

卓匯會計師事務所有限公司
Chung & Partners Limited
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FOLLI FOLLIE HONG KONG LIMITED**
(Incorporated in the Hong Kong with limited liability)

We have audited the consolidated financial statements of Folli Follie Hong Kong Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 2 to 23, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.


Chung & Partners Limited
Certified Public Accountants
Hong Kong, 28 March 2010

CHUNG, Yau Yan Sammy
Practising Certificate No. P02155

FOLLI FOLLIE HONG KONG LIMITED

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	2009 US\$	2008 US\$ (restated)
REVENUE	6	420,500,264	366,281,897
Cost of sales		<u>(215,013,090)</u>	<u>(182,750,778)</u>
Gross profit		205,487,174	183,531,119
Other gains and losses	7	(3,750,794)	3,069,177
Selling expenses		(54,812,195)	(59,664,224)
Administrative expenses		(10,098,474)	(10,878,729)
Net finance costs / income	8	<u>(38,561)</u>	<u>10,547</u>
PROFIT BEFORE TAXATION		136,787,150	116,067,890
Taxation	9	<u>(23,116,767)</u>	<u>(19,275,580)</u>
PROFIT FOR THE YEAR	10	<u><u>113,670,383</u></u>	<u><u>96,792,310</u></u>
Profit attributable to:			
The Company's shareholders		114,040,447	96,759,271
Minority interests		<u>(370,064)</u>	<u>33,039</u>
		<u><u>113,670,383</u></u>	<u><u>96,792,310</u></u>

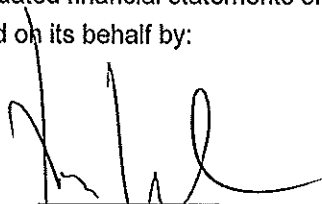
FOLLI FOLLIE HONG KONG LIMITED

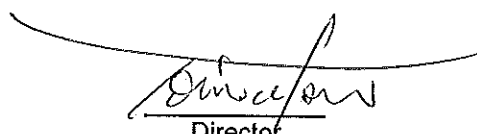
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Note	2009 US\$	2008 US\$
NON-CURRENT ASSETS			
Plant and equipment	11	7,946,748	7,530,377
Goodwill	12	740,897	305,947
Investment properties	13	11,185,897	11,885,897
Deferred tax assets	14	365,922	258,906
Loan receivables	15	3,506,822	13,807,125
Rental deposits		2,260,320	2,102,559
		<u>26,006,606</u>	<u>35,890,811</u>
CURRENT ASSETS			
Inventories	16	123,225,319	85,771,318
Amount due from a fellow subsidiary		-	9,962
Amount due from holding company		5,141,340	422,568
Trade receivables	17	299,444,659	245,421,723
Other receivables, deposits and prepayments	18	42,816,147	57,813,741
Bank and cash balances		80,303,376	33,491,163
		<u>550,930,841</u>	<u>422,930,475</u>
TOTAL ASSETS		<u>576,937,447</u>	<u>458,821,286</u>
EQUITY			
Share capital	19	20,579,103	20,579,103
Reserves		518,851,215	404,995,859
Equity attributable to the Company's shareholders		539,430,318	425,574,962
Minority interests	20	757,883	811,834
TOTAL EQUITY		<u>540,188,201</u>	<u>426,386,796</u>
NON-CURRENT LIABILITIES			
Obligations under hire purchase contracts		-	3,998
Mortgage loans		2,458,065	3,280,591
Long term loan		-	-
		<u>2,458,065</u>	<u>3,284,589</u>
CURRENT LIABILITIES			
Amounts due to fellow subsidiaries		17,633,520	11,558,088
Amount due to a director		468,356	-
Trade payables and accruals		7,042,295	9,927,056
Obligations under hire purchase contracts		-	15,992
Mortgage loans		701,774	1,038,772
Tax payable		8,445,236	6,609,993
		<u>34,291,181</u>	<u>29,149,901</u>
TOTAL EQUITY AND LIABILITIES		<u>576,937,447</u>	<u>458,821,286</u>

These consolidated financial statements on page 2 to 23 were approved by the Board of Directors on 28 March 2010 and are signed on its behalf by:


Director


Director

FOLLI FOLLIE HONG KONG LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 US\$	2008 US\$ (restated)
PROFIT FOR THE YEAR	113,670,383	96,792,310
Exchange translation differences on foreign operations	(213,970)	(1,309,411)
Total comprehensive income for the year	<u>113,456,413</u>	<u>95,482,899</u>
Total comprehensive income attributable to:		
The Company's shareholders	113,855,356	95,346,972
Minority interests	(398,943)	135,927
	<u>113,456,413</u>	<u>95,482,899</u>

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF FOLLI FOLLIE JAPAN, LTD.**
(Incorporated in Japan with limited liability)

Report on the financial statements

We have audited the financial statements of Folli Follie Japan, Ltd. (the "Company") set out on pages 2 to 12, which comprise the balance sheet as at 31 December 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with International Standards on Auditing, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 2009 and of its profit and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chung & Partners Limited
Certified Public Accountants
Hong Kong, 12 March 2010

CHUNG, Yau Yan Sammy
Practising Certificate No. P02155

FOLLI FOLLIE JAPAN, LTD.

