Company no. 03328638

Marchpole Holdings plc

Report and Financial Statements

5 April 2008

Marchpole Holdings plc

Report and financial statements 2008

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Marchpole Holdings plc

Chairman's statement

The following statement is a report of the results of Marchpole Holdings plc for the 53 weeks ended 5 April 2008

Despite a difficult trading year and making a substantial loss at the full year, we have made significant progress in all parts of our business and continue to evolve into a diversified international luxury brand management business During the period, Marchpole has successfully negotiated a number of new partnerships and licence agreements for its globally recognised brands We have broadened our customer base and capitalised on the popularity of our portfolio in key brand driven consumer markets that are experiencing a rising demand for luxury fashion apparel We remain committed to strengthening our presence on an international platform and we now operate in all major fashion markets of Continental and Eastern Europe, Asia, the Americas, the Middle East, as well as the UK We anticipate that these markets will make an increasing contribution to earnings enhancing growth over the longer term

We continue to work with Jean-Charles de Castelbajac to broaden the customer base of the popular JCC label During the period, we were delighted to sign an exclusive agreement with global denim brand, Lee Cooper Inc ("Lee Cooper") to launch the first and only premium denim lines offered by Lee Cooper Additionally, we signed a long term agreement with world famous headwear company, New Era Both fashion lines were well received and, post the period end, we successfully renegotiated and extended our contract with Lee Cooper for improved returns during the next financial period

We continue to strengthen the global reach of the JCC brand in major luxury brand driven markets and the label is now available in the Middle East, Russia and the Far East We opened new flagship stores in Moscow and Tokyo In addition to this, the brand continues to build upon its success in the USA Notwithstanding the continued growth of the JCC brand, we have experienced a significant trading loss with our major partner in Korea resulting in a EUR 2 0 million (approximately) loss of revenue However, our licensing income has doubled from £1 45 million to £2 9 million

In the results for the period ending 5 April 2008, we had also anticipated a payment of £1 5 million in respect of the termination of the perfume licence with JCC agreed in February 2008 However, we were unable to recognise this payment as proceeds had not been received This money will be shown in the six months to 30 September 2008 as the proceeds have now been received in full

The sales of Emanuel Ungaro and Ungaro Homme remain in line with our expectations despite difficult trading conditions We have renegotiated our terms of trading with the House of Ungaro's three major stores in Paris, New York and Palm Beach These renegotiated terms will improve our cash flow and profitability

Our two most recent acquisitions of Greenmark and Homebody are now fully integrated We continue to work with both companies to fully exploit the potential of both businesses worldwide Although the shoe retailing market is challenging, our Greenmark business has achieved £22 0 million turnover Most encouragingly, we have expanded the business from single market sourcing and manufacturing in Brazil into the fast growing sourcing and manufacturing market of Asia This initiative has been driven by our expertise in the Asian market

Despite the legal dispute with Ozwald Boateng's Bespoke Couture Limited which has now been successfully settled in Marchpole's favour, we continue to make very good progress and the business is on track and has increased sales by 150%

It is extremely frustrating that we have made this significant loss at the full year, even though the Company is making progress We have experienced difficult trading conditions, in particular with one of our major international partners and also with one of our significant UK customers, resulting in this loss We have taken appropriate measures to mitigate against these issues and put Marchpole in a stronger position to take advantage of future profitable trading opportunities We continue to make good progress in expanding sales in Russia, the Eastern European states, the Middle East and Asia where there is a rising demand for luxury brands We recognise these markets as an integral part of the Company's future profitability

Marchpole Holdings plc

Chairman's statement

Marchpole has a proven expertise in managing brands on a worldwide platform We continue to assess earnings enhancing opportunities and we are well placed to capitalise on our core strength and deliver better shareholder value as part of our three to five year programme for global growth

Results

This has been a difficult trading year and as a result the Group has made a loss after taxation of £5 4 m (2007 restated profit £4 2m)

The directors are not recommending the payment of a final dividend The total dividend for the period was 1 1 pence (2007 3 75 pence)

Dividends

The Board is reviewing its dividend policy as a result of the Group's financial performance

Board Changes and Management Structure

Following the departure of John Harrison in July 2007, John Macaulay was appointed to the position of Group Finance Director and joined the Board on 10 March 2008 John, who was Group Financial Officer, has over 15 years experience in senior financial positions in the clothing business Raymond Harris, formerly Acting Finance Director since July 2007, resumed his position as an executive Director on the Board

To support the next stage of the Company's development, Chris Phillips was appointed full time Executive Chairman in February 2008 Since joining the Board in 2002, Chris has been an integral part of the management team In August 2007, Marchpole appointed John Molloy to the Board John, who leads the London buying office for C&A Europe, has spent over 40 years in the retail industry and brings unrivalled commercial experience to the Group

The Board has also restructured the management of the operating subsidiaries to enhance performance and improve corporate governance in the international subsidiaries

Licences

Emanuel Ungaro and Ungaro Homme

Marchpole continues to develop its relationship with the House of Ungaro and has made further progress in establishing the Emanuel Ungaro and Ungaro Homme diffusion labels as a worldwide menswear brand

The Board remains confident in its strategic decision to use the Ungaro brand to continue to develop the business We have restructured the US business and cut overheads to realise cost savings Although the retail environment in America continues to be extremely difficult, the US business has now turned the corner and we have seen a very significant increase in sales

Demand for the new first line Emanuel Ungaro collection continues to increase The House of Ungaro has committed to opening a menswear only flagship store in Paris later this year

Additionally, the rising demand for the premium brand has led to three new flagship stores being scheduled, with one store already trading in Bucharest during the period The additional stores will be opened in Azerbaijan and Uzbekistan

Post the period end, we successfully agreed terms with leading Korean distributor, Hanamel Group for the distribution of the Emanuel Ungaro first line menswear collection throughout South Korea The contract is worth EUR 5 2 million and has been signed for an initial period of five-years, extendable for a further five years As part of the exclusive agreement, Marchpole will open a new Emanuel Ungaro flagship store in Seoul in 2009 Additionally, Emanuel Ungaro SAS signed a licence agreement with E-Sense Co Ltd to produce and distribute the Ungaro Homme second line menswear collection as well as the Ungaro Golf men's collection in South Korea

Jean-Charles de Castelbajac S.A. ("JCC")

Building on the established popularity of the JCC brand, we continue to work with Jean-Charles de Castelbajac to fully exploit the potential of the label in the international fashion arena

During the period, the JCC brand has enjoyed an increase in royalty income from £1 46 million to £2 85 million all as a direct result of new licensing agreements that Marchpole has initiated in the past year However, sales decreased from £6 0 million to £5 2 million due to loss of revenue of approximately EUR 2 0 million from our Korean partner

We are committed to broadening the customer base of the brand by adding important product lines to the JCC portfolio In April 2007, we signed a long-term licence agreement with world famous headwear company, New Era

Notably, JCC signed an exclusive partnership with global denim brand, Lee Cooper Inc for an initial period of five years to design two premium denim lines, the only premium lines offered by Lee Cooper The range of denim lines and casual tops are sold throughout JCC flagship stores and 110 Lee Cooper stores worldwide Since the period end, we extended our initial agreement with Lee Cooper and will now supply a minimum of 100,000 pieces of denim wear per annum As part of the successful renegotiations, Marchpole will receive guaranteed minimum annual incomes and royalties The collection will be sold through Lee Cooper own outlets commencing with 181 stores worldwide in spring 2009, increasing to 240 stores for winter 2009

There is a growing popularity for the JCC label in Russia, Eastern Europe and the Middle East Following our exclusive contract with Russian based, The Crocus Group, in winter 2007 we opened a JCC flagship store in Moscow Our strong position in Russia has supported our expansion of the brand into other Eastern European states where the label has a growing popularity

In the Middle East our distribution agreement with The Chalhoub Group, a specialist company which has promoted luxury brands in region for over 50 years has enabled us to strengthen our presence throughout the region

The JCC range remains a highly sought after brand in the Far East To support the increased demand for the label, Marchpole signed a new agreement with Coronet, a member of the Itochu Group for distribution throughout Japan and Korea Additionally, a new flagship store was opened in Tokyo in summer 2007 However, during the period, we have experienced problems with our Korean partner which has led to a decrease in wholesale sales but we have increased revenues from our licensing income

In the USA, JCC has increased its distribution

Post the period end, we successfully extended and renegotiated licensing agreements with Rossignol, the major skiwear company recently acquired by the Quicksilver Group, and Bragard, the major French uniform company Both contracts were due to expire in 2010 and have been extended for a further five years to 2015 with an increase in the minimum annual incomes

Most recently, we opened the first UK JCC flagship store in Conduit Street, a prime retail space in London's fashion district The new store houses the entire JCC collection

Greenmark Limited ("Greenmark")

Greenmark Limited, the footwear designer and importer has been fully integrated into the Company During the period, Marchpole made the strategic decision to terminate an agreement with its main customer who was unable to meet the requirements of its contract due to financial constraints This has had a significant impact on our results and going forward, we anticipate a decrease in sales of approximately 40% Since the termination of this contract, Marchpole has strengthened the Greenmark business and we anticipate improved margins We have diversified the

Marchpole Holdings plc

Chairman's statement

business adding new sourcing areas in Asia to ensure more cost efficient production We have achieved solid sales from this new sourcing initiative

Homebody Limited

Homebody, the luxury ladies wear, maternity wear and menswear clothing company has suffered a reduction in sales as direct result of the challenging retail environment However, the brand continues to develop its website sales which have shown a slight increase Furthermore, in the UK the brand has increased its presence in Harrods at the Knightsbridge flagship store as well as at the Harrods outlet at the new Terminal 5 in Heathrow, and also online at www harrods com Additionally, the brand continues to develop its presence in overseas markets

Boateng

In January 2008, Marchpole finally concluded its legal dispute with Ozwald Boateng's Bespoke Couture Limited in an out of court settlement, under the terms of which Marchpole has extended its manufacturing and distribution licence with Ozwald Boateng

These court proceedings have been an unwelcome distraction for management but the settlement will realise significant cost savings for the Company Marchpole will not have to make any contractual payment to Bespoke Couture Limited for the next three years, which represents a saving of £1 million plus for the Company Additionally, Marchpole will be reimbursed £137,000 in lieu of professional fees incurred

Our commitment to the brand remains unaltered and the Company continues to sell the Boateng collection and we have experienced increase in sales orders year on year

Outlook

Although we continue to make progress in all parts of our business, poor trading conditions as well as customer and partner difficulties have impacted our results at the full year However, there are significant opportunities for growth and we are confident that Marchpole is well positioned in all key retail markets to deliver better financial performance during the longer term

We have successfully strengthened our presence in major brand driven consumer markets through new licensing and partnership agreements, as well as new store openings Additionally, we have restructured some areas of the business to improve efficiency and reduce cost

