

MONSOON PLC

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Directors, officers and advisers

Executive Directors

Rose Foster

Chief Executive

Aged 44

Rose Foster was appointed Chief Executive in September 2003. Rose joined the Board in June 2001 as Group Managing Director. Previously Rose was Retail Operations Director at New Look plc and prior to that Retail Sales Director at Next plc.

Mark Vandenberghe

Group International Director

Aged 44

Mark Vandenberghe was appointed to the Board in June 2004 and is responsible for Monsoon's international operations. He joined from Arcadia where he gained over 20 years fashion retailing experience and was Managing Director of Arcadia Group International.

Mark McMenemy

Group Finance Director

Aged 47

Mark McMenemy was appointed to the Board in June 2004 as Group Finance Director. Previously Mark was Finance Director at Mothercare plc and Clarks Shoes Limited.

Registrars

Capita IRG Plc

Registered Office

Monsoon Building
179 Harrow Road
London W2 6NB

Auditors

Ernst & Young LLP

Non-executive Directors

Peter Simon

Chairman

Aged 55

Peter Simon is the founder and majority shareholder of Monsoon plc. He advises the Board on Russia and overall strategy.

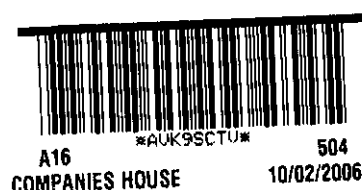
Anton Simon

Aged 52

Anton Simon was appointed to the Board on 23 July 2004. He is also Managing Director of Putnam Investments Limited and has extensive experience in the Russian investment and banking sector.

Company Secretary

Rosalynde Harrison



Solicitors

Berwin Leighton Paisner

Principal Bankers

Royal Bank of Scotland PLC

Nominated Adviser and Broker

Numis Securities Limited

Company Registration Number

2585514

England

MONSOON PLC

FINANCIAL HIGHLIGHTS

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000	Percentage change
Turnover	363,671	271,414	+ 34
Gross profit	223,683	166,243	+35
Gross margin %	61.5	61.3	
Operating profit before exceptional items	56,952	42,599	+ 34
Operating margin before exceptional items %	15.7	15.7	
Profit before tax and exceptional items	59,089	44,051	+ 34
Exceptional Items	6,016	-	
Profit before tax	53,073	44,051	+ 20
Profit after tax	34,567	29,960	+ 15
Basic earnings per share	19.34p	16.80p	+15

CHAIRMAN'S STATEMENT

I am pleased to announce another successful year for the Group with profits in the year ended 28 May 2005 of £59.1 million before tax and exceptional items, an increase of 34% on the previous year. After exceptional items, the profit before tax for the year ended 28 May 2005 is £53.1 million. Total sales increased from £271.4 million to £363.7 million, an increase of 34%. Both the Monsoon and Accessorize brands have traded well, achieving an 11% increase in like-for-like sales.

While this was a good result, and we have had an encouraging start to the new year, the outlook is uncertain. We recognise that we are facing many months of double digit like for like sales increases, which made last year a success. We are also concerned about the impact of recent incidents and the general prediction of the lack of consumer confidence on the high street.

Trading space in the UK, Eire and internationally has been expanded, and we continue to improve the ranges of Monsoon and Accessorize. This included the successful launch of Monsoon Men in October 2004.

However, an element of competition we will not accept is copyright and design infringement and we have successfully pursued those who have copied our designs.

On 19 April 2005 we announced the acquisition of a portfolio of stores in the UK from Arcadia, mainly trading as Etam. Overall the stores will increase Monsoon and Accessorize net trading space by 30%. The capital expenditure involved is approximately £40 million for the conversions. An exceptional charge of £6 million has been taken into this year's accounts to cover the consequential cost of closing a number of small stores, including writing off fixed assets and disposal costs.

This £40 million conversion cost, along with normal levels of investment will result in a total capital expenditure of £70 million in the year to May 2006. As a consequence of this, the Board has concluded not to recommend a final dividend for the financial year ending 28 May 2005.

Our ability to produce good results in tough trading conditions is a credit to our teams, fellow directors and business partners. I would personally like to thank them all for their great achievements and our customers for their support of the business.

Peter Simon
Chairman
25 July 2005

OPERATING AND FINANCIAL REVIEW

Presentation of Accounts

Within the Group Financial Results, the Consolidated Profit and Loss Statement is presented in a columnar format to improve the clarity of information in light of the exceptional charge of £6m in the year.

Group results

During the year to 28 May 2005, turnover increased by 34% from £271.4m to £363.7m. Like-for-like sales were up 11%. Operating profit before exceptional items increased by 34% from £42.6m to £57.0m. Profit before tax and exceptional items was up 34% from £44.1m to £59.1m. After exceptional items, the profit before tax for the year ended 28 May 2005 is £53.1m. Basic earnings per share increased 15%, up from 16.80p to 19.34p.

No dividend will be paid for the year (2004: nil).

UK & Eire

Turnover increased by 32% from £251.3m to £332.6m and like-for-like sales increased 12%. Gross margin increased by 0.1% to 64.0%. Operating profits before exceptional items increased by 32% from £38.2m to £50.3m.

During the year 39 new stores were opened and there were 16 resites. Of these 55 stores, 29 were Monsoon, 11 were Accessorize, 13 were Dual stores, and 2 were concessions in department stores. Dual stores are adjacent Monsoon and Accessorize outlets which are joined internally. 22 stores were closed during the year. The net square footage opened increased trading space by 33% during the year. As at 28 May 2005 we have 336 outlets in the UK and Eire: 120 Monsoon; 139 Accessorize; 73 Dual stores; and 4 concessions.

