Together Limited

Directors' report and financial statements

Registered number 1818712

28 February 2009

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 28 February 2009. The comparatives are for the year ended 29 February 2008.

Principal activities and business review

The principal activity of the company is the provision of womenswear designs to leading mail order houses in the United Kingdom and overseas under the brand of Together. Royalties are payable to the company for designs sold through mail order houses. From March 2008 the division called Design House became a separate legal entity located in Germany. In addition to the UK office, the company has a branch in Hong Kong.

The results for the company show a loss before tax of £466,000 *(2008: loss £1,499,000)* for the year and turnover of £3,847,000 *(2008: £3,862,000)*.

Future Developments

There are no significant future developments.

Principal risks and uncertainties

Together specialise in the design of womenswear designs for the 45+ mail order market, and in the past has sought to extend its offer to more customers outside of the Otto Group.

The principal risk for the company is that the designs created will not be selected by their customers to be featured in their action chain.

Key performance indicators

The sales and costs generated by the collections developed are monitored on a regular basis.

Principal transactions and post balance sheet events

During the year, a debt to equity transfer was made Together Limited repaid £5.9 Million of the intercompany loan back to Otto GmbH & Co KG, and FG Holdings then paid the same amount to the company as consideration for the issue of its share capital.

On 1 May 2009 the intercompany loan facility was renewed until 31 December 2010. The total facility available was reduced from £10 Million to £7 Million.

Proposed Dividend

No dividend was paid or proposed during the year *(2008: £nil)*.

Directors

The directors who held office during the year and to the date of this report were as follows:

J Brennan	
P Gelsdorf	(resigned 30 September 2008)
K Forster	(resigned 28 February 2009)
W Darr	(resigned 31 October 2008)
K Tulleners	(appointed 2 February 2009)

Charitable and political contributions

The company made no political or charitable donations or incurred any political expenditure during the year *(2008: £nil)*.

Directors' report

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Mrs L Gladdish
Secretary

26-28 Conway Street
London
W1T 6BH

16th July 2009

Statement of directors' responsibilities in respect of the directors' report and the 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 they 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 and 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 judgements 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.

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report to the members of Together Limited

We have audited the financial statements of Together Limited for the year ended 28 February 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 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.

Independent auditors' report to the members of Together Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 July 2009

Profit and loss account

for the year ended 28 February 2009

	Note	**2009** **£000**	2008 £000
Turnover	*1*	**3,847**	3,862
Cost of sales		**(2,411)**	(2,204)
Gross profit		**1,436**	1,658
Distribution costs		**(782)**	(1,894)
Administrative expenses		**(554)**	(598)
Operating profit / (loss)		**100**	(834)
Interest receivable and similar income	*6*	**76**	9
Interest payable and similar charges	*7*	**(642)**	(674)
Loss on ordinary activities before taxation	*2*	**(466)**	(1,499)
Tax on loss on ordinary activities	*8*	**(88)**	(78)
Loss on ordinary activities after taxation		**(554)**	(1,577)

All of the above transactions relate to continuing activities.

A statement of total recognised gains and losses has not been included as part of these financial statements as the company has recognised no gains or losses other than those disclosed in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

Balance sheet

at 28 February 2009

	Note	2009 £000	2009 £000	2008 £000	2008 £000
Fixed assets					
Tangible assets	*9*		**127**		82
Current assets					
Debtors	*10*	**3,470**		3,247	
Cash at bank and in hand		**263**		149	
		3,733		3,396	
Creditors: amounts falling due within one year	*11*	**(3,733)**		(8,686)	
Net current liabilities			**-**		(5,290)
Total assets less current liabilities			**127**		(5,208)
Provisions for liabilities and charges	*12*		**(20)**		(31)
Net assets/(liabilities)			**107**		(5,239)
Capital and reserves					
Called up share capital	*13*		**200**		100
Share Premium	*14*		**5,800**		-
Profit and loss account			**(5,893)**		(5,339)
Shareholders' funds / (deficit)	*14*		**107**		(5,239)

The notes on pages 8 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 16th July 2009 and were signed on its behalf by:

J Brennan
Director

Notes (forming part of the financial statements)

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 financial statements.