We continue to actively seek new partnerships to diversify product lines and expand the customer base of our brands We are in the process of signing a major new joint venture with one of the world's leading fashion design houses Furthermore, we have successfully renegotiated our banking facilities with increases to support the joint venture We expect to formally announce this joint venture imminently

We have laid strong foundations during the period, taken the necessary actions to mitigate against our losses and unforeseen trading issues and we believe that we are now much better placed to capitalise on new opportunities We look forward to retaining our leading position in a challenging and competitive environment

Christopher Phillips

Chairman

4 August 2008

Marchpole Holdings plc

Directors' report

The directors present their report on the affairs of the Group, together with the financial statements and auditors' report for the period ended 5 April 2008

Results and dividends

The Group loss for the period after taxation amounted to £5 4m (2007 restated profit - £4 2m) The directors are not recommending the payment of a final dividend The Board is reviewing its dividend policy as a result of the Group's financial performance The total dividend for the period was 1 1 pence (2007 3 75 pence)

Review of business and future developments

The Group's principal activity is the design, production and distribution of designer menswear and womenswear to the retail trade The Chairman's statement on page 1 contains an overview of the Group's operations during the period, a discussion of trading together with an indication of future prospects Net assets have decreased by £7 0m to £5 5m (2007 restated increased by £2 7m)

Key performance indicators used to evaluate the performance of the Group are

	2008 £000	2007 £000 (restated)
Revenue	44,749	90,534
Gross Profit	10,374	27,064
Operating (Loss)/Profit	(4,740)	8,029
(Loss)/earnings per share	(19 9p)	15 3p

All the above figures are extracted from the consolidated income statement in the financial statements

Financial risk

The key components of financial risk are credit risk, currency risk and cash flow risk Credit risk is mitigated by accepting only the major retailers in each country as customers, and obtaining, if available, credit insurance for sales Only when sales orders have been contracted are purchase orders placed with reputable manufacturers thus giving the Group a forward view of at least six month's revenue at any time This forward order book also enables the Group to manage its forward cash flow proactively, and to use both import loan and invoice finance facilities to minimise cash exposures During the period, and subsequent to the period end, the Group has faced certain cashflow challenges Management have addressed the risks through negotiations with the Group's lenders and suppliers and, as described in the Chairman's Statement have recently secured future funding for the Group The foreign exchange risk inherent in the purchase order is economically hedged with forward foreign exchange contracts to lock in the bulk of the cost economically (see note 19)

A discussion of the key sources of the accounting uncertainties is included in note 3

The Board is satisfied that the financial statements should be prepared on a going concern basis

There is no material difference between the bought value and the carrying value of fixed assets held by the Group

The Holding Company's principal activity is the holding of investments in subsidiary companies

Post Balance Sheet events

We are in the process of signing a major new joint venture with one of the world's leading fashion design houses Furthermore, we have successfully renegotiated our banking facilities with increases to support the joint venture We expect to formally announce this joint venture imminently

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Directors' report

Directors and their interests

The directors of the Company at the date of this report are listed on page 19 and 20

During the period John Harrison resigned from the board on 25 July 2007, John Molloy was appointed Non-Executive Director on 1 September 2007 and John Macaulay was appointed Finance Director on 10 March 2008

In addition Ray Harris became an Executive Director (previously Non-Executive Director) on 25 July 2007 Ray was also Acting Finance Director covering the period from John Harrison's resignation to the appointment of John Macaulay Chris Philips also became Executive Chairman on 18 February 2008 (previously non-executive Chairman)

At 5 April 2008 the directors and their beneficial interests in the ordinary share capital of the Company were as follows

	Ordinary Shares of 5p each	
	5 April 2008	31 March 2007
Michael Morris	5,288,343	5,238,343
Christopher Phillips	115,000	115,000
Raymond Harris	25,000	25,000
Ronald Stirling	109,500	10,000
John Molloy (appointed 1 September 2007)	5,000	-
John Macaulay (appointed 10 March 2008)	-	-
Harvey Shulman	152,000	102,000

There have been no changes in the beneficial holdings of the directors between 5 April 2008 and 31 July 2008

No director had any material interest in a contract of significance with the Company or a subsidiary undertaking during the period

Details of directors' shares options are provided in the Directors' remuneration report on pages 12-17

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the company's issued share capital during the period are shown in note 9 The company has one class of ordinary shares which carry no right to fixed income Each share carries the right to one vote at general meetings of the company

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation The directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights

Details of employee share schemes are set out in the Directors' Remuneration Report and note 25 No person has any special rights of control over the company's share capital and all issued shares are fully paid

Under its Articles of Association and further to shareholder resolutions dated 6 September 2007, the company has authority to issue 2,259,500 ordinary shares

Acquisition of company's own shares

Further to the shareholders' resolutions of 6 September 2007, the company purchased 55,000 ordinary shares with a nominal value of £2,750, for consideration of £69,000 At the period end the Company has shareholders' authority for the purchase of 2,612,291 of its own shares

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Directors' report

Employees

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group Weekly Key Performance Indicator reports are also disseminated throughout the management team The managers are encouraged to pass on relevant information to the employees in their departments The employee share scheme, which is open to all employees who have been with the Company for at least six months, has been running successfully since its inception in 2002

The average number of employees for the period is 137 (2007 131) We continue to examine ways of reducing overhead by amalgamating operational activities across the Group Our staff are supported by appropriate induction and training

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, to give continued employment to any existing employees who become disabled

Substantial shareholdings

As at 30 July 2008 the Company had been notified (pursuant to section 198 to 208 of the Companies Act 1985) of the following interests which amounted to 3% or more of the issued share capital of the Company

	Ordinary shares	%
Michael Morris	5,288,343	19 34
Gartmore Investments Management	1,944,129	7 11
Rathbone Investment Management	1,490,000	5 45
Jean Charles De Castlebajac	1,365,768	4 99
Bonley D Esq	1,260,000	4 61
Michael Morris 1997 Trustees*	1,260,000	4 61
Charles Stanley & Co	1,030,898	3 77
Waterhouse Securities	992,607	3 63
Barclays Stockbrokers Limited	974,939	3 57
Barclays Global Investors	961,935	3 52
Squaregain	910,976	3 33
Emanuel Ungaro Sa	843,488	3 08

* *Michael Morris does not hold a beneficial interest in this trust*

Supplier policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment Trade creditors of the Group at 5 April 2008 were equivalent to 59 days (2007 46 days) purchases and for Marchpole Holdings Plc 36 days (2007 243 days), based on the average daily amount invoiced to suppliers during the period

The Group is committed to ensuring that our suppliers adhere to a code of practice with regard to working conditions including minimum compliance standards for labour, wages, environmental protection and other issues Our quality controllers make regular visits to our suppliers' sites to ensure that these standards are maintained

Charitable and political donations

The Group made no charitable donations during the period (2007 £3,413) The Group has made no political donations during the period (2007 £ nil)

Election of directors

At the annual general meeting Christopher Philips will retire in accordance with the Articles of Association Christopher Philips, being eligible, offers himself for election John Molloy and John Macaulay who were appointed

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Directors' report

Directors on 1 September 2007 and 10 March 2008 respectively retire at the next annual general meeting and being eligible, offer themselves for re election

Directors' confirmation

Each person who is a director at the date of approval of this report confirms that

(1) so far as the director is aware, there is no relevant audit information of which the Group's auditors are unaware, and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

By order of the Board

Harvey Shulman

Company Secretary

4 August 2008

Corporate governance

Corporate governance

The Board is committed to the principles of corporate governance contained in the Combined Code on Corporate Governance which is appended to the Listing Rules of the Financial Services Authority and for which the Board is accountable to shareholders The following sets out the Group's position with regard to compliance with the Combined Code

The Board

Details of the composition of the Board have been set out in the Directors report Currently the Board consists of four executive directors, including the Chairman and three independent non-executive directors who are available to shareholders to voice their concerns if normal channels have failed to resolve issues or are considered inappropriate Ronald Stirling is the senior independent non-executive director

All new directors undergo an induction programme designed to familiarise them with all of the working practices of the Group The Board aims to meet formally at least once per month to discuss matters reserved for their decision which include, but are not limited to, those with regard to Group strategy, new acquisitions and licences, legal and tax matters and non-routine operating issues It is considered, given the size of the Group, that the Board is appropriately constituted and that the experience of the directors is appropriate for the business During the period to 5 April 2008 individual director Board meeting attendance was as follows

	No. of meetings attended
R Harris	11 (of 11)
J Molloy	6 (of 6)
M Morris	11 (of 11)
J Harrison	4 (of 4)
C Phillips	11 (of 11)
H Shulman	10 (of 11)
R Stirling	10 (of 11)

Full attendance occurred at all meetings of the Nomination, Audit and Remuneration Committees The terms of reference of these Committees are available on the Company's website

Performance evaluation

Annually the performance of the Board as a whole and the individual directors are evaluated The non-executive directors are monitored by the Chairman In the case of the Chairman and executive directors, the Remuneration Committee monitor their performance This has been carried out in the current period through interview of individual directors in relation to the performance of the Board as a whole and the individuals and committees therein No significant weaknesses were detected in the current period's evaluation

Nomination Committee

The Nomination Committee, which is chaired by Harvey Shulman, is constituted of all non-executive directors The Nomination Committee proposes all director appointments which are in turn discussed and approved by the Board The Company's Articles of Association require all appointments made to the Board during any period to be confirmed by the shareholders at the following Annual General Meeting as well as requiring one third of the directors to retire from office for re-election in each year Accordingly in the upcoming Annual General Meeting Christopher Philips, John Molloy and John Macaulay will offer themselves for election As stated above it is considered that the Board is appropriately constituted While no change to the Articles of Association is or has been proposed in respect of retiring and re-election of directors, it is the intention of the Board to ensure that all directors submit themselves for election at intervals of no more than three years The other significant commitments of the non-executive directors are given in the directors and advisors section The committee met twice during the year

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Corporate governance

Audit Committee

The Board has an Audit Committee comprised of John Molloy as Chairman, Harvey Shulman and Ronald Stirling (whose qualifications are listed in the Directors listing on pages 19-20 The Audit Committee met with the external auditors as required in order to review the results of the audit prior to the submission of the financial statements to and approval by the Board of Directors The Audit Committee also reviews other issues with the auditors, such as recommendations for improvements in the Group's internal financial controls and the adequacy of accounting policies The committee met twice during the period

The Committee is responsible for monitoring the integrity of the financial statements of the Group and any formal announcements relating to the Group's performance and reviewing any significant reporting judgements contained in them and for reviewing the Group's internal financial controls The Committee is also responsible for making recommendations to the Board for it to put forward to the shareholders for their approval at the Annual General Meeting in relation to the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors The Committee is also responsible for the review and monitoring of the independence and objectivity of the external auditors and the effectiveness of the audit process, taking into consideration the relevant UK professional and regulatory requirements

The Audit Committee takes into account relevant ethical guidance regarding the provision of non-audit services by the Group's auditors