INCOME STATEMENT

For the year ended 31 December 2009

	Note	2009 JPY'000	2008 JPY'000 (restated)
REVENUE	5	4,820,546	5,255,252
Cost of sales		(1,469,158)	(1,700,980)
Gross profit		<u>3,351,388</u>	<u>3,554,272</u>
Other gains and losses	6	48,297	317,254
Selling expenses		(2,516,950)	(2,711,026)
Administrative expenses		(852,638)	(858,255)
Finance costs	7	(15,189)	(11,420)
PROFIT BEFORE TAXATION	8	<u>14,908</u>	<u>290,825</u>
Taxation	9	(10,161)	(95,717)
PROFIT FOR THE YEAR		<u><u>4,747</u></u>	<u><u>195,108</u></u>


FOLLI FOLLIE JAPAN, LTD.

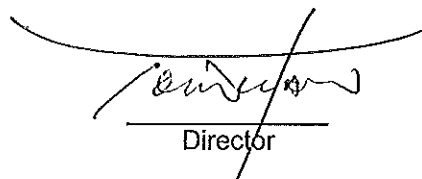
BALANCE SHEET

A 31 December 2009

	Note	2009 JPY'000	2008 JPY'000
ASSETS			
NON-CURRENT ASSETS			
Deferred tax assets	10	234,247	234,247
Plant and equipment	11	206,200	264,994
		<u>440,447</u>	<u>499,241</u>
CURRENT ASSETS			
Inventories		485,934	1,262,695
Amount due from a fellow subsidiary		710,083	192,075
Debtors, deposits and prepayments		1,269,967	1,336,325
Tax recoverable		-	44,205
Bank and cash balances		51,981	276,464
		<u>2,517,965</u>	<u>3,111,764</u>
TOTAL ASSETS		<u><u>2,958,412</u></u>	<u><u>3,611,005</u></u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	12	249,440	249,440
Reserves		1,300,981	1,300,234
		<u>1,550,421</u>	<u>1,549,674</u>
NON-CURRENT LIABILITIES			
Borrowings	13	<u>301,479</u>	<u>333,455</u>
CURRENT LIABILITIES			
Amount due to holding company		2,599	3,635
Amount due to a fellow subsidiary		3,730	73,262
Borrowings	13	546,742	334,650
Tax payable		10,161	-
Creditors and accruals		543,280	1,316,329
		<u>1,106,512</u>	<u>1,727,876</u>
TOTAL LIABILITIES		<u>1,407,991</u>	<u>2,061,331</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,958,412</u></u>	<u><u>3,611,005</u></u>

The financial statements on pages 2 to 12 were approved by the Board of Directors on 12 March 2010 and were signed on its behalf by:


Director


Director

To the sole Shareholder,

In compliance with the assignment entrusted to us by your Ordinary Meeting of Shareholder, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying financial statements of “FOLLI-FOLLIE FRANCE”;
- the justification of our assessments;
- the specific verification and information required by law.

These financial statements have been approved by the President. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, these assessments were made as part of our audit of the financial statements taken as a whole, and therefore we have not been notified of any agreement as referred to article L. 823-9 of the French Commercial Code.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the President and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Executed in Paris, february 22, 2010

For MESSINE AUDIT COMPANY

Laurent GANEM

Auditor

Member of the Paris Regional Association

BILAN ACTIF

Période du 01/01/2009 au 31/12/2009

Présenté en Euros

Edité le 19/02/2010

ACTIF		Exercice clos le 31/12/2009 (12 mois)		Exercice précédent 31/12/2008 (12 mois)			
		Brut	Amort. & Prov	Net	%	Net	%
Capital souscrit non appelé	(0)						
Actif Immobilisé							
Frais d'établissement		160 859	160 859	-0	0,00	-0	0,00
Recherche et développement							
Concessions, brevets, marques, logiciels et droits similaires							
Fonds commercial		2 241 610		2 241 610	41,41	2 241 610	42,52
Autres immobilisations incorporelles		9 928	9 928			1 468	0,03
Avances & acomptes sur immobilisations incorporelles							
Terrains							
Constructions							
Installations techniques, matériel & outillage industriels							
Autres immobilisations corporelles		733 979	391 734	342 246	6,32	240 404	4,56
Immobilisations en cours						125 000	2,37
Avances & acomptes							
Participations évaluées selon mise en équivalence							
Autres Participations							
Créances rattachées à des participations							
Autres titres immobilisés							
Prêts							
Autres immobilisations financières		231 667		231 667	4,28	173 696	3,29
TOTAL (I)		3 378 044	562 520	2 815 523	52,01	2 782 178	52,77
Actif circulant							
Matières premières, approvisionnements							
En cours de production de biens							
En cours de production de services							
Produits Intermédiaires et finis							
Marchandises		923 788		923 788	17,06	875 230	16,60
Avances & acomptes versés sur commandes							
Clients et comptes rattachés		1 539 334		1 539 334	28,43	1 377 989	26,14
Autres créances							
. Fournisseurs débiteurs		38		38	0,00	3 545	0,07
. Personnel		800		800	0,01	500	0,01
. Organismes sociaux							
. Etat, impôts sur les bénéfices		6 568		6 568	0,12	6 568	0,12
. Etat, taxes sur le chiffre d'affaires		39 230		39 230	0,72	132 903	2,52
. Autres							
Capital souscrit et appelé, non versé							
Valeurs mobilières de placement							
Disponibilités		8 400		8 400	0,16	28 197	0,53
Charges constatées d'avance		79 911		79 911	1,48	64 905	1,23
TOTAL (II)		2 598 069		2 598 069	47,99	2 489 838	47,23
Charges à répartir sur plusieurs exercices	(III)						
Primes de remboursement des obligations	(IV)						
Ecart de conversion actif	(V)						
TOTAL ACTIF (0 à V)		5 976 112	562 520	5 413 592	100,00	5 272 016	100,00

