

JASMINE DI MILO LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
52 Weeks to 31 January 2009



Registered Number: 4360319

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Jasmine Di Milo Limited

DIRECTORS' REPORT

The Directors present their annual report and the financial statements of the company for the period from 3 February 2008 to 31 January 2009.

Principal Activity

The Company's principal activity is as a designer, wholesaler and retailer of ladies fashion clothing and accessories.

Directors and their Interests

The current Directors of the Company are:

Ms J L Fayed

Mr R J Fallowfield Appointed 14 February 2008

Mr J Byrne Resigned 14 February 2008

By virtue of being the ultimate controlling party of Jasmine Di Milo Limited via Gemini Holdings Limited Inc, Ms J. L Fayed held a beneficial interest in 100% of the shares of Jasmine Di Milo Limited at 3 February 2008 and 31 January 2009. No Director has had a material interest directly or indirectly at any time during the period in any contract significant to the business of the Company.

Results and Dividends

The loss after taxation for the period from 3 February 2008 to 31 January 2009 amounted to £1,951,815 (2008: loss of £2,092,003).

The Directors do not recommend the payment of a dividend and an amount of £1,951,815 has been transferred out of reserves.

Review of Business

The year saw two more seasons of strong growth in wholesale business, as the product team built on the brand's reputation for strong design, good fit, high quality and excellent value for money. The sales team expanded the customer base and deepened market penetration in all territories.

The retail outlet saw sales fall slightly after a strong launch , mainly due to lower visibility of the showroom in the host store. This has been addressed since the year end with clear and positive results.

As the business continued to expand and face the challenges of growth, a decision was taken during the year that the company needed to recruit an experienced industry manager as Chief Executive. The search was successfully concluded in August 2009, and the company thereby took a big step towards achieving its longer term goals of expansion and product range extension.

DIRECTORS' REPORT....cont'd

Auditors

In accordance with Section 249A(1) of the Companies Act 1985, the Company, being eligible, has not appointed Auditors.

Statement of Directors' Responsibilities

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the financial period.

The Directors have prepared the financial statements on pages 3 to 11 on a going concern basis and consider that the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records, which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

By Order of the Board

Mr S Dean
Secretary
20th November 2009

87-135 Brompton Road,
Knightsbridge,
London
SW1X 7XL

Jasmine Di Milo Limited

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD FROM 3 FEBRUARY 2008 TO 31 JANUARY 2009

Note		Period to 31/01/09 £'000	Period to 02/02/08 £'000
2	TURNOVER	3,513	3,078
	Cost of Sales	<u>(1,536)</u>	<u>(1,519)</u>
	GROSS PROFIT/LOSS	1,977	1,559
	Design and Development expenses	(1,696)	(1,687)
	Administration expenses	(2,233)	(1,941)
	Distribution costs	<u>0</u>	<u>(23)</u>
3	Loss on Ordinary Activities before and after Interest	(1,952)	(2,092)
12	Loss on Ordinary Activities after Tax, transferred to reserves	<u>(1,952)</u>	<u>(2,092)</u>

All profits and losses derive from continuing operations.

There were no recognised gains or losses other than those shown above. The movements on reserves are shown in Note 12.

Jasmine Di Milo Limited

BALANCE SHEET

Note	At 31/01/09 £'000	At 02/02/08 £'000
FIXED ASSETS		
6 Tangible Assets	528	499
CURRENT ASSETS		
7 Stocks	575	331
8 Debtors (Amounts falling due within the period)	972	660
Cash at bank and in hand	233	296
	1,780	1,287
9 CREDITORS (Amounts falling due within the period)	(987)	(517)
NET CURRENT ASSETS/(LIABILITIES)	793	770
TOTAL ASSETS LESS CURRENT LIABILITIES	1,321	1,269
10 CREDITORS (Amounts falling due after more than one year)	(10,212)	(8,208)
	(8,891)	(6,939)
CAPITAL AND RESERVES		
11 Share Capital	-	-
12 Profit and loss reserves	(8,891)	(6,939)
13 SHAREHOLDER'S DEFICIT	(8,891)	(6,939)

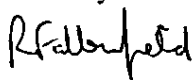
For the period from 3 February 2008 to 31 January 2009 the Company was entitled to the exemption under section 249(A)(1) of the Companies Act 1985. Members have not required the company to obtain an audit in accordance with section 249(B)(2) of the Companies Act 1985.