Remuneration Committee

The Board has a Remuneration Committee chaired by Harvey Shulman, the activities of which are covered in the Directors' remuneration report on pages 12 to 17

Going concern

Based on normal business planning and control procedures, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future Accordingly they continue to adopt the going concern basis in preparing the financial statements

Relations with shareholders

The Company has regular meetings with its major and institutional shareholders The Notice of the Annual General Meeting is sent out to all shareholders with the Annual Report and Accounts in each year Save for any unforeseen circumstances, all members of the Board attend the Annual General Meeting to meet shareholders and to answer or deal with any questions or issues raised

Accounting and audit

The Statement of directors' responsibilities in respect of the preparation of the consolidated financial statements is set out on page 18

Deloitte & Touche LLP provided tax services during the period The Audit Committee is satisfied that auditor objectivity was maintained through the level of fees paid for this work, the scope of procedures and the composition of the team that undertook this work

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Corporate governance

Internal control

The Board is responsible for assessing risk and for maintaining and reviewing the effectiveness of internal controls in order to safeguard the assets of the Group Internal control systems are designed to meet the particular needs of the business and the risks to which it is exposed and, by their nature, can provide reasonable but not absolute assurances against material misstatement or loss Any weaknesses that have been identified during the audit are in the process of being rectified At Group level key procedures include weekly monitoring of cash flows, sales and margins, weekly financial highlights and analysis and monthly reviews of management accounts against previously approved budgets and prior year performance The appointment of experienced and professional staff and the refinement of the annual budget process and cash flow forecasting are important elements in the process of internal financial controls The size of the Group does not merit having an internal audit function The executive directors, however, are closely involved in the business of the Group on a day-to-day basis Thus the Board identifies, evaluates and manages the significant risks faced by the Group These procedures have been in place for the period under review and up to the date of approval of these financial statements This accords with Turnbull guidance

The Board has formally reviewed and documented the policies and procedures for risk management and for internal control, and believes that where operational and/or financial risks and/or internal control weaknesses have been identified, appropriate measures are being put in place to deal with and control such situations

Statement of compliance

The Board considers that it has complied with the Code provisions set out in Section 1 of the 2006 FRC Combined Code of Corporate Governance throughout the period ended 5 April 2008, except that the Board has yet to implement a policy and procedures for "whistle blowing" as required by Code Section C3 4

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Directors' remuneration report

Introduction

This report has been prepared in accordance with Schedule 7a to the Companies Act 1985 The report also meets the relevant requirements of the Listing Rules of the Financial Services Authority and describes how the Board has applied the principles relating to the directors' remuneration As required by the Act, a resolution to approve the report will be proposed at the Annual General Meeting of the Company at which the financial statements will be approved

The Act requires the auditors to report to the Company's members on certain parts of the Directors' remuneration report and to state whether in their opinion those parts of the report have been properly prepared in accordance with the Companies Act 1985 The report has therefore been divided into separate sections for audited and unaudited information

Unaudited information

Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the Combined Code The role of the Remuneration Committee is to set the remuneration policy for the executive directors of the Company and to review proposals for other senior executives as appropriate Specifically, the Remuneration Committee determines the base salaries and benefits (including bonus schemes and share option incentives) and agrees employment agreements and other terms and conditions

None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships, or day-to-day involvement in running the business The Committee makes recommendations to the Board No director plays a part in any discussion about his or her own remuneration

The Remuneration Committee consists solely of independent non-executive directors The members of the committee during the period ended 5 April 2008 were Harvey Shulman as Chairman, John Molloy and Ronald Stirling The Remuneration Committee met twice during the period

The Remuneration Committee is advised internally by Ray Harris, Executive Director, and externally by the Company's lawyers and by Boyes Turner, employment lawyers The Remuneration Committee can call upon additional external advisors as required During the period Boyes Turner also provided advice on employment policy

Remuneration policy for the executive directors

The remuneration packages are designed to motivate, reward and retain executive directors of high quality and to be competitive in terms of market practice Performance related elements of the remuneration package aim to align the interests of the executive directors with those of shareholders through the use of performance targets and share options

In order to motivate the executive team for future achievement, an element of remuneration is delivered through the share option schemes that are based on share price performance The bonus scheme is designed to reward the achievement of stretching but realistic targets

The components of the executive directors' remuneration comprise base salary, bonus scheme, a contributory pension, benefits and share options

Executive directors are entitled to retain any remuneration earned from non-executive positions with other companies

Base salary

Base salary for each executive director is set by the Remuneration Committee and is reviewed but not necessarily increased annually Determining factors are individual performance, changes in job responsibilities, changes in market place and general economic conditions

Directors' remuneration report

Bonus scheme

The bonus scheme for executive directors is structured to reward the achievement of results against set objectives The level of bonus payable to the executive directors was determined by performances against forecast and the achievement of performance targets for new business developments The bonus scheme allows for the amount of bonus to be determined by the Remuneration Committee Such bonuses are not pensionable Further details of bonuses paid during the period are set out on page 16

Pensions

Pension arrangements for executive directors are based on payments by the Company to defined contribution schemes if matched by the executive director No pension contributions were made in the period to 5 April 2008

Benefits

Benefits for certain executive directors include a Company car or cash payment in lieu thereof, life assurance, income protection insurance and private medical insurance The Life Assurance and Income Protection scheme is operated on a Group wide basis within which the directors are included The Life Assurance scheme covers four times the executive director's salary and twice for all other employees The Income Protection scheme provides cover to protect individuals' income in the event that they are incapacitated to carry out their occupational duties The value of these benefits, excluding Life Assurance and Income Protection which are purchased on a Group wide basis, are detailed on page 15.

Share option schemes

The Company operates an Unapproved Share Option Scheme and an EMI Share Option Scheme in which all employees participate subject to certain qualifying criteria All executive directors are eligible to participate in both schemes Shares under the schemes vest and become exercisable in three equal tranches dependent on the attainment of proposed market capitalisations of the Group, subject to the Remuneration Committee's approval, on each twelve month anniversary from the date of grant

The Company does not operate any long-term incentive schemes other than the share option schemes described above No significant amendments are proposed to be made to the terms and conditions of any entitlement of a director to share options

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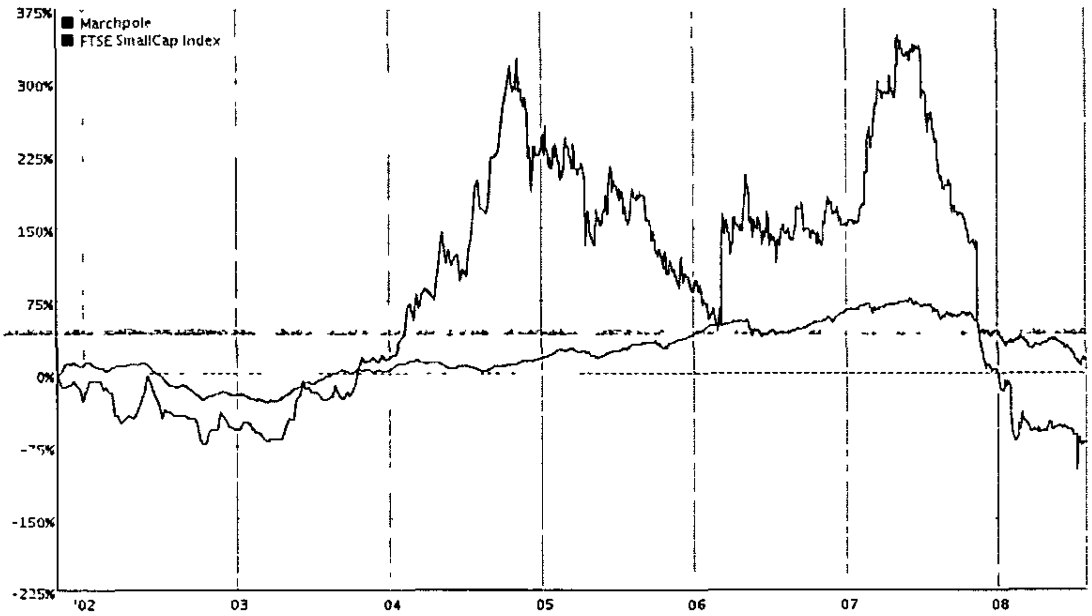
Directors' remuneration report

Performance graph

The graph below shows the performance of the Group, measured by total shareholder return compared with the UK FTSE Small Cap index This has been chosen as the comparator index as it is considered the most appropriate



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Directors' remuneration report

Executive directors' contracts

It is the policy of the Company that employment contracts for executive directors will normally include notice periods on termination by the Company of no longer than twelve months There are no agreements for compensation on termination beyond the six months' notice period

Michael Morris has an employment contract dated 1 January 2004 which will continue until terminated by either party giving to the other not less than six months' notice His current base salary is £250,000 per annum plus a performance related bonus and he is provided with a Company car or cash in lieu thereof and private medical insurance (for himself and his family) Pension contributions are made to a personal pension scheme up to 5% of salary, subject to a personal contribution of 5% of gross basic salary 830,000 share options were granted in the period ended 31 March 2005 which vest and become exercisable over three years They expire on 20 February 2015

Chris Phillips has an employment contract dated 1 February 2008 which will continue until terminated by either party giving to the other not less than six months' notice His current base salary is £100,000 per annum

Ray Harris has an employment contract dated 1 August 2007 which will continue until terminated by either party giving to the other not less than six months' notice His current base salary is £50,000 per annum

John Macaulay has an employment contract dated 10 September 2007 which will continue until terminated by either party giving to the other not less than one months' notice His current base salary is £90,000 per annum

Executive directors retain fees in respect of non-executive director roles at other companies In the period these amounted to £8,000 and £20,416 for Ray Harris and Chris Phillips respectively

Non-executive directors

It is the policy of the Company to appoint non-executive directors on the basis of a twelve-month rolling contract No compensation is payable to any non-executive director if their appointment is terminated early

Non-executive directors' fees are positioned to be competitive with those paid by other UK listed companies of a similar size, and are set at a level to attract individuals with the required experience and ability to make a substantial contribution to the Company The Board of Directors approves the remuneration of the non-executive directors No director is present when his own remuneration is under discussion

No benefits are payable to any of the non-executives, and they do not participate in any share option or pension schemes

Ronald Stirling, Harvey Shulman and John Molloy have letters of appointment dated 1 October 2005 and 1 October 2005 and 1 September 2007 respectively, for an initial fixed period of one year and rolling thereafter, terminable by either party giving the other notice of one month

Audited information

Aggregate directors' remuneration

The total remuneration for directors during the period was as follows

	5 April 2008 £'000	31 March 2007 £'000
Emoluments	545	534
Benefits	9	10
Performance-related bonuses	800	1,128
Total in respect of the period	**1,354**	**1,672**