BILAN PASSIF

Période du 01/01/2009 au 31/12/2009

Présenté en Euros

Edité le 19/02/2010

PASSIF	Exercice clos le 31/12/2009 (12 mois)	Exercice précédent 31/12/2008 (12 mois)
Capitaux propres		
Capital social ou individuel (dont versé : 7 200 000)	7 200 000	7 200 000
Primes d'émission, de fusion, d'apport ...	133,00	135,57
Ecart de réévaluation		
Réserve légale	137 204	137 204
Réserves statutaires ou contractuelles	2,53	2,60
Réserves réglementées		
Autres réserves		
Report à nouveau	-4 269 830	-4 194 000
	-78,85	-79,54
Résultat de l'exercice	-232 706	-75 831
	-4,29	-1,43
Subventions d'investissement		
Provisions réglementées		
TOTAL(I)	2 834 668	3 067 374
	52,36	59,18
Produits des émissions de titres participatifs		
Avances conditionnées		
TOTAL(II)		
Provisions pour risques et charges		
Provisions pour risques	144 000	249 098
Provisions pour charges	2,66	4,72
TOTAL (III)	144 000	249 098
	2,66	4,72
Emprunts et dettes		
Emprunts obligataires convertibles		
Autres Emprunts obligataires		
Emprunts et dettes auprès des établissements de crédit		
. Emprunts	609 796	609 796
. Découverts, concours bancaires	11,26	11,57
Emprunts et dettes financières diverses	362 876	141 429
. Divers	6,70	2,58
. Associés		
Avances & acomptes reçus sur commandes en cours		
Dettes fournisseurs et comptes rattachés	694 120	736 058
Dettes fiscales et sociales	12,82	13,85
. Personnel	106 854	144 809
. Organismes sociaux	1,97	2,75
. Etat, impôts sur les bénéfices	138 077	120 223
. Etat, taxes sur le chiffre d'affaires	2,55	2,28
. Etat, obligations caucionnées	28 728	19 046
. Autres impôts, taxes et assimilés	0,53	0,36
Dettes sur immobilisations et comptes rattachés	10 603	3 175
Autres dettes	0,20	0,08
	483 870	125 000
	8,94	2,37
Produits constatés d'avance		
TOTAL(IV)	2 434 924	1 943 808
	41,98	36,87
Ecart de conversion passif		
(V)		11 737
		0,22
TOTAL PASSIF (I à V)	5 413 592	5 272 016
	100,00	100,00

