Administrative expenses	3	**(21,054)**	(23,321)
Restructuring costs	3	**(2,048)**	-
Loss on ordinary activities before interest and taxation	3	**(17,425)**	(14,150)
Interest receivable and similar income	6	**70**	28
Interest payable and similar charges	7	**(4,352)**	(2,689)
Loss on ordinary activities before taxation		**(21,707)**	(16,811)
Tax charge on loss on ordinary activities	9	**(17)**	(41)
Loss for the financial year	19	**(21,724)**	(16,852)

All amounts relate to continuing operations

The notes on pages 13 to 26 form part of these financial statements

Asprey Holdings Limited

Statement of total recognised gains and losses
For the year ended 31 March 2008

	2008 £000	2007 £000
Loss for the financial year	**(21,724)**	(16,852)
Foreign exchange	**447**	1,783
Net transfer in of reserves of A&G UK Ltd and its subsidiaries	**-**	26,816
Total recognised gains and losses relating to the year	**(21,277)**	11,747

Note of historical cost profits and losses
For the year ended 31 March 2008

	2008 £000	2007 £000
Reported loss on ordinary activities before taxation	**(21,707)**	(16,811)
Historical cost loss on ordinary activities before taxation	**(21,707)**	(16,811)
Historical cost loss for the year retained after taxation and dividends	**(21,724)**	(16,852)

The notes on pages 13 to 26 form part of these financial statements

Asprey Holdings Limited

Consolidated balance sheet
As at 31 March 2008

	Note	£000	2008 £000	£000	2007 £000
Fixed assets					
Intangible fixed assets	11		**1,030**		987
Tangible fixed assets	12		**11,935**		14,392
			12,965		15,379
Current assets					
Stocks	14	**14,038**		16,743	
Debtors	15	**25,274**		22,067	
Cash at bank and in hand		**1,810**		1,968	
		41,122		40,778	
Creditors. amounts falling due within one year	16	**(76,690)**		(59,034)	
Net current liabilities			**(35,568)**		(18,256)
Total assets less current liabilities			**(22,603)**		(2,877)
Provision for liabilities and charges	17		**(1,551)**		-
Net Liabilities			**(24,154)**		(2,877)
Capital and reserves					
Called up share capital	18		**125,011**		125,011
Share premium account	19		**19,540**		19,540
Profit and loss account	19		**(168,705)**		(147,428)
Total equity shareholders' funds	20		**(24,154)**		(2,877)

The financial statements were approved by the board on 9 July 2008 and signed on its behalf

P. De Santis

P De Santis
Director

The notes on pages 13 to 26 form part of these financial statements

Asprey Holdings Limited

Company balance sheet
As at 31 March 2008

	Note	£000	2008 £000	£000	2007 £000
Fixed assets					
Intangible fixed assets	11		**1,030**		987
Tangible fixed assets	12		**10,500**		11,874
Investments	13		**1,282**		1,282
			12,812		14,143
Current assets					
Debtors	15	**21,390**		10,143	
Cash at bank and in hand		**1,459**		1,608	
		22,849		11,751	
Creditors. amounts falling due within one year	16	**(75,719)**		(56,167)	
Net current liabilities			**(52,870)**		(44,416)
Total assets less current liabilities			**(40,058)**		(30,273)
Provision for liabilities and charges	17		**(1,551)**		-
Net liabilities			**(41,609)**		(30,273)
Capital and reserves					
Called up share capital	18		**125,011**		125,011
Share premium account	19		**19,540**		19,540
Profit and loss account	19		**(186,160)**		(174,824)
Total equity shareholders' funds	20		**(41,609)**		(30,273)

The financial statements were approved by the board on 9 July 2008 and signed on its behalf

