

Accantia Group Holdings

**Directors' report and financial
statements**

Registered number 04945078

For the 9 month period ended 30 September
2010

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Directors and advisors

Directors

T Monaghan
M Halliwell
G P Schmidt

Independent auditors

KPMG LLP
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

Registered office

4th Floor
Chadwick House
Blenheim Court
Solihull
West Midlands
B91 2AA

Bankers

Bank of Scotland
Citymark
150 Fountainbridge
Edinburgh
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Directors' report

The directors present their directors' report and financial statements for the 9 month period ended 30 September 2010. Following the acquisition of the company by Alberto-Culver UK Products Ltd on 18 December 2009, the Company changed its year end to 30 September in order to align its accounting reference date with its parent undertaking.

Principal activity and business review

The principal activity of Accantia Group Holdings (the "Company") is to act as a holding company.

On 3 February 2010 the Company re-registered as an unlimited liability company.

In September 2010, Unilever, a worldwide consumer goods company, made a formal offer to acquire all the shares of the ultimate parent company, Alberto-Culver Company, a US based organisation. As of the date of these financial statements, the offer has been accepted by Alberto-Culver Company shareholders, but not yet completed.

Results and dividends

The profit for the period attributable to shareholders amounts to £167,703,000 (2009 £24,331,000 loss). The Directors recommended and paid an interim dividend of £9,000,000 in the period (2009 £Nil).

The Company's ultimate parent company, Simple Health & Beauty Group Limited, was acquired by Alberto-Culver UK Products Limited on 18 December 2009. On acquisition the Company's bank and other borrowings were repaid by Alberto-Culver UK Products Limited in exchange for intercompany debt. This intercompany debt was capitalised on 29 December 2009 when 987,561 shares were issued for £195,414,699.

Also, on 3 February 2010, following shareholder approval, the Company's share premium account was reduced to £500,000. The reserves created were applied to the Company's profit and loss account thereby eliminating the deficit on the profit and loss reserve.

On 3 February 2010, dividends of £114.5 million were received from Simple Toiletries Limited and £40.3 million from Accantia Health & Beauty Limited. In addition, dividends of £9.0 million were received from Simple Toiletries Limited on 19 August 2010.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Simple Health & Beauty Group Limited, which include those of the Company, are discussed in the Directors' Report to the Group's annual report which does not form part of this report.

Charitable and political contributions

The Company made no charitable or political contributions during the period (2009 £Nil).

Directors' report *(continued)*

Directors

The Directors of the Company at the date of this report are those listed on page 1. The Directors who served during the period were as follows:

G M Percy (Resigned 31 August 2010)
P J Hatherly (Resigned 26 October 2010)
T Monaghan
M Halliwell
G P Schmidt

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

On 11 August 2010, PricewaterhouseCoopers LLP resigned as auditors and KPMG LLP were appointed in their place. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M Halliwell
Director

4th Floor
Chadwick House
Blenheim Court
Solihull
West Midlands
B91 2AA

25 March 2011

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 period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

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CF10 4AX
United Kingdom

Independent auditor's report to the members of Accantia Group Holdings

We have audited the financial statements of Accantia Group Holdings for the period ended 30 September 2010 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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 explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

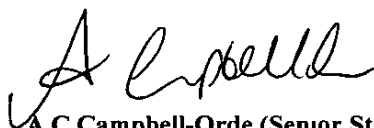
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Accantia Group Holdings *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



A C Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff
CF10 4AX

25 March 2011

Profit and loss account
for the period ended 30 September 2010

| | <i>Note</i> | 9 months 2010 £000 | 12 months 2009 £000 |
|---|-------------|-----------------------------------|------------------------------------|
| Other operating income | 2 | 4,537 | 5,632 |
| Administrative expenses | | (3,426) | (5,096) |
| Operating profit before exceptional administrative expenses | | 1,111 | 1,430 |
| Exceptional administrative expenses | 4 | - | (894) |
| Operating profit | 2 | 1,111 | 536 |
| Interest receivable and similar income | 5 | 2,796 | 23 |
| Interest payable and similar charges | 6 | (4) | (23,559) |
| Dividends received | | 163,800 | - |
| Profit/(Loss) on ordinary activities before taxation | | 167,703 | (23,000) |
| Tax (charge)/credit on loss on ordinary activities | 7 | - | (1,331) |
| Profit/(Loss) for the financial period | 16 | 167,703 | (24,331) |

