

HARRODS (CONTINENTAL) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
52 WEEKS ENDED 27 JANUARY 2001



Registered number: 0156158

HARRODS (CONTINENTAL) LIMITED

CONTENTS

	Page
Directors' Report	1
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Accounts	6

HARRODS (CONTINENTAL) LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the 52 weeks ended 27 January 2001.

Principal Activity

The Company acts as an agent for the delivery of consumer goods to European Community Member States.

Directors and Their Interests

The present Directors of the Company are:

S Jerman
W C Najdecki
A Tanna

In accordance with the Articles of Association, no Director is required to seek re-election at the forthcoming Annual General Meeting.

No Director in office at 27 January 2001 held any beneficial interest in the shares of Harrods Holdings Limited or any of its subsidiaries at 30 January 2000, or at 27 January 2001.

No Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business of the Company.

Results and Review of the Business

The loss after taxation for the 52 weeks ended 27 January 2001 amounted to £38,583 (2000: loss £18,264). The Directors do not propose the payment of a dividend (2000: £nil).

The Directors are addressing the pricing and costing structures of the Company to improve profitability.

Auditors

PricewaterhouseCoopers have expressed their willingness to continue in office as Auditors to the Company and a resolution proposing their re-appointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

HARRODS (CONTINENTAL) LIMITED

DIRECTORS' REPORT (Continued)


Statement of Directors' Responsibilities

Company law requires the Directors to prepare Financial statements for each financial year that 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. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm the suitable accounting policies have been used and applied consistently, as explained on page 6 under note 1 'Accounting policies.' They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 27 January 2001 and that applicable accounting standards have been followed.

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

By Order of the Board


S. Jerman
Secretary
15 August 2001

Registered Office
87 -135 Brompton Road
Knightsbridge
London
SW1X 7XL

HARRODS (CONTINENTAL) LIMITED
AUDITORS' REPORT
TO THE MEMBERS OF HARRODS (CONTINENTAL) LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

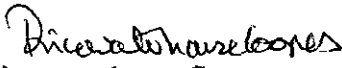
Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the Company's affairs as at 27 January 2001 and of its loss for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place, London WC2N 6RH
15 August 2001

HARRODS (CONTINENTAL) LIMITED

PROFIT AND LOSS ACCOUNT 52 WEEKS ENDED 27 JANUARY 2001

Notes	52 Weeks 27/1/01 £	52 Weeks 29/1/00 £
2 Turnover	158,787	176,648
Cost of sales	<u>(213,905)</u>	<u>(201,312)</u>
3 Operating Loss/Loss on ordinary activities before taxation	(55,118)	(24,664)
4 Taxation	<u>16,535</u>	<u>6,400</u>
Loss after taxation, retained and transferred from reserves	<u>(38,583)</u>	<u>(18,264)</u>

The Company has no recognised gains and losses other than those shown above, therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the years stated above, and their historical cost equivalents.

The movements in reserves are shown in Note 8.

The notes on page 6 form part of these accounts.

HARRODS (CONTINENTAL) LIMITED

BALANCE SHEET AT 27 JANUARY 2001

Note		27/1/01 £	29/1/00 £
	Current Assets		
6	Debtors	85,290	123,658
	Creditors		
	Amounts falling due within one year:		
	Taxation and social security	(215)	-
	Net Assets	<u>85,075</u>	<u>123,658</u>
	Capital and Reserves		
7	Called up share capital	100,000	100,000
8	Profit and loss account	(14,925)	23,658
9	Equity Shareholders' Funds	<u>85,075</u>	<u>123,658</u>

The notes on pages 6 to 7 form part of these accounts.

Approved by the Board on 15 August 2001.



A Tanna
DIRECTOR

HARRODS (CONTINENTAL) LIMITED

NOTES TO THE ACCOUNTS

1 Accounting Policies

Basis of Financial Statements:

The financial statements have been prepared under the historical cost convention and comply with applicable accounting standards.

2 Turnover

Turnover represents agency fees from the delivery of consumer goods to European Community Member States and arises entirely within the United Kingdom.

3 Operating Loss

The auditors remuneration is borne by the Company's parent undertaking.

	27/1/01	29/1/00
	£	£
4 Taxation		
Taxation credit based on loss for the year:		
Group relief	16,535	7,400
Prior year items	-	(1,000)
	<u>16,535</u>	<u>6,400</u>

5 Information regarding Directors and Employees

No emoluments were paid to the Directors of the Company during the year, (2000 - £nil).

The Company did not employ any persons or incur any staff costs during the year, (2000 - £nil).

6 Debtors

Amounts owed by group undertakings	68,755	112,998
Other debtors	<u>16,535</u>	<u>10,660</u>
	<u>85,290</u>	<u>123,658</u>

7 Share Capital

Authorised, allotted and fully paid

100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
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HARRODS (CONTINENTAL) LIMITED
NOTES TO THE ACCOUNTS (Continued)

8 Reserves	27/1/01	29/1/00
	£	£
Profit and loss account		
Balance at 29 January 2000	23,658	41,992
Retained loss for the year	<u>(38,583)</u>	<u>(18,264)</u>
Balance at 27 January 2001	<u>(14,925)</u>	<u>23,658</u>

9 Reconciliation of Movements in Shareholders' Funds

Loss for the financial year	(38,583)	(18,264)
Opening shareholders' funds	<u>123,658</u>	<u>141,922</u>
Closing shareholders' funds	<u>85,075</u>	<u>123,658</u>

10 Parent Undertakings

The Company's immediate parent undertaking is Harrods Limited. The ultimate UK holding company of Harrods Limited is Harrods Holdings Limited, which is the parent undertaking of the Harrods Holdings Group and which is both the smallest and the largest group which consolidates the results of the Company. The Group accounts will be filed with the Registrar of Companies in due course.

The ultimate parent undertaking is Alfayed Investment and Trust PVT LP, a partnership based in Bermuda. All interests in the Partnership continue to be under the control and held for the benefit of the Fayed family, the ultimate controlling party.

The Company is a wholly owned subsidiary of Harrods Holdings Limited and, as permitted by Financial Reporting Standard 8 "Related Party Disclosures", transactions with other entities in the Harrods Holdings Group are not disclosed.