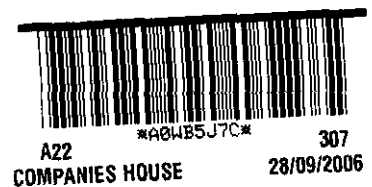


Urgo Limited (formerly Parema Medical Limited)

**Directors' report and financial
statements**

31 December 2005

Registered number 04337458



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company during the period was the manufacture and sale of medical bandages.

Business review

In 2005 turnover reached £13.3m. The growth in the year is due to development of the existing range of bandages and successful launches of Urgo products. The profit on ordinary activities after tax for the year was £2,350,880 (2004: £1,678,392).

Dividend

A dividend of £2,000,000 was paid during the year (2004: £nil).


Directors and directors' interests

The directors who held office during the period were as follows:

RJM Foulquiès (resigned 31 March 2005)
A Bon
CJM Fasné
JF Robert
HHL le Lous

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

By order of the board



CJM Fasné
Director

Shepshed Industrial Estate
Sullington Road
Shepshed
Loughborough
Leicestershire
LE12 9JJ

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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 UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these 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 whether applicable UK Accounting Standards have been followed, 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.



Report of the independent auditors to the members of Urgo Limited

We have audited the financial statements of Urgo Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet 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 members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

21st September, 2006.

1 Waterloo Way
Leicester
LE1 6LP
United Kingdom

Profit and loss account
for the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	1	13,254,604	11,169,595
Cost of sales		(5,733,672)	(5,087,678)
Gross profit		7,520,932	6,081,917
Distribution costs		(3,160,597)	(2,776,924)
Administrative expenses		(1,074,485)	(922,157)
Operating profit		3,285,850	2,382,836
Other interest receivable and similar income	5	157,199	59,183
Profit on ordinary activities before taxation	2-4	3,443,049	2,442,019
Tax on profit on ordinary activities	6	(1,092,169)	(763,627)
Profit on ordinary activities after taxation	13	2,350,880	1,678,392
Dividends		(2,000,000)	-
Retained profit for the year		350,880	1,678,392

All results arise from continuing activities.

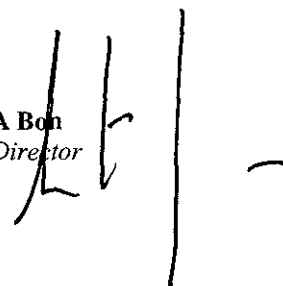
The company had no recognised gains or losses other than the profit for the period.

Balance sheet
at 31 December 2005

	<i>Note</i>	2005 £	2004 £
Fixed assets			
Intangible assets	7	9,600	10,200
Tangible assets	8	184,227	203,336
		<hr/>	<hr/>
		193,827	213,536
Current assets			
Stocks	9	592,472	860,989
Debtors	10	2,075,157	1,880,281
Cash at bank and in hand		3,959,330	3,002,991
		<hr/>	<hr/>
		6,626,959	5,744,261
Creditors: amounts falling due within one year	11	(3,745,895)	(3,233,786)
		<hr/>	<hr/>
Net current assets/(liabilities)		2,881,064	2,510,475
		<hr/>	<hr/>
Total assets less current liabilities		3,074,891	2,724,011
Creditors: amounts falling due after more than one year		-	-
		<hr/>	<hr/>
Net assets		3,074,891	2,724,011
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	3,074,890	2,724,010
		<hr/>	<hr/>
		3,074,891	2,724,011
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 16 August 2006
 and were signed on its behalf by:


CJM Fasné
 Director


A Bon
 Director

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2005

	2005 £	2004 £
Profit for the financial period	2,350,880	1,678,392
Dividends paid	(2,000,000)	-
Net addition to shareholders' funds	350,880	1,678,392
Opening shareholders' funds	2,724,011	1,045,619
Closing shareholders' funds	3,074,891	2,724,011

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As 93% of the company's voting rights are controlled within the group headed by Viva Sante, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Viva Sante, within which this company is included, can be obtained from 42 Rue de Longvic, 21300 Chenove, France.

Intangible fixed assets and amortisation

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Concessions, patents, licences and trademarks purchased by the company are amortised to nil by equal annual instalments over their useful economic lives of 20 years.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	5 years
Computer equipment	-	3 years
Fixtures and fittings	-	10 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Post retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independent administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

2 Profit on ordinary activities before taxation

	2005 £	2004 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	10,000	10,000
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned	128,238	131,242
Hire of other assets - operating leases	280,008	258,124

Notes (continued)

3 Remuneration of directors

	2005 £	2004 £
Directors' emoluments	173,541	154,024
Amounts paid to third parties in respect of directors' services	-	-
	<u>173,541</u>	<u>154,024</u>

The aggregate of emoluments of the highest paid director was £173,541 (2004: £154,024).

