

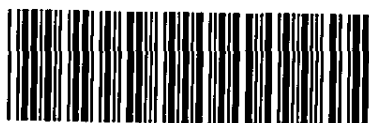
Burberry International Holdings Limited

Registered Number 4251867

Directors' Report and Accounts

For the year to 31 March 2008

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Burberry International Holdings Limited

Directors' Report for the year to 31 March 2008

The directors submit their report and the audited financial statements for the year to 31 March 2008.

Principal activities and business review

The company is a wholly owned subsidiary of Burberry Group plc, its principal activity is to act as a holding company. There have been no significant changes in the company's principal activity in the year under review. The directors do not intend, at the date of this report, that there will be any major changes in the company's activities in the next year.

The balance sheet on page 5 of the financial statements shows that the company's financial position at the year end is, in net assets.

The Group manages its operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the financing companies of Burberry Group plc, which includes the company, is discussed in the Group's Annual Report which does not form part of this report.

Principal risk and uncertainties

The directors of Burberry Group plc manage the risks of the Burberry Group (the Group) at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2008 Annual Report which does not form part of this report.

Results and dividends

The company's profit for the financial year is £45,928,722 (2007: loss of £6,667,670). The directors paid an interim dividend of £16,108,786 (2007: £nil) and do not recommend the payment of a final dividend (2007: £nil).

Except for the disclosure in note 17, the company intends to retain its holdings in subsidiary companies for the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Provision of information to auditors

In accordance with the provisions of the Companies (Audit, Investigations and Community Enterprise) Act 2004 amending the Companies Act 1985, each of the Company's directors in office as at the date of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the auditors are unaware, and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Burberry International Holdings Limited

Directors' Report for the year to 31 March 2008 (continued)

Directors

The directors who held office during the period were as follows:

S L Cartwright

C A Fairweather

E G Foa (resigned 13 April 2007)

E P Barker (appointed 12 November 2007 – resigned 31 March 2008)

Statement of Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.


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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The company has passed elective resolutions dispensing with the need to hold an Annual General Meeting and annually reappoint auditors. Accordingly, PricewaterhouseCoopers LLP are deemed to have been re-appointed as auditors for the forthcoming year.

By order of the board 23 January 2009



C A Fairweather
Director

Burberry International Holdings Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BURBERRY INTERNATIONAL HOLDINGS LIMITED.

We have audited the financial statements of Burberry International Holdings Limited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

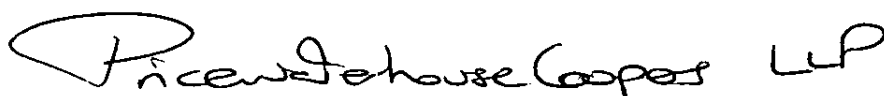
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

26 January 2009

Burberry International Holdings Limited

Profit and loss account for the year to 31 March 2008

	<i>Note</i>	2008 £	2007 £
Administrative (expenses) / income	2	(1,300)	(1,500)
Exceptional item – income/(expense)	3	28,045,890	(3,953,312)
Dividend receivable	4	19,881,445	-
Interest receivable and similar income	5	599,150	332,447
Interest payable and similar charges	6	(3,982,515)	(4,239,895)
Foreign exchange gains/(losses)	7	530,061	(50,724)
Profit/(loss) on ordinary activities before taxation		45,072,731	(7,912,984)
Tax on profit/loss on ordinary activities	8	855,991	1,245,314
Profit/(loss) on ordinary activities after taxation	15,16	45,928,722	(6,667,670)

The above results relate to continuing operations.

The company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

The notes on pages 6 to 13 form part of these statements.

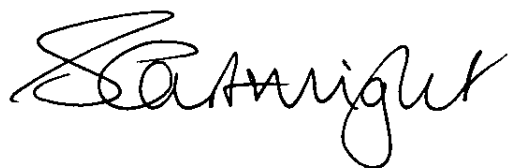
Burberry International Holdings Limited

Balance sheet as at 31 March 2008

	Note	2008 £	2007 £
Non current assets			
Investments	9	72,522,867	73,279,079
Debtors- amounts falling due after one year	10	-	2,992,104
		72,522,867	76,271,183
Current assets			
Bank and cash equivalents		91,979	89,004
Debtors- amounts falling due within one year	11	11,629,032	6,625,328
		11,721,011	6,714,332
Current Liabilities			
Creditors – amounts falling due within one year	12	(62,213,006)	(69,647,056)
Net current liabilities		(50,491,995)	(62,932,724)
Total assets less current liabilities		22,030,872	13,338,459
Non current Liabilities			
Creditors – amounts falling due after one year	13	-	(21,127,523)
Net Assets/(Liabilities)		22,030,872	(7,789,064)
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	22,030,871	(7,789,065)
Equity Shareholders' Fund/(Deficit)	16	22,030,872	(7,789,064)

The notes on pages 6 to 13 form part of these financial statements.