COMPTE DE RÉSULTAT

Période du 01/01/2009 au 31/12/2009

Présenté en Euros

Edité le 19/02/2010

COMPTE DE RÉSULTAT			Exercice clos le 31/12/2009 (12 mois)		Exercice précédent 31/12/2008 (12 mois)		Variation absolue (12 / 12)		%
	France	Exportation	Total	%	Total	%	Variation	%	
Ventes de marchandises	1 286 687		1 286 687	57,43	1 235 203	43,04	51 484	4,17	
Production vendue biens									
Production vendue services	953 820		953 820	42,57	1 634 467	56,96	-680 647	-41,63	
Chiffres d'Affaires Nets	2 240 508		2 240 508	100,00	2 869 670	100,00	-629 162	-21,91	
Production stockée									
Production immobilisée									
Subventions d'exploitation									
Reprises sur amortis. et prov., transfert de charges			10 431	0,47	117 695	4,10	-107 264	-91,13	
Autres produits			1 114	0,05	3 406	0,12	-2 292	-67,28	
Total des produits d'exploitation			2 252 053	100,52	2 990 771	104,22	-738 718	-21,69	
Achats de marchandises (y compris droits de douane)			477 303	21,30	836 795	29,16	-359 492	-42,85	
Variation de stock (marchandises)			-48 557	-2,16	-404 776	-14,10	356 219	88,00	
Achats de matières premières et autres approvisionnements									
Variation de stock (matières premières et autres approv.)									
Autres achats et charges externes			1 292 816	57,70	1 255 614	43,75	37 202	2,96	
Impôts, taxes et versements assimilés			60 523	2,70	46 457	1,62	14 066	30,28	
Salaires et traitements			828 214	36,97	669 882	23,34	158 332	23,64	
Charges sociales			340 190	15,18	264 704	9,22	75 486	28,52	
Dotations aux amortissements sur immobilisations			98 883	4,41	53 470	1,86	45 413	84,93	
Dotations aux provisions sur immobilisations									
Dotations aux provisions sur actif circulant			10 431	0,47			10 431	N/S	
Dotations aux provisions pour risques et charges					250 422	8,73	-250 422	-100,00	
Autres charges			637	0,03	5 041	0,18	-4 404	-87,35	
Total des charges d'exploitation			3 060 440	138,60	2 977 608	103,76	82 832	2,78	
RÉSULTAT D'EXPLOITATION			-808 387	-36,07	13 164	0,46	-821 551	N/S	
Bénéfice attribué ou perte transférée									
Perte supportée ou bénéfice transféré									
Produits financiers de participations									
Produits des autres valeurs mobilières et créances									
Autres intérêts et produits assimilés									
Reprises sur provisions et transferts de charges									
Différences positives de change			23 594	1,05			23 594	N/S	
Produits nets sur cessions valeurs mobilières placement									
Total des produits financiers			23 594	1,05			23 594	N/S	
Dotations financières aux amortissements et provisions									
Intérêts et charges assimilées			47 133	2,10	50 825	1,77	-3 692	-7,25	
Différences négatives de change			5 669	0,25			5 669	N/S	
Charges nettes sur cessions valeurs mobilières placements									
Total des charges financières			52 802	2,36	50 825	1,77	1 977	3,69	
RÉSULTAT FINANCIER			-29 208	-1,29	-50 825	-1,76	21 617	42,53	
RÉSULTAT COURANT AVANT IMPÔTS			-837 595	-37,37	-37 662	-1,30	-799 933	N/S	

COMPTE DE RÉSULTAT

Période du 01/01/2009 au 31/12/2009

Présenté en Euros

Edité le 19/02/2010

COMPTE DE RÉSULTAT (suite)	Exercice clos le 31/12/2009 (12 mois)		Exercice précédent 31/12/2008 (12 mois)		Variation absolue (12 / 12)	%
Produits exceptionnels sur opérations de gestion	9 350	0,42			9 350	N/S
Produits exceptionnels sur opérations en capital	500 000	22,32			500 000	N/S
Reprises sur provisions et transferts de charges	140 098	6,25	5 462	0,19	134 636	N/S
Total des produits exceptionnels	649 448	28,99	5 462	0,19	643 986	N/S
Charges exceptionnelles sur opérations de gestion	388	0,02	43 631	1,52	-43 243	-99,10
Charges exceptionnelles sur opérations en capital	9 171	0,41			9 171	N/S
Dotations exceptionnelles aux amortissements et provisions	35 000	1,56			35 000	N/S
Total des charges exceptionnelles	44 559	1,99	43 631	1,52	928	2,13
RÉSULTAT EXCEPTIONNEL	604 889	27,00	-38 169	-1,32	643 058	N/S
Participation des salariés						
Impôts sur les bénéfices						
Total des Produits	2 925 095	130,55	2 996 233	104,41	-71 138	-2,36
Total des Charges	3 157 801	140,91	3 072 064	107,05	85 737	2,79
RÉSULTAT NET	-232 706	-10,38	-75 831	-2,63	-156 875	-205,85
	<i>Perte</i>		<i>Perte</i>			
Dont Crédit-bail mobilier						
Dont Crédit-bail immobilier						



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Website www.kpmg.com.cy

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MFK FASHION INVESTMENT LIMITED

Report on the Financial Statements

We have audited the financial statements of MFK FASHION INVESTMENT LIMITED (the "Company") on pages 6 to 25, which comprise the statement of financial position as at 31 December 2009, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board Members

NG. Syrimis
AK. Christofides
EZ. Hadjizacharias
PG. Loizou
AM. Gregoriades
A.A. Demetriou
DS. Vakis
A.A. Apostolou
S.A. Loizides
MA. Loizides

S.G. Sofocleous
MM. Antoniadis
C.V. Vasilou
PE. Antoniadis
M.J. Halos
MP. Michael
P.A. Peleties
G.V. Markides
MA. Papacosta
K.A. Papacostou

AI. Shannouris
GN. Tziortzis
HS. Charalambous
CP. Anayiotos
IP. Ghalanos
MG. Gregoriades
HA. Kakoulis
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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MFK FASHION INVESTMENT LIMITED as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of the Cyprus Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of the information available to us, and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 2 and 3 is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Cyprus Companies Law, Cap. 113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