P De Santis

P De Santis
Director

The notes on pages 13 to 26 form part of these financial statements

Asprey Holdings Limited

Consolidated cash flow statement
For the year ended 31 March 2008

	Note	2008 £000	2007 £000
Net cash outflow from operating activities	21	**(17,241)**	(11,785)
Returns on investments and servicing of finance	22	**41**	(16)
Taxation		**(17)**	(41)
Capital expenditure and financial investment	22	**(811)**	(2,169)
Cash outflow before financing		**(18,028)**	(14,011)
Financing	22	**17,870**	15,782
(Decrease)/Increase in cash in the year		**(158)**	1,771

Reconciliation of net cash flow to movement in net funds
For the year ended 31 March 2008

	Note	2008 £000	2007 £000
(Decrease)/Increase in cash in the year		**(158)**	1,771
Movement in net funds in the year		**(158)**	1,771
Net funds at 1 April		**1,968**	197
Net funds at 31 March	23	**1,810**	1,968

The notes on pages 13 to 26 form part of these financial statements

Notes to the financial statements
For the year ended 31 March 2008

1 Accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared under the historical cost convention with the exception of the revaluation of leasehold properties (see note 1 5 below) and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

The Asprey group remains loss making at this stage in its development and has also incurred one off costs due to the restructuring activities

The directors have prepared a business plan including quarterly cash flow projections to September 2009 taking account of all significant conditions and events and mitigating factors that are relevant to the operating companies and the holding companies to continue as going concerns The major shareholders have reviewed these cash flow projections and they (Fleming Holdings Ltd and Plainfield Capital Ltd) have provided a confirmation that they are in a position to and that they will continue to provide financial support to the group for a period of at least 12 months from the date of signing these financial statements

The directors believe that, supported by this confirmation, they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future For this reason they continue to adopt the going concern basis in preparing these accounts The financial statements of the group are made up to the 31 March each year

The company has adopted FRS 17 – Retirement benefits, FRS 21 – Events after the balance sheet date, FRS 23 – The effects of changes in foreign exchange rates, FRS 25 – Financial instruments disclosure and presentation and FRS 28 – Corresponding amounts during the year The adoption of these standards represents a change in accounting policy but have no effect on the current year figures or the prior year comparatives

1.2 Basis of consolidation

The group financial statements consolidate the accounts of Asprey Holdings Limited and its subsidiary undertakings drawn up to 31 March 2008 The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed

1.3 Investments

Share in subsidiaries are valued at historical cost less provision for permanent impairment The directors perform impairment reviews annually

1.4 Turnover

Turnover comprises the sale of goods to third parties, net of discounts and returns and exclusive of VAT, and royalties receivable from fellow group companies Revenue is recognised at the point of sale

1.5 Fixed assets, depreciation and amortisation

Tangible fixed assets are stated at historical cost or valuation, net of depreciation and provision for impairment Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of the assets on a straight line basis over their estimated useful economic lives, as follows

1 **Accounting policies (continued)**

1.5 Fixed assets, depreciation and amortisation (continued)

Long & short leasehold buildings and leasehold improvements	Term of lease or 50 years whichever is the shortest
Fixtures & fittings including plant and equipment and Motor vehicles	3-10 years
IT development	3-5 years
Development costs	3 years

Museum assets and assets under construction are not depreciated

The group's leasehold properties in the United Kingdom are valued on the basis of open market value for existing use On adoption of FRS 15 the group followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1997, but not to adopt a policy of revaluation in the future

Trademark costs capitalised relate to external costs incurred in obtaining patents and trademark protection globally Trademarks are amortised on a straight-line basis over 10 years

1.6 Leasing and hire purchase

The rentals on the group's operating leases are charged to the profit and loss account on a straight-line basis over the lease term even if the payments are not made on such a basis

1 7 Stocks and work in progress

Stocks and work in progress are stated at the lower of historical purchase cost and net realisable value Cost includes materials, direct labour and an attributable proportion of direct overheads Net realisable value is based on estimated selling price, less further costs expected to be incurred prior to sale

From time to time agreements are entered into whereby goods are supplied on a consignment basis As the risks and rewards of these goods are not transferred to the company until they are sold, this stock is not recorded as an asset of the company No deposits are paid by the company under these agreements