Monsoon continued to build on the success of its transactional web-site.

International

Turnover, which represents the sale of merchandise to, and royalty income from franchisees, and the net retail sales of our Russian stores, increased by 55% from £20.1m to £31.1m. International operating profits increased, by 51% from £4.4m to £6.6m.

Like-for-like retail sales were up 5% in sterling, with the local currency equivalent like for like sales up 6%.

We signed new franchise agreements in Canada, Turkey and Cyprus. In total, 87 stores were opened in 22 countries and 8 stores were closed. As at 28 May 2005 there were 241 stores in 29 countries.

We are currently negotiating the acquisition of 5 stores (including 1 concession) in France run by our Franchise Partner.

On 15 April 2005 the group acquired 7.8% of the share capital in GUM Trade House in Moscow at a cost of £9.5 million. We currently have one Monsoon and one Accessorize store in the GUM Department store.

Monsoon brand

The development of the Monsoon brand remained a priority with core ranges continuing to perform well. In October 2004, Monsoon successfully launched Monsoon Men with a stand-alone store in Covent Garden. During the year, menswear has been given dedicated space in a number of Monsoon branches, with performance in line with expectations.

Accessorize brand

The Accessorize product offer remained strong with core ranges developed further. To further strengthen the Accessorize brand, a new shopfit was successfully launched.

Current year trading and prospects

Total sales for the 7 weeks to 16 July 2005 are 45% up on the same period last year with like-for-like sales up 16%. With the benefit of strong Summer ranges the Group has made an excellent start to the new financial year.

The purchase of 43 stores from Arcadia will add 30% to Monsoon and Accessorize net trading space. This acquisition will accelerate our already developed expansion programme. The acquired stores will be converted into Monsoon, Accessorize or Dual formats. In some locations this will trigger a consequential conversion of an existing store. This will take place between July and November. The full benefit of these stores will not be realised until the second half of the next financial year. As a result of this and further investment internationally, Monsoon's capital expenditure for the year ending 27 May 2006 will increase to £70 million.

Management

Directors' details are summarised on page 1.

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Business objectives and strategy

The Group's business objective is to continue to build our reputation for consistent and sustained profits growth.

The strategy to achieve this growth is to;

- continue to develop and improve our product in order to exploit the full potential of the Group's existing and established Brands: Monsoon and Accessorize;
- grow sales in the UK and Eire by both substantially increasing square footage and by delivering strong sales densities in existing stores;
- establish the Monsoon and Accessorize brands internationally and become the most successful retailer of accessories worldwide by developing and supporting our network of franchise partners and, where appropriate, making direct investment;
- continue to develop the full potential of our employees so that our customer service is perceived to be of the highest standard; and
- develop our infrastructure, to modernise our processes and to control our costs in order to be a lean but responsive organisation capable of delivering our strategy effectively.

Rose Foster
Chief Executive
25 July 2005

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 weeks ended 28 May 2005.

Principal activities

The principal activity of the Group is the sale of women's, men's and children's clothing, accessories, homeware and gifts.

Results and business review

A review of the Group's activities and of future developments is contained within the Chairman's Statement and the Operating and Financial Review on pages 3 to 5. The Consolidated Profit and Loss Statement is set out on page 11.

Proposed dividend

The Company is not proposing a final dividend this year (2004: nil).

Directors

The current directors of the Company, together with biographical notes, are shown on page 1.

All directors have service contracts which are terminable by the director or the Company on not less than 6 months' notice.

Directors and their share interests

The directors who held office at 28 May 2005 had the following beneficial interests in the share capital of the Company at that date.

Director	Ordinary shares of 10p each	
	2005	2004
Anton Simon	2,500	-
Mark McMenemy	-	-
Mark Vandenberghe	-	-
Rose Foster	-	-
Peter Simon*	112,076,896	112,076,896

*In addition to the share holding shown above Peter Simon holds 150,000 shares, in each year, as nominee for Stoneycroft Limited.

As at 25 July 2005 there has been no change to the interests described above.

Share Options

The Board consider that the granting of share options is no longer an effective means of remuneration. The Board has introduced a long-term incentive plan to replace the award of share options, based on the achievement of challenging but achievable financial results.

The share price at 28 May 2005 was 313.5p and the range during the period from May 2004 to May 2005 has been between 171.5p and 321.0p. Existing share options lapse on expiry of the director's service agreement.

Details of options held by the current directors are set out below:

Director	Date of grant	Earliest exercise date	Expiry date	Exercise price (pence)	Number at 29 May 2004	Number at 28 May 2005	Performance criteria
Rose Foster	7 Sep 2001	7 Sep 2004	6 Sep 2008	72.5	346,937	346,937	Note 1
	7 Sep 2001	7 Sep 2004	6 Sep 2011	72.5	41,379	41,379	Note 1
	1 Aug 2002	1 Aug 2005	31 Jul 2009	111.33	148,208	148,208	Note 2
					536,524	536,524	

During the year, none of the options held by the current directors lapsed or were exercised. No options were granted to the current directors during the year.

Performance criteria are as follows:

Note 1: Earnings per share must increase on compound basis, by at least 10% per annum overall between the reported EPS of the base year ended 26 May 2001 and the earliest exercise date.

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Note 2: Earnings per share must increase on compound basis, by at least 10% per annum overall between the reported EPS of the base year ended 25 May 2002 and the earliest exercise date.

Major shareholders

At 28 May 2005 the following interests of shareholders in excess of 3% have been notified to the Company.

