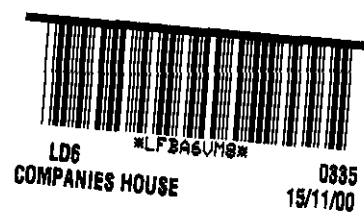


Monsoon Holdings Limited
Registered No: 1200163

Annual Report

For the 52 week Period Ended 27 May 2000



Monsoon Holdings Limited

Annual Report For The 52 Week Period Ended 27 May 2000

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Monsoon Holdings Limited

Company information

Registered office

87 Lancaster Road
London
W11 1QQ

Directors

P M Simon
A J May
J S F Spooner

Company Secretary

A J May

Auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6NN

Bankers

National Westminster Bank Plc
Berkeley Square and Mayfair Branch
1-4 Berkeley Square House
Berkeley Square
London
W1A 1SN

Monsoon Holdings Limited

Directors' Report for the 52 Week Period Ended 27 May 2000

The directors present the report and the financial statements of the Company for the period ended 27 May 2000.

Principal activities

The principal activity of the Company is that of a holding company.

Review of business

The Company had a satisfactory period and its financial position is considered strong.

The results for the financial period are shown in the profit and loss account on page 5.

Dividends

The Company proposes a final dividend of £10,000,000 (1999: £10,000,000). No interim dividend was paid (1999: Nil).

Directors and their interests in the share capital of the Company

The directors hold no beneficial interests in the share capital of the Company.

The entire share capital of the Company is held by Monsoon plc, a quoted company. The beneficial interests of the directors in the share capital of Monsoon plc are shown in the financial statements of that company.

Year 2000

We are pleased that the careful planning carried out by our IT team to ensure our systems were Y2K compliant was successful and we have not suffered any Y2K-related disruption to our business.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the appointment of PricewaterhouseCoopers as auditors will be put to the annual general meeting.

By order of the board



A J May
Company Secretary
3 October 2000

Monsoon Holdings Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those 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;
- follow applicable accounting standards, 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 company 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 the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors to the Members of Monsoon Holdings Limited

We have audited the financial statements on pages 5 to 14, which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, 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.

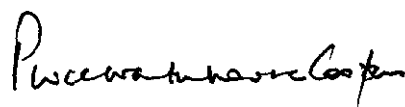
Basis of opinion

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 at 27 May 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
3 October 2000

Monsoon Holdings Limited

Profit and Loss Account for the 52 Week Period Ended 27 May 2000

	Notes	2000 £	1999 £
Administrative expenses		(102,934)	(11,947)
Operating loss	3	(102,934)	(11,947)
Income from shares in group undertakings	4	11,562,958	10,000,000
Interest receivable and similar income	5	48,159	-
Profit on ordinary activities before taxation		11,508,183	9,988,053
Tax on profit on ordinary activities	7	(469,000)	82,044
Profit on ordinary activities after taxation		11,039,183	10,070,097
Dividends	8	(10,000,000)	(10,000,000)
Retained profit for the financial period	15	1,039,183	70,097

All amounts relate to continuing activities.

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the retained profit for the financial period stated above and the historical cost equivalent.

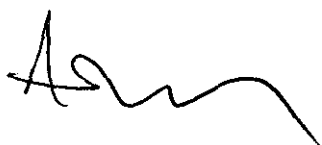
The notes on pages 7 to 14 form part of these financial statements.

Monsoon Holdings Limited

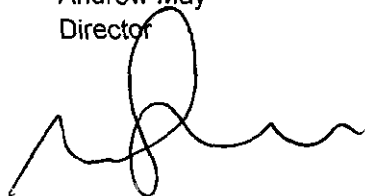
Balance Sheet as at 27 May 2000

	Notes	2000 £	1999 £
Fixed assets			
Investments	9	21,290	21,290
Current assets			
Debtors	10	33,878,451	24,005,909
Cash at bank and in hand		1,738,802	-
		35,617,253	24,005,909
Creditors: amounts falling due within one year	11	(30,471,111)	(19,898,950)
Net current assets		5,146,142	4,106,959
Net assets		5,167,432	4,128,249
Capital and reserves			
Called up share capital	12	18,606	18,606
Share premium account	13	77,855	77,855
Capital redemption reserve	14	98	98
Profit and loss account	15	5,070,873	4,031,690
Total shareholders' funds		5,167,432	4,128,249

The financial statements on pages 5 to 14 were approved by the Board of Directors on 3 October 2000 and were signed on its behalf by:



Andrew May
Director



John Spooner
Director

Monsoon Holdings Limited

Notes to the Financial Statements for the 52 Week Period Ended 27 May 2000

1 Principal accounting policies

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

Basis of accounting

These financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards, which have been applied consistently. The financial statements are made up annually to the last Saturday in May, resulting in an accounting period of 52 weeks.

Consolidation

The Company has taken advantage of the exemption available under Financial Reporting Standard No. 2 and has not prepared consolidated accounts on the grounds that it is a wholly owned subsidiary undertaking of a Company preparing consolidated financial statements in the UK.

