

designcapital plc

REPORT AND FINANCIAL STATEMENTS

22 JUNE 2007 TO 31 DECEMBER 2007

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Directors

Executive Chairman	F J Bobo
Executive Directors	P Hervé
	S Tikhomiroff
Non-Executive Directors	D J Henderson-Stewart
	F Michel-Verdier
	P C Rainero

Company Secretary

G Ashworth

Company Number

06290400

Registered Office634 Linen Hall
162 – 168 Regent Street
London W1B 5TG**Bankers**Coutts & Co
440 Strand,
London, WC2R 0QSHSBC Bank plc
133 Regent Street
London, W1B 4HX**Auditors**Littlejohn
Chartered Accountants
and Registered Auditors
1 Westferry Circus
Canary Wharf
London E14 4HD**Solicitors**Matthew Arnold & Baldwin
25 Southampton Building
London WC2A 1AL**Nominated Advisor
and Broker**HB Corporate
40 Marsh Wall
London E14 9TP**Registrars**Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

I am pleased to present the Company's first Report and Financial Statements since incorporation and since its admission to AIM which took place on 21 January 2008.

During the period between incorporation in June 2007 and 31 December 2007, there has been no commercial activity although in this period the Company researched its market and developed a strategy to secure a key role in the consolidation of the designer furniture industry in Europe. Since joining AIM, it has moved quickly to implement this strategy by acquiring Artelano s.a. in February 2008 and the Forum companies in April 2008.

Acquisitions

Artelano, a well known French designer, retailer and brand, was acquired for €1.6 million (GBP1.2 million) payable in cash.

Artelano was founded in 1972 and is one of the most prestigious French designers of high end contemporary furniture. Since its creation it has worked collaboratively with internationally recognised designers including Patricia Urquiola, Piero Lissoni, Christophe Pillet and Olivier Gagnère bringing a creative mix of flair to these collections and many others. It currently sells 17% of its products internationally, through 100 retail outlets in the US, China, Germany and UK.

Artelano's products are available through the European Design Centre (EDC, London) and other retailers in the UK. Following the acquisition, designcapital intends to significantly diversify Artelano's product range and increase its international sales through a combination of increasing retail distribution and the opening of its own shops in a number of cities including London where, with 300,000 French citizens, it has the highest concentration of French people outside France and is an obvious market to target.

Forum Diffusion and Forum Developpement ("Forum"), a Paris based supplier of designer furniture was acquired for a nominal cash consideration.

Forum was founded in 1977 and has built a strong reputation in the French market with a turnover of €15m, supplying designer furniture to private and corporate clients, for both home and office. The Forum business operates from a 1,200 square meter showroom, the largest of its kind in Paris.

Forum advises, designs and completes the fitting out of premises for businesses, public places and for private clients.

Its clients are often high profile and have included the Assemblée Nationale, Opéra Bastille, Musées Nationaux, Ministère de la Culture, Palais de Justice, France Telecom, Deutsche Bank and Suez-Lyonnaise, ABN AMRO, amongst many others.

Since the acquisition, work has been undertaken within Forum to strengthen the sales force and to re-organise its operations in order to reduce its cost base. Economies of scale are being created by combining the administration, sales and marketing, and accounting functions of Forum and Artelano. The information systems of both businesses will also be combined and the Forum showroom in the centre of Paris will be used to increase sales of Artelano's products.

Outlook

It is our intention to quickly build a solid business platform to capitalise on the on-going consolidation of the high-end global designer furniture industry. Whilst implementing our growth strategy for our first two acquisitions, we will continue to seek other acquisition opportunities in the designer furniture sector, including premium brands and retail outlets across European markets, where the directors remain

convinced that the Company has the ability to help them achieve scale, build brand value and strengthen their distribution networks.

Frederic Bobo
Executive Chairman

16 June 2008

The Directors present their Report, together with the Financial Statements and Auditors' Report, for the period ended 31 December 2007.

Principal Activities

The strategic objective of designcapital is to become a major pan European design focused investment company. The company identifies and acquires or invests in companies and brands with a focus on:

- Distribution and multi-brand retailing of high-end and luxury design furniture and designer-enabled products and appliances; and
- Creation and advisory services in the fields of architecture and design.