	Number of ordinary shares held	Ordinary shares as % of issued share capital
Balmain Limited	111,674,176	62.97
Stoneycroft Limited*	21,610,111	12.19
Deutsche Bank	9,134,474	5.15

* Stoneycroft Limited is a company wholly owned by Credit Suisse Trust Limited the trustee of the Hurst Trust (a trust for the benefit of the adult children of Peter Simon). Credit Suisse Trust Limited holds 617,880 shares in the company. The quantity of shares stated above includes a parcel of 150,000 shares that are held by Peter Simon as nominee for Stoneycroft.

Charitable and political donations

During the financial year the Group made charitable donations totalling £98,300 (2004: £96,751) to the Monsoon Trust to provide educational opportunities for children, young people and women in the Indian sub continent.

The Monsoon Trust, a registered charity, reg no. 1038446, prepares separate accounts.

No political donations were made (2004: Nil).

Monsoon Trust

The Monsoon Trust was founded as a registered charity in 1994 to mark the Company's 21st anniversary. We are proud to report that every single penny that is donated to The Trust by the public goes directly to the projects we support.

Since its inception we have supported a number of projects, most notably our ongoing ones:

- VIDYA (Delhi, India) a school for underprivileged children.
- Monsoon Anubodh School (Jaipur, Rajasthan, India) a school for hearing impaired.
- Prkratik Society (Ranthambhore Tiger Reserve, Rajasthan, India) a Monsoon Middle School, Senior School, Mother & Child Unit and an Orthopaedic Unit.
- Rajmata Krishna Kumari Girls Hostel (Desuri, Jodhpur, India) a hostel for secondary school girls.

We also recently began support for a brand new project based in Sri Lanka: Pahumune House Vocational School for children displaced by the Tsunami. Sri Lanka was an area that was very badly hit by the Tsunami; moreover, it is the inspiration for the name 'Monsoon', so it seemed particularly appropriate that we should support this region.

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 Group of the profit or loss 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;
- state whether applicable 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 Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the 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 the Group and to prevent and detect fraud and other irregularities.

Health and safety policy

The Group has a responsibility to ensure that all reasonable precautions are taken to provide and maintain working conditions for employees, customers and visitors, which are safe, healthy and in compliance with statutory requirements and appropriate codes of practice.

The Group manages its Health and Safety agenda through a Health and Safety Steering Committee, utilising the advice of a specialist Health and Safety Consultancy. The Committee is tasked with the establishment of detailed policies and procedures to minimise the instances of accidents and illnesses. The day to day management of issues and incidents is controlled by local managers supported by the Retail Field team and maintenance suppliers. We have finalised our Policy on the Disability Discrimination Act and the training required to support this.

Employment policy

Employment policies are based on a commitment to equal opportunities from selection and recruitment, through training, development, appraisal and promotion.

We aim to promote an environment free from discrimination, harassment and victimisation and all decisions relating to employment will be objective and based solely on individual merit. We are intent on using everyone's talents and abilities to the full.

Employee involvement in the Group's success and profitability is encouraged through various sales and profit-related incentive schemes. Regular meetings, the election of employee representatives, and the Company Intranet encourage employees to involve themselves in all aspects of the Group's activities and make sure they are informed of matters which concern them as employees.

It is the Group's policy to give full and fair consideration to suitable applications for employment by disabled persons and so far as particular disabilities permit, give continued employment to any existing employee who becomes disabled.

Corporate governance

As an AIM quoted company Monsoon is not obliged to list details of its corporate governance; however the directors have a system of internal financial and operational controls designed to provide effective management of the business. These include detailed management information and regular meetings of the directors.

Corporate social responsibility and environment policy

The Board accepts there is a growing interest in Corporate Social Responsibility (CSR) from both institutional and private investors, who view this in the context of risks and opportunities and their impact on shareholder value.

The Board is committed to retailing high quality garments, accessories, home ware and gifts and will at all times endeavour to do so with the minimum adverse impact on the environment. The key principles of the policy of the Group are:

- to plan for and encourage the reduction of waste in general and packaging in particular, including the recycling of materials and the environmentally friendly disposal of waste products;
- to encourage the conservation of energy and other natural resources;
- to maintain, restore and improve its retail stores in compliance with listed and other building regulations and provide a safe and enjoyable shopping environment for all consumers; and
- as part of its Corporate Code of Practice on Procurement of Merchandise, to require suppliers to take initiatives to protect the environment.

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Ethical Trading Initiative

The Group is a founder member of the Ethical Trading Initiative (ETI), which is an alliance of companies, non-governmental and trade union organisations, that is working to improve conditions of employment in the supply chains of its members, delivering goods to consumers worldwide. The ETI encourages its members to work cooperatively with its suppliers to achieve sustained improvements, through the principle of continuous improvement. The employment standards adopted by ETI members are international standards that come from the Core Conventions of the International Labour Organisation, to which over 170 countries belong. The standards are set out in the ETI's Base Code.

All member companies have to submit an annual report on their Ethical Activities, to the ETI each February. In their feedback to members, in June 2005, Monsoon was commended for the involvement of its management team, close working relationship with suppliers and substantially achieving the targets set for 2004.

The report says "this indicates, in the view of the ETI Secretariat, ... that the business has:

- a commitment to ethical trade,
- a significant monitoring programme,
- generated a significant amount of remedial action,
- has set meaningful priorities, and
- is proactive in ETI activities."

Supplier payments policy

Group companies do not follow any specific code or standard on payment practice but agree payment terms during contractual negotiations with all prospective suppliers. Payment terms are clearly stated on purchase orders. It is the Group's policy to abide by the agreed terms of payment where appropriate. The Company, being a holding company, had no trade creditors at 28 May 2005. The average number of days' credit taken by Group companies for trade purchases for the year ended 28 May 2005 was 35 days (2004: 38 days).