1.8 Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

1.9 Taxation

Corporation tax payable is provided on taxable profits at the current rate

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

1. **Accounting policies (continued)**

1.10 Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at actual exchange rates as of the date of the transaction Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the year-end exchange rate Exchange differences on monetary items are taken to the profit and loss account

The balance sheets of overseas subsidiary undertakings are expressed in sterling at year-end exchange rates Profits and losses of overseas subsidiary undertakings are expressed in sterling at average exchange rates for the year Exchange differences arising on the translation of opening shareholders' funds are recorded as a movement on reserves

1.11 Research and development

Research and development costs are capitalised within tangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are depreciated on the straight-line basis over the anticipated life of the benefits arising from the completed product or project

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the profit and loss account

1 12 Pensions

The group operated two principal pension schemes during the period, one being a defined benefit scheme providing benefits based on final pensionable salary, the other being a defined contribution scheme The assets of defined benefit schemes are held separately from those of the group in separate trustee administered funds Refer to note 24 for further information and events after the balance sheet date For the defined contribution scheme the amount charged to the profit and loss account is equal to the amount paid by the Group

1.13 Goodwill

Goodwill represents the difference between the cost of acquisition of subsidiary undertakings and the fair value of the identifiable assets and liabilities acquired Purchased goodwill arising on acquisition is treated s an asset on the balance sheet and amortised over its useful economic life

1.14 Related party transactions

The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Asprey Holdings Limited group All other material related party transactions are disclosed in note 27

Asprey Holdings Limited

Notes to the financial statements
For the year ended 31 March 2008

2. Turnover

Turnover is principally attributable to the sale of jewellery, watches and luxury goods within the UK and worldwide

Overseas turnover amounted to 21% (2007 14%) of the total turnover for the year

3 Operating loss

The operating loss of £17,425,000 (2007 £14,150,000) is stated after charging

	2008 £000	2007 £000
Amortisation - intangible fixed assets	**137**	109
Depreciation of tangible fixed assets	**3,020**	3,369
Loss on disposal of fixed assets	**268**	11
Operating lease rentals		
- plant and machinery	**39**	38
- other than plant and machinery	**2,669**	2,780
Auditors remuneration – audit	**70**	70
Restructuring costs (note below)	**2,048**	-

Auditors remuneration for tax and other advisory services were £42,000 (2007 £42,000)

As commented on in the Board review, the shareholders decided to restructure certain parts of the business including the closure of fashion and shoe business and the reorganisation of corporate overheads A total provision has been made in the balance sheet of £3,090,000 This includes an obsolescence provision of £1,042,000 against the stock due to the closure of the fashion and shoe business, a provision of £1,551,000 (note 17) for redundancy and related costs and £497,000 against certain other assets that includes the closure of one of the group's subsidiary companies Asprey Italy srl In the profit and loss account £1,042,000 is included within cost of sales and £2,048,000 within the operating costs of the group

4 Staff costs

Staff costs were as follows

	2008 £000	2007 £000
Wages and salaries	**8,163**	8,164
Social security costs	**810**	978
Other pension costs	**532**	501
	9,505	9,643

The average monthly number of employees, including the directors, during the year was as follows

	2008 No	2007 No
Management and administration	**89**	116
Manufacturing	**22**	29
Retail operations	**48**	51
	159	196

5 Directors' remuneration

	2008 £000	2007 £000
Aggregate emoluments	**624**	857
Pension	**9**	9

The highest paid director received remuneration of £416,000 (2007 - £456,000)

Pensions

One director was a member of the company defined pension scheme in 2008 (2007 1)

6. Interest receivable and similar income

	2008 £000	2007 £000
Bank interest receivable	**70**	28

7. Interest payable and similar charges

	2008 £000	2007 £000
On group financing (note 16)	**4,323**	2,644
Other interest payable	**29**	45
	4,352	2,689

8. Deferred taxation

A deferred tax asset has not been recognised in these accounts on tax losses carried forward as, in the opinion of the Directors, it is unlikely that these losses will reverse in the foreseeable future