No director accrued pensionable benefits from the company during the period.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees 2005	Number of employees 2004
Manufacturing	58	55
Sales and distribution	52	42
Administration	11	14
	<u>121</u>	<u>111</u>

The aggregate payroll costs of these persons were as follows:

	2005 £	2004 £
Wages and salaries	2,846,364	2,526,882
Social security costs	280,872	237,582
Other pension costs	59,750	76,020
	<u>3,186,986</u>	<u>2,840,484</u>

Notes (continued)

5 Other interest receivable and similar income

	2005 £	2004 £
Other	157,199	59,183

6 Taxation

	2005 £	2004 £
<i>UK corporation tax</i>		
Current tax on income for the period	1,078,190	788,962
Total current tax	1,078,190	788,489
Deferred tax (see note 10)		
Origination/reversal of timing differences	13,979	(24,862)
Tax on profit on ordinary activities	1,092,169	763,627

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2004: *higher*) than the standard rate of corporation tax in the UK (30%, 2004: 30%). The differences are explained below.

	2005 £	2004 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,443,049	2,442,019
Current tax at 30% (2002: 30%)	1,032,915	732,606
<i>Effects of:</i>		
Expenses not deductible for tax purposes (primarily depreciation of non qualifying plant and machinery)	11,488	7,583
Depreciation in excess of capital allowances	(3,163)	21,830
Other short term timing differences	37,422	26,943
Adjustment in respect of prior periods	(472)	(473)
Total current tax charge (see above)	1,078,190	788,489

Notes (continued)

7 Intangible fixed assets

	Preventex trade name £
Cost	
At beginning and end of year	12,000
Amortisation	
At beginning of year	1,800
Charged in year	600
At end of year	2,400
Net book value	
At 31 December 2005	9,600
At 31 December 2004	10,200

8 Tangible fixed assets

	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Cost				
At beginning of year	34,339	555,638	42,802	632,779
Additions	16,983	68,645	22,903	108,531
At end of year	51,322	624,283	65,705	741,310
Depreciation				
At beginning of year	5,595	395,183	28,666	429,444
Charge for year	4,182	111,015	12,442	127,639
At end of year	9,777	506,198	41,108	557,083
Net book value				
At 31 December 2005	41,545	118,085	24,597	184,227
At 31 December 2004	28,744	160,456	14,136	203,336

Notes (continued)

9 Stocks

	2005 £	2004 £
Raw materials and consumables	160,968	90,112
Work in progress	78,634	127,703
Finished goods and goods for resale	352,870	643,174
	<u>592,472</u>	<u>860,989</u>

10 Debtors

	2005 £	2004 £
Trade debtors	1,937,104	1,753,415
Other debtors	10,252	13,764
Prepayments and accrued income	82,440	53,762
Deferred tax asset	45,361	59,340
	<u>2,075,157</u>	<u>1,880,281</u>

The elements of deferred taxation are as follows:

	2005 £	2004 £
Accelerated capital allowances	(2,529)	24,784
Other timing differences	47,890	34,556
	<u>45,361</u>	<u>59,340</u>

11 Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	1,211,761	855,531
Taxation and social security	981,162	932,398
Amounts owed to group undertakings	417,687	417,687
Other creditors	31,819	51,874
Accruals and deferred income	1,103,466	976,296
	<u>3,745,895</u>	<u>3,233,786</u>

Notes (continued)

12 Called up share capital

	2005 £	2004 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1
	<hr/>	<hr/>

13 Reserves

	2005 £	2004 £
Profit and Loss account		
At beginning of year	2,724,010	1,045,618
Retained profit for the year	2,350,880	1,678,392
	<hr/>	<hr/>
	5,074,890	2,724,010
Dividends	(2,000,000)	-
	<hr/>	<hr/>
	3,074,890	2,724,010
At end of year	<hr/>	<hr/>

14 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	13,314	-	56,497
In the second to fifth years inclusive	-	148,603	-	66,212
Over five years	120,000	-	92,954	-
	<hr/>	<hr/>	<hr/>	<hr/>
	120,000	161,917	92,954	122,709
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

15 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £59,750 (2004: £76,020).

Contributions amounting to £ nil (2004: £nil) were payable to the fund and are included in creditors.

16 Related party disclosures

During the period the company entered into the following transactions with Parema Limited, a company related through common directors. This company ceased to be a related party on 31 March 2005:

	£
Expenses incurred by Parema Limited on behalf of the company	40,298
Expenses incurred by the company on behalf of Parema Limited	2,700
Sales made to Parema Limited by the company	-
Purchases made from Parema Limited by the company	-

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Laboratoires URGO SAS, incorporated in France.

The largest group in which the results of the company are consolidated is that headed by Viva Sante, incorporated in France. The consolidated accounts of this company are available to the public and may be obtained from 42 Rue de Longvic, 21300 Chenove, France.