Annual general meeting

The annual general meeting of the Company will be held on 30 September 2005 at the Amadeus Centre, 50 Shirland Road, London, W9 2JA. The notice of annual general meeting is on pages 27 to 29.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors of the Company will be proposed at the Annual General Meeting.

By order of the Board


R Harrison
Secretary
25 July 2005
179 Harrow Road
London
W2 6NB

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MONSOON plc

We have audited the Group's financial statements for the year ended 28 May 2005 which comprise the primary financial statements such as the Consolidated Profit and Loss Statement, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Total Recognised Gains and Losses, and the related notes 1 to 29. These financial statements have been prepared on the basis of 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 auditors' 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 Annual Report, including the financial statements which are required to be prepared in accordance with United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been 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 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 with the Group is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report, Chairman's Statement, Operating and Financial Review and Corporate Governance statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 Group's circumstances, consistently applied and adequately disclosed.

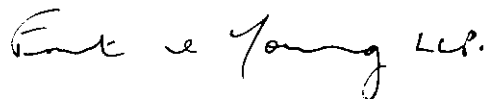
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 affairs of the Company and of the Group as at 28 May 2005 and of the profit of the Group for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
25 July 2005



MONSOON PLC

CONSOLIDATED PROFIT AND LOSS STATEMENT

		Ordinary Activities 52 weeks to 28 May 2005 £000	Exceptional Item 52 weeks to 28 May 2005 £000	Total 52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
	Note				
Turnover	2	363,671	-	363,671	271,414
Cost of sales		(139,988)	-	(139,988)	(105,171)
Gross profit	2	223,683	-	223,683	166,243
Administrative expenses	4	(167,742)	(6,016)	(173,758)	(124,445)
Other operating income	7	1,011	-	1,011	801
Operating profit	2	56,952	(6,016)	50,936	42,599
Interest receivable and similar income	8	2,220	-	2,220	1,561
Interest payable and similar charges	9	(83)	-	(83)	(109)
Profit on ordinary activities before taxation		59,089	(6,016)	53,073	44,051
Tax on profit on ordinary activities	10	(18,514)	8	(18,506)	(14,091)
Profit for the year		40,575	(6,008)	34,567	29,960
Earnings per share - basic	11			19.34p	16.80p
Earnings Per Share - diluted	11			19.28p	16.77p

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Profit for the financial year	34,567	29,960
Currency translation differences	11	(891)
Total Gains recognised in the year	34,578	29,069

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CONSOLIDATED AND COMPANY BALANCE SHEETS

At 28 May 2005	Note	Group		Company	
		2005 £000	2004 £000	2005 £000	2004 £000
Fixed assets					
Intangible assets	12	2,292	1,220	-	-
Tangible assets	13	75,771	48,976	-	-
Investments	14	9,509	-	245,484	245,484
		87,572	50,196	245,484	245,484
Current assets					
Stocks	15	41,384	29,355	-	-
Debtors	16	28,484	13,472	59,901	59,882
Cash at bank and in hand		58,657	54,546	-	216
		128,525	97,373	59,901	60,098
Creditors: amounts falling due within one year	17	(80,897)	(43,852)	(57,862)	(52,221)
Net current assets		47,628	53,521	2,039	7,877
Total assets less current liabilities		135,200	103,717	247,523	253,361
Provisions for liabilities and charges	18	(2,007)	(872)	-	-
Net assets		133,193	102,845	247,523	253,361
Capital and reserves					
Called up share capital	19	17,733	17,855	17,733	17,855
Share premium	20	647	572	647	572
Merger reserve	20	5,271	5,271	227,766	227,766
Capital redemption reserve	20	143	-	143	-
Profit and loss account	20	109,399	79,147	1,234	7,168
Equity shareholders' funds	24	133,193	102,845	247,523	253,361

The financial statements were approved by the Board of Directors on 25 July 2005 and were signed on its behalf by:

Peter Simon
Director

Rose Foster
Director

X

25 July 2005

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CONSOLIDATED CASH FLOW STATEMENT

		52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
	Note		
Net cash inflow from operating activities	25	67,510	49,280
Returns on investments and servicing of finance	26	2,137	1,452
Taxation		(14,159)	(12,891)
Capital expenditure and financial investment	26	(50,963)	(18,803)
Equity dividends paid		-	(6,230)
Net cash inflow before management of liquid resources		4,525	12,808
Management of liquid resources	26	(687)	(19,616)
Share buy back		(4,326)	-
Financing - issues of shares		96	539
Decrease in net cash in the period		(392)	(6,269)
Reconciliation of net cash flow to movement in net funds			
Decrease in net cash in the period		(392)	(6,269)
Cash inflow from management of liquid resources		687	19,616
Increase in net funds resulting from cash flows		295	13,347
Translation differences		11	(891)
Movement in net funds in the period		306	12,456
Net funds at the start of the period		49,906	37,450
Net funds at the end of the period	27	50,212	49,906

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 28 May 2005

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards, which have been applied consistently. Comparative figures are provided for the 52 week period ended 29 May 2004.