KPMG Limited
Chartered Accountants

Nicosia, 25 February 2010

MFK FASHION INVESTMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Note	2009 €	2008 €
Revenue	4	974.616	1.221.117
Cost of sales		<u>(471.394)</u>	<u>(658.880)</u>
Gross profit		503.222	562.237
Other income from operations		3.748	-
Selling and distribution expenses		<u>(472.581)</u>	<u>(423.672)</u>
Administrative expenses		<u>(27.905)</u>	<u>(22.979)</u>
Operating profit	5	<u>6.484</u>	<u>115.586</u>
Finance income		726	397
Finance expenses		<u>(3.179)</u>	<u>(1.427)</u>
Net finance expenses	7	<u>(2.453)</u>	<u>(1.030)</u>
Profit before tax		4.031	114.556
Tax	8	<u>(14.124)</u>	<u>(11.669)</u>
(Loss)/profit for the year		(10.093)	102.887
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive expense for the year		<u><u>(10.093)</u></u>	<u><u>102.887</u></u>

The notes on pages 10 to 25 are an integral part of these financial statements.

MFK FASHION INVESTMENT LIMITED

STATEMENT OF FINANCIAL POSITIONAs at 31 December 2009

		2009 €	2008 €
	Note		
Assets			
Property, plant and equipment	9	244.820	177.313
Intangible assets	10	<u>290.462</u>	<u>290.462</u>
Total non-current assets		<u>535.282</u>	<u>467.775</u>
Inventories	11	611.975	499.095
Trade and other receivables	12	164.935	245.915
Refundable tax	16	159	1.231
Cash at bank and in hand		<u>283.557</u>	<u>224.761</u>
Total current assets		<u>1.060.626</u>	<u>971.002</u>
Total assets		<u>1.595.908</u>	<u>1.438.777</u>
Equity			
Share capital	13	513.000	513.000
Retained earnings		<u>158.367</u>	<u>168.460</u>
Total equity		<u>671.367</u>	<u>681.460</u>
Liabilities			
Deferred tax liabilities	14	<u>667</u>	<u>773</u>
Total non-current liabilities		<u>667</u>	<u>773</u>
Trade and other payables	15	<u>923.874</u>	<u>756.544</u>
Total current liabilities		<u>923.874</u>	<u>756.544</u>
Total liabilities		<u>924.541</u>	<u>757.317</u>
Total equity and liabilities		<u>1.595.908</u>	<u>1.438.777</u>

The financial statements were approved by the Board of Directors on 25 February 2010.

.....
Director

.....
Director

The notes on pages 10 to 25 are an integral part of these financial statements.

Other auditor's conclusion report

To the Shareholders of FOLLI FOLLIE SPAIN, S.A., Sociedad Unipersonal.

Report on the Financial Statements

We have audited the accompanying financial statements of FOLLI FOLLIE SPAIN, S.A. Sociedad Unipersonal, (the company), which comprise the balance sheet as at December 31, 2009, and the Income statement and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes. The above financial statements are prepared in accordance with IFRS.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the local Auditing Standards, which conform to International Standards of Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We confirm that we have complied with International Auditing Standards in carrying out our audit and we have complied with our letter of instructions. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

During 2009 the Company has carried out the following operations with different entities that belong to the Group Folli Follie: purchase of fixed assets worth of 405,750 €; purchases of stock and packaging, net of credit notes, and other expenses, worth of (118,112€); income from advertising worth of 955,000€, which represents 26% of total income. Additionally, Folli Follie Spain has a long term debt with the parent company worth of 1,240,962€, and a short term debt worth of 300,000€. Furthermore, at the end of the year, the Company has credit and debit balances with related companies worth of 13,271€ and 1,302,157€ respectively.

We have not obtain enough evidence which would allow us to verify if prices involved in such transactions are equivalent to market value of transactions with independent operations, furthermore, generating a potential tax contingency due to different interpretations of local tax authorities related to these intercompany operations.

Opinion

In our opinion, except of the limitation to the scope described in prior paragraph, the aforementioned financial statements present fairly, in all material respects, the financial position of FOLLI FOLLIE SPAIN, S.A. Sociedad Unipersonal and the Group as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

This report is solely for the information and use of the Group auditors of Folli Follie Group and should not be used for any other purposes.

