Company Registration No. 1391526 (England and Wales)

PEERS HARDY (UK) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2007

PEERS HARDY (UK) LIMITED

CONTENTS

PEERS HARDY (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The dırectors present theır report and financıal statements for the year ended 31 December 2007

Prıncipal activities and revıew of the business
The prıncıpal actıvıty of the company contınued to be that of ımportıng and dıstrıbutıng watches

We aım to present a balanced and comprehensıve revıew of the development and performance of the busıness durıng the year and ıts posıtıon at the year end Our revıew ıs consıstent wıth the sıze and complexıty of our busıness and ıs wrıtten ın the context of the rısks and uncertaıntıes that we face As for many busınesses of our sıze, the tradıng envıronment ın whıch we operate contınues to be challengıng and hıghly competıtıve

The accounts dısclose an operatıng loss for the year of £109,878 and a loss after ınterest and taxatıon of £22,406 The Board remaıns commıtted to maıntaınıng revenues and wıll contınue ıts strategy to explore opportunıtıes to drıve the busıness forward

The company's balance sheet shows a satısfactory posıtıon, shareholders funds amountıng to £3,797,907 at the balance sheet date

Results and dıvıdends
The results for the year are set out on page 4

The dırectors do not recommend payment of an ordınary dıvıdend

Dırectors
The followıng dırectors have held office sınce 1 January 2007

J E Story	
P Harry	
S Potter	
P Mıddleton	(Resıgned 2 September 2008)
N C Baker	
P Verrılls	(Appoınted 12 March 2007)

Auditors
The dırectors recommend that CK Audıt be reappoınted as audıtors of the company

PEERS HARDY (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to give a true and fair view 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 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

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

By order of the board

S Potter
Secretary
29 October 2008

PEERS HARDY (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO PEERS HARDY (UK) LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of Peers Hardy (UK) Limited for the year ended 31 December 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985 Our work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, for our work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision

CK Audit

CK Audit

29 October 2008

Chartered Accountants
Registered Auditor

No 4 Castle Court 2
Castlegate Way
Dudley
West Midlands
DY1 4RH

PEERS HARDY (UK) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Gross profit		3,639,461	3,765,690
Administrative expenses		(3,749,339)	(3,125,348)
Operating (loss)/profit	2	(109,878)	640,342
Other interest receivable and similar income		124,430	132,078
Interest payable and similar charges	4	(13,650)	(10,948)
Profit on ordinary activities before taxation		902	761,472
Tax on profit on ordinary activities	5	(23,308)	(229,027)
(Loss)/profit for the year	16	(22,406)	532,445

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

Note of historical cost profits and losses

	2007 £	2006 £
Reported profit on ordinary activities before taxation	902	761,472
Realisation of property revaluation gains of previous years	-	-
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	2,646	3,675
Historical cost profit on ordinary activities before taxation	3,548	765,147
Historical cost (loss)/profit for the year retained after taxation, extraordinary items and dividends	(19,760)	469,520

PEERS HARDY (UK) LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Intangible assets	7		26,517		25,942
Tangible assets	8		406,687		254,383
Investments	9		240		240
			433,444		280,565
Current assets					
Stocks	10	1,570,775		1,098,629	
Debtors	11	2,784,461		1,582,946	
Cash at bank and in hand		2,315,984		3,897,995	
		6,671,220		6,579,570	
Creditors: amounts falling due within one year	12	(3,209,491)		(2,949,272)	
Net current assets			3,461,729		3,630,298
Total assets less current liabilities			3,895,173		3,910,863
Creditors: amounts falling due after more than one year	13		(97,266)		(90,551)
			3,797,907		3,820,312
Capital and reserves					
Called up share capital	15		85,000		85,000
Revaluation reserve	16		39,107		39,107
Other reserves	16		15,000		15,000
Profit and loss account	16		3,658,800		3,681,205
Shareholders' funds	17		3,797,907		3,820,312

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 29 October 2008

S Potter
Director

PEERS HARDY (UK) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

		2007		2006
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(1,227,666)		351,128
Returns on investments and servicing of finance				
Interest received	124,430		132,078	
Interest paid	(13,650)		(10,948)	
Net cash inflow for returns on investments and servicing of finance		110,780		121,130
Taxation		(229,027)		(347,775)
Capital expenditure				
Payments to acquire intangible assets	(7,218)		(9,992)	
Payments to acquire tangible assets	(133,669)		(20,194)	
Receipts from sales of tangible assets	36,700		55,100	
Net cash (outflow)/inflow for capital expenditure		(104,187)		24,914
Equity dividends paid		-		(66,600)
Net cash (outflow)/inflow before management of liquid resources and financing		(1,450,100)		82,797
Financing				
Capital element of hire purchase contracts	(131,911)		(125,229)	
Net cash outflow from financing		(131,911)		(125,229)
Decrease in cash in the year		(1,582,011)		(42,432)