As required by FRS 18, accounting policies are periodically reviewed to ensure that they continue to be the most appropriate for the Group. There were no new accounting policies adopted in the period ended 28 May 2005.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 28 May 2005. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Prior to the period ended 29 May 1999 goodwill arising on consolidation was written off to reserves in the year of acquisition. As permitted by FRS 10, this goodwill has not been reinstated in the balance sheet and remains written off to reserves. Goodwill arising on subsequent acquisitions is capitalised and amortised over its useful economic life.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

Fixed assets and depreciation

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

Leasehold land and buildings	- life of lease
Motor vehicles	- straight line over 5 years
Furniture, fixtures and fittings	- straight line over 6 to 10 years
Computers	- straight line over 3 to 5 years

The cost of trademarks is being written-off over 10 years on a straight line basis, subject to reviews for impairment on an annual basis.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life, which is no more than 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Investments

Fixed asset investments are stated at cost less any provision for impairment. This is subject to review for impairment on an annual basis.

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.

The results, assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on the retranslation of opening net assets are taken to reserves. The group uses forward foreign currency contracts to reduce exposure to foreign exchange rates.

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Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Rent-free periods and reverse premiums

Benefits 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.

Post-retirement benefits

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

Contributions to personal pensions for employees and directors are charged against profits as incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Turnover

Turnover represents the amounts net of trade discounts (excluding value added tax and its overseas equivalents) derived from the provision of goods and services to third party customers and franchisees, and the royalty income from franchisees and licensees.

Cost of sales and expenses

Cost of sales consists of all costs to the point of sale including warehouse and transportation costs. All other costs are treated as administrative expenses including pre-opening costs for new stores which are expensed as incurred.

Financial instruments

Financial assets are recognised when the Group 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.

2 Segmental information

In the opinion of the directors, the Group operates in only one class of business, being the sale of women's, men's and children's clothing and accessories, homeware and gifts. The analysis by destination is as follows:

	Turnover		Gross profit		Operating profit after exceptional items		Net assets	
	2005	2004	2005	2004	2005	2004	2005	2004
	£000	£000	£000	£000	£000	£000	£000	£000
UK & Eire	332,582	251,324	212,776	160,613	44,318	38,215	130,061	102,845
International	31,089	20,090	10,907	5,630	6,618	4,384	3,132	-
Total	363,671	271,414	223,683	166,243	50,936	42,599	133,193	102,845

UK and Eire operating profit before exceptional items is £50,334k. The net assets of UK and Eire include £50,907k of interest bearing financial assets (2004: £49,929k).

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3 Profit on ordinary activities before taxation

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Profit before tax is stated after charging / (crediting)		
Auditors' remuneration		
- audit (Company £10,000; 2004: £9,000)	80	75
- other fees relating to taxation compliance and advice	68	3
Depreciation of tangible fixed assets	11,749	9,039
Amortisation of intangible fixed assets	193	149
Loss on disposal of fixed assets	1,647	531
Loss on impairment of fixed assets	5,905	-
Operating leases - land and buildings	45,953	36,284
Exchange losses / (gains)	5	(26)
US Joint Venture closure costs	-	285

4 Exceptional item

Following the purchase of 43 stores from Arcadia Group plc, mainly trading as Etam plc, an exceptional charge of £6 million has been taken into this year's accounts to cover the consequential cost of closing a number of small stores. The resultant provision was accounted for in the year as the company was committed to the transaction at year end. The charge is made up of the following components:

	£000
Impairment of fixed assets	3,989
Cost of store closures	2,027
Net expense	6,016

5 Staff numbers and costs

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

	2005	Number of employees 2004
Retail and distribution	3,208	2,241
Design and buying	162	123
Administration	375	304
	3,745	2,668

The aggregate payroll costs of these persons were as follows:

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Wages and Salaries	61,501	45,730
Social Security Costs	4,769	3,434
Other Pension Costs	549	438
	66,819	49,602

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6 Directors' emoluments

	Highest paid director		All	
	2005	2004	2005	2004
	£000	£000	£000	£000
Emoluments	426	249	1,205	960
Bonus	350	197	1,124	197
Gain made on exercise of share option	-	-	-	97
Company pension contributions	50	25	104	51
	826	471	2,433	1,305

Four directors are members of defined contribution pension schemes (2004: 2).

7 Other operating income

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Rent receivable	590	677
Other income	421	124
	1,011	801

8 Interest receivable and similar income

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Bank interest	2,210	1,558
Other interest	10	3
	2,220	1,561

9 Interest payable and similar charges

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Bank overdraft interest	1	8
Other interest	82	101
	83	109

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10 Taxation

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
UK Corporation tax at 30% (2004: 30%)	19,357	13,585
(Over)/under provision prior years	(555)	5
Overseas taxation	369	53
	19,171	13,643
Deferred taxation (Note 18)	(665)	448
	18,506	14,091
Factors affecting tax charged for the period	2005 £000	2004 £000
Profit on ordinary activities before tax	53,073	44,051
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	15,922	13,216
Effects of:		
Net expenses not deductible for taxation purposes and other adjustments to accounting profit and loss	2,363	153
Net income added back for tax purposes	-	(23)
(Accelerated)/decelerated capital allowances	(720)	469
Difference in tax rate on overseas earnings	(372)	(177)
Other short term timing differences	737	-
Adjustment in respect to prior periods	(555)	-
Exceptional item	1,796	5
Current tax charge for the period	19,171	13,643

11 Earnings per share

The calculation of basic earnings per ordinary share is based on profit for the year after tax of £34.6m (2004: £30.0m) and on 178,693,475 ordinary shares (2004: 178,363,145), being the weighted average number of shares in issue during the period ended 28 May 2005.

The calculation of diluted earnings per share is based on £34.6m (2004: £30.0m) being the profit for the year after taxation and 179,295,818 ordinary shares of 10p each (2004: 178,664,132) being the weighted average number of shares used for the calculation of earnings per share above increased by the dilutive effect of potential ordinary shares from employees share option schemes of 602,344 shares (2004: 300,986).

