Company Registration No. 4512089

WASSEN HOLDINGS LIMITED

Report and Financial Statements

30 June 2006

REPORT AND FINANCIAL STATEMENTS 2006

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REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Barber	
P A J Tunnell	
R M Cawse	
P G Austen	*(resigned 30 March 2006)*
A F Varney	
T E Snook	
R Ricatti	*(resigned on 3 August 2005)*

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, UK

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2006.

PRINCIPAL ACTIVITY

The company acts as an intermediate holding company. The principal activity of the group is that of the supply and marketing of nutritional supplements.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

There have not been any significant changes in the Company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

The Group has had a year of recovery following the collapse of the Group's UK, Irish and German distributors into administration in February 2005, reporting for the year ended 30 June 2006 turnover of £7,597,598 (2005: £6,948,782), profit before tax of £208,135 (2005: loss of £440,633), and achieving a gross margin of 58.6% (2005: 62.5%). Exceptional costs of £74,211, together with an associated bad debt of £27,948 were incurred in the year in respect of the termination of an Italian distribution agreement. Excluding these items, operating profit would have been £444,139 for the year under review, a significant increase on the prior year (2005: adjusted operating profit excluding exceptional items of £80,505).

During 2006, trade in the UK has improved following increased distribution into major multiple retailers. The European markets continue to report flat trends due to the ongoing regulatory changes within the EU. However, allowing for all of these conditions the directors report growth in Germany as well as the new sales territories.

Overall it is believed that these strategies will lead to continued improvement in both turnover and profitability in the foreseeable future.

The balance sheet on page 9 shows that the Group's financial position at the year end is, in terms of both net assets and cash, consistent with the recovery of the business from the issues with the UK, Ireland, Italy and Germany noted above.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group, in common with other suppliers to the retail environment, is dependent upon the economic stability of the countries in which it operates. The Group manages this risk by supporting its brands within the marketplace and maintaining strong relationships with its customers and suppliers.

The Group trades in a number of different territories, principally within Europe but also in various other territories in the Rest of the World, where regulatory, economic and political change can all impact upon retail markets. The Group manages this possible risk by trading in a wide portfolio of countries to reduce the impact of any potential downturn in an individual territory. Some European sales are denominated in Euros and as such there is exposure to movement in the Euro to Sterling exchange rate. This risk is ameliorated by the natural hedging provided through Euro denominated purchases in addition to forward currency buying where deemed appropriate.

Part of the Group's funding is provided by a long term fixed rate loan which is therefore not exposed to adverse interest rate movements.

FUTURE PROSPECTS

The directors intend to continue the development of the Group's export markets in Europe and other territories. They continue to look to make acquisitions or commercial alliances to enhance the growth and profitability of the business.

DIVIDENDS

The company paid preference dividend of £211,928 on the preference shares in 2005. The preference dividend relating to the year ended 30 June 2006 has been waived.

DIRECTORS' REPORT

DIRECTORS

The directors who served during the period and to the date of signing 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 2006	At 30 June 2005
	No.	No.
M Barber	1	643,750
R Cawse	-	68,513
P Tunnell	-	27,405
R Ricatti	70,000	70,000
A Varney	1	68,513

The directors interests in the shares of the company's ultimate parent company, Wassen Group Holdings Limited, are disclosed in the financial statements of that company.

DIRECTORS' INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDITORS

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and shall be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

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
10th January 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts for the company and the group in accordance with United Kingdom Generally Accepted Accounting Practice.

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;
- state whether applicable accounting standards have been followed, subject to any material depatures 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 which disclose with reasonable accuracy at any time the financial position of the company and the group and to 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 the group 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 2006 which comprise the consolidated profit and loss account, the reconciliation of movement in consolidated equity shareholders' funds, the statement of movements on reserves, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement, the notes to the consolidated cashflow statement and the related notes 1 to 23. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework and are 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 transactions 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and group's affairs as at 30 June 2006 and of the group's profit for the year 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.

