

DAVID MORRIS STORES LIMITED

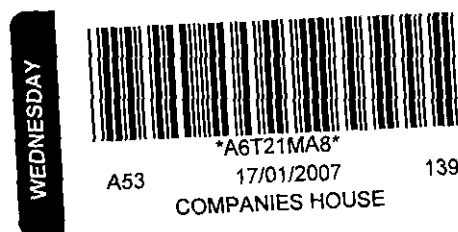
(the "Company")

Minutes of a meeting of the directors of the Company held at

on 17 January 2006 at 11.55 am/pm

Present: *G. J. Freeman* (Chairman)*Rebecca Simons*

In attendance:

**1 Introduction**

- 1.1 The Chairman noted that the meeting had been duly convened, and that a quorum was present.
- 1.2 Pursuant to section 317 of the Companies Act 1985 (the "Companies Act") and the articles of association of the Company, each of the directors declared his interest (if any) in the business to be considered at the meeting.
- 1.3 It was noted that, having declared their interests, the directors were entitled under the articles of association of the Company to vote on the business to be transacted at the meeting and to count towards the quorum present.

2 Purpose of the Meeting

- 2.1 The Chairman reported to the meeting that terms had been agreed for the sale of the entire issued share capital of the Company (the "Shares") by David Morris International Limited ("DMI"), as sole shareholder of the Company, to Coleridge and Murphy (C&M) Limited ("C&M") (the "Sale").
- 2.2 The Chairman reported that the purpose of the meeting was to:
 - 2.2.1 approve the terms of a capitalisation of £199,000 of the intra-group debt owed by the Company to DMI (the "Pre-Completion Debt

Capitalisation") into ordinary shares in the capital of the Company, which would be required in order for the Sale to proceed; and

2.2.2 approve all further actions required or desirable in connection with the Pre-Completion Debt Capitalisation.

3 Documents Produced

3.1 There were produced to the meeting the following documents in connection with the Pre-Completion Debt Capitalisation:

3.1.1 a draft written resolution to be signed by DMI, as sole shareholder of the Company, increasing the authorised share capital of the Company and authorising the directors of the Company to allot shares in the Company and to disapply the pre-emption rights set out in Section 89(1) of the Companies Act (the "Written Resolution"); and

3.1.2 a draft agreement to be entered into by the Company (1) and DMI (2) in relation to the Pre-Completion Debt Capitalisation (the "Pre-Completion Debt Capitalisation Agreement").

(together the "Documents").

3.2 Each of the Documents was carefully considered by the directors present at the meeting.

4 Approval of Documents

The Written Resolution

4.1 The Chairman reported on the proposed terms of the Written Resolution which would have to be passed to allow the Pre-Completion Debt Capitalisation to proceed. It was noted that the terms of the Written Resolution:

4.1.1 increased the authorised share capital of the Company from £1,000 divided into 1,000 ordinary shares of £1 each to £200,000 by the creation of 199,000 ordinary shares of £1 each; and

4.1.2 generally and unconditionally authorised the directors of the Company for the purposes of s80 of the Companies Act to exercise all of the powers of the Company to allot 199,000 ordinary shares of £1

each for cash and disapply the pre-emption provisions in respect of such shares.

The Pre-Completion Debt Capitalisation Agreement

- 4.2 The Chairman reported that pursuant to the Pre-Completion Debt Capitalisation Agreement the Company would allot to DMI 199,000 ordinary shares of £1 each in the capital of the Company in full and final satisfaction of £199,000 of the intra-group debt owed by it to DMI but without prejudice to the remaining amount of the intra-group debt owed by the Company to DMI.

5 Execution, Delivery and Performance

IT WAS RESOLVED that:

- 5.1 the terms of the Documents be and are hereby approved;
- 5.2 the execution, delivery and performance by the Company of the Pre-Completion Debt Capitalisation Agreement and the performance by the Company of its obligations under that agreement be and are hereby approved;
- 5.3 any director of the Company be and is hereby authorised to execute and deliver the Pre-Completion Debt Capitalisation Agreement;
- 5.4 any one or more directors of the Company be and are hereby authorised to do all acts and things so as to carry into effect the purposes of the resolutions contained herein and agree such amendments, variations or modifications to the Documents as such director may in his absolute discretion think fit; and
- 5.5 subject to the passing of the Written Resolution and due execution of the Pre-Completion Debt Capitalisation Agreement, the relevant number of shares be allotted to DMI and issued with immediate effect and any two directors or any director and the secretary be authorised to execute and issue share certificates in respect of the same.

6 Adjournment

The Chairman adjourned the board meeting to allow time for the Written Resolution to be executed and thereafter, for the Company and DMI to sign the Pre-Completion Debt Capitalisation Agreement.

7 Resumption of meeting

7.1 The meeting was reconvened and it was noted that:

7.1.1 the Written Resolution had been duly passed and that:

7.1.1.1 the authorised share capital of the Company had been increased to £200,000 by the creation of an additional £199,000 of ordinary shares of £1 each; and

7.1.1.2 the Directors had been generally and unconditionally authorised for the purposes of sections 80 and 89 of the Companies Act to exercise all the powers of the Company to allot 199,000 ordinary shares for cash and dis-apply the pre-emption provisions in respect of those shares;

7.1.2 the Pre-Completion Debt Capitalisation Agreement had been duly executed by the Company and DMI; and

7.1.3 the Directors had allotted 199,000 ordinary shares of £1 each to DMI pursuant to the Pre-Completion Debt Capitalisation Agreement, the same had been recorded in the statutory books of the Company and that a share certificate in respect of those shares had been issued to DMI.

8 Filings

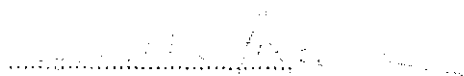
8.1 Subject to the necessary conditions being fulfilled, the Company Secretary was instructed to complete all other registers and records, to send a letter enclosing a copy of the Written Resolution to the Company's auditors and to file:

8.1.1 a copy of the Written Resolution;

8.1.2 a form 123 in respect of the increase of the Company's share capital; and

8.1.3 a form 88(2) in respect of the shares to be issued pursuant to the Pre-Completion Debt Capitalisation Agreement.

There being no further business, the Chairman closed the meeting.

A handwritten signature in dark ink, appearing to be "J. J. ...", written over a horizontal dotted line.

Chairman