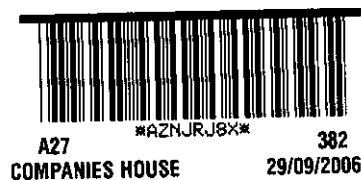


**BENDON UK LIMITED**

**Report and Financial Statements**

**31 March 2006**



**Deloitte & Touche LLP**  
**Leeds**

# **BENDON UK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Statement of total recognised gains and losses</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

# **BENDON UK LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2006**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Bruce McEwen  
Stefan Preston

#### **SECRETARY**

Andrea Stanley

#### **REGISTERED OFFICE**

Level 3  
211 Regent Street  
London  
W1B 4NF

#### **BANKERS**

Lloyds TSB Bank plc  
39 Threadneedle Street  
London  
EC2R 8AU

#### **SOLICITORS**

Lawrence Graham  
190 Strand  
London  
WC2R 1JN

#### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Leeds

# **BENDON UK LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2006.

### **ACTIVITIES**

The company commenced trading in August 2001, its principal activity being a wholesaler of branded lingerie.

### **BUSINESS REVIEW**

Since Bendon UK Limited commenced trading in August 2001 its principal activity has been as a wholesaler of branded lingerie supplying major High Street retailers and increasingly small independent stores.

The results for the year are set out on page 6. The directors believe the performance of the business in the year to be satisfactory with Bendon UK Limited consolidating its position as one of the foremost suppliers of branded lingerie in the UK. They also expect that future performance will continue to be satisfactory.

The balance sheet on page 7 of the financial statements shows the company's financial position at the year end. Details of amounts owed to group undertakings are shown in note 9.

Turnover is one of the key performance indicators that management consider to be important, has increased in the current year by 32.9%. Management will continue to focus on maintaining this sales level whilst improving margins in the future.

The profit after taxation amounted to £5.6k (2005: £93.9k).

The directors do not recommend the payment of a dividend in respect of the current year (2005 - £nil).

### **PRINCIPAL RISK AND UNCERTAINTIES**

Competitive pressure in the lingerie and afterwear sectors is a continuing risk to the company, which could result in the loss of sales to key competitors. The company manages this risk by providing high quality products to customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers. The company is also significantly impacted by movements in the dollar rate as all garment purchases are made in dollars. The company undertakes appropriate exchange rate hedging through the Bendon Group to mitigate this risk. In addition, quota restrictions on the movement of goods into the UK may have an adverse impact on the ability to supply customers with the stock they want at the time they require it. Bendon UK Limited manages this risk by working closely with its supply chain and employing relevant experts when required.

### **CREDITOR PAYMENT POLICY**

The company's policy concerning the payment of its trade creditors is to agree the terms of payment with each supplier before trading commences, and to comply with such terms.

### **DIRECTORS AND THEIR INTERESTS**

Directors serving during the year are set out below:

Stefan Preston  
Bruce McEwen

No director has any interest in the share capital of the company. Interests held in the parent company are disclosed in the financial statements of that company.

# **BENDON UK LIMITED**

## **DIRECTORS' REPORT**

### **DISCLOSURE OF RELEVANT INFORMATION TO AUDITORS**

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

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

### **AUDITORS**

Deloitte & Touche LLP have notified their willingness to continue as auditors of the company and their re-appointment will be proposed at the annual general meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

B McEwen  
Director

28 JUNE 2006



**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors 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 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;
- ◆ state whether applicable accounting standards have been followed; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BENDON UK LIMITED**

We have audited the financial statements of Bendon UK Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **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 judgements 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 30 April 2006 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.

*Deloitte + Touche LLP*

**Deloitte & Touche LLP**

*Chartered Accountants and Registered Auditors  
Leeds*

*27 September 2006*

# BENDON UK LIMITED

## PROFIT AND LOSS ACCOUNT

31 March 2006

	Note	2006 £	2005 £
<b>TURNOVER</b>	1	6,601,524	4,964,105
Operating costs	2	<u>(6,493,175)</u>	<u>(4,842,618)</u>
<b>OPERATING PROFIT</b>		108,349	121,487
Interest receivable and similar income		5,238	5,337
Interest payable and similar charges	4	<u>(108,013)</u>	<u>(32,834)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,574	93,990
Taxation	5	<u>-</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	12, 13	<u>5,574</u>	<u>93,990</u>

All activities derive from continuing operations.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses for the current or preceding financial year other than as stated in the profit and loss account. Accordingly no separate statement of total recognised gains and losses has been presented.



