COMPANY NUMBER 6182407

Global Star Holdings Ltd

Annual Report

Period ended 30 November 2007

Contents

Company information

Directors	DA Bedford	(Managing Director)
	SW Bray	(Sales & Marketing Director)
	ADD Harries	(Finance Director)
	SJ Dempsey	(Non Executive Director)
Secretary	ADD Harries	
Registered office	PO Box 20 Unit 6D Headway Business Park Denby Dale Road Wakefield West Yorkshire WF2 7AZ	
Company number	6182407	
Auditors	Grant Thornton UK LLP No 1 Whitehall Riverside Leeds LS1 4BN	
Bankers	Yorkshire Bank Leeds Central 94 Albion Street Leeds LS1 6AD	

Report of the directors

The Directors present their report and the audited financial statements for the seven month period to 30 November 2007

Principal activities

The principal activity of the company is as holding company for Star Sportswear Ltd whose principal activities are the procurement and sale of active sportswear and associated products

Business review

The company was incorporated on 23 March 2007 as a vehicle for the management buyout of the subsidiary company by the directors On 4 May 2007 the company purchased the entire issued share capital of Star Sportswear Ltd from the Archbell family, owners of the businesses since around the time of the first world war

The report and accounts cover the period from the date of incorporation to 30 November 2007

As shown in the consolidated profit and loss account, the group had turnover of £8 1 million and profits before taxation of £0 7 million in the period During the year the sourcing of some garments was moved from Eastern Europe to the Far East and some start-up problems and delays were encountered which did hamper sales performance during the year Most of those supply chain issues have now been addressed with our overseas suppliers The company is working hard to prevent similar issues affecting the switch of sourcing of socks from the UK to the Far East in 2008

Operating profits from continuing operations in Star Sportswear rose in the full year from £0 7 million to £1 16 million as the business benefited from a reduced cost base, favourable exchange rates and improved operational efficiencies

The UK market remains the key area of sales for the company with a small proportion of export sales Sales and profit growth at the German subsidiary Prostar Deutschland GmbH have not been enough to reverse the continuing losses and the decision was taken to close the business

The consolidated balance sheet shows that the group's financial position is consistent with the business' results for the year Continued reductions in stock levels have been achieved and the year end cash balance stands at £1 28 million

The focus on stock reduction and improvements in overseas supplier payment terms have led to good cash generation in the year

Key Performance Indicators

Key performance indicator	**Target**	**2007**
Net Cash Inflow From Operating Activities[1]	£1 8 m	£2 2 m
Stocks & Work In Progress[2]	£3 0 m	£3 1 m
Return on capital employed (ROCE)[3]	20 0 %	22 2%

Notes to KPIs

[1]Net Cash Inflow From Operating Activities

Improvements in debtor collection, delays in stock purchases and the postponement of the warehouse move had improved cash inflow

[2]Stocks & Work In Progress

The group aims to maximise cash generation from the business by keeping stocks and other working capital levels under control This has been successfully achieved in 2007

[3]Return on Capital Employed = Earnings before Interest & Taxation as a percentage of Total Assets less Current Liabilities

The group aims to increase shareholder value and measures performance against this objective by measuring ROCE

Report of the directors (continued)

Principal risks and uncertainties facing the group

The principal risks and uncertainties facing the group arise mainly from those facing the subsidiary companies The market for active sportswear is a competitive one, but the group continues to be one of the market leaders in team-wear for the "parks" football market We have one of the largest retailer bases of any of our competitors and this is our primary route to market Increased focus on the channels available to us and focus on the end user are showing benefits and helping to offset increased competition The shift of more production from the UK to offshore and to cheaper markets offshore helps in maintaining and improving gross margin and also gives flexibility on pricing and promotional activities

Financial instruments

The group's operations expose it to a variety of financial risks including the effects of changes in interest rates on debt, foreign currency exchange rates, credit risk and liquidity risk

The group has material exposure to the foreign currency exchange rate for the US Dollar and consequently it uses derivative instruments to manage these exposures These are a normal practice for any importer or exporter and are in place with a high-credit rated bank with whom we work closely to monitor and react appropriately to changes in the exchange rate

The group's principal financial instruments comprise sterling cash, US Dollar cash and bank deposits, bank overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from its operations

The main risks arising from the group's financial instruments can be analysed as follows

Foreign currency risk

The group is exposed in its trading operations to the risk of changes in foreign currency exchange rates, as discussed above This risk is managed by putting in place forward contracts for the purchase of US Dollars at known exchange rates for the future

Credit risk

The group's principal financial assets are bank balances, cash, and trade debtors, which represent the group's maximum exposure to credit risk in relation to financial assets The group's credit risk is primarily attributable to its trade debtors Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the company's management based on prior experience and their assessment of the current economic environment

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

Liquidity risk

The group's funding is through a mixture of issued and fully paid up share capital, long term venture capital equity and loan stock investment, vendor loan stock, long term bank debt and revolving credit facilities provided by the group's bankers The amount of funding through finance leases is minimal

Subject to meeting its financial targets and funding and other covenants, the group's liquidity risk is limited through the agreements in place with investors and funders The group met all its financial targets and funding and other covenants during the period

