

THE FRENCH CONNECTION OVERSEAS LIMITED

Directors' Report and Accounts

31 January 2004

Registered No: 1364202



THE FRENCH CONNECTION OVERSEAS LIMITED

DIRECTORS' REPORT

The Directors present their Annual report and the audited accounts for the year ended 31 January 2004.

Principal activity and future prospects

The Company is an investment holding Company. The Company did not trade during the year and has no prospect of being able to discharge its obligation.

Results and dividends

The Directors do not recommend the payment of a final dividend (2003: £Nil).

Directors and Directors' interests

The Directors who served the Company during the year were:

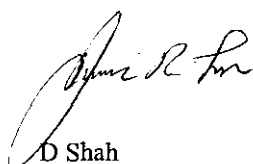
| | |
|---------------|----------------------------------|
| Stephen Marks | (Chairman and Managing Director) |
| Neil Williams | (Director) |
| Roy Naismith | (Director) |

Stephen Marks, Neil Williams and Roy Naismith are Directors of the ultimate holding Company at 31 January 2004 and their interests in the shares of Group companies are disclosed in the Directors' report of that Company.

Auditors

In accordance with Section 384 of the Companies Act 1985 a resolution to reappoint KPMG Audit plc as auditors to the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board



D Shah
Company Secretary

4 May 2004

1, Old Burlington Street
London W1S 3NL.

THE FRENCH CONNECTION OVERSEAS LIMITED

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts 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 accounts, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the accounts;
- d) prepare accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining 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 accounts comply with the Companies Act 1985. The Directors' 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.

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REPORT OF THE AUDITORS TO THE MEMBERS OF FRENCH CONNECTION OVERSEAS LIMITED

We have audited the financial statements on pages 4 to 6.

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

The Directors are responsible for preparing the Directors' report and, as described on page 2 the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the accounts, 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 with the Company is not disclosed.

We read the other information accompanying the accounts and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

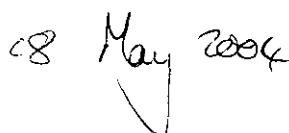
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the Company's affairs as at 31 January 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB



THE FRENCH CONNECTION OVERSEAS LIMITED

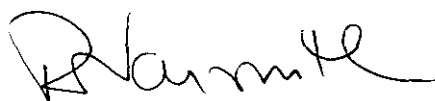
**BALANCE SHEET
AT 31 JANUARY 2004**

| | Note | 2004 £ | 2003 £ |
|---|------|-----------------|-----------------|
| Fixed assets | | | |
| Investments in subsidiary undertakings | 3 | - | - |
| Creditors: amounts falling due within one year | | | |
| Amount owed to Group undertakings | | (66,136) | (66,136) |
| Net liabilities | | <u>(66,136)</u> | <u>(66,136)</u> |
| Capital and reserves | | | |
| Called up share capital | 4 | 100 | 100 |
| Profit and loss account | 5 | (66,236) | (66,236) |
| Equity shareholder's deficit | 6 | <u>(66,136)</u> | <u>(66,136)</u> |

The attached notes form part of these accounts.

The Company was dormant during the year.

These accounts were approved by the Board of Directors on 4 May 2004 and were signed on its behalf by:



Roy Naismith
Director

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NOTES TO THE ACCOUNTS

1. Basis of accounting

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's accounts.

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

The accounts are prepared on a going concern basis because the parent company has agreed to provide ongoing support and meet any liabilities of French Connection Overseas Limited as and when they fall due.

Under Section 228 of the Companies Act 1985, the Company is exempt from preparing consolidated accounts. The results of the Company and of its subsidiaries are consolidated within the Financial Statements of French Connection Group PLC.

Under Financial Reporting Standard No. 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary of an EC parent undertaking.

Under Financial Reporting Standard No. 8, the Company has taken advantage of the exemption not to disclose transactions or balances with entities which are part of the Group on the grounds that it is a wholly owned subsidiary of an EC parent undertaking, the accounts for which are publicly available.

Fixed asset investments

Fixed asset investments are stated at cost less any provision required for permanent diminution.

Deferred taxation

Full provision has been made for deferred taxation arising from timing differences between the recognition of income and expenditure for taxation and accounting purposes. Deferred tax amounts are not discounted.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions during the period are translated into sterling at the rates of exchange ruling on the date of transaction or at hedged rates. Exchange differences are dealt with through the profit and loss account.

2. Profit and loss account

During the financial year and the preceding financial year, the Company did not trade and received no income and incurred no expenditure. Consequently, during these years, the Company made neither a profit or a loss.

3. Investments in subsidiary undertakings

At 31 January 2004 the Company owned all of the issued share capital of the following subsidiary undertakings.

| Company | Country of Incorporation, Registration and Operation | Principal Activity |
|---------------------------|---|---|
| PreTex Textilhandels GmbH | Germany | Wholesaling and retailing of fashion clothing |

Full provision was made in the year-ended 31 January 1993 against the cost of the shareholding in PreTex Textilhandels GmbH.

On 1 February 2001, the businesses of the two wholly owned subsidiaries, Pretex Textilhandels GmbH and Lilajoy GmbH merged into a single entity called Pretex Textilhandels GmbH.

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4. Called up share capital

| | 2004 £ | 2003 £ |
|-------------------------------------|-----------|-----------|
| Equity: | | |
| Authorised: | | |
| 10,000 ordinary shares of £1 each | 10,000 | 10,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid: | | |
| 100 ordinary shares of £1 each | 100 | 100 |
| | <hr/> | <hr/> |

5. Reconciliation of movements in equity shareholder's deficit

| | 2004 £ | 2003 £ |
|---|-----------|-----------|
| Opening and closing shareholder's deficit | (66,136) | (66,136) |
| | <hr/> | <hr/> |

6. Contingent liabilities

The Group holding company raises finance for, and guarantees the bank borrowings of certain subsidiary undertakings. Subsidiary undertakings may, within certain constraints, be obliged to meet these Group banking liabilities. At 31 January 2004 the Group and the Group holding Company had no borrowings in respect of this facility.

7. Ultimate holding Company

The ultimate holding Company is French Connection Group PLC, which is incorporated in Great Britain and registered in England and Wales. Copies of the Group accounts may be obtained from Companies House.

8. Directors' emoluments

The remuneration of the Directors has been borne by Stephen Marks (London) Limited, a fellow subsidiary undertaking. The remuneration of the auditor has been borne by French Connection Group PLC, the ultimate holding Company.