

WASSEN HOLDINGS LIMITED

Report and Financial Statements

30 June 2005



REPORT AND FINANCIAL STATEMENTS 2005

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REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Barber
P A J Tunnell
R M Cawse
R Ricatti
P G Austen
A F Varney
T E Snook (appointed 24/02/05)

SECRETARY

A F Varney

REGISTERED OFFICE

14 The Mole Business Park
Leatherhead
Surrey
KT22 7BA

SOLICITORS

Osborne Clarke
Apex Plaza
Forbury Road
Reading
RG1 1AX

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Reading

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

PRINCIPAL ACTIVITY

The company acts as a holding company. The principal activity of the group is that of the production and marketing of nutritional supplements.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Group has had a difficult year, reporting an increase in turnover, £6,948,782 (2004 - £6,840,113), but a decline in profit, reporting a loss before tax of £228,705, (2004 - profit £356,146), for the year ended 30 June 2005.

During February 2005, the Group's UK, Irish and German distributors went into administration, which left the Group with substantial bad debts of £229,650, and £20,323 of exceptional reorganisation costs. However, direct trading was established with UK customers, and the appointments of new Irish and German distributors, during the last quarter of the year, secured the business going forward in these territories. A further provision of £70,231 has also been made in respect of costs relating to a change in the Group's Italian distributor. If adjusted for, these costs would result in an operating profit for the year under review, of £91,499. This profit would also have been significantly higher if a full years trading with Germany had been included.

Currently, trade in the UK has improved following enhanced distribution into major multiples retailers, and regulatory changes throughout Europe and the Middle East, continue to present challenges which are being successfully met. However, the Directors would look to report growth in the existing territories of Portugal, Belgium and Germany, as well as expansion into new countries.

The Group continues to look to make acquisitions or commercial alliances in order to enhance the growth and profitability of the business. Overall, the Directors believe that these strategies will lead to continued improvement in both turnover and profitability in the foreseeable future.

DIVIDENDS

The directors have proposed and paid a dividend of £211,928, (2004: £211,928) on the preference shares.

DIRECTORS

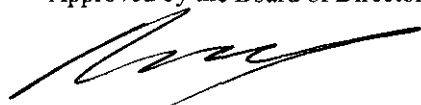
The directors who served during the period are noted on page 1. Directors' interests in the ordinary share capital of the company were:

	Ordinary shares of £0.10 each	
	At 30 June 2005 No.	At 30 June 2004 No.
M Barber	643,750	643,750
R Cawse	68,513	68,513
P Tunnell	27,405	27,405
R Ricatti	70,000	70,000
A Varney	68,513	68,513

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors, and signed on behalf of the Board :



M Barber

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WASSEN HOLDINGS LIMITED

We have audited the financial statements of Wassen Holdings Limited for the year ended 30 June 2005 which comprise the consolidated profit and loss account, the reconciliation of movement in consolidated shareholders' funds, the statement of movements on reserves, the consolidated balance sheet, the balance sheet, the consolidated cash flow statement, the notes to the consolidated cashflow statement and the related notes 1 to 21. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 of the state of the group's and company's affairs as at 30 June 2005 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors
Reading

4 November 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2005

	Note	2005 £ Before exceptional items	2005 £ Exceptional items	2005 £ Total	2004 £ Total
TURNOVER	2	6,948,782	-	6,948,782	6,840,113
Cost of sales		(2,607,510)	-	(2,607,510)	(2,368,310)
GROSS PROFIT		4,341,272	-	4,341,272	4,471,803
Administrative expenses - other		(1,854,651)	-	(1,854,651)	(1,773,816)
- exceptional charges	3	-	(249,973)	(249,973)	(190,748)
Total administrative expenses		(1,854,651)	(249,973)	(2,104,624)	(1,964,564)
Selling and distribution costs		(2,406,116)	-	(2,406,116)	(2,093,510)
OPERATING (LOSS)/PROFIT	3	80,505	(249,973)	(169,468)	413,729
Interest receivable and similar income	5			19,391	30,842
Interest payable and similar charges	6			(78,628)	(88,425)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				(228,705)	356,146
Tax credit/(charge) on (loss)/profit on ordinary activities	7			32,626	(177,106)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				(196,079)	179,040
Dividends – on non-equity shares	8			(211,928)	(211,928)
RETAINED LOSS FOR THE YEAR				(408,007)	(32,888)

All amounts derive from continuing operations.