The directors acknowledge their responsibility for:

- (i) ensuring the company keeps accounting records which comply with section 221; and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial period, and of its profit or loss for the financial period, in accordance with section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

The Company has not acted as an agent for any person during the accounting period.

Approved by the Board on 20th November 2009 and signed on their behalf by:


Mr R J Fallowfield
Director

The notes on pages 5 to 11 form an integral part of these financial statements.

NOTES TO THE ACCOUNTS

1 Accounting Policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and comply with the disclosure requirements of the Companies Act 1985 and applicable accounting standards.

Going Concern

The Company has a deficit of shareholder's funds at 31 January 2009 and since that date the Company has continued to make losses. The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. In concluding that it is appropriate to adopt the going concern basis in preparing these financial statements the Directors have had regard to the indications received from the ultimate parent company, Gemini Holdings Limited Inc, and the verbal indications received from Mr M Al Fayed, that continued funding will be made available to finance the Company's working capital requirements for the foreseeable future. Although there is no legal obligation for either Gemini Holdings Limited Inc. or Mr Al Fayed to provide this continued support, the Directors are confident that such funding will be forthcoming.

Depreciation of Tangible Fixed Assets

Depreciation is provided by the Company in order to write down to estimated residual value, if any, the cost of tangible fixed assets over their estimated useful lives by equal annual instalments, on the following basis:

Computer equipment	33%
Plant & Machinery	20%
Leasehold Improvements	14%

Deferred Taxation

Deferred taxation is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using a full provision basis in accordance with the provisions set out in Financial Reporting Standard No 19 "Deferred Tax". Deferred tax assets are only recognised when they arise from timing differences where their recoverability in the short-term is regarded as more likely than not.

Foreign Currency

Transactions denominated in foreign currency are translated at exchange rates ruling at the transaction date. Realised gains and losses are dealt with in the profit and loss account.

Stock

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

NOTES TO THE ACCOUNTS.....contd

1 Accounting Policies....contd

Leasing

Assets acquired under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension Costs

The cost of defined contribution pensions represent the contributions payable by the company during the year.

2 TURNOVER

Turnover represents the total amount receivable for goods sold excluding VAT and is derived from worldwide markets.

3 OPERATING LOSS	03/02/08	04/02/07
	to	to
	31/01/09	02/02/08
	£'000	£'000
Operating Loss is stated after charging:		
- Staff costs	1,471	995
- Operating leased equipment	3	3
- Depreciation of tangible fixed assets	110	86

4 STAFF COSTS AND DIRECTORS' EMOLUMENTS

	03/02/08	04/02/07
	to	to
	31/01/09	02/02/08
	£'000	£'000
Wages and salaries	1,292	882
Social Security costs	139	94
Other Pension costs	40	19
	1,471	995

NOTES TO THE ACCOUNTS.....contd

4 STAFF COSTS AND DIRECTORS' EMOLUMENTS....cont'd

No Director earned any salaries, fees, emoluments or received the benefit of any pension contributions during the period (2008: nil).

	03/02/08	04/02/07
	to	to
	31/01/09	02/02/08
The average number of employees (per activity) during the period was:		
Admin, Sales and Distribution	10	8
Design	3	3
Workshop	16	11
Boutique	4	6
	<u>33</u>	<u>28</u>

5 TAXATION

No taxation charge has been provided in the accounts, based on the results of the period. This can be reconciled to the theoretical tax credit based on the standard rate of tax as follows:

	03/02/08	04/2/07
	to	to
	31/01/09	02/02/08
	£'000	£'000
Loss on ordinary activities before tax	<u>(1,952)</u>	<u>(2,092)</u>
Loss on ordinary activities multiplied by the standard Corporation Tax Rate (21%)	(410)	(418)
Effects of:		
Depreciation in excess of capital allowances	(3)	13
Expenses not deductible for tax purposes	1	-
Unutilised tax losses carried forward	412	405
Current tax charge for the period	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has losses available to carry forward for offset against future profits of the same trade. At 31 January 2009 this represents a potential deferred tax asset at 21% of £1,809,041 based on tax losses carried forward of £8,614,482. This asset has not been recognised in the financial statements because, in the opinion of the directors, there is insufficient evidence of future taxable profits arising against which to utilise these losses.