Madrid, February 12, 2010

Santiago Allo

AUDALIA AUDITORES

FSP	31/12/09	31/12/08	
ASSETS (ALL DATA IN LOCAL CURRENCY)	REPORTING PERIOD	PRIOR YEAR	VARIANCE
A. FIXED ASSETS	878.483,71	555.194,22	323.289,49
I. TANGIBLE FIXED ASSETS	606.075,75	302.888,47	303.187,28
1. LAND	0,00	0,00	0,00
2. BUILDINGS & LEASEHOLD IMPROVEMENTS	50.469,18	63.062,92	-12.593,74
4. MACHINERY & TECHNICAL INSTALLATIONS	87.895,02	26.439,83	61.455,19
5. TRANSPORTATION EQUIPMENT	0,00	0,00	0,00
6. FURNITURE, FIXTURES AND EQUIPMENT	467.711,55	213.385,72	254.325,83
7. CONSTRUCTION IN PROGRESS	0,00	0,00	0,00
II. INTANGIBLES AND OTHER NON CURRENT ASSETS	272.407,96	252.305,75	20.102,21
1. INTANGIBLE ASSETS	0,00	0,00	0,00
a. CONCESSIONS, LICENCES, PATENTS & SIMILAR RIGHTS	0,00	0,00	0,00
b. GOODWILL	0,00	0,00	0,00
c. OTHER INTANGIBLES	0,00	0,00	0,00
2. OTHER NON CURRENT ASSETS	272.407,96	252.305,75	20.102,21
a. RENTAL DEPOSITS	192.310,13	152.738,41	39.571,72
b. LONG-TERM DEFERRED TAX ASSETS	68.097,83	99.567,34	-31.469,51
c. OTHER ASSETS	12.000,00	0,00	12.000,00
III. FINANCIAL FIXED ASSETS	0,00	0,00	0,00
1. ADVANCES FOR CAPITAL INCREASE OF GROUP COMPANIES	0,00	0,00	0,00
2. SHAREHOLDINGS	0,00	0,00	0,00
a. FF-GROUP COMPANIES	0,00	0,00	0,00
d. NON-CONSOLIDATED COMPANIES	0,00	0,00	0,00
3. LONG-TERM LOANS RECEIVABLES	0,00	0,00	0,00
a. FF-GROUP COMPANIES	0,00	0,00	0,00
d. THIRD PARTIES	0,00	0,00	0,00
B. CURRENT ASSETS	3.617.199,88	4.313.715,75	-696.515,87
I. INVENTORIES ON HAND & IN TRANSIT	1.598.148,04	1.746.960,33	-148.812,29
1. MERCHANDISE	1.521.054,50	1.671.019,29	-149.964,79
2. OWN MANUFACTURED PRODUCTS	0,00	0,00	0,00
4. RAW MATERIALS	0,00	0,00	0,00
5. PACKAGING MATERIALS	77.093,54	42.417,37	34.676,17
6. GOODS IN TRANSIT	0,00	33.523,67	-33.523,67
II. RECEIVABLES	573.472,73	509.974,17	63.498,56
a. FF-GROUP COMPANIES	19.945,35	19.845,35	100,00
d. CUSTOMERS	553.527,38	490.128,82	63.398,56
III. OTHER CURRENT ASSETS	1.298.003,24	1.940.811,88	-642.808,64
1. SHORT-TERM LOANS RECEIVABLES	0,00	0,00	0,00
a. FF-GROUP COMPANIES	0,00	0,00	0,00
d. THIRD PARTIES	0,00	0,00	0,00
2. ADVANCE PAYMENTS FOR PURCHASE OF INVENTORIES	0,00	0,00	0,00
3. PREPAYMENTS AND ACCRUED INCOME	349,90	266,86	83,04
4. OTHER RECEIVABLES	1.297.653,34	1.940.545,02	-642.891,68
a. FF-GROUP COMPANIES	1.282.211,28	1.887.796,40	-605.585,12
d. THIRD PARTIES	15.442,06	52.748,62	-37.306,56
5. SHORT-TERM DEFERRED TAX ASSETS	0,00	0,00	0,00
IV. OTHER FINANCIAL ASSETS AT FAIR VALUE THRU P&L	0,00	0,00	0,00
V. CASH AT BANKS & ON HAND	147.575,87	115.969,37	31.606,50
TOTAL ASSETS	4.495.683,59	4.868.909,97	-373.226,38