There is no recognised gains and losses other than those in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial period stated above and their historical cost equivalents

The profit for the period is derived from the continuing operations of the Company

The notes on pages 9 to 15 form part of these financial statements

Balance Sheet
at 30 September 2010

| | <i>Note</i> | 30 September 2010 £000 | 31 December 2009 £000 |
|--|-------------|------------------------------|-----------------------------|
| Fixed assets | | | |
| Intangible assets | 8 | 1,222 | 1,335 |
| Investments | 9 | 200,341 | 200,341 |
| | | <u>201,563</u> | <u>201,676</u> |
| Current assets | | | |
| Debtors due within one year | 10 | 804 | 107,051 |
| Debtors due after more than one year | 11 | 105,199 | - |
| Cash at bank and in hand | | 75 | 83 |
| | | <u>106,078</u> | <u>107,134</u> |
| Creditors: amounts falling due within one year | 12 | (1,724) | (161,596) |
| Net current assets/(liabilities) | | <u>104,354</u> | <u>(54,462)</u> |
| Total assets less current liabilities | | <u>305,917</u> | <u>147,214</u> |
| Creditors: amounts falling due after more than one year | | - | - |
| Net assets | | <u>305,917</u> | <u>147,214</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 20 | 20 |
| Share premium account | 14 | 500 | 287,718 |
| Profit and loss account | 15 | 305,397 | (140,524) |
| Total shareholders' funds | 16 | <u>305,917</u> | <u>147,214</u> |

The notes on pages 9 to 15 form part of these financial statements

These financial statements were approved by the board of directors on 25 March 2011 and were signed on its behalf by



M Halliwell
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, applicable accounting standards in the United Kingdom and in accordance with provisions of the Companies Act 2006. The principal accounting policies, which have been applied consistently throughout the period are set out below.

Format of the financial statements

The financial statements present information about the Company as an individual undertaking and not about its group. The Company is a wholly owned subsidiary undertaking of a body registered in England and Wales and is therefore exempt from the requirement to prepare group accounts under S400 of the Companies Act 2006 and from the requirement to prepare a cash flow statement under FRS 1 (Revised) 1996.

The Company has also taken advantage of the exemptions in FRS8 from disclosing transactions with related parties that are also members of the Group.

Borrowings

All borrowings are initially stated at the fair value of the consideration received after the deduction of loan finance costs. In accordance with FRS 4, these costs are charged to the profit and loss account over the estimated life of the relevant borrowings.

Intangible assets

Acquired trademarks are capitalised and amortised on a straight-line basis over their estimated remaining useful life of up to 20 years.

Deferred taxation

Deferred tax is recognised on accelerated capital allowances and short term timing differences that have originated but not reversed by the balance sheet date and is calculated at the average tax rates expected to apply in the period in which the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted. Deferred tax assets are recognised where future taxable profits are expected to arise against which they will be offset.

2 Operating profit

Operating profit is stated after charging/crediting

| | 9 months 2010 £000 | 12 months 2009 £000 |
|--|--------------------------|---------------------------|
| Amortisation of trademarks | 113 | 150 |
| Licence fee income from other group undertakings | (4,537) | (5,632) |
| | <u>(4,424)</u> | <u>(5,482)</u> |

The audit fee is borne by other group undertakings (2009 £Nil)

Notes (continued)

3 Remuneration of directors

The Company has no employees other than the Directors (2009 Nil)

4 Exceptional administrative expenses

The Company incurred the following exceptional costs

| | Note | 9 months 2010 £000 | 12 months 2009 £000 |
|--|------|--------------------------|---------------------------|
| Reorganisation | (a) | - | 75 |
| Costs associated with business acquisition | (b) | - | 819 |
| Total exceptional administrative expenses | | - | 894 |

(a) Reorganisation

Professional fees relating to the simplification of the Group's corporate structure

(b) Costs associated with business acquisition

These are the costs for professional services incurred due to the acquisition of the Group by Alberto-Culver UK Products Limited

The exceptional administrative expenses gave rise to a tax credit of £nil (2009 £21,000)