There are no recognised gains or losses for the year or prior period other than as stated above and accordingly no statement of total recognised gains and losses has been produced.

RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

Year ended 30 June 2005

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
(Loss)/profit for the financial year	(196,079)	179,040
Dividends	(211,928)	(211,928)
	<u>(408,007)</u>	<u>(32,888)</u>
Recovery of expenses relating to prior year share issue	-	12,783
	<u>(408,007)</u>	<u>(20,105)</u>
Net reduction in shareholders' funds	(408,007)	(20,105)
Opening shareholders' funds	5,245,876	5,265,981
Closing shareholders' funds	<u>4,837,869</u>	<u>5,245,876</u>

STATEMENT OF MOVEMENTS ON RESERVES
Year ended 30 June 2005

Group	Share premium account £	Profit and loss account £	Total £
At 1 July 2004	836,236	14,612	850,848
Retained loss for the year	-	(408,007)	(408,007)
	<u>836,236</u>	<u>(393,395)</u>	<u>(442,841)</u>
At 30 June 2005	<u>836,236</u>	<u>(393,395)</u>	<u>(442,841)</u>
Company			
At 1 July 2004	836,236	-	836,236
Retained profit for the year	-	14,952	14,952
	<u>836,236</u>	<u>14,952</u>	<u>851,188</u>
At 30 June 2005	<u>836,236</u>	<u>14,952</u>	<u>851,188</u>

CONSOLIDATED BALANCE SHEET
30 June 2005

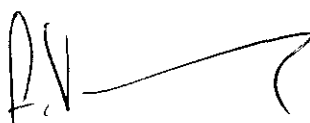
	Note	2005 £	2004 £
FIXED ASSETS			
Intangible assets	10	3,577,713	3,779,430
Tangible assets	12	158,658	58,667
CURRENT ASSETS		3,736,371	3,838,097
Stocks	13	1,311,640	1,077,066
Debtors	14	1,730,291	1,646,118
Cash at bank and in hand		123,420	843,074
		3,165,351	3,566,258
CREDITORS: amounts falling due within one year	15	(1,767,373)	(1,686,336)
NET CURRENT ASSETS		1,397,978	1,879,922
TOTAL ASSETS LESS CURRENT LIABILITIES		5,134,349	5,718,019
CREDITORS: amounts falling due after more than one year	16	(293,644)	(468,529)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(2,836)	(3,614)
NET ASSETS		4,837,869	5,245,876
CAPITAL AND RESERVES			
Called up share capital	18	4,395,028	4,395,028
Share premium account		836,236	836,236
Profit and loss account		(393,395)	14,612
SHAREHOLDERS' FUNDS		4,837,869	5,245,876
Attributable to equity shareholders		599,283	1,007,290
Attributable to non-equity shareholders		4,238,586	4,238,586

These financial statements were approved by the Board of Directors on 3rd November 2005.

Signed on behalf of the Board of Directors



M Barber
Director



A F Varney
Director

BALANCE SHEET
30 June 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Investments	11	<u>6,326,062</u>	<u>6,326,062</u>
CREDITORS: amounts falling due within one year	15	<u>(786,202)</u>	<u>(626,269)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,539,860	5,699,793
CREDITORS: amounts falling due after more than one year	16	<u>(293,644)</u>	<u>(468,529)</u>
NET ASSETS		<u>5,246,216</u>	<u>5,231,264</u>
CAPITAL AND RESERVES			
Called up share capital	18	4,395,028	4,395,028
Share premium account		836,236	836,236
Profit and loss account		<u>14,952</u>	<u>-</u>
SHAREHOLDERS' FUNDS		<u>5,246,216</u>	<u>5,231,264</u>
Attributable to equity shareholders		1,007,630	992,678
Attributable to non-equity shareholders		<u>4,238,586</u>	<u>4,238,586</u>

These financial statements were approved by the Board of Directors on 3rd November 2005.

