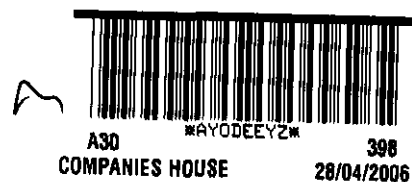


BENDON UK LIMITED

Report and Financial Statements

31 March 2005



Deloitte & Touche LLP
Leeds

REPORT AND FINANCIAL STATEMENTS 2005

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BENDON UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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 2005.

ACTIVITIES

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

REVIEW OF DEVELOPMENTS AND PROSPECTS

The directors consider the results for the year to be satisfactory and expect the company to trade profitably for the foreseeable future.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 5. No interim dividend has been paid (2004: £nil). The directors do not recommend the payment of a final dividend (2004: £nil).

The profit for the year of £93,990 (2004: £164,677) has been transferred to reserves.

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

Louise Jones (resigned 19 December 2004)

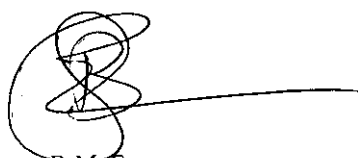
Bruce McEwen

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.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

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



B McEwen

Director

3 Aug 2006

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 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, 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 auditing standards.

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 also report if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 circumstances of the company, 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 affairs of the company's affairs as at 31 March 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Debit & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Leeds

27 Apr

2006

BENDON UK LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2005

| | Note | 2005 £ | 2004 £ |
|---|--------|-------------|-------------|
| TURNOVER | 1 | 4,964,105 | 3,755,839 |
| Operating costs | 2 | (4,842,618) | (3,524,819) |
| OPERATING PROFIT | | 121,487 | 231,020 |
| Interest receivable and similar charge | | 5,337 | 1,877 |
| Interest payable and similar charges | 4 | (32,834) | (68,220) |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 93,990 | 164,677 |
| Taxation | 5 | - | - |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES | 12, 13 | 93,990 | 164,677 |

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.

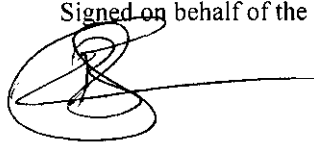
BENDON UK LIMITED

BALANCE SHEET 31 March 2005

| | Note | 2005 £ | 2004 £ |
|--|------|--------------------|--------------------|
| FIXED ASSETS | 6 | 83,165 | 101,378 |
| CURRENT ASSETS | | | |
| Stocks | 7 | 1,213,328 | 472,845 |
| Debtors | 8 | 660,071 | 624,742 |
| Cash at bank and in hand | | 211,810 | 352,369 |
| | | <u>2,085,209</u> | <u>1,449,956</u> |
| CREDITORS: amounts falling due within one year | 9 | <u>(1,740,610)</u> | <u>(1,217,560)</u> |
| NET CURRENT ASSETS | | <u>344,599</u> | <u>232,396</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 427,764 | 333,774 |
| CREDITORS: amounts falling due after more than one year | 10 | <u>(994,002)</u> | <u>(994,002)</u> |
| NET LIABILITIES | | <u>(566,238)</u> | <u>(660,228)</u> |
| SHARE CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 300,000 | 300,000 |
| Profit and loss account | 12 | <u>(866,238)</u> | <u>(960,228)</u> |
| TOTAL EQUITY SHAREHOLDERS' DEFICIT | 13 | <u>(566,238)</u> | <u>(660,228)</u> |

These financial statements were approved by the Board of Directors on 3 April 2006.

Signed on behalf of the Board of Directors



B McEwen

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

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 2005

2. OPERATING COSTS

| | 2005 £ | 2005 £ | 2004 £ | 2004 £ |
|---------------------------------------|-----------|-----------|-----------|-----------|
| Changes in stocks of finished goods | | (740,483) | | (134,426) |
| Other operating income | | (49,725) | | (80,235) |
| Staff costs (note 3) | | 433,936 | | 288,356 |
| Depreciation on owned assets (note 6) | | 46,813 | | 30,545 |
| Operating leases; | | | | |
| Land and buildings | 50,461 | | 50,177 | |
| Office equipment | 600 | | 600 | |
| Auditors' remuneration; | | | | |
| Audit services | 11,000 | | 9,000 | |
| Non-audit services | 1,750 | | 1,750 | |
| Other operating charges | 5,168,987 | | 3,699,346 | |
| Total other operating charges | | 5,232,798 | | 3,760,873 |
| | | 4,923,339 | | 3,865,113 |

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 2005 £ | 2004 £ |
|---|------------|------------|
| Staff costs during the year | | |
| Wages and salaries | 391,619 | 241,855 |
| Social Security costs | 42,317 | 46,501 |
| | 433,936 | 288,356 |
| Average number of persons employed during the year (including directors) | No. | No. |
| Sales and administration | 7 | 5 |

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 Benson 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 (2004: none) of the directors was a member of a company pension scheme.

4. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2005 £ | 2004 £ |
|-----------------------------------|-----------|-----------|
| Amounts payable to parent company | 32,834 | 68,220 |

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2005

5. TAXATION

| | 2005 | 2004 |
|------------------------|-------------|-------------|
| | £ | £ |
| Corporation tax at 30% | <u>-</u> | <u>-</u> |

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 | 93,990 | 164,677 |
| Taxation charge on profit on ordinary activities at standard rate | 28,197 | 49,403 |
| Factors affecting charge: | | |
| Expenses not deductible for tax purposes | (45,566) | 1,792 |
| Accelerated capital allowances | 5,170 | (1,271) |
| Short term timing differences | 5,981 | (1,820) |
| Trading losses | 6,218 | (48,104) |
| | <u>-</u> | <u>-</u> |

6. TANGIBLE FIXED ASSETS

| | Fixtures and Fittings £ |
|---------------------------------|--|
| Cost | |
| At 1 April 2004 | 138,154 |
| Additions | 33,475 |
| Disposals | (7,311) |
| At 31 March 2005 | <u>164,318</u> |
| Depreciation | |
| At 1 April 2004 | 36,777 |
| Charge for the year | 46,813 |
| On disposals | (2,437) |
| At 31 March 2005 | <u>81,153</u> |
| Net Book Value 31 March 2005 | <u>83,165</u> |
| Net Book Value at 31 March 2004 | <u>101,378</u> |

7. STOCKS

| | 2005 | 2004 |
|----------------|------------------|----------------|
| | £ | £ |
| Finished goods | <u>1,213,328</u> | <u>472,845</u> |

BENDON UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

8. DEBTORS

| | 2005 £ | 2004 £ |
|-------------------------------|----------------|----------------|
| Trade debtors | 598,695 | 449,471 |
| Other debtors and prepayments | 61,376 | 175,271 |
| | <u>660,071</u> | <u>624,742</u> |

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2005 £ | 2004 £ |
|--------------------------------|------------------|------------------|
| Trade creditors | 464,453 | 210,485 |
| Amounts owed to parent company | 869,386 | 782,274 |
| Taxation and Social Security | 113,460 | 36,990 |
| Accruals | 293,311 | 187,811 |
| | <u>1,740,610</u> | <u>1,217,560</u> |

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

| | 2005 £ | 2004 £ |
|-----------|----------------|----------------|
| Debenture | <u>994,002</u> | <u>994,002</u> |

All debentures are repayable on 31 March 2007.

11. CALLED UP SHARE CAPITAL

| | 2005 £ | 2004 £ |
|---|------------------|------------------|
| 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 2004 | (960,228) |
| Profit for the financial year | <u>93,990</u> |
| Balance as at 31 March 2005 | <u>(866,238)</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

| | 2005 £ | 2004 £ |
|--|-----------|-----------|
| Profit for the financial year | 93,990 | 164,677 |
| Increase in equity shareholders' funds | 93,990 | 164,677 |
| Opening equity shareholders' deficit | (660,228) | (824,905) |
| Closing equity shareholders' deficit | (566,238) | (660,228) |

14. OPERATING LEASES

| | Office Equipment £ | Land and Buildings £ | Total £ |
|---|--------------------------|----------------------------|------------|
| Annual commitments payable under operating leases which expire: | | | |
| 2 to 5 years | 600 | 63,192 | 63,792 |

15. COMMITMENTS AND CONTINGENCIES

The Crown Estate Commissioners have a rent deposit deed dated 8 November 2004 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.

Tower Trust Limited has a trust deed dated 6 September 2004 with Pacific Group Retail Limited (including Bendon UK Limited) for securing all amounts due and payable from time to time by the parent company in respect of secured capital notes.

ANZ Banking Group (New Zealand) has a supplemental deed dated 6 September 2004 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.

16. PROVISIONS FOR LIABILITIES AND CHARGES

| | 2005 | | 2004 | |
|-------------------------------|---------------|-----------------|---------------|-----------------|
| | Provided £ | Unprovided £ | Provided £ | Unprovided £ |
| Deferred taxation | | | | |
| Capital allowances | - | (6,700) | - | (1,000) |
| Trading losses | - | (226,000) | - | (256,000) |
| Short term timing differences | - | (6,000) | - | (12,000) |
| | - | (238,700) | - | (269,000) |

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 2005

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.