The total unrecognised deferred tax asset for the company relating to capital allowances, trading losses, excess capital losses and non-trading deficits on loan relationships as at 31 March 2008 is £41,048,783 (2007 £39,285,968)

9. Taxation

	2008 £000	2007 £000
Overseas taxation	**17**	41

9 Taxation (continued)

Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applicable to the group (30%) The differences are explained below

	2008 £000	2007 £000
Loss on ordinary activities before tax	**(21,724)**	(16,852)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	**(6,517)**	(5,055)
Effects of:		
Expenses & provisions not deductible for tax purposes	**2,310**	1,377
Capital allowances for the year less than depreciation	**804**	934
Non taxable credits to profit and loss account	**-**	(21)
Overseas taxation	**17**	41
Revenue items capitalised	**(1)**	(3)
Excess to chargeable gains over accounting profit on sale of fixed assets	**-**	(12,232)
Impairment and other provisions	**417**	43
Losses brought forward	**(58,091)**	(43,134)
Losses carry forward	**61,078**	58,091
Total current tax charge for the year	**17**	41

Factors that may affect future tax charges

As at the balance sheet date the company and its principal subsidiary Asprey London Limited has taxable losses carried forward of £203,594,585 (2007 - £193,638,551)

10. Loss attributable to Asprey Holdings Limited

The loss before taxation for the financial year dealt with in the accounts of the parent company, Asprey Holdings Limited, was loss £12,430,000 (2007 - loss £9,804,000) No separate profit and loss account is presented for Asprey Holdings Limited, as provided by Section 230(1) of the Companies Act 1985

11. Intangible fixed assets

	Trademarks £000
Group and company	
Cost	
At 1 April 2007	1,299
Additions	180
At 31 March 2008	**1,479**
Amortisation	
At 1 April 2007	312
Charge for the year	137
At 31 March 2008	**449**
Net book value	
At 31 March 2008	**1,030**
At 31 March 2007	987

Asprey Holdings Limited

Notes to the financial statements
For the year ended 31 March 2008

12. Tangible fixed assets

Group	Leasehold Improvements £000	IT development £000	Assets under construction £000	Fixtures and fittings £000	Museum assets £000	Development costs £000	Total £000
Cost or valuation							
At 1 April 2007	8,247	433	16	12,540	107	4,131	25,474
Additions	26	3	-	55	-	620	704
Foreign exchange	192	3	-	52	-	136	383
Disposals	(114)	(16)	(6)	(657)	(4)	-	(797)
Reclassifications	-	-	-	-	215	-	215
Provision	-	-	-	-	-	(159)	(159)
At 31 March 2008	**8,351**	**423**	**10**	**11,990**	**318**	**4,728**	**25,820**
Depreciation							
At 1 April 2007	1,152	374	-	5,853	-	3,703	11,082
Charge for the year	739	18	-	1,980	-	283	3,020
Foreign exchange	81	1	-	24	-	134	240
Disposals	(114)	(13)	-	(412)	-	82	(457)
At 31 March 2008	**1,858**	**380**	**-**	**7,445**	**-**	**4,202**	**13,885**
Net book value							
At 31 March 2008	**6,493**	**43**	**10**	**4,545**	**318**	**526**	**11,935**
At 31 March 2007	7,095	59	16	6,687	107	428	14,392

Company	Leasehold Improvements £000	IT development costs £000	Fixtures and fittings £000	Museum assets £000	Development costs £000	Total £000
Cost or valuation						
At 1 April 20067	6,992	55	9,059	107	3,352	19,565
Additions	-	3	34	-	544	581
Disposals	-	-	(6)	(4)	-	(10)
Reclassification	-	-	-	215	-	215
Provision	-	-	-	-	(140)	(140)
At 31 March 2008	**6,992**	**58**	**9,087**	**318**	**3,756**	**20,211**
Depreciation						
At 1 April 2007	568	21	4,164	-	2,938	7,691
Charge for the year	333	5	1,407	-	275	2,020
At 31 March 2008	**901**	**26**	**5,571**	**-**	**3,213**	**9,711**
Net book value						
At 31 March 2008	**6,091**	**32**	**3,516**	**318**	**543**	**10,500**
At 31 March 2007	6,424	34	4,895	107	414	11,874

