

THE FRENCH CONNECTION OVERSEAS LIMITED

Directors' Report and Accounts

31 January 2007

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 2007

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

No dividends were paid during the year and the Directors do not recommend payment of a final dividend (2006 £Nil)

Directors and Directors' interests

The Directors who served during the year and their interests in the Company are stated below

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

None of the above Directors hold shares in the Company

Stephen Marks, Neil Williams and Roy Naismith are Directors of the ultimate holding Company at 31 January 2007 and their interests in the shares of French Connection Group PLC are disclosed in the Directors' report of that Company

Charitable and political donations

No charitable or political donations were made in either 2007 or 2006

Auditors

In accordance with Section 250 of the Companies Act 1985, the Company has passed a resolution to dispense with the need to appoint Auditors

By order of the Board



D Shah
Company Secretary

20-22 Bedford Row
London WC1R 4JS

8 June 2007

THE FRENCH CONNECTION OVERSEAS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on 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 that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have 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.

THE FRENCH CONNECTION OVERSEAS LIMITED

BALANCE SHEET AT 31 JANUARY 2007

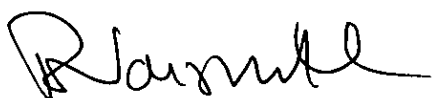
	Note	2007 £	2006 £
Fixed assets			
Investments in subsidiary undertakings	3	-	-
Creditors: amounts falling due within one year			
Amount owed to Group undertakings		(66,136)	(66,136)
Net liabilities		<u>(66,136)</u>	<u>(66,136)</u>
Capital and reserves			
Called up share capital	4	100	100
Profit and loss account	5	(66,236)	(66,236)
Equity shareholder's deficit	5	<u>(66,136)</u>	<u>(66,136)</u>

The attached notes form part of these accounts

The Directors

- (a) confirm that the Company was entitled to exemption under section 249AA(1) of the Companies Act 1985 from the requirement to have its accounts for the financial year ended 31 January 2007 audited
- (b) confirm that members have not required the Company to obtain an audit of its accounts for that financial year in accordance with section 249B(2) of that Act
- (c) acknowledge their responsibilities for
 - (i) ensuring that the Company keeps accounting records which comply with section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the Company

These accounts were approved by the Board of Directors on 8 June 2007 and were signed on its behalf by



Roy Naismith
Director

THE FRENCH CONNECTION OVERSEAS LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

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

Basis of preparation

The Company has elected to prepare its financial statements in accordance with UK GAAP

Basis of accounting

The accounts have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards. In preparing the Company accounts, the Directors have elected to offset all intercompany debtors and creditors

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £66,136 which the Directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by French Connection Group PLC, the Company's parent company. French Connection Group PLC has provided the Company with an undertaking that for at least 13 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Under Section 228 of the Companies Act 1985, the Company is exempt from preparing consolidated accounts. The results of the Company and of its subsidiary, Pretex Textilhandels GmbH, 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.

In the previous financial statements, the following new standards had been adopted for the first time: FRS20 "Share-based payments", FRS21 "Events after the balance sheet date, the presentation requirements of FRS25 Financial Instruments presentation and disclosure", FRS26 "Financial instruments Measurement" and FRS28 "Corresponding amounts".

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. All exchange differences are dealt with through the profit and loss account.

THE FRENCH CONNECTION OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

1. Accounting policies (continued)

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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 nor a loss.

3. Investments in subsidiary undertakings

At 31 January 2007 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.

4. Share capital

	2007 £	2006 £
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/>

THE FRENCH CONNECTION OVERSEAS LIMITED

NOTES TO THE ACCOUNTS (continued)

5. Reconciliation of movements in equity shareholder's deficit

	2007 £	2006 £
Opening and closing shareholder's deficit	(66,136)	(66,136)

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 2007 the Group had borrowings of £7,400,000 (2006 £3,900,000)

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 Directors received no remuneration for their services to the Company during the period. 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.