	52 weeks to 28 May 2005 Pence	52 weeks to 29 May 2004 pence
Basic earnings per share	19.34	16.80
Diluted earnings per share	19.28	16.77

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12 Intangible fixed assets

	Goodwill £000	Trademarks £000	Total £000
Group			
Cost			
At the beginning of year	1,056	468	1,524
Additions	1,059	206	1,265
At end of year	2,115	674	2,789
Amortisation			
At the beginning of year	203	101	304
Charge for year	136	57	193
At end of year	339	158	497
Net book value			
At 28 May 2005	1,776	516	2,292
At 29 May 2004	853	367	1,220

Goodwill arising from investment in subsidiary has been capitalised and amortised over a period of 10 to 20 years as permitted within the provisions of FRS10, 'Goodwill & Intangible Assets'. Additions relate to the Veter LLC acquisition of the Russian franchise. Trademarks are amortised over 10 years.

13 Tangible fixed assets

	Short leasehold premises £000	Fixtures fittings and equipment £000	Motor vehicles £000	Total £000
Group				
Cost				
At beginning of year	30,529	44,589	188	75,306
Currency translation differences	-	11	1	12
Additions	15,932	24,453	18	40,403
Disposals	(1,834)	(4,852)	(119)	(6,805)
At end of year	44,627	64,201	88	108,916
Depreciation				
At beginning of year	7,534	18,652	144	26,330
Currency translation differences	-	6	2	8
Charge for year	3,306	8,423	20	11,749
Disposals	(895)	(3,945)	(102)	(4,942)
At end of year	9,945	23,136	64	33,145
Net book value				
At 28 May 2005	34,682	41,065	24	75,771
At 29 May 2004	22,995	25,937	44	48,976

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14 Investments

Group

During the year the Group acquired a 7.8% stake in GUM Trade House, a listed entity at a cost of £9.5m.

On 1 November 2004 the group acquired the business of its Russian franchise, and the assets from a company associated with the franchise operation, for a consideration of £1,724k.

	Book value £000	Revaluation adjustment £000	Fair value to the group £000
Net assets at date of acquisition:			
Fixtures, fittings and equipment	69	305	374
Stock	291	-	291
Net assets			665
Goodwill arising on acquisition			1,059
			1,724
Discharged by:			
Cash			1,253
Release of liability			471
			1,724

The business contributed £1.1 million to the group's operating profit for the 7 months of trading. From the group's perspective the contribution to the profit and loss and cash flow statements is considered immaterial.

	Shares in Subsidiary undertakings £000
Company	
Cost and net book value	
At 29 May 2004 and 28 May 2005	245,484

Subsidiary Undertakings	Country of Incorporation	Class and percentage of shares held	Percentage of voting rights
Monsoon Holdings Limited	England & Wales	Ordinary shares 100%	100%
Monsoon Accessorize Limited*	England & Wales	'A' Ordinary shares 100%	N/A
Monsoon of London Pty Limited*	England & Wales	Ordinary shares 100%	100%
Monsoon Co-ordination Services Limited*	Australia	Ordinary shares 100%	100%
Monsoon Twilight Inc (Delaware)*	Hong Kong	Ordinary shares 100%	100%
Brands Exploitation Limited*	USA	Capital stock 100%	100%
Monsoon Accessorize Ireland Limited*	Malta	Ordinary shares 100%	100%
Monsoon Accessorize Ireland (Holdings) Limited*	Ireland	Ordinary shares 100%	100%
Conran Properties Limited*	Ireland	Ordinary shares 100%	100%
Monsoon Accessorize (Asia) Limited*	Ireland	Ordinary shares 100%	100%
Veter LLC*	Hong Kong	Ordinary shares 100%	100%
Monsoon Accessorize Holdings (Cyprus) Limited*	Russia	Ordinary shares 100%	100%
Monsoon Accessorize (Cyprus) Limited*	Cyprus	Ordinary shares 100%	100%
Monsoon Accessorize SARL*	Cyprus	Ordinary shares 100%	100%
	France	Ordinary shares 100%	100%

* indirect holding

Monsoon Holdings Limited, Monsoon Accessorize Ireland (Holdings) Limited, and Monsoon Accessorize (Cyprus) Limited act as holding companies for other subsidiaries within the group. Monsoon Accessorize Holdings (Cyprus) Limited is a financing company and Monsoon Twilight Inc is a dormant company. All the remaining subsidiary undertakings are involved in the clothing and accessories retail business.

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15 Stocks

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Goods for resale	41,384	29,355	-	-

16 Debtors

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Trade debtors	16,162	6,701	-	-
Amounts owed by Group undertakings	-	-	59,882	59,882
Other debtors	1,594	1,399	19	-
Prepayments and accrued income	10,728	5,372	-	-
	28,484	13,472	59,901	59,882

17 Creditors: amounts falling due within one year

	Group		Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Bank overdraft	8,447	4,640	-	-
Trade creditors	20,604	11,213	-	-
Amounts owed to subsidiary undertakings	-	-	56,842	50,891
Corporate taxes	11,480	6,469	-	192
Other taxes and social security	1,574	3,140	-	-
Other creditors	15,627	10,680	417	480
Accruals	23,165	7,710	603	658
	80,897	43,852	57,862	52,221

18 Provisions for liabilities and charges

	Long-term incentive plan £000	Deferred taxation £000	Total £000
Group			
At beginning of year	-	872	872
Charge/(credit) for the year	1,800	(17)	1,783
Adjustments in respect of prior periods	-	(648)	(648)
At the end of year	1,800	207	2,007

The amounts provided for deferred taxation, which represent the full potential liability, are set out below:

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Difference between accumulated depreciation and amortisation and capital allowances	1,371	886
Other timing differences	(1,164)	(14)

The group has an unrecognised deferred tax asset of £678k (2004: £678k) in respect of capital losses. In accordance with the group accounting policy for deferred tax the asset is not being recognised since it is not certain that suitable chargeable gains will arise which would enable the losses to be utilised.

