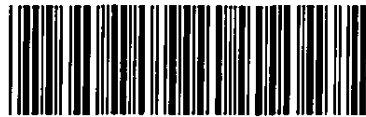


DONNA KARAN MANAGEMENT COMPANY UK LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2009

TUESDAY



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COMPANIES HOUSE

DONNA KARAN MANAGEMENT COMPANY UK LTD

COMPANY INFORMATION

DIRECTORS	P Kalberer M Weber
COMPANY SECRETARY	L E Usdan Jordan Cosec Limited (appointed 02/02/2009)
COMPANY NUMBER	03693527
REGISTERED OFFICE	20-23 Bedford Row London WC1R 4JS

DONNA KARAN MANAGEMENT COMPANY UK LTD

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DONNA KARAN MANAGEMENT COMPANY UK LTD

DIRECTORS' REPORT
for the year ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year continued to be the provision of assistance to fellow group companies in relationships and contacts with European suppliers, and with other general commercial advice as required. The activity is expected to continue for the foreseeable future.

The performance of the business in the year is in line with the directors' plans.

DIRECTORS

The directors who served during the year were

P Kalberer
M Weber

GOING CONCERN

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' which requires the reasons for this decision to be explained. The directors regard the going concern basis as remaining appropriate as the company has adequate resources to continue in operational existence for the foreseeable future. The company has cash reserves along with the ability to draw on additional financing from other members of the group. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DONNA KARAN MANAGEMENT COMPANY UK LTD

DIRECTORS' REPORT
for the year ended 31 December 2009

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006

This report was approved by the board on **9.21.2010** and signed on its behalf



P Kalberer
Director

DONNA KARAN MANAGEMENT COMPANY UK LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DONNA KARAN MANAGEMENT COMPANY
UK LTD**

We have audited the financial statements of Donna Karan Management Company UK Ltd for the year ended 31 December 2009, set out on pages 5 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state 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 shareholders 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, 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 profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DONNA KARAN MANAGEMENT COMPANY UK LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DONNA KARAN MANAGEMENT COMPANY
UK LTD**

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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

Keith Newman (senior statutory auditor)

for and on behalf of
HORWATH CLARK WHITEHILL LLP

Statutory Auditor

10 Palace Avenue
Madstone
Kent
ME15 6NF

Date 21/09/2010

DONNA KARAN MANAGEMENT COMPANY UK LTD

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	Note	2009 £	2008 £
TURNOVER	1	527,020	397,112
Administrative expenses		<u>(452,434)</u>	<u>(374,635)</u>
OPERATING PROFIT	2	74,586	22,477
Interest payable		<u>-</u>	<u>(47,124)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		74,586	(24,647)
Tax on profit/(loss) on ordinary activities	3	<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	9	<u>74,586</u>	<u>(24,647)</u>

The notes on pages 7 to 10 form part of these financial statements

DONNA KARAN MANAGEMENT COMPANY UK LTD
Registered number: 03693527

BALANCE SHEET
as at 31 December 2009

	Note	£	2009 £	£	2008 £
CURRENT ASSETS					
Debtors	5	1,148,735		1,275,488	
CREDITORS . amounts falling due within one year	6	(400,024)		(159,977)	
NET CURRENT ASSETS			748,711		1,115,511
TOTAL ASSETS LESS CURRENT LIABILITIES			748,711		1,115,511
PROVISIONS FOR LIABILITIES					
Other provisions	7		-		(441,386)
NET ASSETS			748,711		674,125
CAPITAL AND RESERVES					
Called up share capital	8		2		2
Profit and loss account	9		748,709		674,123
SHAREHOLDERS' FUNDS			748,711		674,125

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
9.21.2010



P Kalberer
Director

The notes on pages 7 to 10 form part of these financial statements

DONNA KARAN MANAGEMENT COMPANY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The directors have taken notice of the Financial Reporting Council guidance 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' which requires the reasons for this decision to be explained. The directors regard the going concern basis as remaining appropriate as the company has adequate resources to continue in operational existence for the foreseeable future. The company has cash reserves along with the ability to draw on additional financing from other members of the group. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.2 CASH FLOW

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	7 years straight line
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1.5 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

1.6 TENANTS INDUCEMENTS

Amounts received are credited to a deferred income account and amortised over the term to the first rent review in the lease.

DONNA KARAN MANAGEMENT COMPANY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009**

2. OPERATING PROFIT

During the year, no director received any emoluments (2008 - £NIL)

3 TAXATION

	2009	2008
	£	£
UK corporation tax charge on profit/loss for the year	-	-
	-	-

4 TANGIBLE FIXED ASSETS

	Furniture, fittings and equipment £
COST	
At 1 January 2009 and 31 December 2009	4,862
DEPRECIATION	
At 1 January 2009 and 31 December 2009	4,862
NET BOOK VALUE	
At 31 December 2009	-
At 31 December 2008	-

5. DEBTORS

	2009	2008
	£	£
Trade debtors	84,794	125,843
Amounts owed by group undertakings	1,062,299	1,144,633
Other debtors	1,642	5,012
	1,148,735	1,275,488

DONNA KARAN MANAGEMENT COMPANY UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009**

**6. CREDITORS
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009	2008
	£	£
Social security and other taxes	18,992	19,543
Other creditors	381,032	140,434
	400,024	159,977
	400,024	159,977

Included within other creditors is £357,805 in relation to the onerous lease provision (note 7) that was paid post year end

7 PROVISIONS

	Onerous lease provision
	£
At 1 January 2009	441,386
Amounts used	(15,600)
Transfer to Current Liabilities	(425,786)
	-
At 31 December 2009	-

ONEROUS LEASE PROVISION

In 2004 the company left its former premises and was only able to sublet them at a reduced rate. The provision therefore reflects the excess of rent payable over rent receivable in respect of these premises until the lease expires in 2011.

On 9 July 2010 the company agreed a surrender settlement with the landlord paying a final premium of £349,913 in settlement of the lease.

8. SHARE CAPITAL

	2009	2008
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
2 Ordinary shares of £1 each	2	2
	2	2
	2	2

DONNA KARAN MANAGEMENT COMPANY UK LTD

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

9 RESERVES

	Profit and loss account £
At 1 January 2009	674,123
Profit for the year	74,586
	<hr/>
At 31 December 2009	<u>748,709</u>

10 RELATED PARTY TRANSACTIONS

In accordance with FRS 8 Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of its group, or investees in the group qualifying as related parties, as it is a 100% subsidiary of a parent publishing consolidated financial statements

11 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Donna Karan Company Stores UK Holdings Limited, a company registered in England and Wales

The directors consider the ultimate parent to be LVMH Moet Hennessy Louis Vuitton SA LVMH Moet Hennessy Louis Vuitton SA is the parent undertaking of the smallest and largest group in which the financial statements of the company are consolidated

Copies of these financial statements can be obtained from 22 Avenue Montaigne, 75008 Paris, France