# BENDON UK LIMITED

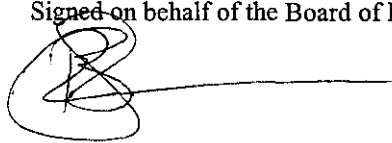
## BALANCE SHEET

31 March 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>	6	59,051	83,165
<b>CURRENT ASSETS</b>			
Stocks	7	1,171,571	1,213,328
Debtors	8	1,433,776	660,071
Cash at bank and in hand		276,219	211,810
		<u>2,881,566</u>	<u>2,085,209</u>
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(3,501,281)</u>	<u>(1,740,610)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(619,715)</u>	<u>344,599</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		433,338	427,764
<b>CREDITORS: amounts falling due after more than one year</b>	10	<u>-</u>	<u>(994,002)</u>
<b>NET LIABILITIES</b>		<u>(560,664)</u>	<u>(566,238)</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Called up share capital	11	300,000	300,000
Profit and loss account	12	<u>(860,664)</u>	<u>(866,238)</u>
<b>TOTAL EQUITY SHAREHOLDERS' DEFICIT</b>	13	<u>(560,664)</u>	<u>(566,238)</u>

These financial statements were approved by the Board of Directors on 28 JUNE 2006.

Signed on behalf of the Board of Directors



B McEwen

Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2006**

**1. ACCOUNTING POLICIES**

The financial statements are prepared under the historical cost convention in accordance with the reporting requirements of the Companies Act 1985, together with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently in both the current and previous financial year, are described below.

**Cashflow statement**

The company is exempt from the requirement of FRS 1 (Revised) to prepare a cash flow statement, as it is a wholly owned subsidiary undertaking of a group which prepares publicly available consolidated financial statements.

**Turnover**

Turnover represents sales less returns and discounts and excludes Value Added Tax.

**Operating leases**

Rental costs under operating leases are charged to the profit and loss account as the leasing charges are incurred.

**Tangible fixed assets**

Fixed assets are stated at cost less provision for any impairment and depreciation. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

The useful lives used to calculate depreciation are as follows:

Fixtures and fittings	3 to 5 years
-----------------------	--------------

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution.

**Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the average exchange rate for the period. All exchange differences are dealt with through the profit and loss account.

# BENDON UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

### 2. OPERATING COSTS

	2006 £	2005 £
Changes in stocks of finished goods	41,757	(740,483)
Purchases of goods for resale	2,108,950	2,519,804
Other operating income	(59,187)	(49,725)
Staff costs (note 3)	636,599	433,936
Depreciation on owned assets (note 6)	34,310	46,813
Operating leases;		
Land and buildings	63,000	50,461
Office equipment	864	600
Auditors' remuneration;		
Audit services	11,000	11,000
Non-audit services	1,750	1,750
Other operating charges	3,830,308	2,649,183
	<u>6,493,175</u>	<u>4,842,618</u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £	2005 £
<b>Staff costs during the year</b>		
Wages and salaries	573,433	391,619
Social Security costs	63,166	42,317
	<u>636,599</u>	<u>433,936</u>

#### Average number of persons employed during the year (including directors)

	No.	No.
Sales and administration	<u>16</u>	<u>7</u>

None of the directors received any emoluments in respect of their capacity as directors during the year.

Directors' remuneration was borne by other group companies. It is not possible to identify that portion of the total remuneration paid in relation to services to Bendon UK Limited in the current or previous financial year. Total remuneration paid to the directors by the group is available in the financial statements of the immediate parent company as set out in note 18.

At the year end, none (2005: none) of the directors was a member of a company pension scheme.