Deloitte & Touche

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Reading, UK

16 January 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 June 2006

	Note	2006 £ Before exceptional items	2006 £ Exceptional items	2006 £ Total	Restated 2005 £ Total
TURNOVER	2	7,597,598	-	7,597,598	6,948,782
Cost of sales		(3,145,915)	-	(3,145,915)	(2,607,510)
GROSS PROFIT		4,451,683	-	4,451,683	4,341,272
Administrative expenses - other		(1,863,271)	-	(1,863,271)	(1,854,651)
- exceptional charges	3	-	(74,211)	(74,211)	(249,973)
Total administrative expenses		(1,863,271)	(74,211)	(1,937,482)	(2,104,624)
Distribution costs		(2,172,221)	-	(2,172,221)	(2,406,116)
OPERATING PROFIT/(LOSS)	3	416,191	(74,211)	341,980	(169,468)
Interest receivable and similar income	5			212,321	19,391
Interest payable and similar charges	6			(346,166)	(290,556)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				208,135	(440,633)
Tax (charge)/credit on profit/(loss) on ordinary activities	7			(100,221)	32,626
PROFIT/(LOSS) ON ORDINARY ACTIVITES AFTER TAXATION, BEING RETAINED PROFIT/(LOSS) FOR THE YEAR				107,914	(408,007)

All amounts derive from continuing operations.

There are no recognised gains or losses for the current and preceding financial year other than as stated above. Accordingly, no statement of total recognised gains and losses is presented.

The reclassification of preference shares as discussed in Note 23 has no effect on the cumulative gains and losses of the group.

RECONCILIATION OF MOVEMENT IN CONSOLIDATED EQUITY SHAREHOLDERS' FUNDS
Year ended 30 June 2006

	2006	Restated 2005
	£	£
Profit/(loss) for the financial year	107,914	(408,007)
Opening equity shareholders' funds as previously stated	599,283	5,245,876
Prior year adjustment	-	(4,238,586)
Opening equity shareholders' funds as restated	599,283	1,007,290
Closing equity shareholders' funds	707,197	599,283

The reclassification of preference shares as discussed in Note 23 has no effect on the cumulative gains and losses of the group.

STATEMENT OF MOVEMENTS ON RESERVES
Year ended 30 June 2006

Group	Share premium account £	Profit and loss account £	Total £
At 1 July 2005	836,236	(393,395)	442,841
Retained profit for the year	-	107,914	107,914
At 30 June 2006	836,236	(285,481)	550,755

Company	Share premium account £	Profit and loss account £	Total £
At 1 July 2005	836,236	14,952	851,188
Retained loss for the year	-	(107,886)	(107,886)
At 30 June 2006	836,236	(92,934)	743,302

CONSOLIDATED BALANCE SHEET
30 June 2006

	Note	2006 £	Restated 2005 £
FIXED ASSETS			
Intangible assets	10	3,381,830	3,577,713
Tangible assets	12	139,828	158,658
		3,521,658	3,736,371
CURRENT ASSETS			
Stocks	13	854,672	1,311,640
Debtors	14	3,042,512	1,730,291
Cash at bank and in hand		186,522	123,420
		4,083,706	3,165,351
CREDITORS: amounts falling due within one year	15	(2,653,171)	(1,767,373)
NET CURRENT ASSETS		1,430,535	1,397,978
TOTAL ASSETS LESS CURRENT LIABILITIES		4,952,193	5,134,349
CREDITORS: amounts falling due after more than one year	16	(4,238,586)	(4,532,230)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(6,410)	(2,836)
NET ASSETS		707,197	599,283
CAPITAL AND RESERVES			
Called up share capital	18	156,442	156,442
Share premium account		836,236	836,236
Profit and loss account		(285,481)	(393,395)
EQUITY SHAREHOLDERS' FUNDS		707,197	599,283

The reclassification of preference shares as discussed in Note 23 has no effect on the cumulative gains and losses of the group.