Signed on behalf of the Board of Directors



M Barber

Director



A F Varney

Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2005

	Note	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Net cash inflow from operating activities	1	77,749	805,095
Returns on investments and servicing of finance			
Interest received		19,391	30,842
Interest paid		(51,362)	(54,442)
		(31,971)	(23,600)
Taxation			
Corporation tax paid		(199,379)	(218,177)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(139,201)	(14,896)
Payments to acquire intangible fixed assets		(31,322)	(13,473)
Sale of tangible fixed assets		-	4,091
		(170,523)	(24,278)
Non equity dividends paid		(211,928)	(317,893)
Net cash (outflow)/inflow before financing		(536,052)	221,147
Financing			
Repayment of borrowings		(311,111)	(261,111)
Recovery of expenses from prior year share issue		-	12,783
		(311,111)	(248,328)
Decrease in cash	2,3	(847,163)	(27,181)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2005

1. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Operating (loss)/profit	(169,468)	413,729
Depreciation charge	39,210	57,651
Amortisation of intangible fixed assets	233,039	247,309
Increase in stocks	(234,574)	(217)
(Increase)/decrease in debtors	(78,133)	277,255
Increase/(decrease) in creditors	287,675	(186,641)
Profit on sale of tangible fixed asset	-	(3,991)
Net cash inflow from operating activities	<u>77,749</u>	<u>805,095</u>

2. RECONCILIATION OF NET CASH (OUTFLOW)/INFLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Decrease in cash	(847,163)	(27,181)
Cash outflow from decrease in debt	<u>311,111</u>	<u>261,111</u>
Movement in net debt resulting from cashflows	(536,052)	233,930
Amortisation of financing expenses	(26,136)	(27,157)
Net funds/(debt) at beginning of year	<u>90,591</u>	<u>(116,182)</u>
Net (debt)/funds at end of year	<u>(471,597)</u>	<u>90,591</u>

3. ANALYSIS OF NET FUNDS/(DEBT)

	At 1 July 2004 £	Cash flows £	Amortised loan issue costs £	At 30 June 2005 £
Cash in hand, at bank	843,074	(719,654)	-	123,420
Overdraft	-	(127,509)	-	(127,509)
Debt due within one year	(283,954)	136,226	(26,136)	(173,864)
Debt due after one year	(468,529)	174,885	-	(293,644)
	<u>90,591</u>	<u>(536,052)</u>	<u>(26,136)</u>	<u>(471,597)</u>

NOTES TO THE ACCOUNTS**Year ended 30 June 2005****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and they have all been consistently applied in both the current and preceding year.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary, which has been accounted for by acquisition method.

Investments held as fixed assets

Investments held as fixed assets are stated at cost less provision for any impairment.

Tangible fixed assets

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

Plant & machinery	Between 8.25% and 33.3% per annum
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Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

Operating leases

Rental costs under operating leases are charged to the profit and loss account in the period to which they relate.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Cost is based on the first in – first out method.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the 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 differences are taken into account in arriving at the operating result.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise when the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred taxation is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE ACCOUNTS

Year ended 30 June 2005

1. ACCOUNTING POLICIES (continued)

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Intangible fixed assets

Patents and trademarks are written off over 10 years on a straight line basis, being the directors' estimate of their useful economic lives.

Goodwill arising on consolidation is capitalised and amortised over its estimated useful economic life of 20 years.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax (loss)/profit, is attributable to one activity.

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
United Kingdom	3,204,662	3,033,222
Europe	2,863,823	3,368,863
Rest of World	880,297	438,028
	<u>6,948,782</u>	<u>6,840,113</u>

3. OPERATING (LOSS)/ PROFIT

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Operating (loss)/profit is stated after charging:		
Amortisation of intangible assets	233,039	247,309
Depreciation of tangible fixed assets - owned	39,210	57,651
Profit on disposal of fixed assets	-	(3,991)
Hire of plant and machinery	14,318	3,879
Other operating leases	138,487	131,680
Auditors' remuneration: audit fees	12,500	12,500
non-audit fees	-	2,250
(Profit)/loss on foreign exchange transactions	(48,169)	46,131
Exceptional charges	<u>249,973</u>	<u>190,748</u>

The company incurred £249,973 (2004: £nil) of exceptional costs in relation to the UK distributor of the company entering administration.

During the year ended 30 June 2004, the company agreed to subcontract its packaging operations to a third party. As a result of this, and subsequent reorganisation, exceptional costs of £134,065 were incurred. During the same period the company also incurred £56,683 of exceptional professional fees in respect of an aborted acquisition.