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Amounts payable to parent company	<u>108,013</u>	<u>32,834</u>

# BENDON UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

### 5. TAXATION

	2006 £	2005 £
Corporation tax at 30%	-	-

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 30%. The current year tax charge is nil, for the reasons set out in the following reconciliation:

Profit on ordinary activities before taxation	5,574	93,990
Taxation charge on profit on ordinary activities at standard rate	1,672	28,197
Factors affecting charge:		
Expenses not deductible for tax purposes	2,400	(45,566)
Movement on deferred tax asset not recognised	(4,072)	17,369
	-	-

### 6. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £
<b>Cost</b>	
At 1 April 2005	164,318
Additions	10,196
Disposals	-
At 31 March 2006	174,514
<b>Depreciation</b>	
At 1 April 2005	81,153
Charge for the year	34,310
On disposals	-
At 31 March 2006	115,463
Net Book Value 31 March 2006	59,051
Net Book Value at 31 March 2005	83,165

### 7. STOCKS

	2006 £	2005 £
Finished goods	1,171,571	1,213,328

# BENDON UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2006

### 8. DEBTORS

	2006 £	2005 £
Trade debtors	1,333,735	598,695
Other debtors and prepayments	100,041	61,376
	<u>1,433,776</u>	<u>660,071</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Trade creditors	82,306	464,453
Amounts owed to parent company	1,934,444	869,386
Taxation and social security	116,914	113,460
Accruals	373,615	293,311
Debenture	994,002	-
	<u>3,501,281</u>	<u>1,740,610</u>

### 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £	2005 £
Debenture	-	994,002

All debentures are repayable on 31 March 2007.

### 11. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Ordinary shares of £1 each, authorised, issued and fully paid		
1,000,000 Authorised	<u>1,000,000</u>	<u>1,000,000</u>
300,000 Called up, allotted and fully paid	<u>300,000</u>	<u>300,000</u>

### 12. RESERVES

	Profit and loss reserve £
Balance as at 1 April 2005	(866,238)
Profit for the financial year	<u>5,574</u>
Balance as at 31 March 2006	<u>(860,664)</u>

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2006

## 13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	5,574	93,990
Increase in equity shareholders' funds	5,574	93,990
Opening equity shareholders' deficit	(566,238)	(660,228)
Closing equity shareholders' deficit	(560,664)	(566,238)

## 14. OPERATING LEASES

	Office Equipment £	Land and Buildings £	Total £
Annual commitments payable under operating leases which expire:			
2 to 5 years	864	91,490	92,354

## 15. COMMITMENTS AND CONTINGENCIES

The Crown Estate Commissioners have a rent deposit deed dated 8 November 2005 over all sums from time to time credited to or withdrawn from a deposit account in respect of all monies due or to become due from the company to the charge.

ANZ Banking Group (New Zealand) has a supplemental deed dated 6 September 2005 being a fixed and floating charge over the undertaking and all property and assets present and future, in respect of all monies due from the company.

The trust deed dated 6 September 2005 held by Tower Trust Limited in respect of secured capital notes has been revoked after it was repaid by Pacific Retail Group Limited during the year.

## 16. PROVISIONS FOR LIABILITIES AND CHARGES

	2006		2005	
	Provided £	Unprovided £	Provided £	Unprovided £
Deferred taxation				
Capital allowances	8,000	-	-	(6,700)
Trading losses	(8,000)	(220,000)	-	(226,000)
Short term timing differences	-	(6,000)	-	(6,000)
	-	(226,000)	-	(238,700)

The above unprovided deferred tax assets would be recovered through reduced tax charges on future taxable profits.

## 17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption contained in FRS 8 'Related Party Transactions' not to disclose transactions with other group companies.

There were no other related party transactions in the current or prior financial year.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2006**

**18. PARENT COMPANY AND ULTIMATE CONTROL**

The immediate parent company and smallest group for which consolidated accounts are prepared is Bendon Group Limited, a company registered and incorporated in New Zealand.

The ultimate parent company and controlling entity and largest group for which consolidated accounts are prepared is Pacific Retail Group Limited, a company incorporated in New Zealand. Copies of the consolidated financial statements can be obtained from Pacific Retail Group Limited, Level 1, One Nelson Street, PO Box 91141, Auckland, New Zealand.