These financial statements were approved by the Board of Directors on 10th January 2007

Signed on behalf of the Board of Directors

M Barber
Director

A F Varney
Director

BALANCE SHEET
30 June 2006

	Note	2006 £	Restated 2005 £
FIXED ASSETS			
Investments	11	6,326,062	6,326,062
CREDITORS: amounts falling due within one year	15	(1,187,732)	(786,202)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,138,330	5,539,860
CREDITORS: amounts falling due after more than one year	16	(4,238,586)	(4,532,230)
NET ASSETS		899,744	1,007,630
CAPITAL AND RESERVES			
Called up share capital	18	156,442	156,442
Share premium account		836,236	836,236
Profit and loss account		(92,934)	14,952
EQUITY SHAREHOLDERS' FUNDS		899,744	1,007,630

The reclassification of preference shares as discussed in Note 23 has no effect on the cumulative gains and losses of the group.

These financial statements were approved by the Board of Directors on 10th January 2007

Signed on behalf of the Board of Directors

M Barber
Director

A F Varney
Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2006

	Note	2006 £	Restated 2005 £
Net cash inflow from operating activities	1	866,378	77,749
Returns on investments and servicing of finance			
Interest received		392	19,391
Interest paid		(51,745)	(51,362)
Preference dividends paid		-	(211,928)
		(51,353)	(243,899)
Taxation			
Corporation tax paid		(16,954)	(199,379)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(23,243)	(139,201)
Payments to acquire intangible fixed assets		(34,217)	(31,322)
		(57,460)	(170,523)
Net cash inflow/(outflow) before financing		740,611	(536,052)
Financing			
Repayment of borrowings		(550,000)	(311,111)
Increase/(decrease) in cash	2,3	190,611	(847,163)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2006

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

	2006 £	2005 £
Operating profit/(loss)	341,980	(169,468)
Depreciation charge	42,073	39,210
Amortisation of intangible fixed assets	230,100	233,039
Decrease/(increase) in stocks	456,968	(234,574)
Increase in debtors	(1,318,261)	(78,133)
Increase in creditors	1,113,518	287,675
Net cash inflow from operating activities	866,378	77,749

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

	2006 £	2005 £
Increase/(decrease) in cash	190,611	(847,163)
Cash outflow from decrease in debt	550,000	311,111
Movement in net funds/(debt) resulting from cashflows	740,611	(536,052)
Amortisation of financing expenses	(82,492)	(26,136)
Net debt at beginning of year	(4,710,183)	(4,147,995)
Net debt at end of year	(4,052,064)	(4,710,183)

3. ANALYSIS OF NET DEBT

	At 1 July 2005 £	Cash flows £	Amortised loan issue costs £	At 30 June 2006 £
Cash in hand, at bank	123,420	63,102	-	186,522
Overdraft	(127,509)	127,509	-	-
	(4,089)	190,611	-	186,522
Debt due within one year	(173,864)	200,000	(26,136)	-
Debt due after one year	(4,532,230)	350,000	(56,356)	(4,238,586)
	(4,710,183)	740,611	(82,492)	(4,052,064)

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

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 with the exception of the change in accounting policy for preference dividends as set out in Note 23 to adopt Financial Reporting Standard 25 "Financial instruments: Disclosure and Presentation".

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 the 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 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 basis:

Plant & machinery	Between 8.25% and 33.3% per annum

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 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 2006

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 which fall within the group's ordinary activities after deduction of trade discounts and Value Added Tax. The turnover and pre-tax profit/(loss) are attributable to one activity.

	2006 £	2005 £
United Kingdom	3,620,011	3,204,662
Rest of Europe	2,918,044	2,863,823
Rest of World	1,059,543	880,297
	7,597,598	6,948,782

3. OPERATING PROFIT/(LOSS)

	2006 £	2005 £
Operating profit/(loss) is stated after charging/(crediting):		
Amortisation of intangible assets	230,100	233,039
Depreciation of tangible fixed assets - owned	42,073	39,210
Hire of plant and machinery	15,207	14,318
Other operating leases	132,619	138,487
Auditors' remuneration: Group audit fees	18,500	12,500
Loss/(profit) on foreign exchange transactions	22,449	(48,169)
Exceptional charges	74,211	249,973

The group incurred £74,211 of exceptional costs in relation to the termination of the distribution agreement with its Italian distributor.

During the year ended 30 June 2005, the group incurred £249,973 of exceptional costs in relation to the UK distributor of the company entering administration.