Approved by the board on 23 January 2009



S L Cartwright
Director

Burberry International Holdings Limited

Notes to the Financial Statements for the year to 31 March 2008

1 Accounting policies

The principal accounting policies of the company are detailed below.

(a) Basis of accounting

These financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom, which have been applied on a consistent basis.

The balance sheet set out on page 5 shows the company has net current and total net liabilities as at the end of the financial period. Included in these net current liabilities are amounts due to group companies which have been treated as payable within one year. The parent company has indicated its continuing support. On this basis, the directors are satisfied that it is appropriate for the financial statements to be prepared on a going concern basis.

(b) Investments

Investments held by the company are carried at cost less amounts written off in respect of impairment. The impairment charge for the year is the difference between the value of the investment held less the future discounted cash flows. The charge is in accordance with Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill". The pre tax discounted rates used in these calculations varied from 8% to 31%.

(c) Foreign currency

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction or at the forward contract rate where hedged. Monetary assets and liabilities denominated in foreign currencies which are held at year end are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange differences on monetary assets and liabilities are taken to the profit and loss account.

(d) Cash flow statement

The company is a wholly owned subsidiary of Burberry Group plc and is included in the consolidated financial statements of Burberry Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1(Revised 1996).

(e) Related party transactions

Financial Reporting Standard 8 (FRS 8), "Related Party Disclosures" requires the disclosure of the details of material transactions between the reporting entity and related parties. The Company has taken advantage of the exemption under the terms of FRS 8, not to disclose details of transactions with entities that are part of Burberry Group plc.

Burberry International Holdings Limited

Notes to the Financial Statements for the year to 31 March 2008 (continued)

2 Result for the period

No directors received any remuneration from the company during the period to 31 March 2008.

No employee costs are included in these financial statements. The auditors received remuneration of £1,300 (2007: £1,500).

3 Exceptional item

During the year the investment in Burberry (Singapore) Distribution Co was sold to Burberry Luxembourg (No 1) Sarl, which resulted in a net profit of £28,045,890.

In accordance with Financial Reporting Standard 11 "Impairment of Fixed Assets and Goodwill", no impairment charge was taken to the profit and loss account for the current year (2007: charge £3,953,312) (impairment charge being the difference between the cost of the investment held less the future discounted cash flows).

4 Dividend income/expense

The company also received dividend income of £19,881,445 (2007: £nil) from Burberry Asia Holdings Limited.

The company also paid an interim dividend as follows:

	2008 £	2007 £
An interim dividend was paid to Burberry Group plc £16,108,786 per £1 share	16,108,786	-

5 Interest receivable and similar income

Interest receivable represents interest on loans to other group companies.

6 Interest payable and similar charges

Interest expense represents interest on loans from other group companies.

7 Foreign currency gains and losses

Foreign currency gains and losses comprise differences on the retranslation at the year end of amounts due to group companies.

Burberry International Holdings Limited

Notes to the Financial Statements for the year to 31 March 2008 (continued)

8 Tax on loss on ordinary activities

The tax credit is based on the taxable loss for the year and comprises:

	2008 £	2007 £
Current tax		
UK corporation tax	(6,471,365)	1,187,902
Double tax relief	7,327,356	-
Adjustment in respect of prior years	-	57,412
Total current tax	855,991	1,245,314

The rate of current tax on profit on ordinary activities varies from the standard rate of corporation tax in the UK of 30% (2007: 30%). The difference is explained below:

	2008 £	2007 £
Profit/(loss) on ordinary activities	45,072,731	(7,912,984)
Tax on ordinary activities at the standard rate of corporation tax of 30% (2007: 30%)	(13,521,819)	2,373,895
Tax effects of:		
Impairment charge not deductible	-	(1,185,993)
Profit on disposal of shares not taxable	8,413,767	-
UK corporation tax on grossing up on foreign dividend	(1,363,313)	-
Tax on dividend covered by foreign tax credits	7,327,356	-
Adjustments in respect of prior years	-	57,412
Total current tax credit	855,991	1,245,314

From 1 April 2008, the standard rate of corporation tax in the UK will decrease to 28%.

Burberry International Holdings Limited

Notes to the Financial Statements for the year to 31 March 2008 (continued)

9 Investments

	2008	2007
	£	£
Burberry Italy (Rome) S.r.l	6,711	6,711
Burberry (Malaysia) Sdn. Bhd	39,557	39,557
Burberry France SA	27,896,556	27,896,556
Burberry Asia Holdings Limited	3,083,972	3,083,972
Burberry (Singapore) Distribution Co Pte Ltd	-	1,079,110
Burberry Pacific Pty Limited	298,959	298,959
Burberry Korea Limited	8,736,172	8,736,172
Burberry Italy Retail Limited	25,061,681	25,061,681
Burberry Japan KK	52,348	52,348
Burberry (Taiwan) Co Limited	10,036,381	10,036,381
Burberry (Austria) GmbH	12,011	12,011
Burberry Czech Republic s.r.o	306,381	53,795
Burberry Antwerp N.V	869,340	869,340
Burberry Hungary kft	5,798	5,798
Burberry Netherlands BV	12,542	-
Burberry China Holdings Ltd	57,770	-
Investment at cost	76,476,179	77,232,391
Impairment charge in prior years	(3,953,312)	-
Current year Impairment charge	-	(3,953,312)
Total cost of investment	72,522,867	73,279,079