NOTES TO THE ACCOUNTS

Year ended 30 June 2005

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Directors' remuneration		
Emoluments	693,536	563,131
Pension contributions	57,417	43,268
Consideration paid to third parties	-	17,906
Compensation for loss of office	-	57,412
	<u>750,953</u>	<u>681,717</u>

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Highest paid director		
Emoluments	268,274	245,427
Pension contributions	27,250	16,500
	<u>295,524</u>	<u>261,927</u>

Number of directors who:	No.	No.
Are members of money purchase pension plans	5	5

Average number of persons employed	No.	No.
Distribution	3	6
Office and management	20	20
	<u>23</u>	<u>26</u>
	£	£

Staff costs during the period (including directors)		
Wages and salaries	1,180,091	972,907
Social security costs	145,666	105,523
Pension costs	132,050	88,195
	<u>1,457,807</u>	<u>1,166,625</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2005

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Bank interest receivable	12,565	23,792
Other interest receivable	6,826	7,050
	<u>19,391</u>	<u>30,842</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Bank loans	52,492	61,268
Amortisation of deferred loan costs	26,136	27,157
	<u>78,628</u>	<u>88,425</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2005

7. TAX (CREDIT)/CHARGE ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
United Kingdom corporation tax at 19% (2004 – 30%) based on the (loss)/profit for the year	1,750	242,270
Adjustment in respect of prior years	(33,598)	(23,771)
	(31,848)	218,499
Deferred taxation:		
- timing differences	4,472	(8,883)
- decrease in tax rate	947	-
- adjustment in respect of prior years	(6,197)	(32,510)
	(32,626)	177,106

The differences between the current tax rate for the year and the standard rate of tax are as follows:

	2005 %	2004 %
Standard rate of tax	(19)	30
Factors affecting charge:		
Goodwill amortisation not deductible for tax purposes	19	17
Other expenses not deductible for tax purposes	3	12
Differences between capital allowance and depreciation	(1)	2
Movement in short term timing differences	(1)	
Adjustment in respect of prior years	(15)	(4)
	(14)	57

8. DIVIDENDS

	Year ended 30 June 2005 £	Year ended 30 June 2004 £
Preference dividend paid	211,928	211,928

9. PROFIT FOR THE FINANCIAL PERIOD BEFORE DIVIDENDS

As permitted by Section 230 of the Companies Act 1985, the company's profit and loss account has not been presented in these financial statements. The company's result for the financial period amounted to a profit after taxation of £226,881 (2004: £211,928).

NOTES TO THE ACCOUNTS
Year ended 30 June 2005

10. INTANGIBLE FIXED ASSETS

The Group	Patents and Trademarks £	Goodwill £	Total £
Cost			
At 1 July 2004	394,751	3,990,570	4,385,321
Additions	31,322	-	31,322
At 30 June 2005	426,073	3,990,570	4,416,643
Amortisation			
At 1 July 2004	306,599	299,292	605,891
Charge for the year	33,510	199,529	233,039
At 30 June 2005	340,109	498,821	838,930
Net book value			
At 30 June 2005	85,964	3,491,749	3,577,713
At 30 June 2004	88,152	3,691,278	3,779,430

11. FIXED ASSET INVESTMENTS

The Company	Shares in group undertakings £
Cost and net book value	
At 1 July 2004 and 30 June 2005	6,326,062

The holdings in the following companies comprise the fixed asset investments balance:

Name of subsidiary	Country of incorporation	Ordinary shares held	Principal activity
Wassen International Limited	United Kingdom	100%	Nutritional supplement manufacturer
Wassen GmbH*	Germany	100%	Dormant
Bee Pollen From England Limited*	United Kingdom	99%	Dormant

* These company are indirect subsidiaries of Wassen Holdings Limited

NOTES TO THE ACCOUNTS
Year ended 30 June 2005

12. TANGIBLE FIXED ASSETS

The Group

	Plant and machinery £
Cost	
At 1 July 2004	467,958
Additions	139,201
	<u>607,159</u>
At 30 June 2005	
Accumulated depreciation	
At 1 July 2004	409,291
Charge for the year	39,210
	<u>448,501</u>
At 30 June 2005	
Net book value	
At 30 June 2005	<u>158,658</u>
At 30 June 2004	<u>58,667</u>

13. STOCKS

	2005		2004	
	Group £	Company £	Group £	Company £
Raw materials and consumables	796,696	-	658,352	-
Finished goods and goods for resale	514,944	-	418,714	-
	<u>1,311,640</u>	<u>-</u>	<u>1,077,066</u>	<u>-</u>