Basis of preparation

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

The financial statements have been prepared on the going concern basis, which the directors believe to be appropriate. An intercompany loan is provided to the company by Otto (GmbH & Co KG) with a line of credit up to £7 million which should enable the company to continue for the foreseeable future and for a period of at least one year from the date of approval of these financial statements to meet its liabilities as they fall due for payment.

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Otto Aktiengesellschaft fuer Beteiligungen, Hamburg, and its cash flows are included within the consolidated cash flow of that company.

As the company is a wholly owned subsidiary of Otto Aktiengesellschaft fuer Beteiligungen, Hamburg, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of that group. The consolidated financial statements of Otto Aktiengesellschaft für Beteiligungen, within which this company is included, can be obtained from the electronic Federal Gazette (Bundesanzeiger) at www.ebundesanzeiger.de only.

Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from the provision of goods and services to customers and franchise income receivable during the year. The company has taken advantage of the exemptions given by SSAP 25 not to disclose segmental information.

Leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes *(continued)*

1 Accounting policies *(continued)*

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 to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold improvements	-	5 years
Plant and machinery	-	2 to 5 years
Motor vehicles	-	2 to 5 years
Fixtures, fittings, tools and equipment	-	2 to 5 years

Catalogue costs

Costs relating to the production of catalogues that are expected to be matched by future sales are carried forward to the financial year when the related sales arise. Costs carried forward are included in prepayments.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account. Where a forward foreign exchange contract has been entered into for the purpose of hedging against income in foreign currency, the rate specified in the contract has been used to value assets and liabilities at the balance sheet date.

2 Loss on ordinary activities before taxation

	2009 £000	2008 £000
Loss on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	41	43
Rentals payable under operating leases		
- plant and machinery	44	29
- other	267	105

Notes *(continued)*

3 Auditors remuneration

	2009 £000	2008 £000
Auditors remuneration:		
Audit of these financial statements	**57**	51
Amounts receivable by the auditors and their associates in respect of:		
Other services relating to taxation	**15**	15
	72	66

4 Remuneration of directors

	2009 £000	2008 £000
Directors' emoluments:		
As directors	**217**	170

The emoluments of the highest paid director were £216,720 *(2008: £170,039)*, and company pension contributions of £7,559 *(2008: £7,515)* were made to a money purchase scheme on behalf of this director.

Retirement benefits are accruing to the following number of directors under:

	Number of directors 2009	2008
Money purchase schemes	**1**	1

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2009	2008
Sales	**9**	9
Administration	**4**	4
Design and sampling	**42**	43
	55	56

The aggregate payroll costs of these persons were as follows:

	2009 £000	2008 £000
Wages and salaries	**1,515**	1,439
Social security costs	**132**	130
Other pension costs	**23**	22
	1,670	1,591

Notes *(continued)*

6 Interest receivable and similar income

	2009 £000	2008 £000
Other interest receivable	5	2
Bank interest receivable	1	1
Net Gains on foreign exchange transactions	70	6
	76	9

7 Interest payable and similar charges

	2009 £000	2008 £000
Amounts payable on bank overdrafts	3	5
Amounts payable on intercompany loan	639	669
	642	674

8 Tax on loss on ordinary activities

	2009 £000	2008 £000
Current taxation:		
Overseas taxation	88	78

Factors affecting current period tax charge

The current tax charge for the period is higher *(2008: higher)* than the standard rate of corporation tax in the UK 28% (2008: 30%). The differences are explained overleaf.

Notes *(continued)*

8 Tax on loss on ordinary activities *(continued)*

	2009 £000	2008 £000
Current tax reconciliation		
Loss on ordinary activities before tax	**(466)**	(1,499)
Current tax at 28% *(2008: 30%)*	**(130)**	(450)
Effects of:		
Trading losses unrelieved	**130**	450
Overseas withholding tax unrelieved	**88**	78
Current tax charge	**88**	78

The potential deferred tax asset amounting to £1,365,362 *(2008: £1,392,493)* arising in respect of losses and capital allowances has not been recognised in the financial statements as there is currently inadequate certainty that the company will have sufficient profits to use these in the near future.