FSP	31/12/09	31/12/08	
LIABILITIES (ALL DATA IN LOCAL CURRENCY)	REPORTING PERIOD	PRIOR YEAR	VARIANCE
A. SHAREHOLDERS' EQUITY	2.275.818,45	2.633.383,75	-357.565,30
1. SHARE CAPITAL	3.409.528,00	3.409.528,00	0,00
2. RESERVES	0,00	0,00	0,00
3. PROFIT AND LOSS CARRIED FORWARD	-776.143,65	-721.492,12	-54.651,53
4. OWN STOCK	0,00	0,00	0,00
6. NET RESULT OF PERIOD	-357.565,90	-54.652,13	-302.913,77
7. CURRENCY TRANSLATION DIFFERENCES	0,00	0,00	0,00
8. DIFFERENCES DUE TO CONSOLIDATION	0,00	0,00	0,00
9. MINORITY INTERESTS	0,00	0,00	0,00
B. PROVISIONS	0,00	6.417,12	-6.417,12
1. FOR OBSOLETE INVENTORIES	0,00	0,00	0,00
2. FOR BAD DEBTS	0,00	6.417,12	-6.417,12
3. FOR INCOME TAXES	0,00	0,00	0,00
4. FOR RETIREMENT BENEFITS	0,00	0,00	0,00
5. OTHER PROVISIONS	0,00	0,00	0,00
6. DEFERRED TAX PROVISIONS	0,00	0,00	0,00
C. LONG TERM LIABILITIES	0,00	0,00	0,00
1. LONG-TERM LOANS PAYABLES	0,00	0,00	0,00
a. FF-GROUP COMPANIES	0,00	0,00	0,00
d. BANKS AND FINANCIAL INSTITUTIONS	0,00	0,00	0,00
e. THIRD PARTIES	0,00	0,00	0,00
2. OTHER LONG-TERM FINANCIAL LIABILITIES	0,00	0,00	0,00
3. LONG-TERM DEFERRED TAX LIABILITIES	0,00	0,00	0,00
D. SHORT TERM LIABILITIES	2.219.864,95	2.229.108,59	-55.049,40
1. TRADE PAYABLES	1.657.601,24	2.026.282,64	-368.681,40
a. FF-GROUP COMPANIES	1.254.234,65	974.394,52	279.840,13
d. SUPPLIERS	403.366,59	1.051.888,12	-648.521,53
2. SHORT-TERM LOANS PAYABLES	301.519,07	0,00	301.519,07
a. FF-GROUP COMPANIES	300.000,00	0,00	300.000,00
d. BANKS AND FINANCIAL INSTITUTIONS	1.519,07	0,00	1.519,07
e. THIRD PARTIES	0,00	0,00	0,00
3. TAX LIABILITIES	61.054,95	25.216,73	35.838,22
4. ACCRUED EXPENSES AND DEFERRED INCOME	199,71	-524,19	723,90
5. OTHER LIABILITIES	199.489,98	178.133,41	21.356,57
a. FF-GROUP COMPANIES	0,00	0,00	0,00
d. THIRD PARTIES	199.489,98	178.133,41	21.356,57
6. SHORT-TERM DEFERRED TAX LIABILITIES	0,00	0,00	0,00
TOTAL LIABILITIES	4.495.683,40	4.868.909,46	-419.031,82
	-0.19	-0.51	-45.805,44

FSP	PERIOD FROM:	01/01/09	PRIOR YEAR PERIOD FROM:	01/01/08
	PERIOD TO:	31/12/09	PRIOR YEAR PERIOD TO:	31/12/08
INCOME STATEMENT (ALL DATA IN LOCAL CURRENCY)	YEAR-TO-DATE FIGURES			
	ACTUAL	%-SAL	PRIOR YEAR	%-PY
NET SALES TO THIRD PARTIES	3.347.246,17		3.583.199,30	-6,6
INTRAGROUP SALES	0,00		0,00	0,0
TOTAL NET SALES	3.347.246,17	100,0	3.583.199,30	-6,6
COST OF GOODS SOLD TO THIRD PARTIES	-990.521,17	29,6	-1.247.908,38	34,8
COST OF GOODS SOLD INTRAGROUP	0,00	0,0	0,00	0,0
TOTAL COST OF GOODS SOLD	-990.521,17	29,6	-1.247.908,38	34,8
TOTAL GROSS MARGIN	2.356.725,00	70,4	2.335.290,92	65,2
SELLING EXPENSES	-3.313.130,65	99,0	-3.687.724,50	-10,2
ADMINISTRATIVE EXPENSES	-386.115,03	11,5	-259.536,35	48,8
ADVERTISING INCOME (INTRAGROUP)	955.000,00	28,5	1.670.000,00	-42,8
ADVERTISING EXPENSE (INTRAGROUP)	0,00	0,0	0,00	0,0
MANAGEMENT FEES INCOME (INTRAGROUP)	0,00	0,0	0,00	0,0
MANAGEMENT FEES EXPENSE (INTRAGROUP)	0,00	0,0	0,00	0,0
OTHER INCOME	66.615,96	2,0	0,00	0,0
OPERATING INCOME FROM SECONDARY ACTIVITIES	0,00	0,0	0,00	0,0
FOREIGN EXCHANGE GAINS	66.529,76	2,0	0,00	0,0
OTHER OPERATING INCOME	86,20	0,0	0,00	0,0
OTHER EXPENSES	1.909,56	0,1	25.495,21	-92,5
STOCK DAMAGE	-1.592,98	0,0	-310,21	413,5
PROVISION FOR BAD DEBTS	0,00	0,0	-1.181,39	-100,0
OTHER PROVISIONS	0,00	0,0	28.583,56	-100,0
FOREIGN EXCHANGE LOSSES	-188,37	0,0	0,00	0,0
OTHER NON OPERATING EXPENSES	3.690,91	0,1	-1.596,75	-331,2
RESULT BEFORE INTEREST AND TAXES (EBIT)	-318.995,16	9,5	83.525,28	-481,9
TOTAL INTEREST & FINANCIAL INCOME	93,97	0,0	1.432,14	-93,4
INTEREST INCOME FROM BANK ACCOUNTS	50,87	0,0	1.432,14	-96,4
GAIN ON DISPOSAL OF FIXED ASSETS	43,10	0,0	0,00	0,0
GAIN ON DISPOSAL OF SHAREHOLDINGS	0,00	0,0	0,00	0,0
GAIN ON DISPOSAL OF MARKETABLE SECURITIES	0,00	0,0	0,00	0,0
GAIN FROM AT EQUITY CONSOLIDATED COMPANIES	0,00	0,0	0,00	0,0
INCOME FROM DERIVATIVES	0,00	0,0	0,00	0,0
INCOME FROM DIVIDENDS	0,00	0,0	0,00	0,0
OTHER FINANCIAL INCOME		0,0	0,00	0,0
TOTAL INTEREST & FINANCIAL EXPENSES	-7.195,20	0,2	-87.706,56	-91,8
INTEREST EXPENSE - BANK LOANS	-1.482,71	0,0	-12.332,09	-88,0
LOSS ON DISPOSAL OF FIXED ASSETS	-5.712,49	0,2	-75.374,47	-92,4
INTEREST EXPENSE - LEASING	0,00	0,0	0,00	0,0
LOSS ON DISPOSAL OF SHAREHOLDINGS	0,00	0,0	0,00	0,0
LOSS ON DISPOSAL OF MARKETABLE SECURITIES	0,00	0,0	0,00	0,0
LOSSES FROM DERIVATIVES	0,00	0,0	0,00	0,0
OTHER FINANCIAL EXPENSES	0,00	0,0	0,00	0,0
RESULT BEFORE TAXES	-326.096,39	9,7	-2.749,14	11.761,8
CURRENT TAX	0,00	0,0	0,00	0,0
DEFERRED TAX	-31.469,51	0,9	-51.902,99	-39,4
NET RESULT OF THE PERIOD AFTER TAXES	-357.565,90	10,7	-54.652,13	554,3
MINORITY INTEREST	0,00	0,0	0,00	0,0
NET RESULT OF THE PERIOD	-357.565,90	10,7	-54.652,13	554,3
DEPRECIATION (EXPENSED IN THE PERIOD) - positive nb.	114.084,14	3,4	120.688,93	-5,5
EBITDA	-204.911,02	6,1	66.036,80	-410,3