14. DEBTORS

	2005		2004	
	Group £	Company £	Group £	Company £
Trade debtors	1,586,875	-	1,561,722	-
Other debtors	61,859	-	40,477	-
Corporation tax	6,040	-	-	-
Prepayments and accrued income	75,517	-	43,919	-
	<u>1,730,291</u>	<u>-</u>	<u>1,646,118</u>	<u>-</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2005

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005		2004	
	Group £	Company £	Group £	Company £
Bank overdraft	127,509	-	-	-
Bank loans (note 16)	173,864	173,864	283,954	172,843
Trade creditors	904,848	-	546,626	-
Amounts owed to subsidiary undertakings	-	612,338	-	453,426
Corporation tax	18,359	-	243,556	-
Other taxes and social security	53,027	-	27,846	-
Other creditors	-	-	15,819	-
Accruals and deferred income	489,766	-	568,535	-
	<u>1,767,373</u>	<u>786,202</u>	<u>1,686,336</u>	<u>626,269</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005		2004	
	Group £	Company £	Group £	Company £
Bank loans	<u>293,644</u>	<u>293,644</u>	<u>468,529</u>	<u>468,529</u>

	2005		2004	
	Group £	Company £	Group £	Company £
Maturity profile of financial liabilities:				
Bank loans (note 16a)				
- within one year	200,000	200,000	311,111	200,000
- between one and two years	200,000	200,000	200,000	200,000
- between two and five years	150,000	150,000	350,000	350,000
	<u>550,000</u>	<u>550,000</u>	<u>861,111</u>	<u>750,000</u>
Less: unamortised finance costs	<u>(82,492)</u>	<u>(82,492)</u>	<u>(108,628)</u>	<u>(108,628)</u>
	<u>467,508</u>	<u>467,508</u>	<u>752,483</u>	<u>641,372</u>

16a. Bank loan

Group and Company

The loan, which is repayable in quarterly instalments, is interest bearing at a rate of LIBOR + 2%. The loan is secured by fixed and floating charges over the assets of the company.

NOTES TO THE ACCOUNTS
Year ended 30 June 2005

17. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	£
At 1 July 2004	3,614
Release in the year	(778)
	<u>2,836</u>
At 30 June 2005	<u>2,836</u>

Deferred taxation relates to capital allowances in advance of depreciation.

18. CALLED UP SHARE CAPITAL

	2005	2004
	£	£
Authorised		
1,750,000 ordinary shares of £0.10 each	175,000	175,000
4,238,586 cumulative redeemable preference shares of £1 each	<u>4,238,586</u>	<u>4,238,586</u>
	<u>4,413,586</u>	<u>4,413,586</u>
Called up, allotted and fully paid		
1,564,421 ordinary shares of £0.10 each	156,442	156,442
4,238,586 cumulative redeemable preference shares of £1 each	<u>4,238,586</u>	<u>4,238,586</u>
	<u>4,395,028</u>	<u>4,395,028</u>

Preference shares

The preference shares entitle the holders to receive dividends in priority to all other shareholders. The dividend is a fixed cumulative dividend of 5% per annum payable half yearly in arrears. Interest on unpaid dividends accrues at a rate of 10% per annum.

The preference shares are redeemable at par in full on 31 December 2007, or on a sale or event of default if earlier. The preference shares do not carry voting rights, but have priority over amounts receivable on a winding up or reduction in share capital.

Ordinary shares

The ordinary shareholders are not entitled to receive any dividend until a bank loan and the preference shares have been redeemed in full. They carry full voting rights, but rank behind the preference shares in a winding up or reduction in share capital.

NOTES TO THE ACCOUNTS

Year ended 30 June 2005

19. OTHER COMMITMENTS

At 30 June 2005 the group and company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Expiry date:				
Within 1 year	-	-	4,740	6,910
Between 1 and 2 years	-	-	-	1,781
Between 2 and 5 years	130,687	111,148	8,585	4,732
In more than 5 years	-	14,042	-	-
	<u>130,687</u>	<u>125,190</u>	<u>13,325</u>	<u>13,423</u>

20. PENSION COMMITMENTS

The group operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they accrue. The charge for the year was £132,050 (2004: £88,195). At the year-end, an amount of £10,651 (2004: £15,819) was outstanding.

21. RELATED PARTY TRANSACTIONS

The Group

R Ricatti, has a controlling interest in Marfarma Holding SPA to whom the group supplied goods and services amounting to £217,095 (2004: £427,223). The amount owed by Marfarma Holding SPA at the year-end was £181,847 (2004: £214,202).