PEERS HARDY (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

1 Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

	2007	2006
	£	£
Operating (loss)/profit	(109,878)	640,342
Depreciation of tangible assets	152,647	131,040
Amortisation of intangible assets	6,644	9,102
Profit on disposal of tangible assets	(23,061)	(3,537)
(Increase)/decrease in stocks	(472,146)	150,235
(Increase)/decrease in debtors	(1,201,515)	553,330
Increase/(decrease) in creditors within one year	419,643	(1,129,384)
Net cash (outflow)/inflow from operating activities	(1,227,666)	351,128

2 Analysis of net funds

	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
	£	£	£	£
Net cash				
Cash at bank and in hand	3,897,995	(1,582,011)	-	2,315,984
Bank deposits	-	-	-	-
Debt				
Finance leases	(161,959)	(53,010)	-	(214,969)
Net funds	3,736,036	(1,635,021)	-	2,101,015

3 Reconciliation of net cash flow to movement in net funds

	2007	2006
	£	£
Decrease in cash in the year	(1,582,011)	(42,432)
Cash inflow from increase in debt and lease financing	(53,010)	(74,694)
Movement in net funds in the year	(1,635,021)	(117,126)
Opening net funds	3,736,036	3,853,162
Closing net funds	2,101,015	3,736,036

PEERS HARDY (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

1 1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of trade marks

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1 3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life

1.4 Trade marks

Trade marks are valued at cost or valuation, less accumulated amortisation Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	Over period of lease(4 years)
Fixtures, fittings & equipment	33% reducing balance/ straight line/ over period of lease as appropriate
Motor vehicles	15% to 50% reducing balance/ straight line as appropriate

1.6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.7 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.8 Stock

Stock is valued at the lower of cost and net realisable value

1 9 Pensions

The company operates a defined contribution scheme for the benefit of its employees Contributions payable are charged to the profit and loss account in the year they are payable

1.10 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

PEERS HARDY (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies **(continued)**

1 11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group The company and its subsidiary undertakings comprise a medium-sized group The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts

2 Operating (loss)/profit

	2007	2006
	£	£
Operating (loss)/profit is stated after charging		
Amortisation of intangible assets	6,644	9,102
Depreciation of tangible assets	152,647	131,040
Operating lease rentals	93,331	70,000
Auditors' remuneration (including expenses and benefits in kind)	7,340	8,700
and after crediting		
Profit on disposal of tangible assets	(23,061)	(3,537)

3 Investment income

	2007	2006
	£	£
Bank interest	124,430	132,078
	124,430	132,078

4 Interest payable

	2007	2006
	£	£
On bank loans and overdrafts	1,105	550
Hire purchase interest	12,545	10,398
	13,650	10,948

5 Taxation

	2007	2006
	£	£
Domestic current year tax		
U K corporation tax	23,300	229,027
Adjustment for prior years	8	-
Current tax charge	23,308	229,027
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	902	761,472
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19 75% (2006 - 27 75%)	178	211,308
Effects of		
Non deductible expenses	18,300	7,086
Depreciation add back	26,905	37,910
Capital allowances	(22,085)	(27,277)
Other tax adjustments	10	-
	23,130	17,719
Current tax charge	23,308	229,027

6 Dividends

	2007	2006
	£	£
Ordinary final paid	-	66,600

7 Intangible fixed assets

	Trade marks	Goodwill	Total
	£	£	£
Cost			
At 1 January 2007	73,733	361,926	435,659
Additions	7,218	-	7,218
At 31 December 2007	80,951	361,926	442,877
Amortisation			
At 1 January 2007	47,790	361,926	409,716
Charge for the year	6,644	-	6,644
At 31 December 2007	54,434	361,926	416,360
Net book value			
At 31 December 2007	26,517	-	26,517
At 31 December 2006	25,942	-	25,942

Trademarks held at December 2000 were revalued by the directors and are amortised over their useful economic lives Aquistions since that date are stated at cost and are also amortised over their useful economic lives

8 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2007	146,460	593,837	270,718	1,011,015
Additions	27,959	84,350	206,280	318,589
Disposals	-	-	(83,504)	(83,504)
At 31 December 2007	174,419	678,187	393,494	1,246,100
Depreciation				
At 1 January 2007	130,179	526,155	100,297	756,631
On disposals	-	-	(69,865)	(69,865)
Charge for the year	30,261	39,774	82,612	152,647
At 31 December 2007	160,440	565,929	113,044	839,413
Net book value				
At 31 December 2007	13,979	112,258	280,450	406,687
At 31 December 2006	16,281	67,682	170,420	254,383