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
FOLLI FOLLIE (UK) LIMITED

We have audited the financial statements of Folli Follie (UK) Limited for the year ended 31 December 2009 on pages five to seventeen. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted for use in the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

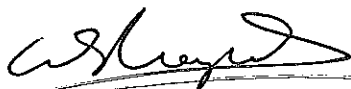
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Christakis Skarparis BSc FCA (Senior Statutory Auditor)
for and on behalf of Chris Skarparis & Co Ltd
Chartered Accountants and
Registered Auditors
10(b) Aldermans Hill
Palmers Green
London
N13 4PJ

7 April 2010

FOLLI FOLLIE (UK) LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	31.12.09 £	31.12.08 £
CONTINUING OPERATIONS			
Revenue	2	1,034,924	4,123,502
Cost of sales		(139,883)	(2,226,770)
GROSS PROFIT		895,041	1,896,732
Other operating income		13,500	13,500
Distribution costs		(289)	(6,354)
Administrative expenses		(1,023,796)	(1,878,977)
OPERATING (LOSS)/PROFIT		(115,544)	24,901
Finance costs	4	-	(2,213)
Finance income	4	61	7,537
(LOSS)/PROFIT BEFORE INCOME TAX 5		(115,483)	30,225
Income tax	6	6,152	(8,223)
(LOSS)/PROFIT FOR THE YEAR		(109,331)	22,002

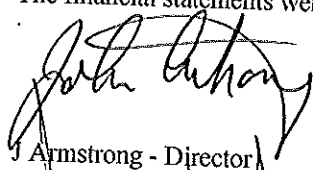
The notes form part of these financial statements

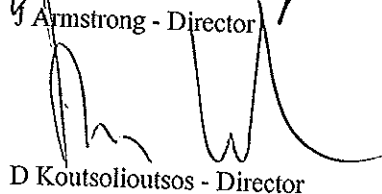
FOLLI FOLLIE (UK) LIMITED

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2009

	Notes	31.12.09 £	31.12.08 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	563,670	683,008
Deferred tax	15	11,413	5,262
		<u>575,083</u>	<u>688,270</u>
CURRENT ASSETS			
Inventories	8	38,820	32,350
Trade and other receivables	9	3,642,302	3,749,929
Cash and cash equivalents	10	425,442	535,628
		<u>4,106,564</u>	<u>4,317,907</u>
TOTAL ASSETS		<u>4,681,647</u>	<u>5,006,177</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	2,062,502	2,062,502
Retained earnings	12	2,338,859	2,448,190
TOTAL EQUITY		<u>4,401,361</u>	<u>4,510,692</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	280,286	485,318
Tax payable		-	10,167
		<u>280,286</u>	<u>495,485</u>
TOTAL LIABILITIES		<u>280,286</u>	<u>495,485</u>
TOTAL EQUITY AND LIABILITIES		<u>4,681,647</u>	<u>5,006,177</u>

The financial statements were approved by the Board of Directors on 7 April 2010 and were signed on its behalf by:


J Armstrong - Director


D Koutsolioutsos - Director

The notes form part of these financial statements