Marchpole Holdings plc

Directors' remuneration report

Directors' emoluments

	Fee/salary £	Bonuses £	Benefits £	Total 2008 £	Total 2007 £
Executive directors					
Michael Morris	260,000	750,000	8,200	1,018,200	1,120,180
John Harrison (resigned 25 July 2007)	75,000	–	680	75,680	372,060
Christopher Phillips (Executive Director from 18 February 2008)	16,666	–	–	16,666	–
John Macaulay(appointed 10 March 2008)	5,000	–	–	5,000	–
Ray Harris(appointed Executive Director 25 July 2007)	43,333	–	–	43,333	–
Non-executive directors					
Ronald Stirling	30,000	–	–	30,000	38,500
Christopher Phillips (Executive Director from 18 February 2008)	59,167	–	–	59,167	61,000
Ray Harris(appointed Executive Director 25 July 2007)	11,667	50,000	–	61,667	42,000
Harvey Shulman	30,000	–	–	30,000	38,500
John Molloy(appointed 1 September 2007)	14,583	–	–	14,583	–
Total	545,416	800,000	8,880	1,354,296	1,672,240

C Phillips' fees were invoiced by and paid to Arlon Consulting Limited, to 31 January 2008
H Shulman's fees are invoiced by and paid to Graham Harvey Solicitors
R Stirling's fees are invoiced by and paid to Fastnet Limited

The bonuses payable to Michael Morris and Ray Harris relate to performance and to the acquisition of Greenmark in the prior year

Directors' share options

Aggregate emoluments disclosed above do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the directors No options have been exercised during the period

Details of options for directors who served during the period are as follows

		1 April 2007 '000	Granted '000	Exercised '000	5 April 2008 '000	Exercise Price p	Date from which exercisable	Expiry Date
Executive directors:								
M Morris	Unapproved	830	-	-	830	128 75	21/02/05	20/02/15

Details of the market conditions relating to the exercise of these options are set out in the Share Based Payments note 25 There have been no variations to the terms and conditions or performance criteria for share options during the financial period

The market price of the ordinary shares at 5 April 2008 was 16p During the period under review the highest and lowest share prices were 191p and 13p respectively

Marchpole Holdings plc

Directors' remuneration report

Directors' pension entitlements

One of the executive directors is eligible to receive pension contributions to money purchase schemes provided that he makes personal contributions No contributions were paid by the Company in respect of the current executive directors during the current or prior year

Approval

The Directors' remuneration report was approved by the Board on 4 August 2008, and signed on its behalf by

Harvey Shulman

Chairman of the Remuneration Committee

4 August 2008

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report, Directors' Remuneration 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 The directors are required by the IAS Regulation to prepare the group financial statements under IFRSs (IFRSs) as adopted by the European Union and have also elected to prepare the parent company financial statements in accordance with IFRSs as adopted by the European Union The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors' responsibility statement

We confirm to the best of our knowledge

1 the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and

2 the directors' report and chairman's report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face

By order of the Board

Deputy Chairman
Michael Morris

Finance Director
John Macaulay

Marchpole Holdings plc

Directors

Christopher Phillips (aged 57)

Executive Chairman

Christopher was appointed as Non-Executive Chairman on 16 May 2002 and became Executive Chairman on 18 February 2008 He has extensive experience of Financial Services and has published annual reviews of Far Eastern Banks He holds a number of non-executive directorships, including Phillips & Associates Limited, Blueroom Properties Limited, Your Space Plc, Your Space UK Limited, Adrenalin Media Plc, I C G Securities Limited, Niche Group Plc, Froglet Dotcom Limited, , Kingsbridge Residential Limited, Retirement Care Group Limited, Microcap Plc, Central European Acquisitions Plc He joined Colliers RH in March 1998, then the department moved to Colliers CRE in July 2000 and then he moved across to start up Colliers Capital UK Limited in April 2003 He left Colliers on 30th September 2005 and he is now Chairman of Deutche European Real Estate Plc He has other non-executive directorships in property and business service

Michael Morris (aged 62)

Executive Deputy Chairman

Michael was appointed as an Executive Director on 22 October 2003 A successful entrepreneur, founder and former CEO of Marchpole with over 30 years experience within the industry Successfully formalised the first Yves Saint Laurent licence agreement in 1983 and played a key role in the successful development of Marchpole over the years He has played an important part in the turnaround of the Company and employed his experience in the industry to strengthen key areas, such as production, sales and operations He was also instrumental in the acquisition of the Jean-Charles de Castelbajac label Current directorships include, Mullbest Limited and Semivale Limited

John Macaulay A.C.A (aged 51)

Finance Director

John was appointed to the Board on 10 March 2008 Most recently John was Group Finance Director of AIM listed Creative Education Plc, before joining Marchpole as Group Financial Officer on 10 September 2007 Prior to his role at Creative Education, John was Group Finance Director for International Clothing Design Ltd, a privately owned clothing group involved in the design, sourcing and manufacture of clothes with operations throughout Europe and the Far East

Raymond Harris (aged 67)

Executive Director

Raymond was appointed to the Board on 22 October 2003 and became Executive Director on 25 July 2007 He qualified as a Chartered Accountant in 1961 and has since been either Principal or Partner until his retirement Current directorships include Your Space Plc, AIM-traded, Key Real Estates Ltd(Plus Markets), Deutche European Real Estates Plc

Ronald Edward Stirling (aged 67)

Non-Executive Director

Ronald joined Marchpole with a wealth of experience within the fashion industry having founded the Stirling Cooper Fashion Group in 1968 Stirling Cooper traded as a manufacturer, wholesaler and retail fashion clothing Company with 11 retail outlets and 20 in-store concessions Since his retirement in 1991, he has concentrated on his family's private investment Company which has made a number of investments in early stage companies From February 1995 until October 2002, Ronnie was the President of Kasper ASL Europe Limited a subsidiary of a large USA Fashion Company selling the products of Anne Klein, Albert Nippon and Kasper ASL and opened in-store shops within major stores in the UK and Europe He then became a consultant of Kasper ASL from October 2002 until October 2003

Marchpole Holdings plc

Directors

Harvey Shulman, LL.B, LL.M, (aged 61)

Non-Executive Director

Harvey brings extensive corporate and legal experience to the Board Harvey trained as a solicitor and has been involved in property acquisition and management since 1988 He is a partner in Graham Harvey, solicitors, with which he has been associated since 1972

John Molloy (aged 62)

Non-Executive Director

John was appointed to the Board on 1 September 2007 John has a wealth of experience in the retail clothing industry in a career that spans over 40 years with leading European clothing company C&A He specialised as a fashion buyer in Men's, Ladies and Children's clothing, and established Ski-wear John most recently ran the London Buying Office for C & A Europe

Independent auditors' report to the members of Marchpole Holdings plc

We have audited the Group financial statements of Marchpole Holdings plc for the period ended 5 April 2008 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated cash flow statement and the related notes 1 to 30 These Group financial statements have been prepared under the accounting policies set out therein We have also audited the information in the directors' remuneration report that is described as having been audited

We have reported separately on the parent company financial statements of Marchpole Holdings plc for the period ended 5 April 2008

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' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the Group 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 Group financial statements give a true and fair view, whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the Directors' Remuneration Report described as having been audited has been 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 Group financial statements The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Directors' Report In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures

We read the other information contained in the annual report as described in the contents section and consider whether it is consistent with the audited Group financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements Our responsibilities do not extend to any further information outside the Annual Report

Basis of audit 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 Group financial statements and the part of the Directors' Remuneration Report to be audited It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed

Independent auditors' report to the members of Marchpole Holdings plc (continued)

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 Group financial statements and the part of the Directors' Remuneration Report to be audited 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 Group financial statements and the part of the Directors' Remuneration Report to be audited

Opinion

In our opinion

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 5 April 2008 and of its loss for the period then ended,
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation,
- the part of the Directors' Remuneration Report described as having been audited has been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the Group financial statements

Separate opinion in relation to IFRSs

As explained in Note 2 to the Group financial statements, the Group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board

In our opinion the Group financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 5 April 2008 and of its loss for the period then ended

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
4 August 2008

Marchpole Holdings plc

Consolidated income statement
For the period ended 5 April 2008

	Note	2008 £'000	2007 Restated £'000
Revenue	4	44,749	90,534
Cost of sales		(34,375)	(63,470)
Gross profit		10,374	27,064
Distribution costs		(2,622)	(4,229)
Administrative expenses		(12,492)	(14,806)
Operating (loss)/profit		(4,740)	8,029
Finance costs	7	(1,352)	(1,730)
(Loss)/profit before tax	5	(6,092)	6,299
Tax	8	669	(2,126)
(Loss)/profit for the period	4	(5,423)	4,173
(Loss)/earnings per share			
From continuing operations			
Basic	11	(19 9p)	15 3p
Diluted	11	(19 9p)	15 3p

Marchpole Holdings plc

Consolidated balance sheet
As at 5 April 2008

	Note	2008 £'000	2007 Restated £'000
Non-current assets			
Goodwill	12	6,796	6,190
Other intangible assets	12	3,386	4,020
Property, plant and equipment	13	1,113	1,088
		11,295	11,298
Current assets			
Inventories	14	6,189	3,797
Trade and other receivables	15	10,964	14,284
Cash and cash equivalents		1,404	2,342
		18,557	20,423
Total assets		29,852	31,721
Current liabilities			
Trade and other payables	16	(10,630)	(9,498)
Current tax liabilities		(1,883)	(2,604)
Obligations under finance leases	20	(150)	-
Bank overdrafts and loans	17	(10,662)	(2,512)
Deferred tax liabilities	18	(140)	(173)
		(23,465)	(14,787)
Non-current liabilities			
Deferred tax liabilities	18	(431)	(908)
Obligations under finance leases	20	(300)	-
Loans	17	(125)	(3,541)
		(856)	(4,449)
Total liabilities		(24,321)	(19,236)
Net current (liabilities)/assets		(4,908)	5,636
Net assets		5,531	12,485
Equity			
Share capital	9	1,367	1,373
Share premium account		2,809	2,800
Other reserves		384	374
Hedging and translation reserves		(1,311)	(751)
Retained earnings		2,282	8,689
Total equity		5,531	12,485

The financial statements were approved by the board of directors on 4 August 2008 They were signed on its behalf by

Michael Morris **John Macaulay**

Marchpole Holdings plc

Consolidated statement of changes in shareholders' equity
For the period ended 5 April 2008

	Note	Share capital £'000	Share premium account £'000	Other reserve £'000	Translation Reserve £'000	Retained earnings Restated £'000	Total £'000
As at 31 March 2006		1,360	2,798	290	(212)	5,537	9,773
Shares issued in the period		13	2	-	-	-	15
Credit in respect of share option charge		-	-	84	-	-	84
Profit for the period	4	-	-	-	-	4,173	4,173
Foreign exchange movement		-	-	-	(539)	-	(539)
Dividends	10	-	-	-	-	(1,021)	(1,021)
As at 31 March 2007		1,373	2,800	374	(751)	8,689	12,485
Shares issued in the period		-	3	-	-	-	3
Purchase of own shares		-	-	-	-	(69)	(69)
Reallocation		(6)	6	-	-	-	-
Credit in respect of share option charge		-	-	10	-	-	10
Loss for the period	4	-	-	-	-	(5,423)	(5,423)
Foreign exchange movement		-	-	-	(560)	-	(560)
Dividends	10	-	-	-	-	(915)	(915)
As at 5 April 2008		1,367	2,809	384	(1,311)	2,282	5,531