The Company will focus primarily on investment and acquisition opportunities within the European Union and the United States as well as in selected emerging markets.

The Company was incorporated on 22 June 2007.

The results for the Company show a loss on ordinary activities before and after taxation for the period ended 31 December 2007 of £361,626. The Directors do not recommend the payment of a dividend.

Business Review

The business did not trade during the period. The costs incurred relate to the work completed in the period that are directly attributable to the Company's admission to AIM and to further development of the Company's strategy.

Future Developments

The Company intends identifying and acquiring or investing in luxury, contemporary design orientated businesses with a particular focus on the retailing and distribution of furniture and design enabled products.

Its investment targets will encompass all stages of business development except start-ups with the objective of accelerating the growth of businesses and to design and develop concepts and products that will be at the core of tomorrow's lifestyle in terms of quality and status.

Each target will have a differentiated concept or brand; high growth potential; and a marketable brand or name that offers the opportunity for internationalisation and product diversification.

The Company will seek, wherever practicable, majority investments or controlling stakes with the objective of supporting the development of the acquired business thereby creating a portfolio of strategically integrated companies.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks.

The key business risks affecting the Group are set out below.

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Competition

The Company operates in a highly competitive market, particularly around price and product availability/quality. This may result not only in downward pressure on margins, but also in the risk that the Company will not meet its customers' expectations. The Company is likely to face competition from other entities operating in its business sector, many of which may have significantly greater financial resources than the Company. The Directors expect that as demand for high quality design products grows, new competitors will enter the market and competition from established companies will increase.

Employees

The Company is dependent upon its executive management team. Whilst it has entered into contractual arrangements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends upon the Company's ability to retain high quality and experienced staff. The loss of the services of key personnel or the inability to attract additional personnel as the Group grows could have an adverse impact on the Group's business and trading results.

Financing

There is no assurance that sufficient financing will become available on terms acceptable to the Company or at all in order to fulfil the Group's investment and acquisition opportunities. If the Company is unable to obtain additional financing as needed, it may be required to curtail the scope of its operations or forfeit its interest in some of its targeted investments and acquisitions.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effect of changes in foreign currency exchange rates, credit risk, liquidity risk and interest rate risk. The Company has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Company.

Foreign Exchange Risk

The Group undertakes transactions denominated in foreign currencies. These currencies (primarily the Euro) are reasonably stable, and the risk is managed by maintaining bank accounts denominated in those currencies.

Liquidity Risk

Notwithstanding the fact that the Company's shares are traded on AIM, this should not imply that there is a liquid market in the shares. The price for the ordinary shares may be influenced by many factors, many of which are beyond the control of the Company.

Cash Flow Risk

The Company has interest-bearing assets. Interest-bearing assets include only cash balances which earn interest at a fixed rate.

Directors

The following served as Directors during the period:

F J Bobo (appointed 22 June 2007)
P Herve (appointed 22 June 2007)
S Tikhomiroff (appointed 1 October 2007)
D J Henderson-Stewart (appointed 8 January 2008)
F Michel-Verdier (appointed 22 June 2007)
P C Rainero (appointed 1 October 2007)

D J Henderson-Stewart was appointed to the Board on 8 January 2008.

Post Balance Sheet Events

designcapital listed on London's AiM market on 21 January 2008 and through a placing and subscription at the same time, raised proceeds, net of expenses amounting to £3,058,705. The market capitalisation at the placing price on admission was £5,982,840.

On 18 April 2008, payment of a final call on shares issued at the time of admission raised a further £736,305 net of expenses. On the same date, the number of shares in issue fully paid reduced by a net 4,124,350 to 55,704,050 following an adjustment to shares originally issued partly paid.

The entire issued share capital of Artelano S.A. ("Artelano") was acquired on 27 February 2008 for €1.6 million (GBP1.2 million) payable in cash. Artelano is one of the most prestigious French designers of high-end contemporary furniture and its collections include tables, chairs and sofas.

The entire issued share capital of Forum Diffusion s.a.s. and Forum Developpement s.a.s. ("Forum") was acquired on 7 April 2008 for a nominal consideration. Forum is a Paris based supplier of designer furniture to private clients and corporate markets, for home and the office.