NOTES TO THE ACCOUNTS....cont'd

6 FIXED ASSETS

Tangible Assets	Leasehold Improvements £'000	Computer Equipment £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Total £'000
Cost:					
At 03/02/08	418	41	25	124	608
Additions	112	9	0	18	139
At 31/01/09	530	50	25	142	747
Accumulated Depreciation:					
At 03/02/08	55	16	10	28	109
Charge for year	68	13	4	25	110
At 31/01/09	123	29	14	53	219
Net Book Value					
At 31/01/09	407	21	11	89	528
At 03/02/08	363	25	15	96	499

7 STOCK

	As at 31/01/09	As at 2/02/08
	£'000	£'000
Work in progress	96	95
Manufactured stock	479	236
	575	331

8 DEBTORS

	As at 31/01/09	As at 2/02/08
	£'000	£'000
Trade debtors	883	567
Prepayments	30	10
Other	59	83
	972	660

Jasmine Di Milo Limited

NOTES TO THE ACCOUNTS....cont'd

9 CREDITORS (Amounts falling due within one year)

	As at 31/01/09	As at 02/02/08
	£'000	£'000
Trade creditors	288	99
Accruals	396	310
Other	303	108
	<u>987</u>	<u>517</u>

10 CREDITORS (Amounts falling due after more than one year)

	As at 31/01/09	As at 02/02/08
	£'000	£'000
Amounts owed to M Al Fayed	847	847
Amounts owed to parent undertaking	9,365	7,361
	<u>10,212</u>	<u>8,208</u>

11 SHARE CAPITAL

	31/01/09	02/02/08
Authorised:	£	£
1,000 ordinary shares of £1 each	1,000	1,000
Issued, allocated and fully paid	-	-
1 ordinary share of £1.	<u>1</u>	<u>1</u>

12 PROFIT AND LOSS RESERVES

	As at 31/01/09	As at 02/02/08
	£'000	£'000
At the beginning of the period	(6,939)	(4,847)
Transfer from profit and loss account for the period	<u>(1,952)</u>	<u>(2,092)</u>
At end of period	<u>(8,891)</u>	<u>(6,939)</u>

NOTES TO THE ACCOUNTS....cont'd

13 RECONCILIATION IN SHAREHOLDER'S DEFICIT

	As at 31/01/09	As at 02/02/08
	£'000	£'000
Loss for the financial period	(1,952)	(2,092)
Opening shareholders' funds – deficit	<u>(6,939)</u>	<u>(4,847)</u>
Closing shareholders' funds - deficit	<u>(8,891)</u>	<u>(6,939)</u>

14 OPERATING LEASE COMMITMENTS

The Company had annual commitments under non-cancellable operating leases as set out below:

	As at 31/01/09	As at 02/02/08
	£'000	£'000
Operating leases which expire		
Between 1 and 2 years	3	3
Between 2 and 5 years	<u>-</u>	<u>-</u>

15 PENSIONS

The Company participates in the Liberty Publishing & Media Group Personal Pension Plan, which is a money purchase scheme.

The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension charge of £40,181 (2008: £18,715) represents contributions by the Company to the pension fund.

16 RELATED PARTIES

As part of their employment, Directors and employees of the Company can purchase goods from the Harrods Store using a staff rewards card. The amounts of goods purchased by the Directors and employees are not considered to be material either to the Company or the individuals. There are no other transactions between these individuals and the Company, other than as shown in Note 4 to the financial statements.

Jasmine Di Milo Limited

NOTES TO THE ACCOUNTS....cont'd

16 RELATED PARTIES....cont'd

At the balance sheet date there were arm's length agreements between the Company and various related companies to provide management, security, property and maintenance services. These companies have directors in common with the Company. The values of these transactions during the period were:-

	Period to 31/01/09		Period to 02/02/08	
	Purchases	Sales	Purchases	Sales
	£'000	£'000	£'000	£'000
Harrods Ltd	1,853	788	1,465	738
Genavco Insurance Ltd	26	-	16	-
Liberty Publishing & Media Ltd	170	-	121	-
	<u>2,049</u>	<u>788</u>	<u>1,602</u>	<u>738</u>

At the balance sheet date Creditors included the following balances:

	As at 31/01/09	As at 02/02/08
	£'000	£'000
Harrods Ltd	293	64
Liberty Publishing & Media Ltd	33	-
	<u>326</u>	<u>64</u>

17 ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Gemini Holdings Ltd Inc., a company registered in Panama.

At 31 January 2009 and at 3 February 2008 the ultimate controlling party of Jasmine Di Milo Limited was Ms J. L Fayed.