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES - GROUP

	2006 £	2005 £
Directors' remuneration		
Emoluments	794,644	693,536
Pension contributions	67,813	57,417
	862,457	750,953

	2006 £	2005 £
Highest paid director		
Emoluments	269,196	268,274
Pension contributions	29,063	27,250
	298,259	295,524

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

	No.	No.
Average number of persons employed (including directors)		
Distribution	4	3
Office and management	20	20
	24	23

	£	£
Staff costs during the period (including directors)		
Wages and salaries	1,218,585	1,180,091
Social security costs	167,194	145,666
Pension costs	173,893	132,050
	1,559,672	1,457,807

The company does not have any employees.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £	2005 £
Bank interest receivable	392	12,565
Other interest receivable	-	6,826
Waiver of 5% cumulative redeemable preference share dividends (Note 8)	211,929	-
	212,321	19,391

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	Restated 2005 £
Bank loans	32,534	52,492
Amortisation of deferred loan costs	82,492	26,136
5% cumulative redeemable preference share dividends (Note 8)	211,929	211,928
Discounting charges	19,211	-
	346,166	290,556

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

	2006 £	2005 £
United Kingdom corporation tax based on the profit/(loss) for the year	115,016	1,750
Adjustment in respect of prior years	(18,369)	(33,598)
	96,647	(31,848)
Deferred taxation:		
- timing differences	3,574	4,472
- decrease in tax rate	-	947
- adjustment in respect of prior years	-	(6,197)
	100,221	(32,626)

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

	2006 %	2005 %
Standard rate of tax	30	(19)
Factors affecting charge:		
Goodwill amortisation not deductible for tax purposes	26	19
Other expenses not deductible for tax purposes	4	10
Differences between capital allowance and depreciation	(1)	(1)
Movement in short term timing differences	(4)	(1)
Adjustment in respect of prior years	(9)	(15)
Current tax rate for the year	46	(7)

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

8. DIVIDENDS

	2006 £	2005 £
Preference dividend paid	-	211,928

The preference dividend relating to the year ended 30 June 2006 has been waived. The redeemable preference shares are included in the balance sheet as a liability and accordingly the dividends payable on them are included in the finance costs.

9. LOSS 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 loss after taxation of £107,886 (2005: restated profit after taxation of £14,952).

10. INTANGIBLE FIXED ASSETS

The Group	Patents and trademarks £	Goodwill £	Total £
Cost			
At 1 July 2005	426,073	3,990,570	4,416,643
Additions	34,217	-	34,217
At 30 June 2006	460,290	3,990,570	4,450,860
Amortisation			
At 1 July 2005	340,109	498,821	838,930
Charge for the year	30,571	199,529	230,100
At 30 June 2006	370,680	698,350	1,069,030
Net book value			
At 30 June 2006	89,610	3,292,220	3,381,830
At 30 June 2005	85,964	3,491,749	3,577,713

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

11. FIXED ASSET INVESTMENTS

The Company	**Shares in group undertakings**
	£
Cost and net book value	
At 1 July 2005 and 30 June 2006	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

Subsequent to the year end, Bee Pollen From England Limited was dissolved.

12. TANGIBLE FIXED ASSETS

The Group	**Plant and machinery**
	£
Cost	
At 1 July 2005	607,159
Additions	23,243
At 30 June 2006	630,402
Accumulated depreciation	
At 1 July 2005	448,501
Charge for the year	42,073
At 30 June 2006	490,574
Net book value	
At 30 June 2006	139,828
At 30 June 2005	158,658

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

13. STOCKS

	2006		2005	
	Group £	Company £	Group £	Company £
Raw materials and consumables	585,239	-	796,696	-
Finished goods and goods for resale	269,433	-	514,944	-
	854,672	-	1,311,640	-

14. DEBTORS

	2006		2005	
	Group £	Company £	Group £	Company £
Trade debtors	2,472,234	-	1,586,875	-
Amount owed by ultimate holding company	364,584	-	-	-
Other debtors	44,449	-	61,859	-
Corporation tax	-	-	6,040	-
Prepayments and accrued income	161,245	-	75,517	-
	3,042,512	-	1,730,291	-