Other reserves relate to provisions for share options

The Group purchased 55,000 shares from the market in the period, which are still held at the period end £69,000, representing the amount paid for the own shares held at the period end, has been netted off against retained earnings

Marchpole Holdings plc

Consolidated cash flow statement
For the period ended 5 April 2008

	Note	2008 £'000	2007 £'000
Net cash from operating activities	22	(4,657)	12,518
Investing activities			
Purchases of property, plant and equipment		(197)	(282)
Purchases of intangibles		-	(63)
Purchase of own shares		(69)	-
Acquisition of subsidiary		-	(3,305)
Net cash used in investing activities		(266)	(3,650)
Financing activities			
Dividends paid		(915)	(1,021)
Repayments of borrowings		(931)	(404)
Repayments of obligations under finance leases		-	(16)
Proceeds on issue of shares		3	15
Proceeds from sale and leaseback of assets		225	-
New bank loans raised			1,683
(Decrease)/increase in bank facilities		(1,113)	(6,535)
Net cash (used)/from financing activities		(2,731)	(6,278)
Net increase in cash and cash equivalents		(7,654)	2,590
Cash and cash equivalents at beginning of period		2,342	(248)
Cash and cash equivalents at end of period		(5,312)	2,342
Cash and cash equivalents per balance sheet		1,404	2,342
Overdrafts repayable on demand		(6,716)	-
Cash and cash equivalents per cash flow statement		(5,312)	2,342

Marchpole Holdings plc

Notes to the consolidated financial statements
Period ended 5 April 2008

1. General information

Marchpole Holdings plc is a Company incorporated in Great Britain under the Companies Act 1985 The registered office is 19-20 Berners Street London W1T 3LW The nature of the Group's operations and principal activities are set out in the directors' report

These financial statements are presented in Great British Pounds ("GBP") because that is the currency of the primary economic environment in which the Group operates Foreign operations are included in accordance with the policies set out in note 2

The comparative balance sheet and income statement have been restated to reflect the finalisation of the acquisition accounting of Greenmark Limited, see note 21

The following standards and interpretations have become effective during the period ended 5 April 2008

- IFRS7 'Financial Instruments Disclosures', and the related amendment to IAS1 'Presentation of Financial Statements' on capital disclosures This introduces new disclosures relating to financial instruments but does not have any impact on their classification or valuation
- IFRIC8 'Scope of IFRS2', provides guidance where the consideration received for equity instruments issued is less than their fair value so as to assess whether they fall within the scope of IFRS2 This standard has not impacted the Group's financial statements
- IFRIC9 'Reassessment of Embedded Derivatives' provides further guidance on the assessment of embedded derivatives and is not relevant to the Group's operations
- IFRIC10 'Interim Financial Reporting and Impairment' prohibits certain impairment losses recognised in the interim period to be reversed at a subsequent balance sheet date This has not had any impact on the Group's financial statements

At the date of authorisation of these financial statements, the following standards and interpretations are in issue but are not yet effective

- IFRS8 'Operating Segments'
- IFRIC11 'Group Treasury Share Transactions'
- IFRIC12 'Service Concession Arrangements'
- IFRIC 13 'Customer Loyalty Programmes'
- IFRIC14 'IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'
- IAS1 (Amendment) 'Presentation of Financial Statements'
- IAS23 (Amendment) 'Borrowing Costs'
- IFRS2 (Amendment) 'Share-based Payment'
- IFRS3 (Amendment) 'Business Combinations'

The directors anticipate the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the group except for additional segment disclosures of the group IFRS 8 comes into effect for periods commencing on or after 1 January 2009 and the financial statement presentation changes under IAS 1 (revised 2007/2008) which also comes into effect for periods beginning on or after 1 January 2009

Notes to the consolidated financial statements
Period ended 5 April 2008

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments The principal accounting policies adopted are set out below

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company Control is achieved where the Company has power to govern the financial and operating policies of an investee so as to obtain benefits from its activities

The results of subsidiaries acquired during the period are included in the consolidated income statement from the effective date of acquisition

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group

All intra-Group transactions, balances, income and expenses are eliminated on consolidation

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition Provisional fair values are finalised within twelve months of acquisition Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses Goodwill which is recognised as an asset is reviewed for impairment at least annually Any impairment is recognised immediately in profit or loss and is not subsequently reversed

Goodwill arising on acquisitions before the date of transition to IFRSs has been retained at the previous UK GAAP amounts

Negative goodwill arising on acquisition is taken to the Income Statement in the period in which the acquisition took place

Revenue recognition

Turnover represents sales of apparel to external customers at invoiced amounts net of VAT, discounts and estimated returns Royalty income generated on sales by licensees is also included in turnover

Turnover with regards to apparel sales is recognised when the significant risks and rewards of ownership have been passed to the buyer, at the point of delivery Royalty income is recognised in line with the terms of the license contract

Notes to the consolidated financial statements
Period ended 5 April 2008

2. Significant accounting policies (continued)

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability Finance charges are charged directly against income

Operating leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease

Intangible assets

Externally acquired customer relationships and licences are recognised as intangible assets when they are controlled through contractual or other legal rights, and the fair value can be reliably measured Their fair value is estimated using future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the brand for which estimates of future cash flows have not been adjusted Their cost, measured at fair value, is amortised on a straight line basis over their useful economic lives being 7 5 to 10 years or the period of the agreement

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that any asset has suffered an impairment loss If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any) Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs An intangible asset with an indefinite useful life is tested for impairment annually or where there is an indication that the asset may be impaired

The recoverable amount is the higher of fair value less costs to sell and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount An impairment loss is recognised as an expense immediately

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years A reversal of an impairment loss is recognised as income immediately

Notes to the consolidated financial statements
Period ended 5 April 2008

2. **Significant accounting policies (continued)**

Foreign currencies

The individual financial statements of each Group Company are prepared in local currencies For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in GBP, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements

In preparing the financial statements of the individual companies, transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period For non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

In order to economically hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options, as it is never the Group's intention to carry a significant currency risk

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of transactions are used Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRSs as sterling-denominated assets and liabilities

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme

Notes to the consolidated financial statements
Period ended 5 April 2008

2. Significant accounting policies (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the period Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from initial recognition (other than in business combinations) of other assets and liabilities in a transaction that affects neither the taxable nor accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, and is not discounted Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases

Leasehold improvements	33%
Fixtures, fittings and equipment	20%/33%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

Notes to the consolidated financial statements
Period ended 5 April 2008

2. Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition Cost is measured using the weighted average method Net realisable value represents the estimated selling price Cost of work in progress and finished goods includes payments made under contracts with designers relating to future seasons ranges

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

Trade receivables

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired Trade receivables are measured at fair value

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received Finance charges are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates

Forward foreign currency contracts

The Group uses forward foreign currency contracts to economically hedge its exposure to exchange rate movements on merchandise purchases denominated in foreign currencies The Group does not use derivative financial instruments for speculative purposes The Group's derivative financial instruments are included at fair value The Group has not applied cash flow hedge accounting, therefore changes in the fair value of the hedging instrument are recognised directly in the income statement

2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material

Royalties paid

Royalties paid by the Group under the terms of licence agreements are charged to the financial statements in the period in which the turnover they relate to is generated

Share-based payments

The Group issues equity-settled share-based payments to certain employees Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions

Fair value is measured by use of a binomial model The expected life used in the model has been listed, based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations

3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements

Intangible assets

Externally acquired intangible assets include the value ascribed to customer relationships Such assets are recognised when they are controlled through contractual or other legal rights, and the fair value can be reliably measured Their fair value is estimated using risk adjusted future cash flows discounted using appropriate discount rates These future cash flows are based on business forecasts and are therefore inherently judgemental Future events can cause the values of these intangible assets to be impaired

Impairment of assets

The carrying values of tangible and intangible assets are reviewed annually for impairment, or sooner if there is an indication that the assets might be impaired Impairment is determined with reference to the higher of net realisable value and value in use, measured by reference to risk-adjusted future cash flows Significant assumptions are made in calculating these future cash flows, such as long-term growth rates and discount rates Changes in these assumptions could change the outcomes of the impairment reviews

Fair values

The fair value of acquired assets and liabilities are calculated with reference to appropriate measures including original cost, usability, realisable values and reliable estimates of likely settlements / payments Adjustments have also been made to align values with applicable accounting standards

Notes to the consolidated financial statements
Period ended 5 April 2008

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Provisions

The quantification of certain liabilities within provisions for legal costs in relation to certain claims have been estimated Such liabilities depend on the specific circumstances pertaining to each obligation which is not controlled by the company

Inventory valuation

Inventories are stated at the lower of cost and net realisable value, as set out in the accounting policy above These values incorporate estimates of cost in bringing stock to its current condition and location and, where appropriate provisions reducing the value below cost and are therefore subject to the judgements of the directors Changes in customer demand or other trading conditions could give rise to future changes in value of inventory held

4. Geographical segments

The Group operates in the single business segment of high fashion apparel design, marketing and distribution The Group has sales operations located in the UK, Europe and America, and a procurement office in Hong Kong The following table provides an analysis of the Group's sales, operating profit/(loss) and net assets by geographical market, irrespective of the origin of the goods/services

2008 **Revenue**	**UK & Ireland** **£'000**	**Europe & Rest of World** **£'000**	**North America** **£'000**	**Consolidated** **£'000**
Sales revenue	33,578	3,550	4,771	41,899
Royalty income	1,985	865	-	2,850
Total revenue	35,563	4,415	4,771	44,749
Cost of sales	(28,578)	(2,083)	(3,714)	(34,375)
Gross profit	6,985	2,332	1,057	10,374
Expenses	(7,912)	(4,952)	(1,784)	(14,648)
	(927)	(2,620)	(727)	
Amortisation charge on unallocated corporate assets	-	-	-	(466)
Operating profit/(loss)				(4,740)
Finance costs				(1,352)
Loss before tax				(6,092)
Taxation				669
Loss after tax				(5,423)

Marchpole Holdings plc

Notes to the consolidated financial statements
Period ended 5 April 2008

4 Geographical segments (continued)

2008 Other information	UK & Ireland £'000	Europe & Rest of World £'000	North America £'000	Consolidated £'000
Capital additions	107	62	28	197
Depreciation and amortisation	164	161	79	404
Amortisation on unallocated corporate assets	-	-	-	466
Balance sheet				
Assets				
Segment assets	11,276	6,131	4,291	21,698
Unallocated corporate assets				8,154
Consolidated total assets				29,852
Liabilities				
Segment liabilities	18,533	3,594	1,889	24,016
Unallocated corporate liabilities				305
Consolidated total liabilities				24,321