Corporate Governance

The Board supports the principles set out in the Combined Code on Corporate Governance (“the Code”) and intends to comply with the Code wherever possible, taking into account the size and resources available to the Company.

Details of the Company’s compliance are provided below:

The Board

The Board is responsible for providing strategic direction for the Company and guiding management in the execution of this strategy for the benefit of shareholders. The Board sets the Company’s strategic aims, its values and standards, and ensures that its obligations to its shareholders and others are understood and met.

All Directors are expected to bring an independent judgment to bear, and to take decisions objectively in the interests of the Company. If Directors have concerns about the way the Company is being run or about any course of action that is proposed, they must ensure that such concerns are recorded in the board minutes if they cannot be resolved.

Non-executive Directors are expected to constructively challenge and contribute to the development of strategy, to scrutinize management performance, to satisfy themselves on the integrity of financial information and that financial controls and risk management systems are robust and defensible. It is expected that the non-executive Directors will hold separate meetings without the executive Directors or Chairman present. The scope of their responsibilities is enlarging, and non-executive Directors will have to undertake that they have sufficient time to fulfil the role, and must disclose any other commitments or future new appointments.

New Directors to the Board receive a detailed induction pack on appointment, and are advised to regularly update and refresh their skills and knowledge. This includes skills and knowledge that they need to bring to their role, as well as matters relating to the Company itself.

The Audit Committee

The Audit Committee is chaired by Frederic Michel-Verdier and meets at least two times each year. The Audit Committee reviews the Company’s annual and interim financial statements before submission to the Board for approval. The committee also reviews regular reports from management and external auditors on accounting and internal control matters. Where appropriate, the committee monitors the progress of action taken in relation to such matters. The committee also recommends the appointment of, and reviews the fees, of the external auditors.

The Remuneration Committee

The Remuneration Committee is chaired by David Henderson-Stewart. The committee is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Company.

The Nomination Committee

The Nomination Committee is chaired by Pierre Rainero. The committee is responsible for considering board appointments and the continuance of non-executive Directors. The committee shall also make recommendations to the board concerning the membership of the Audit and Remuneration committees, any matters relating to the continuation in office of any Director at any time, and such other matters as may be requested by the board of Directors.

Corporate Governance (continued)***Shareholder Relations***

The Directors are committed to maintaining good relations with the Company's shareholders and have a policy whereby disclosure of information that could have a material impact on the Company's share price is released to the market as soon as possible. This information is also made available on the Company's website.

Policy and Practice on Payment of Creditors

The Company agrees terms and conditions for their business transactions with suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. As at 31 December 2007, the number of creditor days was 30 days.

Substantial Shareholdings

As at 16 June 2008 the Company was aware of the following holding 3% or more of the Company's issued share capital

	Number of shares	% of issued share capital
L-A Finances S.A.	9,817,400	17.6
Luxadvor S.A.	22,841,000	41.0
Stunning Partners LLC	20,210,648	36.3

Stunning Partners LLC, is a limited liability company incorporated in the State of New York and in which Frederic Bobo is interested.

Provision of Information to Auditors

So far as each of the Directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, CLB Littlejohn Frazer, have changed their name to Littlejohn, and will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 16 June 2008 and signed on its behalf.

G Ashworth
Company Secretary

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial period. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company 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;
- state that the Financial Statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Independent Auditors Report to the Shareholders of designcapital plc

We have audited the Company Financial Statements (the "Financial Statements") of designcapital plc for the period 22 June 2007 to 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity, the accounting policies and the related notes. These Financial Statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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

The Directors' responsibilities for preparing the Annual Report and the Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Financial Statements 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 Financial Statements give a true and fair view and whether the Financial Statements have been 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 Financial Statements. 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 other information contained in the Annual Report and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

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 Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, 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 Financial Statements 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 Financial Statements.

Opinion

In our opinion:

- the Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2007 and of the loss for the period then ended;
- the Financial Statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Financial Statements.