5 Interest receivable and similar income

| | 9 months 2010 £000 | 12 months 2009 £000 |
|---|--------------------------|---------------------------|
| Bank interest receivable | - | 23 |
| Interest receivable from group undertakings | 2,796 | - |

6 Interest payable and similar charges

| | 9 months 2010 £000 | 12 months 2009 £000 |
|--|--------------------------|---------------------------|
| Bank interest payable | (4) | - |
| Interest payable to group undertakings | - | (23,559) |

Notes (continued)

7 Taxation

(a) Analysis of tax (charge)/credit in the period

| | 2010 £000 | 2009 £000 |
|---|--------------|--------------|
| Current tax | | |
| UK Corporation tax on profit/(loss) for the period | - | - |
| Total current tax (note 6b) | - | - |
| Deferred taxation | | |
| Current period deferred tax movement | - | (1,583) |
| Adjustments in respect of prior periods | - | 252 |
| Total deferred tax (note 6c) | - | (1,331) |
| Tax charge on profit/(loss) on ordinary activities | - | (1,331) |

7 Taxation (continued)

(b) Factors affecting tax charge for the period

The tax assessed for the period is lower (2009 higher) than the average standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below

| | 9 months 2010 £000 | 12 months 2009 £000 |
|---|--------------------------|---------------------------|
| Current Tax Reconciliation | | |
| Profit/(Loss) on ordinary activities before taxation | 167,703 | (23,000) |
| Profit/(Loss) on ordinary activities multiplied by the average standard rate of corporation tax in the UK of 28% (2009 28%) | 46,957 | (6,440) |
| Effects of: | | |
| Expenditure not deductible for tax purposes | - | 2,088 |
| Utilisation of tax losses | (1,093) | 911 |
| Other timing differences | - | (1,582) |
| Group relief surrendered free | - | 5,023 |
| Dividends received | (45,864) | - |
| Current tax charge | - | - |

Notes (continued)

(c) *Deferred tax*

Movements in the net deferred tax asset during the period were as follows

| | 2010 £000 | 2009 £000 |
|---|--------------|--------------|
| Balance at 1 January | - | 1,331 |
| (Charge)/credit for the period (note 6a) | - | (1,331) |
| | <u>-</u> | <u>-</u> |
| Balance as at 30 September 2010 and 31 December 2009 | <u>-</u> | <u>-</u> |

The deferred tax asset/(provision) is analysed as follows

| | Amount not recognised 2010 £000 | 2009 £000 |
|------------------------|---------------------------------------|--------------|
| <i>Group</i> | | |
| Deferred capital gains | (305) | (305) |
| | <u>(305)</u> | <u>(305)</u> |

There is an unrecognised deferred tax provision of £305,000 (2009 £305,000). The Directors consider that if the business and assets were sold at their book values, a capital gain could arise on the goodwill. However as there is no current intention to sell the business, the Directors have not undertaken any formal historical valuation on the grounds of the costs involved. Consequently, no potential gain on the sale of goodwill has been provided.

8 Intangible assets

| | Trademarks £000 |
|---|--------------------|
| <i>Cost</i> | |
| At 1 January 2010 and 30 September 2010 | 1,635 |
| | <u>1,635</u> |
| <i>Amortisation</i> | |
| At 1 January 2010 | (300) |
| Charge for the period | (113) |
| | <u>(413)</u> |
| At 30 September 2010 | <u>(413)</u> |
| | <u>1,222</u> |
| <i>Net book amount</i> | |
| At 30 September 2010 | 1,222 |
| | <u>1,222</u> |
| At 31 December 2009 | 1,335 |
| | <u>1,335</u> |

Notes (continued)

9 Investments – shares in subsidiary undertakings

| | |
|---|-----------|
| | £000 |
| <i>Cost</i> | |
| At 1 January 2010 and 30 September 2010 | 368,987 |
| <i>Impairment</i> | |
| At 1 January 2010 and 30 September 2010 | (168,646) |
| <i>Net book amount</i> | |
| At 30 September 2010 and 31 December 2009 | 200,341 |