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006		2005	
	Group £	Company £	Group £	Company £
Bank overdraft	-	-	127,509	-
Bank loans (note 16)	-	-	173,864	173,864
Invoice discounting	1,032,107	-	-	-
Trade creditors	1,324,611	-	904,848	-
Amounts owed to subsidiary undertakings	-	1,187,732	-	612,338
Corporation tax	92,012	-	18,359	-
Other taxes and social security	44,936	-	53,027	-
Other creditors	8,697	-	-	-
Accruals and deferred income	150,808	-	489,766	-
	2,653,171	1,187,732	1,767,373	786,202

The amounts due under invoice discounting are secured by a fixed charge on the related trade debtor balances and by a floating charge over all assets of the company.

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

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

	2006		Restated 2005	
	Group £	Company £	Group £	Company £
Bank loans	-	-	293,644	293,644
5% cumulative redeemable preference shares	4,238,586	4,238,586	4,238,586	4,238,586
	4,238,586	4,238,586	4,532,230	4,532,230

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 dividend in respect of the year ended 30 June 2006 has been waived.

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.

	2006		2005	
Maturity profile of financial liabilities:	Group £	Company £	Group £	Company £
Bank loans				
- within one year	-	-	200,000	200,000
- between one and two years	-	-	200,000	200,000
- between two and five years	-	-	150,000	150,000
	-	-	550,000	550,000
Less: unamortised finance costs	-	-	(82,492)	(82,492)
	-	-	467,508	467,508

The bank loan was fully repaid in April 2006.

17. PROVISIONS FOR LIABILITIES AND CHARGES - GROUP

Deferred taxation	£
At 1 July 2005	2,836
Charged in the year	3,574
At 30 June 2006	6,410

Deferred taxation relates to capital allowances in advance of depreciation.

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

18. CALLED UP SHARE CAPITAL

	2006	2005
	£	£
Authorised		
1,750,000 ordinary shares of £0.10 each	175,000	175,000
4,238,586 cumulative redeemable preference shares of £1 each	4,238,586	4,238,586
	4,413,586	4,413,586
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	4,238,586	4,238,586
	4,395,028	4,395,028

The redeemable preference shares are presented as a liability (see Note 16) and accordingly are excluded from called-up share capital in the balance sheet.

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.

19. OTHER COMMITMENTS

At 30 June 2006 the group and company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date:				
Within 1 year	-	-	2,959	4,740
Between 2 and 5 years	155,609	130,687	10,289	8,585
	155,609	130,687	13,248	13,325

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 £173,893 (2005: £132,050). At the year-end, an amount of £7,425 was due by the Company (2005 – due to the Company £10,651).

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 £6,512 (2005: £217,095). The amount owed by Marfarma Holding SPA at the year-end was £6,512 (2005: £181,847).

NOTES TO THE ACCOUNTS
Year ended 30 June 2006

22. ULTIMATE CONTROLLING PARTY

The group's ultimate parent company is Wassen Group Holdings Limited, a company registered in England and Wales, which acquired the entire share capital of Wassen Holdings Limited on 4 April 2006. Wassen Group Holdings Limited is the parent company of the largest group for which group accounts are prepared. Copies of the group financial statements of Wassen Group Holdings Limited are available from 14 The Mole Business Park, Leatherhead, Surrey KT22 7BA.

23. CHANGE OF ACCOUNTING POLICY

The directors adopted FRS25 "Financial Instruments: Disclosure and Presentation" during the year. The comparative figures in the financial statements have been restated to reflect the adoption of this policy.

The effects of the change in policy are summarised below:

Consolidated balance sheet	**2005**
	£
Net assets as previously stated	4,837,869
5% cumulative redeemable preference shares	(4,238,586)
Net assets as restated	599,283

Company balance sheet	**2005**
	£
Net assets as previously stated	5,246,216
5% cumulative redeemable preference shares	(4,238,586)
Net assets as restated	1,007,630

Consolidated profit and loss account	**2005**
	£
Increase in interest payable	211,928
Increase in loss on ordinary activities after taxation	211,928