2007 Revenue	UK & Ireland Restated £'000	Europe & Rest of World £'000	North America £'000	Consolidated Restated £'000
Sales Revenue	74,643	5,969	8,462	89,074
Royalty Income	552	866	42	1,460
Total revenue	75,195	6,835	8,504	90,534
Cost of Sales	(54,652)	(2,661)	(6,157)	(63,470)
Gross Profit	20,543	4,174	2,347	27,064
Expenses	(11,646)	(5,127)	(2,262)	(19,035)
Operating Profit	8,897	(953)	85	8,029
Net finance costs				(1,730)
Profit before tax				6,299
Taxation				(2,126)
Profit after tax				4,173

Notes to the consolidated financial statements
Period ended 5 April 2008

4. Geographical segments (continued)

2007 **Other information**	**UK & Ireland Restated £'000**	**Europe & Rest of World £'000**	**North America £'000**	**Consolidated Restated £'000**
Capital additions	55	42	185	282
Depreciation and amortisation	165	204	327	696
Balance sheet				
Assets				
Segment assets	12,275	5,616	5,457	23,348
Unallocated corporate assets				8,373
Consolidated total assets				31,721
Liabilities				
Segment liabilities	12,161	2,747	3,108	18,016
Unallocated corporate liabilities				1,220
Consolidated total liabilities				19,236

5. (Loss)/profit before tax for the period

(Loss)/profit before tax for the period has been arrived at after (crediting)/charging

	2008 £'000	**2007 Restated £'000**
Cost of inventories recognised as expense	34,375	63,470
Depreciation of owned assets	330	335
Amortisation of intangible assets (included within administrative expenses)	540	361
Share-based payments	10	84
Other staff costs (see note 6)	6,991	7,287
Auditors remuneration see below	293	474
Auditors remuneration		
Fees payable to the company's auditors for the audit of the company's annual accounts	11	10
Fees payable to the company's auditors and their associates for other services to the group		
The audit of the company's subsidiaries pursuant to legislation	252	150
Tax services	30	13
Due diligence and sponsorship fees for the purchase of subsidiaries	-	301

Notes to the consolidated financial statements
Period ended 5 April 2008

6. Staff costs

The average monthly number of employees (including executive directors) was

	2008 Number	2007 Number
Corporate	31	20
Design	26	26
Operations	41	60
Sales and marketing	39	25
	137	131

	£'000	£'000
Their aggregate remuneration comprised		
Wages and salaries	6,205	6,252
Social security costs	756	949
Other pension costs (see note 26)	30	86
Share-based payments	10	84
	7,001	7,371

7. Finance costs

	2008 £'000	2007 £'000
Interest on bank overdrafts and loans	1,282	963
Arrangement fees	70	767
Total finance costs	1,352	1,730

8. Tax

Income tax (credit)/expense for the period	2008 £'000	2007 £'000
Current tax	-	2,058
Prior period adjustment	(201)	(121)
Foreign tax – current period	42	127
Deferred tax credit (note 18)		
- Origination and reversal of temporary differences	(510)	62
Income tax (credit)/expense for the period	(669)	2,126

Income tax is calculated at 30 % (2007 30 %) of the estimated assessable profit for the period Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions

With effect from 1 April 2008 the UK corporation tax rate is 28% The rate of 28% (2007 30%) has been used to calculate the UK deferred tax balances An amount of £40,000 has been credited to the profit and loss account in respect of this rate reduction

Notes to the consolidated financial statements
Period ended 5 April 2008

8. Tax (continued)

The total charge for the period can be reconciled to the (loss)/profit per the income statement as follows

	2008 £'000	%	2007 £'000	%
(Loss)/profit before tax	(6,092)		6,299	
Tax at domestic income tax rate of 30% (2006 30%)	(1,828)	(30%)	1,890	30%
Tax effect of expenses that are not deductible in determining taxable profit	211	3%	288	5%
Losses incurred not relieved against UK profits	1,201	20%	(54)	(1%)
Adjustments to tax charge in respect of previous years	(201)	(3%)	(121)	(2%)
Tax effect of subsidiaries operating in other jurisdictions	(75)	(1%)	127	2%
Other tax adjustments	23	-	(4)	-
Domestic tax expense and effective tax rate for the period	(669)	(11%)	2,126	34%

9. Share capital

	2008 £'000	2007 £'000
Authorised:		
35,999,991 ordinary shares of 5p each	1,800	1,800
Issued and fully paid:		
27,342,912 (2007 27,337,412) ordinary shares of 5p each	1,367	1,373

The Company has one class of ordinary shares which carry no right to fixed income

A misallocation between share capital and share premium of £6,000 has been corrected in the current period

10. Dividends

	2008 £'000	2007 £'000
Interim dividend paid 1 1p per ordinary share (2007 1 5p per share)	300	409
Final dividend for the prior period 2 25p per share (2007 2 25p per share)	615	612
	915	1,021
There is no proposed final dividend for the period ended 5 April 2008 (2007 2 25p per share)	-	615

11. (Loss)/earnings per share

The calculation of the basic and diluted (loss)/earnings per share is based on the following data

(Loss)/earnings

	2008 £'000	2007 Restated £'000
(Loss)/earnings for the purposes of basic (loss)/earnings per share being net (loss)/profit attributable to equity holders of the parent	(5,423)	4,173

Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	27,310,745	27,253,918
Effect of dilutive potential ordinary shares		
Share options	-	3,476
Weighted average number of ordinary shares for the purposes of diluted (loss)/earnings per share	27,310,745	27,257,394
(Loss)/earnings per share		
Basic	(19 9p)	15 3p
Diluted	(19 9p)	15 3p

The prior period earnings have been restated due to a restatement of the fair value of net assets acquired in excess of the fair value of purchase consideration on the acquisition of Greenmark Limited (see note 21)

Notes to the consolidated financial statements
Period ended 5 April 2008

12. Goodwill and Other Intangible Assets

	Goodwill Restated £'000	Other Intangibles Restated £'000	Total Restated £'000
Cost			
At 1 April 2006	3,925	2,518	6,443
Recognised on acquisition of a subsidiary	2,364	2,000	4,364
Foreign currency translation	(99)	63	(36)
At 31 March 2007	6,190	4,581	10,771
Foreign currency translation	606	(167)	439
At 5 April 2008	6,796	4,414	11,210
Amortisation			
At 1 April 2006	-	201	201
Amortisation for the period	-	361	361
Exchange differences	-	(1)	(1)
At 31 March 2007	-	561	561
Amortisation for the period	-	540	540
Exchange differences	-	(73)	(73)
At 5 April 2008	-	1,028	1,028
Carrying amount			
At 5 April 2008	6,796	3,386	10,182
At 31 March 2007	6,190	4,020	10,210

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired The key assumptions used in assessing goodwill included the use of business forecasts for the next five years

Other intangibles include values ascribed to customer relationships as well as values placed on brand names on acquisition of subsidiaries or licences

The amortisation period for costs incurred on the Group's brand acquisition is the life of the underlying franchise agreement, which is on average ten years The amortisation period for the intangible value of the customer relationships valued on the acquisition of Moda America LLC in 2006 and Greenmark in 2007 is 7 5 years and 10 years respectively The recoverable amount of this cash-generating unit is determined from a value-in-use calculation The key assumptions for the value-in-use calculation are those regarding discount rates (10%), growth rates (5%) and profitability Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating unit The growth rates are based on industry growth forecasts Changes in profitability are based on future expectations of internal efficiency gains and the market

13. Property, plant and equipment

	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation			
At 1 April 2006	899	1,981	2,880
Additions	34	248	282
Acquisition of subsidiary	-	15	15
Reclassification and write offs	(13)	(48)	(61)
At 1 April 2007	920	2,196	3,116
Additions	98	99	197
Reclassification	182	(182)	-
Disposal / write-offs	-	(939)	(939)
Foreign exchange transactions	96	55	151
At 5 April 2008	1,296	1,229	2,525
Accumulated depreciation and impairment			
At 1 April 2006	226	1,529	1,755
Charge for the period	126	209	335
Reclassification and write offs	-	(62)	(62)
At 1 April 2007	352	1,676	2,028
Charge for the period	241	89	330
Reclassification	41	(41)	-
Disposal / write-offs	-	(939)	(939)
Foreign exchange transactions	(47)	40	(7)
At 5 April 2008	587	825	1,412
Carrying amount			
At 5 April 2008	709	404	1,113
At 31 March 2007	568	520	1,088

The Group's obligations under finance leases (see note 20) are secured by the lessors' title to the leased assets, which have a carrying amount of £50,000 (2007 Nil)

14. Inventories

	2008 £'000	2007 £'000
Raw materials	397	178
Work-in-progress	581	364
Finished goods	5,211	3,255
	6,189	3,797

Notes to the consolidated financial statements
Period ended 5 April 2008

15. Trade and other receivables

	2008 £'000	2007 £'000
Trade debtors	7,457	11,458
Other debtors	2,579	1,708
Prepayments	928	1,118
	10,964	14,284

The directors consider that the carrying amount of trade receivables approximates to their fair value

Total trade receivables held by the Group at 5 April 2008 amounted to £7 5 million (2007 £11 5 million) Credit terms which vary (14 to 90 days) are made available on invoices

Included in the Group trade receivables are debtors with a carrying amount of £2 0 million (2007 £5 2 million) that are past due at the reporting date for which the Group has not provided as the amounts are still considered recoverable, a breakdown of the ageing of these balances is given below

	2008 £'000	2007 £'000
Past due – 0- 30 days	1,311	1,332
Past due – 30 – 60 days	421	1,591
Past due – 60 – 90 days	254	1,133
Past due over 90 days	3	1,154
	1,989	5,210

The Group does not hold any collateral over these balances Trade receivables are not normally interest bearing, although the Company may exercise the right to charge interest on overdue accounts

Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables and financial instruments (see note 19) The Company's credit risk is primarily attributable to its trade receivables The amounts presented in the balance sheet are net of allowances for doubtful receivables An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

Bank balances and cash comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less The carrying amount of these assets approximates their fair value The credit risk on liquid funds and derivative financial instruments is limited because the counter-parties are banks with high credit ratings assigned by international credit rating agencies

The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers Credit risk is mitigated by accepting only the major retailers in each country as customers, and obtaining, if available, credit insurance for sales

16. Trade and other payables

	2008 £'000	2007 £'000
Trade creditors and accruals	10,039	8,914
Employment tax	591	584
	10,630	9,498

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs The directors consider that the carrying amount of trade payables approximates to their fair value

17. Bank overdrafts and loans

	2008 £'000	2007 £'000
Bank overdrafts	8,662	2,512
Non-convertible Loan notes	1,000	-
Convertible loan notes	1,000	-
Current liabilities	10,662	2,512
Bank loans	125	1,541
Non-convertible loan notes	-	1,000
Convertible loan notes	-	1,000
Non-current liabilities	125	3,541