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 31 December 2007	21,253	274,878	296,131
At 31 December 2006	-	190,112	190,112
Depreciation charge for the year			
At 31 December 2007	6,504	70,103	76,607
At 31 December 2006	-	36,980	36,980

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 1 January 2007 & at 31 December 2007	240
Net book value	
At 31 December 2007	240
At 31 December 2006	240

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Horological Industries Limited	Hong Kong	Ordinary	100 00
Terrain International Corporation Limited	England	Ordinary	100 00
Peers Hardy Hong Kong Limited	Hong Kong	Ordinary*	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Principal activity	Capital and reserves 2007 £	Profit/(loss) for the year 2007 £
Horological Industries Limited	Non trading	(36,359)	-
Terrain International Corporation Limited	Dormant	100	-
Peers Hardy Hong Kong Limited	Non trading	1	-

Unless otherwise indicated by * holdings are owned directly by the company

10 Stocks

	2007 £	2006 £
Finished goods and goods for resale	1,570,775	1,098,629

11 Debtors

	2007	2006
	£	£
Trade debtors	2,674,193	1,512,175
Amounts owed by subsidiary undertakings	7,290	-
Other debtors	17,125	5,826
Prepayments and accrued income	85,853	64,945
	2,784,461	1,582,946

12 Creditors: amounts falling due within one year

	2007	2006
	£	£
Net obligations under hire purchase contracts	117,703	71,408
Trade creditors	2,180,295	1,828,538
Amounts owed to subsidiary undertakings	-	9,171
Corporation tax	23,310	229,029
Other taxes and social security costs	221,161	156,708
Directors' current accounts	-	66,600
Other creditors	9,048	9,163
Accruals and deferred income	657,974	578,655
	3,209,491	2,949,272

13 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Net obligations under hire purchase contracts	97,266	90,551
Net obligations under hire purchase contracts		
Repayable within one year	117,703	71,408
Repayable between one and five years	97,266	90,551
	214,969	161,959
Included in liabilities falling due within one year	(117,703)	(71,408)
	97,266	90,551

14 Pension and other post-retirement benefit commitments

Defined contribution

	2007	2006
	£	£
Contributions payable by the company for the year	73,151	66,051

15 Share capital

	2007	2006
	£	£
Authorised		
747,000 'A' ordinary shares of 10p each	74,700	74,300
103,000 'B' ordinary shares of 10p each	10,300	10,700
	85,000	85,000
Allotted, called up and fully paid		
747,000 'A' ordinary shares of 10p each	74,700	74,300
103,000 'B' ordinary shares of 10p each	10,300	10,700
	85,000	85,000

During the year share transfers were made between shareholders which involved a reclassification of the shares held

16 Statement of movements on reserves

	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 January 2007	39,107	15,000	3,681,206
Loss for the year	-	-	(22,406)
Balance at 31 December 2007	39,107	15,000	3,658,800

Other reserves

Capital redemption reserve

Balance at 1 January 2007 & at 31 December 2007	15,000

17 Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
(Loss)/Profit for the financial year	(22,406)	532,445
Dividends	-	(66,600)
Net (depletion in)/addition to shareholders' funds	(22,406)	465,845
Opening shareholders' funds	3,820,312	3,354,467
Closing shareholders' funds	3,797,907	3,820,312

18 Financial commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008

	Land and buildings	
	2007	2006
	£	£
Operating leases which expire		
Within one year	-	70,000
Between two and five years	22,635	-
	22,635	70,000

19 Directors' emoluments

	2007	2006
	£	£
Emoluments for qualifying services	817,942	680,490
Company pension contributions to money purchase schemes	26,214	9,644
	844,156	690,134

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2006 - 2)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	190,901	186,162
Company pension contributions to money purchase schemes	10,021	4,637

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2007

20 Transactions with directors

The following director had a loan during the year Interest at above market rates was charged on this loan which was repaid prior to 30 September 2008 The movement on the loan is as follows

	Amount outstanding 2007	2006	Maximum in year
	£	£	£
Director's current account (debit bal)	14,500	-	14,500

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2007 Number	2006 Number
Distribution	32	35
Administration	19	18
Sales	20	16
	71	69

Employment costs	2007	2006
	£	£
Wages and salaries	1,929,164	1,701,189
Social security costs	219,021	187,618
Other pension costs	73,151	66,051
	2,221,336	1,954,858