The corporation tax rate applicable to the company reduced from 30% to 28% from 1 April 2008.

9 Tangible fixed assets

	Short leasehold improvements £000	Plant and machinery and motor vehicles £000	Fixtures, fittings, tools and equipment £000	Total £000
Cost				
At beginning of year	182	231	131	544
Additions	45	78	1	124
Disposals	-	(62)	(29)	(91)
At end of year	227	247	103	577
Depreciation				
At beginning of year	179	215	68	462
Charge for year	3	35	3	41
Disposals	-	(45)	(8)	(53)
At end of year	182	205	63	450
Net book value				
At 28 February 2009	**45**	**42**	**40**	**127**
At 29 February 2008	3	16	63	82

Notes *(continued)*

10 Debtors

	2009 £000	2008 £000
Trade debtors	**230**	10
Amounts owed by group undertakings	**258**	410
Other debtors	**102**	53
Prepayments and accrued income	**2,880**	2,774
	3,470	3,247

11 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Intercompany loan	**3,158**	8,043
Trade creditors	**158**	130
Amounts owed to group undertakings	**204**	333
Taxes and social security	**58**	37
Other creditors	**12**	12
Accruals and deferred income	**143**	131
	3,733	8,686

The intercompany loan is repayable on 30th April 2009, however, its repayment term was extended until 31 December 2010, as part of a group facility (see note 18).

12 Provisions for liabilities and charges

	Long service payment provision £000
At 1 March 2008	31
Utilised in the year	(11)
At 28 February 2009	**20**

Notes *(continued)*

13 Called up share capital

	2009 £000	2008 £000
Authorised		
1,000,000 ordinary class "A" shares of £1 each	**1,000**	1,000
1,000,000 ordinary class "B" shares of £1 each	**1,000**	1,000
	2,000	2,000
Allotted, called up and fully paid		
100,001 ordinary class "A" shares of £1 each	**100**	50
100,001 ordinary class "B" shares of £1 each	**100**	50
	200	100

The ordinary "A" shares and "B" shares rank pari passu. During the year 50,000 'A' and 50,000 'B' ordinary shares were issued for total consideration of £5.9 million to Freeman's Grattan Holdings Ltd to provide the company with additional capital.

14 Reconciliation of movements in reserves and shareholders' funds/(deficit)

	2009 £000	2008 £000
Opening shareholders' deficit	**(5,239)**	(3,662)
Retained loss for the year	**(554)**	(1,577)
Increase in share capital and premium	**5,900**	-
Closing shareholders' funds/(deficit)	**107**	(5,239)

15 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2009		2008	
	Other	**Land and buildings**	Other	Land and buildings
	£000	**£000**	£000	£000
Operating leases which expire:				
Within one year	**20**	**92**	6	52
In the second to fifth years inclusive	**25**	**177**	33	91
	45	**269**	39	143

Notes *(continued)*

16 Transactions with Directors

During the year, the company made a number of payments on behalf of its directors, on which no interest was charged, and the amounts are fully recoverable. The balances at the beginning and end of the year and highest balances outstanding at any point during the year are set out below:

Director	At 1 March 2008 £	**At 28 February 2009 £**	Highest balance £
Mrs J Brennan	2,770	40	4,808

17 Ultimate parent undertaking

The company is a subsidiary undertaking of Otto Aktiengesellschaft fuer Beteiligungen, Hamburg which is the ultimate parent company incorporated in Germany.

The smallest group in which the results of the company are consolidated is that headed by Otto GmbH & Co KG, incorporated in Germany. The largest group in which the results of the company are consolidated is that headed by Otto Aktiengesellschaft fuer Beteiligungen, incorporated in Germany. The consolidated accounts of Otto Aktiengesellschaft fuer Beteiligungen are only available in electronic form to the public at www.ebundesanzeiger.de.

18 Post balance sheet events

On 1 May 2009 the intercompany loan facility was renewed until 31 December 2010. The total facility available was reduced from £10 Million to £7 Million.