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19 Called up share capital

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Authorised		
241,000,000 ordinary shares of 10p each	24,100	24,100
Allotted, called up and fully paid		
177,331,285 (2004: 178,549,992) ordinary shares of 10p each	17,733	17,855

During the year 216,293 options were exercised. This increased share capital by £22k and share premium by £75k. Also during the year the company bought back 1,435,000 of its own shares. This reduced share capital by £144k, increased the capital redemption reserve by £143k and decreased profit and loss reserves by £4,326k.

Options to subscribe under various schemes for ordinary shares are as follows:

		Date granted	Subscription price (p)	Exercisable from	Number of persons 2005	Number of options outstanding 2005	Number of options outstanding 2004
Executive Scheme	Directors	07/09/01	72.50	07/09/04	1	388,316	388,316
	Directors	01/08/02	111.33	01/08/05	1	148,208	148,208
	Executives	07/11/97	131.92	07/11/00	-	-	912,000
	Executives	02/02/99	44.50	02/02/02	1	64,606	432,583
Company Scheme	Employees	11/02/98	198.00	11/02/01	-	-	284,901
	Employees	01/08/02	111.33	01/08/05	2	134,734	215,575
						735,864	2,381,583

These options are exercisable at various times up to 2011 as long as performance criteria based on an increase in earnings per share of between 10% and 15% per annum are achieved. The exercise price ranges from 44.5p to 198p per share. Changes in the number of options outstanding compared with 2004 are due to lapsed and exercised options.

20 Reserves

Group	Share Premium Reserve £000	Merger Reserve £000	Capital Redemption Reserve £000	Profit and loss £000	Total Reserves £000
At beginning of period	572	5,271	-	79,147	84,990
Retained profit for period	-	-	-	34,567	34,567
Share Issue	75	-	-	-	75
Share buy back	-	-	143	(4,326)	(4,183)
Exchange differences	-	-	-	11	11
At end of period	647	5,271	143	109,399	115,460

Cumulative goodwill of £222.5m (2004: £222.5m) arising on acquisitions has been written off against the merger reserve.

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Company	Share Premium Reserve £000	Merger reserve £000	Capital Redemption Reserve £000	Profit and loss £000
At beginning of period	572	227,766	-	7,168
Retained loss for period	-	-	-	(1,608)
Share Issue	75	-	-	-
Share buy back	-	-	143	(4,326)
At end of period	647	227,766	143	1,234

The Company's loss on ordinary activities after taxation for the financial year was £1,608,833 (2004: loss £2,761,000).

21 Commitments

Capital Commitments	2005 £000	2004 £000
Contracted for but not provided for in the financial statements	40,498	3,719

Lease commitments

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

Group	2005 Land and buildings £000	2004 Land and buildings £000
Operating leases which expire:		
Within one year	3,645	1,752
In the second to fifth years inclusive	7,564	4,804
Over five years	39,106	30,044
	50,315	36,600

Bank guarantees

There is a bank guarantee in favour of HM Customs and Excise to cover a duty deferment facility. As at 28 May 2005 this amounted to £2m. The only other bank guarantees are cross guarantees between Monsoon plc, Monsoon Holdings Limited and Monsoon Accessorize Limited.

22 Financial instruments

Financial assets

The interest rate and currency profiles of the Group's financial assets, excluding short term debtors and fixed asset investments, at the end of the year were:

Currency	2005 Floating rate £000	2005 Non-interest bearing £000	2005 Total £000	2004 Floating rate £000	2004 Non-interest bearing £000	2004 Total £000
Sterling	45,987	1,699	47,686	44,751	3,975	48,726
Euro	790	254	1,044	4,621	642	5,263
US Dollar	4,037	4,438	8,475	20	-	20
Other	93	1,359	1,452	537	-	537
	50,907	7,750	58,657	49,929	4,617	54,546

Floating rate financial assets comprise cash deposits on money market deposits on call and two day rates. Sterling denominated bank balances earn interest at a rate linked to LIBOR. US dollar denominated bank balances earn interest at a rate linked to the US prime rate. The financial assets on which no interest is earned represent the Group's current account bank facilities.

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Currency exposures

Other than its functional currency of sterling the Company holds £8,475k of US dollars (2004: £20k) and £1,044k (2004: £5,263k) of Euros. These cash balances are held for trading purposes and give rise to the net currency gains and losses recognised in the profit and loss account.

When directors consider it necessary, appropriate instruments are utilised to limit risk exposure to foreign currency movements.

Within the Group, the principal differences on exchange arising, which are taken to the profit and loss account, relate to purchases made by Group companies in currencies other than reporting currencies. After taking account of forward currency contracts used to partially hedge these transactions, there were no significant balances on these exposures at year end.

Fair values of financial assets & financial liabilities

	Book value 2005 £000	Fair value 2005 £000	Book value 2004 £000	Fair value 2004 £000
<i>Primary financial instruments</i>				
Investments	9,509	6,096	-	-
Cash and short term deposits	58,657	58,657	54,546	54,546
<i>Derivative financial instruments:</i>				
Forward foreign currency contracts	254	831	-	-

The fair value of the investments represent the traded value of shares in GUM Trade House on the Frankfurt Stock Exchange at the year end. The investment is carried at historic cost due to its strategic nature. It forms part of Monsoon's long term strategy to secure existing and future prime retail space in Russia. There are currently two retail sites located in the GUM Department Store that generate significant profits. In addition, the investment provides Monsoon with representation on the Board of GUM Trade House.