13. Fixed asset investments

	Shares in group undertakings £000
Company	
Cost	
At 1 April 2007 & At 31 March 2008	**22,834**
Impairment	
At 1 April 2007 & At 31 March 2008	**(21,552)**
Net book value	
At 31 March 2007 & 31 March 2008	**1,282**

The directors have reviewed the carrying value of the company's investments in subsidiary undertakings and have assessed that, based upon an evaluation of net assets at the balance sheet date and the projected results of the businesses, the realisable value of the investments is not less than £1,282,000

The principal trading subsidiary undertaking of Asprey Holdings Limited at the balance sheet date is listed below All are held directly by the parent company

Subsidiary Companies	Country of Incorporation	Percentage owned & voting rights
Asprey London Limited	Great Britain	100%
Asprey Holdings BV	Netherlands	100%
A&G Services USA Ltd	USA	100%
Asprey Italy Srl	Italy	100%

The activities of the principal subsidiary undertaking are those of goldsmiths, silversmiths, jewellers and retailers of luxury goods A full list of subsidiary undertakings is filed with the Registrar of Companies All subsidiaries are included in the consolidated financial statements

The shareholders have decided to close Asprey Italy srl during 2008 as part of the restructuring plans of the group (note 3)

14 Stocks, Net of provision

	Group	
	2008 £000	2007 £000
Raw materials	**1,606**	2,356
Work in progress	**426**	459
Finished goods and goods for resale	**12,006**	13,928
	14,038	16,743

Included within the stock provision at the balance sheet date is £1,042,000 relating to the closure of the fashion and shoe business

The company holds no stock In addition, the amount of consignment stock held by the group was £2,512,000 (2007 £2,422,000), none of which is included in the balance sheet as ownership is not transferred until the date of the sale

15. Debtors

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Due within one year				
Trade debtors	**751**	927	**-**	-
Amounts owed by group undertakings	**22,434**	19,735	**21,172**	9,940
Other debtors	**651**	678	**87**	107
Prepayments and accrued income	**1,438**	727	**131**	96
	25,274	22,067	**21,390**	10,143

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

16. Creditors: Amounts falling due within one year

	Group		Company	
	2008	2007	**2008**	2007
	£000	£000	**£000**	£000
Trade creditors	**4,146**	5,913	**887**	1,529
Amounts owed to group undertakings	**68,202**	47,875	**72,368**	51,688
Social security and other taxes	**750**	1,047	**565**	843
Pension	**45**	44	**14**	13
Accruals and deferred income	**3,547**	4,155	**1,885**	2,094
	76,690	59,034	**75,719**	56,167

Amounts due to group undertakings are unsecured, interest free and repayable on demand except as detailed below

Included within amounts owed to group undertakings are loans payable to Asprey International Ltd that are secured and interest bearing These include
i) a loan of US$42,000,000 (2007 US$42,000,000) on which interest amounting to $5,365,000 (2007 $2,733,000) is being accrued at 6 25%,
ii) a loan note of US$2,516,000 (2007 US$2,516,000) on which interest amounting to $549,000 (2007 $123,000) is being accrued at 15%,
iii) Asprey International Limited and certain of its subsidiaries have an agreement with one of the shareholders, Plainfield Capital Limited, for a revolving credit facility of up to a maximum of US$32,500,000 At the balance sheet date, Asprey International Limited has provided funds to the company under this facility totalling US$19,850,000 (2007 US$19,850,000) on which interest amounting to $5,421,000 (2007 $2,238,000) is being accrued at US prime rate + 7 5%, and
iv) the shareholders have provided other convertible loans to Asprey International Limited At the balance sheet date, Asprey International Limited has provided loans to the company under this arrangement amounting to US$52,343,500 (2007 US$13,343,500) on which interest amounting to $2,423,000 (2007 $nil) is being accrued at 12%