	GBP £'000	EUR £'000	USD £'000	Total £'000
Analysis of cash and borrowings within 1 year by currency				
5 April 2008				
Cash, bank overdrafts and loans	(12,592)	(311)	3,645	(9,258)
31 March 2007				
Cash, bank overdrafts and loans	(1,837)	987	680	(170)
Analysis of borrowings over 1 year by currency				
5 April 2008				
Loans – non current liabilities	125	-	-	125
31 March 2007				
Loans – non current liabilities	3,541	-	-	3,541

17. Bank overdrafts and loans (continued)

	2008	2007
	%	%
The weighted average interest rates paid were as follows	7 29	6 58

Where there is a right of set off with a bank, positive cash balances have been netted against the overdrafts

The carrying value approximates fair value

Of the non-current loans shown above £0 1 million is repayable within one to two years (2007 £3 4 million) and nil is repayable within two to three years (2007 £0 1 million) These amounts are stated at their full value

All amounts are repayable on demand The other principal features of the Group's borrowings are as follows

(i) In the UK, the Group's facility is with HSBC Bank plc It is a composite facility including overdrafts, letters of credit, import finance loans, invoice financing, duty deferment bonds and cover for forward foreign exchange contracts Bank overdrafts are repayable on demand, and are secured in the UK by a debenture over the assets of the Group, cross guarantees, a general letter of negative pledge and a counter indemnity in respect of the duty deferment bonds The average effective interest rate on the facilities are based on 1 75% plus HSBC bank Sterling base rate

(ii) The Group also has a facility in the USA with Wells Fargo Century Wells Fargo Century has Uniform Commercial Code filings (Liens) against receivables, inventory and fixed assets, in a composite facility It also provides a letter of credit facility The effective interest rate is the bank base rate plus 0 5%

At 5 April 2008, the Group had available £0 4 million (2007 £1 3 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met

Loan notes were issued as part of the purchase consideration of Greenmark Limited in the prior year Non-convertible loan notes are guaranteed and bare interest at the base rate of HSBC Bank Plc plus 2 4% They are redeemable on the second anniversary of the issue date Convertible loan notes are unsecured, bear interest at the base rate of HSBC Bank Plc and are convertible into a variable number of ordinary shares of the Company at the second anniversary of the issue date

If interest rates moved by 1% (on average over the year) the effect on the income statement for the period would be £185,000 (2007 £263,000)

Notes to the consolidated financial statements
Period ended 5 April 2008

18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period

	Short-term timing differences £'000	Acquisition intangible Restated £'000	Total Restated £'000
At 1 April 2007 (restated)	(11)	1,092	1,081
Charge/(credit) to income statement	57	(567)	(510)
As 5 April 2008	46	525	571

Within this total figure, £140,000 will reverse in the next twelve months, leaving £431,000 as a long term liability

At the balance sheet date, the Group has unused capital losses of £95 2m (2007 £95 2m) available for offset against future chargeable gains No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future chargeable gains The capital losses may be carried forward indefinitely

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is insignificant No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of temporary differences and it is probable that such a difference will not reverse in the foreseeable future

At the balance sheet date the Group had unused tax losses of £6 1m available for offset against their future profit No deferred tax has been recognised in respect of these losses due to the unpredictability of future profit streams

Notes to the consolidated financial statements
Period ended 5 April 2008

19. Currency risk

The Group utilises currency derivatives to economically hedge significant future transactions and cash flows The Group is a party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures The instruments purchased are primarily denominated in the currencies of the Group's principal markets

At the balance sheet date the total notional amount of outstanding forward foreign exchange contracts that the Group has committed are as below

	2008 £'000	2007 £'000
Forward foreign currency contracts	2,214	4,405
Fair value of forward foreign currency contracts - financial assets at fair value through profit or loss, held for trading in accordance with IAS 39 (included within other debtors)	62	99

Under the rules of IAS 32 and 39 the Group has not met the strict documentation criteria required to meet the hedge accounting rules The forward USD purchase contracts were, therefore, independently valued and a valuation gain of £62,000 (2007 £99,000) was taken through the income statement Amounts of £199,000 were transferred to the income statement during the period

The fair value of forward currency contracts is subject to a currency rate risk A 10% variation in the valuation of sterling at the balance sheet date would have an impact of £0 2 million (2007 £0 2 million) All of this would be taken to the income statement

The amounts generated from the sensitivity analysis are estimates of the impact of market risk assuming that specified changes occur Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in exchange rates to vary from the hypothetical amounts, which therefore should not be considered a projection of likely future events and losses

Notes to the consolidated financial statements
Period ended 5 April 2008

20. Obligations under finance leases

	Minimum lease payments		Present value of lease payments	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Amounts payable under finance leases				
Within one year	191	-	150	-
In the second to fifth years inclusive	382	-	300	-
After five years	-	-	-	-
	573	-	450	-
Less future finance charges	(123)	-	N/A	N/A
	450	-	450	-
Less Amount due for settlement within 12 months (shown under current liabilities)			(150)	-
Amount due for settlement after 12 months			300	-

During the period, the Group sold and leased back certain of its fixtures and equipment under finance leases The average lease term is four years For the period ended 5 April 2008, the average effective borrowing rate was 29 per cent (2007 N/A) Interest rates are fixed at contract date All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments All lease obligations are denominated in sterling The fair value of the Group's lease obligations approximates their carrying amount The Group's obligations under finance leases are secured by the lessors' rights over the leased assets, disclosed in note 13 The finance lease liabilities are secured over the assets which are leased

Notes to the consolidated financial statements
Period ended 5 April 2008

21. Acquisition of subsidiary

Greenmark Limited

In the prior year ending 31 March 2007 the Group purchased the entire equity interest of Greenmark Limited effective 26 January 2007 At the time provisional values were assigned to the assets and liabilities acquired based on the information that was available As all values have now been finalised we have included an updated net assets acquired and consideration schedule set out below

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Net assets acquired			
Inventories	139	-	139
Trade and other receivables	2,883	-	2,883
Cash and cash equivalents	(1,648)	-	(1,648)
Trade and other payables	(1,156)	-	(1,156)
	218	-	218
Intangible value ascribed to customer relationships			2,000
Less deferred tax liability			(600)
Goodwill			2,128
Total consideration			3,746
Total consideration satisfied by			
Cash			1,000
Convertible loan note			1,000
Loan notes			1,000
Deferred consideration			218
Directly attributable costs			528
			3,746

In accordance with IFRS 3 *Business Combinations* the fair value of net assets acquired and consideration paid have been restated to reflect the final values with the main difference being a change in customer relationships from £8,000,000 to £2,000,000 and the related deferred tax liability decreasing from £2,400,000 to £600,000 The constitution of the customer base of Greenmark Limited has changed substantially from that at the date of acquisition and it was therefore necessary to review the value place upon the customer relationships As a result the fair value of net assets acquired in excess of the fair value of purchase consideration recognised in the income statement in the prior year has been restated from £2,124,000 to zero and goodwill of £2,128,000 has been recognised As a result of the change in the customer relationships intangible asset, amortisation of the asset in the year ended 31 March 2007 has reduced by £100,000 from the previously published results with a corresponding reduction to the deferred tax credit in the period of £30,000

Notes to the consolidated financial statements
Period ended 5 April 2008

22. Notes to the cash flow statement

	2008 £'000	2007 Restated £'000
Operating (loss)/profit from continuing operations	(4,740)	8,029
Adjustments for		
Net gain on derivatives	(62)	99
Depreciation of property, plant and equipment	330	335
Amortisation of intangible assets	540	361
Share option charge	10	84
Operating cash flows before movements in working capital	(3,922)	8,908
(Increase) /decrease in inventories	(2,112)	168
Decrease in receivables	4,102	9,391
(Decrease) in payables	(872)	(2,260)
Cash generated by operations	(2,804)	16,207
Income taxes paid	(501)	(1,959)
Interest paid	(1,352)	(1,730)
Net cash from operating activities	(4,657)	12,518

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

The subsidiary J C de Castelbajac Italy s r l has restricted cash in the current and prior year of €444,002 due to an ongoing litigation case There is also restricted cash of £379,000 in relation to the Greenmark loan notes

23. Contingent liabilities

A claim has been made against our Italian subsidiary, J C de Castelbajac Italy s r l by the receiver of a former licensee The claim relates to the non-payment for goods which we consider to be unfounded Should judgement be made against the Company the exposure is €240,000 plus VAT and legal expenses

J C de Castelbajac Italy s r l has filed two counter claims against the receiver Our advisers estimate that if our counter claims were successful they would result in a settlement receivable by the Group of up to €350,000

In addition to the claims described above, the Trustee responsible for the bankruptcy of the former licensee has made a claim for €2 5 million against our Italian subsidiary, J C de Castelbajac Italy s r l Our Italian legal advisors have advised a more likely outcome for which a provision has been raised

A former employee of Jean-Charles de Castelbajac SA has filed a claim with the French labour court for damages for abusive termination of his employment and is seeking damages in the sum of €1,750,000 No provision has been made for this claim as the directors do not consider an outcome against Marchpole to be probable

Notes to the consolidated financial statements
Period ended 5 April 2008

24. Operating lease arrangements

	2008 £'000	2007 £'000
Lease payments under operating leases recognised in expenses for the period	1,293	1,109

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows

	2008 £'000	2007 £'000
Within one year	1,475	1,288
In the second to fifth years inclusive	3,900	4,344
After five years	18	35
	5,393	5,667

Operating lease payments represent rentals payable by the Group for certain of its office properties Leases are negotiated for an average term of five years and rentals are fixed for an average of five years

25. Share based payments

Equity-settled share option scheme

The Company has an Unapproved Share Option Scheme and an Enterprise Management Incentive ("EMI") Share Option Scheme in which all employees of the Group participate subject to certain qualifying criteria Shares under the schemes generally vest and become exercisable in equal tranches dependent on the attainment of proposed market capitalisations of the Company, on each twelve month anniversary from the date of grant The vesting periods are of two or three years Options are forfeited if the employee leaves the Group The Company also operates a Third Party Share Agreement over ordinary shares The total share option pool will not exceed 10% of the issued share capital and all options will lapse on the 10th anniversary of the grant date

Details of the share options outstanding during the period are as follows

	2008		2007	
	Number of share options	Weighted average exercise price (in p)	Number of share options	Weighted average exercise price (in p)
Outstanding at beginning of period	1,002,835	126 65	1,069,001	123 25
Granted during the period	4,000	-	-	-
Forfeited during the period	-	-	(38,000)	93 51
Exercised during the period	(5,500)	87 79	(28,166)	42 40
Expired during the period	-	-	-	-
Outstanding at the end of the period	1,001,335	126 44	1,002,835	126 65
Exercisable at the end of the period	11,668	70 83	13,168	65 47

