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Company Registration No. 3847708 (England and Wales)

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AGENT PROVOCATEUR PARFUM LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2006

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AGENT PROVOCATEUR PARFUM LIMITED

COMPANY INFORMATION

Directors	J F Corre S M Rees
Secretary	S M Rees
Company number	3847708
Registered office	Acre House 11-15 William Road London NW1 3ER
Business address	18 Mansfield Street Marylebone London W1G 9NW
Auditors	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	HSBC 69 Pall Mall London SW1Y 5EY

AGENT PROVOCATEUR PARFUM LIMITED

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AGENT PROVOCATEUR PARFUM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and accounts for the year ended 31 March 2006.

Principal activities

The principal activity of the company is to manufacture perfume products.

Review of business

Both the level of business and the year end financial position were as expected in the light of current trading conditions and the directors do not anticipate any material changes in the present level of activity.

Results and dividends

The profit for the year after taxation amounted to £7,889.

The directors do not recommend payment of an ordinary dividend.

Directors and their interests

The directors at 31 March 2006 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	31 March 2006	1 April 2005
J F Corre	40,000	40,000
S M Rees	40,000	40,000

Disclosure of information to auditors

Each of the directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A proposal reappointing H W Fisher & Company as auditors to the company will be put to the members at the next Annual General Meeting.

On behalf of the Board

J F Corre

Director

Dated: 29/01/07

AGENT PROVOCATEUR PARFUM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which 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 these accounts, 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 accounts 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 to enable them to ensure that the accounts 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.

AGENT PROVOCATEUR PARFUM LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Agent Provocateur Parfum Limited for the year ended 31 March 2006 set out on pages 4 to 9. These accounts have been prepared under the accounting policies set out on page 6.

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 on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts

- * 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 31 March 2006 and of its profit for the year then ended; and
- * have been properly prepared in accordance with the Companies Act 1985; and
- * the information given in the Directors' Report is consistent with the accounts.

H W Fisher & Company

H W Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER
Great Britain

Dated: 29/11/06

AGENT PROVOCATEUR PARFUM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
Turnover	2	2,741,952	2,225,633
Cost of sales		(2,510,392)	(2,041,405)
Gross profit		231,560	184,228
Administrative expenses		(224,887)	(526,464)
Other operating income		-	260,000
Operating profit/(loss)	3	6,673	(82,236)
Other income	5	1,278	1,853
Interest payable and similar charges	6	(62)	(1,001)
Profit/(loss) on ordinary activities before taxation		7,889	(81,384)
Tax on profit/(loss) on ordinary activities	7	-	18,812
Profit/(loss) on ordinary activities after taxation		7,889	(62,572)
Retained profit brought forward		169,294	231,866
Retained profit carried forward		177,183	169,294

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.

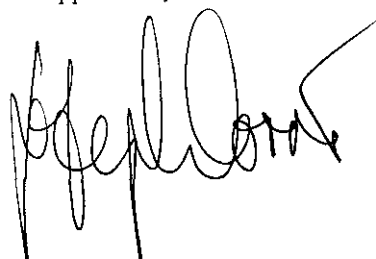
AGENT PROVOCATEUR PARFUM LIMITED

BALANCE SHEET AS AT 31 MARCH 2006

	Notes	£	2006 £	£	2005 £
Fixed assets					
Tangible assets	8		33,246		-
Current assets					
Debtors	9	372,919		427,892	
Cash at bank and in hand		136,024		156,999	
		<u>508,943</u>		<u>584,891</u>	
Creditors: amounts falling due within one year	10	<u>(265,006)</u>		<u>(315,597)</u>	
Net current assets			<u>243,937</u>		<u>269,294</u>
Total assets less current liabilities			<u>277,183</u>		<u>269,294</u>
Capital and reserves					
Called up share capital	11		100,000		100,000
Profit and loss account			177,183		169,294
Shareholders' funds - all equity interests	12		<u>277,183</u>		<u>269,294</u>

The accounts were approved by the Board on 29/1/07

J F Corre
Director



AGENT PROVOCATEUR PARFUM LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

1.3 Tangible fixed assets and depreciation

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

Fixtures, fittings & equipment	10% reducing balance
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1.4 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

2 Turnover

Geographical market

	Turnover	
	2006	2005
	£	£
United Kingdom	2,570,000	1,444,268
Rest of world	171,952	781,395
	<u>2,741,952</u>	<u>2,225,663</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging:
Depreciation of owned tangible fixed assets
Auditors' remuneration

	2006	2005
	£	£
	1,445	-
	7,750	7,250
	<u>9,195</u>	<u>7,250</u>

4 Employees

Number of employees

Other than the directors there were no employees during the year.

AGENT PROVOCATEUR PARFUM LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

5	Other income	2006 £		2005 £	
	Interest receivable and similar income	1,278		1,853	
6	Interest payable and similar charges	2006 £		2005 £	
	Interest payable on: Late payment of tax	62		1,001	
7	Tax on profit/(loss) on ordinary activities	2006 £		2005 £	
	Current tax				
	UK corporation tax				
	Adjustments in respect of prior periods	-		(18,812)	
		-		(18,812)	
	Factors affecting the tax charge for the year				
	Profit/(loss) on ordinary activities before taxation	7,889		(81,384)	
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005: 30.00%)	2,367		(24,415)	
	Effects of:				
	Capital allowances for period in excess of depreciation	(3,729)		-	
	Movement in tax losses	1,362		-	
	Small companies relief	-		5,603	
	Current tax charge	-		(18,812)	

AGENT PROVOCATEUR PARFUM LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

8 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2005	-
Additions	34,691
	<u>34,691</u>
At 31 March 2006	<u>34,691</u>
Depreciation	
At 1 April 2005	-
Charge for the year	1,445
	<u>1,445</u>
At 31 March 2006	<u>1,445</u>
Net book value	
At 31 March 2006	<u><u>33,246</u></u>

9 Debtors

	2006 £	2005 £
Trade debtors	268,353	192,701
Amounts owed by companies under common control	87,059	215,879
Corporation tax	-	18,812
Other debtors	16,107	500
Prepayments and accrued income	1,400	-
	<u>372,919</u>	<u>427,892</u>

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	224,629	75,398
Taxes and social security costs	-	73,728
Accruals and deferred income	40,377	166,471
	<u>265,006</u>	<u>315,597</u>

A cross guarantee is held by the bank for a debenture loan held by Agent Provocateur Ltd and is secured on assets held by Agent Provocateur Ltd, Agent Provocateur Inc and Agent Provocateur Parfum Ltd.

AGENT PROVOCATEUR PARFUM LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

11 Share capital	2006 £	2005 £
Authorised 1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
12 Reconciliation of movements in shareholders' funds	£	£
Profit/(loss) for the financial year	7,889	(62,572)
Opening shareholders' funds	<u>269,294</u>	<u>331,866</u>
Closing shareholders' funds	<u>277,183</u>	<u>269,294</u>

13 Related party transactions

The company trades in the ordinary course of business with Agent Provocateur Limited, a company in which J. Corre has a material beneficial interest.

During the year sales totalling £171,952 (2005: £104,108) were made to Agent Provocateur Limited. At the period end Agent Provocateur Parfum Limited was owed £87,059 (2005: £215,879) by Agent Provocateur Limited.

Furthermore, Agent Provocateur Parfum Limited pays administrative services to Agent Provocateur Limited. Management services due in the period amounted to £136,800 (2005: £16,800).

During the year ended 31 March 2006, £164,916 (2005: £111,157) royalties were payable to Agent Provocateur Limited.