Fixed asset investments

Fixed asset investments are shown at cost less provision for diminution in value.

Investment income

Income from investments is included in the profit and loss account on an accruals basis.

Cash flow statement

In preparing the financial statements the directors have taken advantage of the provisions of FRS 1 in not preparing a cash flow statement, on the grounds that a consolidated cash flow statement is included in the financial statements of the ultimate parent undertaking.

Financial instruments

Financial assets are recognised when the Company has rights or other access to economic benefits. Such assets consist of cash and contractual rights to receive cash. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver financial assets to another entity. Financial assets and liabilities are offset only when a legal right of set-off exists for a determinate monetary amount.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

Monsoon Holdings Limited

Notes to the Financial Statements for the 52 Week Period Ended 27 May 2000

1 Principal accounting policies (Continued)

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of an accounting period.

Leasehold premises and operating leases

The Company licenses certain leasehold premises to its subsidiary Company, Monsoon Accessorize Limited. The subsidiary Company bears all the costs of leasehold improvements and pays all rentals and lease premiums due to the head lessor.

Monsoon Accessorize Limited capitalises all expenditure on lease premiums and leasehold improvements and depreciates them on a straight line basis over the terms of the leases held by the Company.

Rent free periods and reverse premiums received and receivable as incentives to sign leases are spread on a straight line basis over the lease term or, if shorter than the full lease term, over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate.

The cost of the operating leases in respect of the leasehold premises that are licensed to Monsoon Accessorize Limited is charged to the operating profit of the subsidiary Company in the period to which it relates.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the end of the financial period. Transactions in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transactions. All profits and losses on exchange are dealt with in the profit and loss account.

2 Staff numbers and costs

The average number of persons employed (including directors) during the financial period was as follows:

	2000 Number	1999 Number
Administration, design and buying	4	3

Monsoon Holdings Limited

Notes to the Financial Statements for the 52 Week Period Ended 27 May 2000

2 Staff numbers and costs (Continued)

Aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	200,000	-
Social security costs	20,000	-
	<u>220,000</u>	<u>-</u>

3 Operating loss

	2000 £	1999 £
Operating loss is stated after charging the following:		
Auditors' remuneration:		
- audit	<u>6,525</u>	<u>6,000</u>

4 Income from shares in group undertakings

	2000 £	1999 £
Dividends receivable from subsidiary undertakings	<u>11,562,958</u>	<u>10,000,000</u>

5 Interest receivable and similar income

	2000 £	1999 £
Bank interest	47,878	-
Other interest	<u>281</u>	<u>-</u>
	<u>48,159</u>	<u>-</u>

6 Directors' emoluments

The directors are remunerated by other group entities, and no specific allocation of their remuneration has been made in respect of their services to this company.

Please refer to the financial statements of Monsoon plc for full details of Directors' emoluments and pension information.

Monsoon Holdings Limited

Notes to the Financial Statements for the 52 Week Period Ended 27 May 2000

7 Taxation

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999: 31%)	469,000	-
Over-provision in prior periods	-	(82,044)
	469,000	(82,044)

8 Dividends

	2000 £	1999 £
Final dividend proposed £108 (1999: £108) per share	10,000,000	10,000,000

9 Fixed asset investments

	£
Shares in group undertakings	
Cost	
At 27 May 2000 and 29 May 1999	21,290
Amounts provided	
At 27 May 2000 and 29 May 1999	Nil
Net book value	
At 27 May 2000 and 29 May 1999	21,290

Name of Company	Country of incorporation	Holding	Proportion of voting rights and shares held
Held by the Company:			
Monsoon Accessorize Limited	England and Wales	Ordinary shares	100%
Monsoon of London Pty Limited	Australia	Ordinary shares	90%
Monsoon Co-ordination Services Limited	Hong Kong	Ordinary Shares	100%
Monsoon Twilight Inc (Delaware)	USA	Capital stock	100%
Monsoon S.A.R.L.	France	Ordinary shares	100%
Monsoon Accessorize ApS	Denmark	Ordinary shares	100%
Held by Monsoon Co-ordination Services Limited:			
Brands Exploitation Limited	Malta	Ordinary shares	100%

Monsoon Holdings Limited

Notes to the Financial Statements for the 52 Week Period Ended 27 May 2000

10 Debtors

	2000 £	1999 £
Amounts owed by group undertakings	33,878,451	24,005,909

11 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank overdraft	1,685	-
Amounts owed to parent undertaking	19,881,411	9,882,868
Corporation tax	469,000	-
Other taxation and social security	10,000	-
Other creditors	100,000	-
Accruals and deferred income	9,015	16,082
Dividends payable	10,000,000	10,000,000
	30,471,111	19,898,950

12 Share capital

	2000 £	1999 £
Authorised		
Attributable to equity interests		
100,000 Ordinary shares of 10p each	10,000	10,000
Attributable to non-equity interests		
100,000 'A' Ordinary bearer shares of 10p each	10,000	10,000
	20,000	20,000
Allotted, issued and fully paid		
Attributable to equity interests		
92,574 Ordinary shares of 10p each	9,257	9,257
Attributable to non-equity interests		
93,490 'A' Ordinary bearer shares of 10p each	9,349	9,349
	18,606	18,606

Monsoon Holdings Limited

Notes to the Financial Statements for the 52 Week Period Ended 27 May 2000

12 Share capital (Continued)

Respective rights of different classes of shares

Ordinary shares

Ordinary Shareholders are entitled to participate in the profits of the Company.