These loans are secured against all of the assets of the group The rights of the shareholders are subject to the terms of a certain Amended and Restated Intercreditor and Subordination Agreement dated 1 January 2008

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17 Provision for liabilities and charges

Group and company	**Restructuring Provision £000**
As at 1 April 2007	-
Charged to the profit and loss account	1,551
As at 31 March 2008	**1,551**

The restructuring provision is explained in note 3 above

18 Share capital

	2008 £000	2007 £000
Authorised		
125,026,000 ordinary shares of £1 each	**125,026**	125,026
Allotted, called up and fully paid		
125,011,000 ordinary shares of £1 each	**125,011**	125,011

19. Reserves

Group	**Share premium account £000**	**Profit and loss account £000**
At 1 April 2007	19,540	(147,428)
Loss for the financial year	-	(21,724)
Foreign exchange	-	447
At 31 March 2008	**19,540**	**(168,705)**

Company	**Share premium account £000**	**Profit and loss account £000**
At 1 April 2007	19,540	(174,824)
Loss for the financial year	-	(12,430)
Foreign Exchange	-	1,094
At 31 March 2008	**19,540**	**(186,160)**

Asprey Holdings Limited

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20 Reconciliation of movement in shareholders' funds

Group	**2008 £000**	2007 £000
Loss for the financial year	**(21,724)**	(16,852)
Foreign exchange	**447**	1,783
Net transfer in of reserves of A&G UK Ltd & its subsidiaries	**-**	26,816
	(21,277)	11,747
Opening equity shareholders' funds	**(2,877)**	(14,624)
Closing equity shareholders' funds	**(24,154)**	(2,877)

Company	**2008 £000**	2007 £000
Loss for the financial year	**(12,430)**	(9,804)
Foreign exchange	**1,094**	1,619
Net transfer in of reserves of A&G UK Ltd	**-**	(9,988)
	(11,336)	(18,173)
Opening equity shareholders' funds	**(30,273)**	(12,100)
Closing equity shareholders' funds	**(41,609)**	(30,273)

21. Net cash flow from operations

	2008 £000	2007 £000
Operating loss	**(17,425)**	(14,150)
Amortisation of intangible fixed assets	**137**	109
Depreciation of tangible fixed assets	**3,021**	3,369
Decrease/(Increase) in stocks	**2,705**	(1,829)
Exchange differences	**447**	1,783
Increase in debtors	**(3,207)**	(13,680)
Decrease in creditors	**(4,538)**	(14,001)
Increase in provisions	**1,551**	-
Net loss on disposals of fixed assets	**268**	795
Net transfer in of tangible fixed assets including reclassifications	**(200)**	(997)
Net transfer in of reserves of A&G UK Ltd	**-**	26,816
Net cash outflow from operations	**(17,241)**	(11,785)

Asprey Holdings Limited

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22. Analysis of cash flows for headings netted in the cash flow statement

	2008 £000	2007 £000
Returns on investments and servicing of finance		
Interest received	**70**	28
Interest paid	**(29)**	(44)
Net cash inflow/(outflow) from returns on investments and servicing of finance	**41**	(16)

	2008 £000	2007 £000
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(703)**	(1,853)
Purchase of intangible fixed assets	**(180)**	(316)
Proceeds from sale of tangible and intangible assets	**72**	-
Net cash outflow from capital expenditure	**(811)**	(2,169)

	2008 £000	2007 £000
Financing		
Group financing	**17,870**	15,782

23. Analysis of changes in net debt

	1 April 2007 £000	Cash flow £000	31 March 2008 £000
Cash at bank and in hand	1,968	(158)	**1,810**
Net funds	1,968	(158)	**1,810**

Cash at bank includes £1,266,000 of monies held on escrow by HSBC to guarantee a lease on behalf of a fellow group subsidiary company in the USA, Asprey Limited