Burberry International Holdings Limited

Notes to the Financial Statements for the year to 31 March 2008 (continued)

9 Investments (continued)

Subsidiary undertaking	Place of incorporation	Percentage of holding of ordinary share capital	Nature of business
Burberry Italy (Rome) S.r.l	Italy	100%	Luxury goods wholesaler
Burberry (Malaysia) Sdn. Bhd	Malaysia	100%	Luxury goods retailer
Burberry France SA	France	100%	Luxury goods retailer and wholesaler
Burberry Asia Holdings Ltd	Hong Kong	100%	Holding company
Burberry Pacific Pty Ltd	Australia	100%	Luxury goods retailer and wholesaler
Burberry Korea Ltd	Korea	100%	Luxury goods retailer and wholesaler
Burberry Italy Retail Ltd	England and Wales	100%	Luxury goods retailer
Burberry (Taiwan) Co Ltd	Taiwan Province of China	100%	Luxury goods retailer
Burberry (Austria) GmbH	Austria	100%	Luxury goods retailer
Burberry Japan KK	Japan	100%	Luxury goods retailer, wholesaler and service company
Burberry Czech Republic s.r.o	Czech Republic	75%	Luxury goods retailer
Burberry Antwerp N.V.	Belgium	75%	Luxury goods retailer
Burberry Hungary kft	Hungary	74%	Luxury goods retailer
Burberry China Holdings Ltd	Hong Kong	100%	Holding company
Burberry Netherlands BV	Netherland	100%	Luxury goods retailer

As permitted under Section 228(2) of the Companies Act 1985 group financial statements have not been prepared as the company is itself a wholly owned subsidiary of another company (see note 18).

Burberry International Holdings Limited

Notes to the Financial Statements for the year to 31 March 2008 (continued)

10 Debtors – amounts falling due after one year

	2008 £	2007 £
Amounts due from group undertakings	-	2,992,104
	-	2,992,104

Included, in the prior year, within amounts due from group undertakings are loans denominated in sterling and Czech Koruna on which interest is charged at LIBOR plus 0.325% and are repayable on demand.

11 Debtors – amounts falling within after one year

	2008 £	2007 £
Amounts receivable from fellow subsidiaries in respect of group tax relief	566,605	813,579
Amounts due from group undertakings	11,062,427	5,811,749
	11,629,032	6,625,328

Included within amounts due from group undertakings are loans denominated in euros and in Australian Dollars which interest is charged at LIBOR plus 0.325% and are repayable in more than one year.

12 Creditors - amounts falling due within one year

	2008 £	2007 £
Bank overdraft	-	6,425
Amounts due to group undertakings – fellow subsidiaries	62,210,206	69,637,631
Accruals	2,800	3,000
Total	62,213,006	69,647,056

Included in amounts due to group undertakings are loans denominated in sterling, on which interest is charged at LIBOR plus 0.325% and are repayable on demand.

Burberry International Holdings Limited

Notes to the Financial Statements for the year to 31 March 2008 (continued)

13 Creditors - amounts falling due after one year

	2008 £	2007 £
Amounts due to group undertakings – fellow subsidiaries	-	6,720,491
Amounts due to group undertakings – parent company	-	14,407,032
Total	-	21,127,523

Included within amounts, for prior year, due to group undertakings are loans denominated in sterling on which interest is charged at LIBOR plus 0.325% and are repayable in more than one year.

14 Called up share capital

	2008 £	2007 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, issued and fully paid		
1 ordinary share of £1 each	1	1

15 Reserves

	Profit and loss account £
As at 1 April 2007	(7,789,065)
Retained profit for the year (note 16)	29,819,936
As at 31 March 2008	22,030,871

16 Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Profit/(loss) for the year	45,928,722	(6,667,670)
Dividend expense	(16,108,786)	-
Net decrease in shareholders' funds	29,819,936	(6,667,670)
Opening shareholders' deficit	(7,789,064)	(1,121,394)
Closing shareholders' deficit	22,030,872	(7,789,064)

17 Subsequent event

On the 18th of December 2008, Burberry International Holdings Limited disposed its entire share holding in Burberry Italy Retail Limited for a consideration of £34.2m.

Burberry International Holdings Limited

Notes to the Financial Statements for the year to 31 March 2008 (continued)

18 Intermediate and ultimate parent company

The immediate and ultimate parent undertaking is Burberry Group plc which is registered in England and Wales and is the parent undertaking of the smallest group to consolidate these financial statements. Copies of the consolidated accounts can be obtained from the Company Secretary at Burberry Group plc, Horseferry House, Horseferry Road, London SW1P 2AW.