Littlejohn

Chartered Accountants
and Registered Auditors

16 June 2008

1 Westferry Circus
Canary Wharf
London E14 4HD

	Note	2007 £
Current Assets		
Trade and other receivables	3	40,284
Cash and cash equivalents	4	149,575
		<hr/>
Total Assets		189,859
		<hr/>
Current Liabilities		
Trade and other payables	6	501,485
		<hr/>
Total Liabilities		501,485
		<hr/>
Capital and Reserves attributable to Equity holders of the Company		
Called-up share capital	5	50,000
Retained earnings		(361,626)
		<hr/>
Total Equity		(311,626)
		<hr/>
Total Equity and Liabilities		189,859
		<hr/> <hr/>

The Financial Statements were approved and authorised for issue by the Board of Directors on 16 June 2008, and were signed on its behalf by:

))
))
) Directors
))
))

The Notes on pages 17 to 21 form part of these Financial Statements.

	Note	2007 £
Continuing Operations:		
Revenue		-
Cost of sales		-
		<hr/>
Gross Profit		-
Administrative expenses		(360,626)
		<hr/>
Operating Loss		(360,626)
Finance costs	9	(1,000)
		<hr/>
Loss before taxation		(361,626)
Corporation tax		-
		<hr/>
Loss for the Financial Period on Continuing Operations		(361,626)
		<hr/>
Loss for the Financial Period attributable to equity holders of the Company		(361,626)
		<hr/> <hr/>
Loss per Share for Loss from Continuing Operations attributable to the equity holders of the Company		
Basic (expressed in pence per share)	11	(90.8)
		<hr/> <hr/>

The Notes on pages 17 to 21 form part of these Financial Statements.

	Share Capital £	Retained Earnings £	Total £
At 22 June 2007	-	-	-
Issue of ordinary shares	50,000	-	50,000
Loss for the period	-	(361,626)	(361,626)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	50,000	(361,626)	(311,626)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Notes on pages 17 to 21 form part of these Financial Statements.

	2007 £
Cash Flows from Operating Activities	
Loss before taxation	(361,626)
Increase in trade and other receivables	(40,284)
Increase in trade and other payables	351,485
	<hr/>
Cash used in Operations	(50,425)
	<hr/>
Cash Flows from Financing Activities	
Proceeds from issue of share capital	50,000
Deposit for subscription of share capital	150,000
	<hr/>
Net Cash from Financing Activities	200,000
	<hr/>
Net Increase in Cash and Cash Equivalents	149,575
	<hr/>
Cash and Cash Equivalents at End of Period	149,575
	<hr/>

The Notes on pages 17 to 21 form part of these Financial Statements.

1. Summary of Significant Accounting Policies

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below.

Basis of Preparation of Financial Statements

The Financial Statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the parts of the Companies Act 1985 applicable to companies reporting under IFRS. The Financial Statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the Accounting Policies. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may ultimately differ from those estimates.

At the date of approval of these Financial Statements the following standards and interpretations were in issue but not yet effective:

IFRS 8 "Operating segments"

IFRIC 11 "IFRS 2 – Group and treasury share transactions"

IFRIC 12 "Service concession arrangements"

IFRIC 13 "Customer loyalty programmes"

IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interaction"

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the Financial Statements of the Company, except for additional disclosures on segregated results, when the relevant standard comes into effect for periods commencing on or after 1 January 2008.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank demand deposits.

Taxation

Current tax is the tax based on the taxable profit/(loss) for the period.

Deferred tax is provided where material in full, using the liability method, on temporary differences between the carrying amounts of assets and liabilities and their tax bases, except when, at the initial recognition of the asset or liability, there is no effect on accounting or taxable profit or loss. Deferred tax is determined using tax rates and laws that have been substantially enacted by the Balance Sheet date, and that are expected to apply when the temporary difference reverses.

Tax losses available to be carried forward, and other tax credits to the Company, are recognised as deferred tax assets, to the extent that it is probable that there will be future taxable profits against which the temporary differences can be utilised.

Share Capital

Ordinary shares are classified as equity.

Summary of Significant Accounting Policies (continued)**Financial Instruments**

The financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial Risk Management**Financial Risk Factors**

Risk management is carried out by the board of Directors. The board identifies, evaluates and manages financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and investment of excess liquidity.

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro. Foreign exchange risk arises from future commercial transactions denominated in a foreign currency. The Company maintains bank accounts in these currencies to reduce its exposure to this risk.