24. Pension commitments

The Asprey Group Staff Pension Scheme was closed to new entrants with effect from 30 September 2003 and to future accrual of benefits for existing members from 31 March 2004 A new defined contribution scheme, to which the employer contributes, was introduced with effect from 1 April 2004

Following the acquisition of the company and further to a Supplemental Deed dated 16 March 2006, there is no remaining liability to the Scheme As part of this agreement, the pension fund liability was concentrated in A&G UK Limited A&G UK Limited was placed in to liquidation

As part of the deed the Pensions Regulator, the new shareholders and the company have agreed that, in the event that the internal rate of return (calculated on exit) is greater than a certain threshold, then the shareholders will pay the Scheme or the PPF an additional amount The amount will be based on the final exit value and therefore cannot be quantified at this stage

The Scheme entered the Pension Protection Fund Assessment Period on 26 October 2006 and subsequently a s143 valuation was carried out in respect of the Scheme and submitted to the Board of the PPF for its consideration on 10 June 2008 The Board of the Pension Protection Fund has determined on 13 June 2008 to approve the valuation and as the scheme does not have sufficient assets to pay benefits, the PPF will assume responsibility for the Scheme

The valuation will become binding at the end of the later of the two month review period or after any issues raised by members have been resolved At this point the Scheme will formally transfer to the PPF

25. Operating lease commitments

At 31 March 2008 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2008	2007	**2008**	2007
Group	**£000**	£000	**£000**	£000
Expiry date·				
Within 1 year	**19**	19	**-**	-
Between 2 and 5 years	**51**	35	**39**	39
After more than 5 years	**2,260**	2,726	**-**	-

26. Guarantees

The group's bankers, HSBC Bank Plc, have given a guarantee on liabilities for VAT deferment on imports up to £300,000 (2007 £600,000) in favour of HM Customs and Excise, a guarantee of liabilities on imports and exports up to £14,000 (2007 £15,000) in favour of London Chamber of Commerce and Industry

27. Related party transactions

As part of their employment directors and senior employees of the group can purchase goods at a staff discount The amounts of goods purchased by the directors are not considered material either to the group or the individuals at the balance sheet date There were no other transactions between these individuals and the group

In addition, the company has the following net inter group receivable/(payable) balances that arise with fellow group subsidiaries outside of the Asprey Holdings Limited group

		Group		Company	
Name of Company	**Nature of balance**	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
Asprey Limited	Financing	**15,304**	10,310	**(1,860)**	(4,771)
Asprey Hong Kong Ltd	Trading (see note below)	**1,871**	1,301	**-**	-
Asprey International Ltd	Financing	**(65,795)**	(42,519)	**(63,727)**	(42,349)
Asprey Worldwide Holdings Ltd	Financing	**2,739**	2,768	**2,716**	2,745

The principal inter group sales and purchases arising during the year were as follows

		Group		Company	
Name of Company	**Nature of transaction**	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
Asprey Limited	Sale of products	**2,468**	1,043	**-**	-
Asprey Hong Kong	Sale of products	**88**	696	**-**	-

28. Ultimate parent undertaking and controlling party

At the balance sheet date the immediate parent company of Asprey Holdings Limited is Asprey Worldwide Holdings Limited, a company registered in the British Virgin Islands The ultimate parent company undertaking is Asprey International Limited, a company incorporated in the Cayman Islands

The ultimate principal shareholders are 48 9% owned by Plainfield Capital Ltd, 27 36% owned by Fleming Holdings Limited (Cayman) and 19 44% owned by Mr John Rigas

29. Post balance sheet events

The group remains loss making at this stage in its development and as such is reliant on funds from its shareholders in the form of equity and/or loans As at the date of signing the group does not have financing from third parties

As commented in the Board review, the third phase of the restructuring, agreed by the shareholders prior to the balance sheet date, has been implemented and finalised prior to the signing of these financial statements The fashion and shoe business has been closed and corporate overheads have been reorganised

At the beginning of July 2008, Mr Robert Procop has been appointed as CEO