Details of the subsidiary companies held during the period are as follows

| | Nature of business | Proportion of shares held % | Type of shares |
|---|-----------------------------------|-----------------------------|--|
| Accantia Limited | Holding company | 100 | £1 ordinary 0 5p ordinary A |
| Accantia (Holdings) Limited | Holding company | 100 | £1 ordinary |
| Accantia (Overseas) Limited | Dormant | 100 | Limited by guarantee |
| Accantia Health & Beauty Limited | Holding company | 100 | 25p ordinary |
| Simple Toiletries Limited | Sales of health & beauty products | 100 | £1 ordinary |
| Simple Health & Beauty Limited (indirect holding) | Agency company | 100 | £1 ordinary £1 convertible preferred ordinary £1 cumulative irredeemable preference |

All companies are incorporated and registered in England and Wales

10 Debtors: amounts falling due within one year

| | 2010 £000 | 2009 £000 |
|-------------------------------------|--------------|--------------|
| Amounts due from group undertakings | 804 | 107,051 |

Amounts due from Group undertakings are repayable on demand

11 Debtors' amounts falling due after more than one year

| | 2010 £000 | 2009 £000 |
|----------------------------|--------------|--------------|
| Loan to parent undertaking | 105,199 | - |

The intercompany loan represents an amount of £105,199,000 due from Simple Health & Beauty Group Limited which is receivable in full on 31 July 2012. The loan is subject to a 5% per annum interest charge.

Notes (continued)

12 Creditors: amounts falling due within one year

| | 2010 £000 | 2009 £000 |
|------------------------------------|--------------|----------------|
| Amounts owed to group undertakings | 1,623 | 160,993 |
| Accruals and deferred income | 101 | 29 |
| Withholding tax | - | 574 |
| | <u>1,724</u> | <u>161,596</u> |

Amounts owed to group undertakings are repayable on demand

13 Called up share capital

| | 2010 £000 | 2009 £000 |
|---|--------------|--------------|
| <i>Allotted, called up and fully paid</i> | | |
| 1,981,411 (2009 1,981,411) ordinary shares of 1p each | <u>20</u> | <u>20</u> |

Following shareholder approval on 29 December 2009 a resolution was passed to amend the Company's Articles of Association and adopt Companies Act 2006 provisions related to the authorisation and allotment of shares

Following this change, on 29 December 2009, the Company issued 987,561 ordinary shares of 1p each for a total consideration of £195,414,699

14 Share premium account

| | 2010 £000 |
|-------------------------------------|-------------------|
| Balance at 1 January 2010 | 287,718 |
| Capital reduction | (287,218) |
| | <u>500</u> |
| Balance at 30 September 2010 | <u>500</u> |

15 Profit and loss account

| | £000 |
|-------------------------------------|-----------------------|
| Balance at 1 January 2010 | (140,524) |
| Profit for the financial period | 167,703 |
| Capital reduction | 287,218 |
| Dividends paid | (9,000) |
| | <u>305,397</u> |
| Balance at 30 September 2010 | <u>305,397</u> |

Notes (continued)

16 Reconciliation of movement in total shareholders' funds/(deficit)

| | 2010 £000 | 2009 £000 |
|---|--------------|--------------|
| Profit for the period | 167,703 | (24,331) |
| Issue of ordinary shares | - | 10 |
| Premium on share issue | - | 195,405 |
| Dividends paid | (9,000) | - |
| | <hr/> | <hr/> |
| Net change to total shareholders' funds | 158,703 | 171,084 |
| Opening total shareholders' funds/(deficit) | 147,214 | (23,870) |
| | <hr/> | <hr/> |
| Closing total shareholders' funds | 305,917 | 147,214 |
| | <hr/> | <hr/> |

17 Contingent liabilities

There were no contingent liabilities at 30 September 2010 (2009 Nil)

The Company acts as a guarantor for Accantia (Overseas) Limited – a company limited by guarantee At 30 September 2010, the net assets of Accantia (Overseas) Limited amounted to £258 (2009 £251)

18 Immediate parent company and ultimate controlling party

The immediate parent undertaking is Simple Health & Beauty Group Limited

Simple Health & Beauty Group Limited was acquired by Alberto-Culver UK Products Limited on 18 December 2009 From this date, the ultimate parent undertaking and controlling party has been Alberto-Culver Company, a company incorporated in the United States of America Copies of the group financial statements for Alberto-Culver Company can be obtained from Alberto-Culver Company, 2525 Armitage Avenue, Melrose Park, IL 60160, USA