The Company has interest-bearing assets. Interest-bearing assets include only cash balances, all of which earn interest at a variable rate.

2. Auditors' Remuneration

	2007
	£
Fees payable to the Company's auditor for the audit of the financial statements	4,000
Fees payable for other services	14,750
	<hr/>

3. Trade and Other Receivables

	2007
	£
Other receivables	360
Prepayments	39,924
	<hr/>
Total	40,284
	<hr/>

4. Cash and Cash Equivalents

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2007
	£
Cash at bank and in hand	149,575
	<hr/>
Total	149,575
	<hr/>

5. Called-Up Share Capital

Authorised	Number	Nominal Value £
Ordinary shares of 10p each	200,000,000	20,000,000
<hr/>		
Allotted and called up	Number	Nominal Value £
Ordinary shares of 10p each	500,000	50,000
<hr/>		

The Company was incorporated on 22 June 2007 with authorised share capital of £50,000 consisting of 500,000 ordinary shares of 10 pence each. On 1 October 2007 the authorised share capital was increased to £20,000,000 consisting of 200,000,000 ordinary shares of 10 pence each.

3 subscriber shares, with a nominal value of £0.30, were issued on 22 June 2007 at 10 pence each and fully paid up on 17 October 2007.

On 1 October 2007 394,997 ordinary shares, with a nominal value of £39,499.70, were issued at 10 pence each fully paid up.

On 11 October 2007 105,000 ordinary shares, with a nominal value of £10,500.00, were issued at 10 pence each fully paid up.

6. Trade and Other Payables

	2007 £
Trade payables	212
Other payables	778
Accrued expenses	350,495
Deposit for subscription of share capital	150,000
<hr/>	
Total	501,485
<hr/>	

7. Staff Costs

No employees were paid during the period.

Average Number of Employees (including executive Directors)	No.
	1
<hr/>	
	1
<hr/>	

7. Staff Costs

Directors' Remuneration	2007
	£
Emoluments	4,787
	<hr/>
	4,787
	<hr/> <hr/>

8. Finance Income and Costs

	2007
	£
Interest expense:	
- interest on deposit for subscription of share capital	1,000
	<hr/>
	£1,000
	<hr/> <hr/>

9. Taxation

Analysis of Charge/(Credit) in Period

	2007
	£
Current tax:	
UK corporation tax on profits of the year	-
	<hr/>
Total current tax	-
	<hr/> <hr/>

Factors affecting tax charge/(credit) for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19.75%. The differences are explained below:

	2007
	£
Loss on ordinary activities before tax	(361,626)
	<hr/>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75%	(71,421)
	<hr/>
Effects of:	
Permanent differences	43,283
Tax losses carried forward	28,138
	<hr/>
Total tax charge/(credit) for period	-
	<hr/> <hr/>

Factors affecting the tax charge for future years

Tax losses available to be carried forward for the Company at 31 December 2007 against future periods are estimated at £142,470. There is an un-provided deferred tax asset based on these losses at 28% of £39,892.

It is difficult to determine with certainty when the available tax losses will be utilised. Therefore, the element of the potential deferred tax asset relating to losses has not been recognised in the financial statements.

10. Loss per Share**Basic**

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	2007
	£
Loss attributable to equity holders of the Company	(361,626)
	<hr/>
Weighted average number of ordinary shares in issue	398,138
	<hr/>
Basic loss per share (pence per share)	(90.8)
	<hr/>

11. Related Party Transactions

During the period the Company incurred costs of £87,500 in respect of management fees from Stunning Partners LLC, a limited liability company incorporated in the State of New York and in which Frederic Bobo is interested.

12. Events after the Balance Sheet Date

designcapital listed on London's AiM market on 21 January 2008 and through a placing and subscription at the same time, raised proceeds, net of expenses amounting to £3,058,705. The market capitalisation at the placing price on admission was £5,982,840.

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The entire issued share capital of Forum Diffusion s.a.s. and Forum Developpement s.a.s. ("Forum") was acquired on 7 April 2008 for a nominal consideration. Forum is a Paris based supplier of designer furniture to private clients and corporate markets, for home and the office.

13. Ultimate Controlling Party

The Directors consider that there is no ultimate controlling party.