

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 2007

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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 2007

The directors present their report and accounts for the year ended 31 March 2007

Principal activities

The principal activity of the company is to manufacture perfume products

Review of business

The increase in turnover came from both new products and new territories. The directors believe the business is in a position to continue enjoying material improvements in turnover as the distribution channels improve and grow.

Results and dividends

The profit for the year after taxation amounted to £239,346

The directors do not recommend payment of an ordinary dividend

Directors

The directors who served during the year were

J F Corre

S M Rees

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.

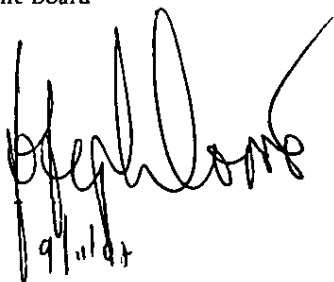
Auditors

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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board

J F Corre
Director
Dated



9/11/07

AGENT PROVOCATEUR PARFUM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 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 2007 set out on pages 4 to 10. 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

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are as described on page 2.

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.

In addition we 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 consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

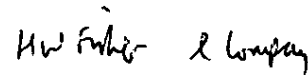
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant 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 2007 and of its profit for the year then ended,
- * the accounts 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

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

Dated 9/11/07

AGENT PROVOCATEUR PARFUM LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
Turnover	2	1,283,552	2,741,952
Cost of sales		(762,613)	(2,510,392)
Gross profit		520,939	231,560
Administrative expenses		(188,643)	(224,887)
Operating profit	3	332,296	6,673
Other income	5	12,162	1,278
Interest payable and similar charges	6	(418)	(62)
Profit on ordinary activities before taxation		344,040	7,889
Tax on profit on ordinary activities	7	(104,694)	-
Profit on ordinary activities after taxation		239,346	7,889
Retained profit brought forward		177,183	169,294
Retained profit carried forward		416,529	177,183

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

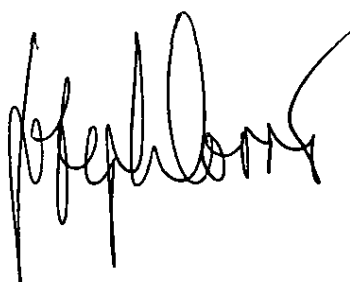
BALANCE SHEET

AS AT 31 MARCH 2007

	Notes	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	8		34,821		33,246
Current assets					
Debtors	9	283,893		372,919	
Cash at bank and in hand		506,514		136,024	
		790,407		508,943	
Creditors' amounts falling due within one year	10	(303,949)		(265,006)	
Net current assets			486,458		243,937
Total assets less current liabilities			521,279		277,183
Provisions for liabilities and charges	11		(4,750)		-
			516,529		277,183
Capital and reserves					
Called up share capital	12		100,000		100,000
Profit and loss account			416,529		177,183
Shareholders' funds - all equity interests	13		516,529		277,183

The accounts were approved by the Board on 9/11/07

J F Corre
Director



AGENT PROVOCATEUR PARFUM LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

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

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	
	2007	2006
	£	£
United Kingdom	866,306	2,570,000
Rest of world	417,246	171,952
	<u>1,283,552</u>	<u>2,741,952</u>

3 Operating profit

	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation of owned tangible fixed assets	5,182	1,445
Auditors' remuneration	7,000	7,000

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 2007

5	Other income			2007 £	2006 £
	Interest receivable and similar income			12,162	1,278
6	Interest payable and similar charges			2007 £	2006 £
	Interest payable on Late payment of tax			418	62
7	Tax on profit on ordinary activities	2007 £	2007 £	2006 £	2006 £
	Current tax				
	<u>UK corporation tax</u>				
	Current tax on income for the period	99,944		-	
			99,944		-
	Deferred tax				
	Origination and reversal of timing differences	4,750		-	
			4,750		-
			104,694		-
	Factors affecting the tax charge for the year				
	Profit on ordinary activities before taxation		344,040		7,889
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006: 30.00%)		103,212		2,367
	Effects of				
	Capital allowances for period in excess of depreciation		(1,020)		(3,729)
	Movement in tax losses		(2,248)		1,362
	Current tax charge		99,944		-

AGENT PROVOCATEUR PARFUM LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

8 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2006	34,691
Additions	6,757
At 31 March 2007	41,448
Depreciation	
At 1 April 2006	1,445
Charge for the year	5,182
At 31 March 2007	6,627
Net book value	
At 31 March 2007	34,821
At 31 March 2006	33,246

9 Debtors	2007 £	2006 £
Trade debtors	126,054	268,353
Amounts owed by companies under common control	-	87,059
Other debtors	39,597	16,107
Prepayments and accrued income	118,242	1,400
	283,893	372,919

AGENT PROVOCATEUR PARFUM LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2007

10 Creditors' amounts falling due within one year	2007 £	2006 £
Trade creditors	88,215	224,629
Amounts owed to group undertakings	495	-
Corporation tax	99,944	-
Accruals and deferred income	115,295	40,377
	<u>303,949</u>	<u>265,006</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

11 Provisions for liabilities and charges	Deferred taxation £
Balance at 1 April 2006	-
Profit and loss account	4,750
Balance at 31 March 2007	<u>4,750</u>

Deferred tax is provided at 30% (2006- 30%) analysed over the following timing differences

	2007 £	2006 £
Accelerated capital allowances	<u>4,750</u>	<u>-</u>

12 Share capital	2007 £	2006 £
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>

AGENT PROVOCATEUR PARFUM LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2007

13	Reconciliation of movements in shareholders' funds	£	£
	Profit for the financial year	239,346	7,889
	Opening shareholders' funds	277,183	269,294
	Closing shareholders' funds	516,529	277,183

14 Related party transactions

The company trades in the ordinary course of business with Agent Provocateur Limited, a company in which J Corre and S Rees have a material beneficial interest

During the year sales totalling £417,246 (2006 £171,952) were made to Agent Provocateur Limited. At the period end Agent Provocateur Parfum Limited owed £495 (2006 debtor £87,059) to Agent Provocateur Limited.

Furthermore, Agent Provocateur Parfum Limited pays administrative services to Agent Provocateur Limited. Management services due in the period amounted to £18,200 (2006 £136,800).

During the year ended 31 March 2007, £433,153 (2006 £164,916) royalties were payable to Agent Provocateur Limited.