Ordinary Shareholders are entitled to receive notice of, attend and vote at all general meetings of the Company.

In the event of a winding up of the Company Ordinary Shareholders are entitled to recover their capital before 'A' Ordinary Bearer Shareholders. After 'A' Ordinary Bearer Shareholders have been paid, Ordinary Shareholders are entitled to the residue of the assets of the Company.

'A' Ordinary Bearer Shares

'A' Ordinary Bearer Shareholders are not entitled to participate in the profits of the Company.

'A' Ordinary Bearer Shareholders are not entitled to receive notice of, attend or vote at general meetings of the Company.

In the event of a winding up of the Company 'A' Ordinary Bearer Shareholders are entitled to recover their capital after Ordinary Shareholders have recovered their capital. 'A' Ordinary Bearer Shareholders are not entitled to a share of the residual assets of the Company.

13 Share premium account

	2000 £	1999 £
At 27 May 2000 and 29 May 1999	77,855	77,855

14 Capital redemption reserve

	2000 £	1999 £
At 27 May 2000 and 29 May 1999	98	98

Monsoon Holdings Limited

Notes to the Financial Statements for the 52 Week Period Ended 27 May 2000

15 Profit and loss account

	2000 £	1999 £
Balance at 30 May 1999	4,031,690	3,961,593
Retained profit for the period	1,039,183	70,097
Balance at 27 May 2000	5,070,873	4,031,690

16 Reconciliation of movements in equity shareholders' funds

	2000 £	1999 £
Profit for the period	11,039,183	10,070,097
Dividends	(10,000,000)	(10,000,000)
Net addition to shareholders' funds	1,039,183	70,097
Opening equity shareholders' funds	4,128,249	4,058,152
Closing equity shareholders' funds	5,167,432	4,128,249

17 Commitments

The only bank guarantees in place are cross guarantees with Monsoon Accessorize Limited and Monsoon plc.

18 Pensions

The Company operates a defined contribution pension scheme known as The Monsoon Executive Pension Scheme. The level of the defined contributions is determined by the Company and the trustees of the scheme. The contributions paid to the scheme during the period amounted to £nil (1999: £nil).

19 Related party transactions

In accordance with Financial Reporting Standard No 8: Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of a parent undertaking publishing consolidated financial statements.

The following related party transactions requiring disclosure occurred during the period.

Monsoon Holdings Limited

Notes to the Financial Statements for the 52 Week Period Ended 27 May 2000

19 Related party transactions (Continued)

Monsoon Executive Pension Scheme

Six retail properties are leased to Monsoon Holdings Limited by the Monsoon Executive Pension Scheme, the members of which are P M Simon and his family. These properties are licensed to Monsoon Accessorize Limited, which paid aggregate rentals of £329,594 (1999: £324,499). The amounts prepaid at 27 May 2000 totalled £25,147 (1999: £22,699).

Sycamore ApS

Monsoon Accessorize ApS, a subsidiary undertaking, leases a property in Copenhagen, Denmark from Sycamore ApS, a subsidiary Company of Sycamore Holdings Limited, at an annual rent of £188,272 (1999: £180,407). The amount prepaid at 27 May 2000 was £15,689 (1999: £15,076). Sycamore Holdings Limited is owned by Credit Suisse Trust Limited in its capacity as trustee of one of P M Simon's family trusts. (See note 22).

Stoneham Properties Limited

A property is leased to Monsoon Holdings Limited by Stoneham Properties Limited, which at 27 May 2000 was a subsidiary of Sycamore Holdings Limited.

The property is licensed to Monsoon Accessorize Limited, which made rental payments in the period of £174,521 (1999: £174,519) to Stoneham Properties Limited. The amount prepaid at 27 May 2000 was £13,315 (1999: £12,019).

20 Contingent liabilities

Monsoon Holdings Limited has given unlimited guarantees to the Company's bankers in respect of amounts owed to them by Monsoon Accessorize Limited. At 27 May 2000 the amount owed by Monsoon Accessorize Limited in respect of bank borrowings was £1,607,526 (1999: £956,303).

21 Ultimate parent undertaking

The Company's parent undertaking and ultimate parent undertaking is Monsoon plc, a quoted Company registered in England, which is the holding Company of the largest group for which consolidated accounts are prepared. These accounts may be requested from Monsoon plc at its registered office at 87 Lancaster Road, London W11 1QQ.

22 Ultimate controlling party

The directors consider that Credit Suisse Trust Limited, in its capacity as trustee of the Beauchamp Trust, is the ultimate controlling party of the Company. PM Simon has a beneficial interest in the shares owned by the Trust.