Notes to the consolidated financial statements
Period ended 5 April 2008

25. Share based payments (continued)

The weighted average share price at the date of exercise for share options exercised during the period was 87 79p The options outstanding at 5 April 2008 had a weighted average exercise price of 126 44p, and a weighted average remaining contractual life of 6 years
Exercise prices for share options outstanding at the end of the period ranged from 23 75p to 128 75p

The inputs into the Binomial model are as follows

	2008	2007
Weighted average share price	127 55p	127 55p
Weighted average exercise price	128 05p	128 05p
Expected volatility	40 5%	40 5%
Expected life	74 5%	74 5%
Risk-free rate	4 7%	4 7%
Expected dividends	2%	2%

Expected volatility was determined by calculating the 10, 30, 50 and 100 day volatility of the Group's share price at each grant date The expected life used in the model has been calculated by assuming that all options granted will, on average, be exercised when the share prices is at least 30% higher than the exercise price

The Group recognised total expenses of £10,000 and £84,000 related to equity-settled share-based payment transactions in 2008 and 2007 respectively

26. Retirement benefit schemes

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees in the UK The assets of the schemes are held separately from those of the Group in funds under the control of trustees Eligible employees are entitled to a contribution of up to 5% of salary provided they contribute a matching amount

The employees of the Group's subsidiary in the USA are eligible for a 401(k) plan which offers a deferred tax benefit The Company will match employee contributions to a maximum of 4 5% of salary The 401(k) plan assets are held separately from those of the Group under the control of an independent manager

The employees of the Group's subsidiaries in France are eligible for pension benefits provided by a Government agency The Company funds 12 6% of salaries

The employees of the Group's subsidiaries in Hong Kong are eligible for the Hong Kong Government's Mandatory Provident Fund, which is funded to a maximum of 5% of salaries

The total cost charged to income of £30,000 (2007 £86,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans

27. Events after the balance sheet date

We are in the process of signing a major new joint venture with one of the world's leading fashion design houses Furthermore, we have successfully renegotiated our banking facilities with increases to support the joint venture We expect to formally announce this joint venture imminently

28. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

Notes to the consolidated financial statements
Period ended 5 April 2008

29. Remuneration of key management personnel

The remuneration of the executive directors, who are the key management personnel of the Group, is set out in the audited part of the Directors' Remuneration Report on pages 12 to 17

30. Subsidiaries

A listing of the Group's subsidiaries is included as note 7 to the Company's separate financial statements below

Independent auditors' report to the members of Marchpole Holdings plc

We have audited the parent company financial statements of Marchpole Holdings plc for the period ended 5 April 2008 which comprise the balance sheet, the cash flow statement and the related notes 1 to 9 These parent company financial statements have been prepared under the accounting policies set out therein

We have reported separately on the Group financial statements of Marchpole Holdings plc for the period ended 5 April 2008 and on the information in the Directors' Remuneration Report that is described as having been audited

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' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the parent company 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 parent company financial statements give a true and fair view and whether the parent company financial statements have been 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 parent company financial statements The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Directors' Report

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 other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited parent company financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements Our responsibilities do not extend to any further information outside the Annual Report

Basis of audit 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 parent company financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company 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 parent company 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 parent company financial statements

Independent auditors' report to the members of Marchpole Holdings plc (continued)

Opinion

In our opinion

- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 5 April 2008,
- the parent company 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 parent company financial statements

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
4 August 2008

Marchpole Holdings plc

Company balance sheet
Period ended 5 April 2008

	Note	2008 £'000	2007 £'000
Non-current assets			
Investment in subsidiaries	7	13,424	13,383
Other intangible assets		-	48
Property, plant and equipment		-	1
		13,424	13,432
Current assets			
Trade and other receivables	3	1,479	393
Cash and cash equivalents	3	168	1,875
		1,647	2,268
Total assets		15,071	15,700
Current liabilities			
Trade and other payables	4	(7,614)	(12,646)
Loans	5	(2,000)	-
Non-current liabilities			
Loans	5	-	(2 000)
Net assets		5,457	1,054
Equity			
Share capital	6	1,367	1 373
Share premium account	6	2,809	2,800
Other reserves	6	384	374
Retained earnings	8	897	(3,493)
Equity attributable to equity holders to the parent		5,457	1,054

The financial statements were approved by the board of directors and authorised for issue on 4 August 2008 They were signed on its behalf by

Michael Morris **John Macaulay**

4 August 2008

Marchpole Holdings plc

Company cash flow statement
Year ended 5 April 2008

	2008 £'000	2007 £'000
Net (deficit) / cash from operating activities*	(685)	4,952
Investing activities		
Purchases of property, plant, equipment and intangibles	-	(45)
Acquisition of subsidiary	(41)	(2,302)
Purchase of own shares	(69)	-
Net cash used in investing activities	(110)	(2,347)
Financing activities		
Dividends paid	(915)	(1,021)
Proceeds on issue of shares	3	15
Net cash used in financing activities	(912)	(1,006)
Net (decrease)/increase in cash and cash equivalents	(1,707)	1,599
Cash and cash equivalents at beginning of period	1,875	276
Cash and cash equivalents at end of period	168	1,875

***Net Cash from Operating Activities**

	2008 £'000	2007 £'000
Operating loss from continuing operations	(222)	(2,020)
Adjustments for		
Depreciation of plant and equipment	1	-
Share Option Charge	10	84
Operating cash flows before movements in working capital	(211)	(1,936)
Decrease in receivables	4,769	3,487
(Decrease)/Increase in payables	(4,989)	3,419
Cash (utilised)/generated by operations	(431)	4,970
Interest paid	(254)	(18)
Net cash from operating activities	(685)	4,952

Marchpole Holdings plc

Notes to the company financial statements

1. **Significant accounting policies**

The separate financial statements of the Company are presented as required by the Companies Act 1985 As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards

The financial statements have been prepared on the historical cost basis The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment

The Company has applied the exemption in Section 230 of the Companies Act 1985, and not shown a Company income statement The loss for the period after tax was £ 0 5 million (2007 £2 0 million)

2. **Staff**

The Company has no staff other than the directors The directors' salaries are disclosed in the Directors' remuneration report

3. **Financial assets**

Trade and other receivables

At the balance sheet date trade and other receivables includes amounts receivable from the fellow Group companies of £1 3million (2007 £0 3million) The carrying amount of these assets approximates to their fair value

Cash and cash equivalents

These comprise cash held by the Company The carrying amount of these assets is equal to their fair value

4. **Financial liabilities**

Trade and other payables

Trade payables principally comprise intercompany debts and amounts outstanding for ongoing costs At the balance sheet date trade and other payables included amounts payable to fellow Group companies of £ 6 8million (2007 £11 8million)

The directors consider that the carrying amount of trade payables approximates to their fair value

5. **Loans**

Loans represent loan notes issued on the acquisition of Greenmark Limited as part of the purchase consideration Further details regarding the loan notes have been disclosed in note 19 to the consolidated financial statements

6. **Share capital, other reserves and share premium account**

The movements on these items are disclosed in the Consolidated statement of changes in shareholders' equity in the consolidated financial statements

Notes to the company financial statements

7. Subsidiaries

Subsidiary Name	Holding	Country of Incorp-oration	Voting Rights	Nature of business
Artpower Limited	Ordinary Shares	Great Britain	100%	Design and Distribution of Ozwald Boeteng menswear
Glolite Limited *	Ordinary Shares	Great Britain	100%	Dormant
J C de Castelbajac Italy s r l	Ordinary Shares	Italy	100%	Sales and distribution of JCC brands
Marchpole Italy s r l	Ordinary Shares	Italy	100%	Sales and distribution of JCC brands
Jean-Charles de Castelbajac SA	Ordinary Shares	France	100%	Design of JCC lines and sub-licensing
JCC Hong Kong Limited	Ordinary Shares	Hong Kong	100%	Procurement for JCC brands
Locatos Holdings BV*	Ordinary Shares	Nether-lands	100%	Holding Company
Marchpole Group Limited *	Ordinary Shares	Great Britain	100%	Design, Sales and Distribution of YSL and Ungaro menswear brands
Marchpole Hong Kong Limited	Ordinary Shares	Hong Kong	100%	Procurement support for YSL and Ungaro brands
Marchpole (North America) Limited *	Ordinary Shares	Great Britain	100%	Dormant
Marchpole Trading Limited	Ordinary Shares	Great Britain	100%	Sales and Distribution of JCC Brands
Marchpole Worldwide Limited	Ordinary Shares	Great Britain	100%	Sales and Distribution of Ungaro Brands
Marchpole Worldwide France SA	Ordinary Shares	France	100%	Sales and Distribution of Ungaro Brands
Minegoal Limited	Ordinary Shares	Great Britain	100%	Holding Company
Moda America LLC	Ordinary Shares	USA	100%	Sales and Distribution of Ungaro and JCC Brands
Tomasz Starzewski Menswear Limited *	Ordinary Shares	Great Britain	100%	Dormant
Greenmark Limited	Ordinary Shares	Great Britain	100%	Design, Sales and Distribution of ladies shoes
Homebody Limited	Ordinary Shares	Great Britain	51%	Design, Sales and Distribution of Homebody and Homemummy Brands

* Held through an intermediate holding Company

Notes to the company financial statements

8. Retained earnings

	£'000
Balance at 1 April 2006	(429)
Dividends paid	(1,021)
Net loss for the period	(2,043)
Balance at 1 April 2007	(3,493)
Dividends paid	(915)
Dividends received	5,856
Net loss for the period	(482)
Own shares	(69)
Balance at 5 April 2008	897

9. Remuneration of key management personnel

The remuneration of the executive directors, who are the key management personnel of the Company, is set out in the audited part of the Directors' Remuneration Report on pages 12 to 17

Marchpole Holdings plc

Unaudited consolidated five year history

	IFRS 2008 £'000	IFRS 2007 Restated £'000	IFRS 2006 restated £'000	IFRS 2005 restated £'000	UK GAAP 2004 restated £'000
Results					
Revenue	44,749	90,534	38,370	31,520	19,986
(Loss)/Profit from operations	(4,740)	8,029	4,994	5,133	2,782
(Loss)/Profit before tax	(6,092)	6,299	4,453	4,880	2,655
Assets employed					
Non-current assets	11,295	11,298	7,367	4,586	4,048
Current assets	18,557	20,423	25,570	11,298	8,828
Current liabilities	(23,465)	(14,787)	(22,424)	(8,283)	(7,680)
Non-current liabilities	(802)	(4,449)	(740)	(315)	(588)
Net assets	5,585	12,485	9,773	7,286	4,608
Financed by					
Equity	5,585	12,485	9,773	7,286	4,608
Key statistics					
Earnings per share	(19 9p)	15 3p	11p	11p	7p
Diluted earnings per share	(19 9p)	15 3p	11p	11p	7p

The amounts disclosed for 2004 are stated on the basis of UK GAAP because it is not practicable to restate amounts for periods prior to the date of transition to IFRS