For all other financial assets and financial liabilities the carrying value is equal to book value. Market values have been used to determine the fair value of the above financial instruments.

Borrowing facilities

The group has borrowing facilities available to it. The undrawn facilities at 28 May 2005 were £0.3m. There are no expiry clauses.

Interest rate risk

The group does not incur interest charges on its overdraft facilities where certain conditions are met.

Liquidity risk

The maturity profile of the group's financial liabilities at the year end are as follows:

	2005 £000	2004 £000
In one year or less	69,417	37,383
In more than 1 year but not more than 5 years	1,800	-
	71,217	37,383

23 Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits for this scheme represents the contributions payable to the scheme in respect of the accounting period. At the year end £69k was unpaid and accrued (2004: £58k).

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24 Reconciliation of equity shareholders' funds

	2005 £000	2004 £000
Total gains recognised in the year	34,578	29,069
Share buy back	(4,326)	-
	30,252	29,069
Equity shareholders funds at start of year	102,845	73,237
Issue of shares	96	539
Equity shareholders funds at end of year	133,193	102,845

25 Reconciliation of operating profit to net cash inflow from operating activities

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Operating profit	50,936	42,599
Depreciation charge	11,749	9,039
Loss on disposal of fixed assets	1,647	531
Amortisation of intangible assets	193	149
Increase in stocks	(12,029)	(5,378)
Increase in debtors	(15,013)	(268)
Increase in creditors	30,027	2,608
Net cash inflow from operating activities	67,510	49,280

26 Analysis of cash flows from headings netted in the cashflow statement

	52 weeks to 28 May 2005 £000	52 weeks to 29 May 2004 £000
Returns on investment and servicing of finance		
Interest received	2,220	1,561
Interest paid	(83)	(109)
Net cash inflow from returns on investment and servicing of finance	2,137	1,452
Capital expenditure and financial investment		
Purchase of listed investments	(9,509)	
Purchase of tangible fixed assets	(40,403)	(19,689)
Currency translation differences	(11)	-
Sale of tangible fixed assets	225	955
Purchase of intangible fixed assets	(1,265)	(69)
Net cash outflow from capital expenditure and financial investment	(50,963)	(18,803)
Management of liquid resources		
Increase in short-term deposits	(687)	(19,616)

Acquisition of Russian franchise

During the year tangible fixed assets of £665k and intangible fixed assets of £1,059k were acquired. These are included in the balances above.

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Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources comprise term deposits of less than one year (other than cash) and investments in money market managed funds, which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

Major non-cash transactions

See note 4 for an analysis of the exceptional item relating to the consequential cost of store closures.

27 Analysis of net funds

	At beginning of year £000	Cashflow £000	Exchange movement £000	At end of year £000
Cash at hand and in bank	5,991	3,415	11	9,417
Overdrafts	(4,640)	(3,807)	-	(8,447)
	1,351	(392)	11	970
Liquid resources	48,555	687	-	49,242
Total	49,906	295	11	50,212

Cash at bank and in hand consist of mainly balances in Sterling, Euros and US dollars, which are currencies in which the Company trades.

28 Related party disclosures

The following related party transactions occurred during the period:

(i) Hartley SIPP re P Simon (formerly Monsoon Executive Pension Scheme)

Six retail properties were leased to the Group by Hartley SIPP (formerly Monsoon Executive Pension Scheme), of which Peter Simon is a member. The aggregate rentals payable by the Group amounted to £394,067 (2004: £395,347). The amounts prepaid at 29 May 2005 totalled £19,964 (2004: £23,420).

(ii) Stoneham Properties Limited

During the period the Group was charged rent on a property to the value of £229,368 (2004: £228,736) by Stoneham Properties Limited, which as at 28 May 2005 was a subsidiary of Sycamore Holdings Limited. The amount prepaid at 28 May 2005 was £16,429 (2004: £15,797). The Group no longer occupies this property and sublets it at a small profit to unrelated tenants. Sycamore Holdings Limited is owned by Fleming Family and Partners AG (Liechtenstein) in its capacity as trustee of one of Peter Simon's family trusts.

(iii) Wymore Limited

The Group leases its head office from Wymore Limited and paid rent during the period of £1,377,533 (2004: £1,373,738). The amount prepaid at 28 May 2005 was £98,666 (2004: £94,871). Wymore Limited is owned by Credit Suisse Trust Limited in its capacity as trustee of one of Peter Simon's family trusts.

(iv) Fleming Family and Partners AG

On 5th August 2004 an entity controlled by Fleming Family and Partners AG (Liechtenstein), in its capacity as trustee of the Beauchamp Trust, sold 3,127,420 shares and 777,094 ADR's in GUM Trade House a company listed on the Frankfurt Stock Exchange to Varroville Finance Ltd, a company related to Fleming Family and Partners AG (Liechtenstein) for £4,257,410. On 18th April 2005 Varroville Finance Ltd sold the same number of shares and ADR's to Monsoon Plc for £9,509,213. Both transactions were carried out at the stock market price on the relevant date.

29 Ultimate controlling party

As at 28 May 2005 the directors consider that Fleming Family and Partners AG (Liechtenstein), in its capacity as trustee of the Beauchamp Trust, (the owner of Balmain Limited), is the ultimate controlling party of the Company. Peter Simon has a beneficial interest in the shares owned by the Beauchamp Trust.