Report of the directors (continued)

Cash flow interest rate risk

Venture capital loan stock and vendor loan stock funding is provided at fixed interest rates providing known cash flows Bank debt interest is provided at rates based on LIBOR, and an interest rate cap instrument has been purchased to limit the maximum rate payable by the group for a large proportion of the long term bank debt The interest rate on any bank overdraft is at market rate and the company's policy is to keep the overdraft and other credit facilities within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on financial performance of the company

Donations

Charitable and other donations made by the company during the period amounted to £550

Directors

The present directors of the company are set out on page 1 DA Bedford was appointed as a director on 23 March 2007 All other directors were appointed on 4 May 2007 There were no other changes in directors during the period

Statement of directors' responsibilities for the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable law and 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 of its profit or loss 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 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 which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure to the auditors

At the date of making this report each of the Company's directors, as set out on page 1, confirms the following

- so far as each director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

Report of the directors (continued)

Auditors

Grant Thornton UK LLP were appointed auditors on 6 July 2007 Grant Thornton UK LLP are willing to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approval

The report of the directors was approved by the Board on 28 March 2008 and signed on its behalf by

ADD Harries
Secretary

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF GLOBAL STAR HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Global Star Holdings Ltd for the period ended 30 November 2007 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, and notes 2 to 24 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and 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 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements This other information comprises only the Directors' Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and the parent company as at 30 November 2007 and of the group's profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Grant Thornton UK LLP

GRANT THORNTON UK LLP
Registered Auditor
Chartered Accountants

Leeds
28 March 2008

Consolidated Profit and Loss Account
for the period ended 30 November 2007

	Note	Period ended 30 November 2007 £
Turnover	2	8,108,539
Cost of sales		(4,734,746)
Gross profit		3,373,793
Distribution costs		(792,860)
Administrative expenses		(1,313,634)
Other operating income		90,733
Operating profit	3	1,358,032
Finance costs	4	(302,327)
Exceptional Items		
Loss on closure of hosiery factory	5	(234,878)
Loss on closure of Prostar Deutschland GmbH	5	(73,487)
Profit on ordinary activities before taxation		747,340
Tax on profit on ordinary activities	8	(119,812)
Profit on ordinary activities after taxation	18	627,528

The results for 2007 relate to the period 23 March 2007 to 30 November 2007

There are no recognised gains or losses other than those shown in the profit and loss account above

Consolidated Balance Sheet
at 30 November 2007

	Note	2007
		£
Fixed assets		
Intangible assets	9	1,669,426
Tangible assets	11	405,893
		2,075,319
Current assets		
Stocks	12	3,095,782
Debtors	13	1,927,873
Cash at bank and in hand		1,281,471
		6,305,126
Creditors: amounts falling due within one year	14	(2,346,459)
Net current assets		3,958,667
Total assets less current liabilities		6,033,986
Creditors: amounts falling due after more than one year	15	(5,136,815)
Net assets		897,171
Capital and reserves		
Called up share capital	17	269,643
Profit and loss account	18	627,528
Equity shareholders' funds	19	897,171

Company Balance Sheet
at 30 November 2007

	Note	2007 £
Fixed Assets		
Investments	10	6,201,381
		6,201,381
Current assets		
Debtors	13	37,987
Cash at hand and in bank		23,003
		60,990
Creditors amounts falling due within one year	14	(429,858)
Net current liabilities		(368,868)
Total assets less current liabilities		5,832,513
Creditors amounts falling due after more than one year	15	(5,843,719)
Net liabilities		(11,206)
Capital and reserves		
Called up share capital	17	269,643
Profit and loss account	18	(280,849)
Equity shareholders' funds - deficit	19	(11,206)

The financial statements were approved by the Board on 28 March 2008 and signed on its behalf by

A.D.D. Harries

ADD Harries
Director

Consolidated Cash Flow Statement
for the period ended 30 November 2007

	Note	2007 £
Net cash inflow from operating activities	22	2,184,216
Exceptional item - payments made on closure of hosiery factory		(99,878)
Net cash inflow from operating activities after exceptional items		2,084,338
Returns on investments and servicing of finance		
Interest received		-
Interest paid		(302,327)
		(302,327)
Taxation paid		
UK corporation tax		(50,057)
Capital expenditure		
Payments for intangible fixed assets		(10,188)
Payments for tangible fixed assets		(47,196)
Receipts from sale of tangible fixed assets		112,398
		55,014
Acquisitions and disposals		
Purchase of subsidiary undertaking		(5,701,382)
Less Cash acquired with subsidiary		39,427
		(5,661,955)
Net cash outflow before financing		(4,374,987)
Financing		
Loan notes		3,044,234
Bank loans		1,842,581
New shares issued		269,643
		5,656,458
Increase in cash	23,24	1,281,471

Notes to the financial statements

1 Accounting policies

Basis of accounting
The financial statements are prepared in accordance with applicable UK accounting standards under the historical cost convention

The principal accounting policies adopted by the company are set out below

Basis of consolidation
The group accounts consolidate the accounts of the company and all its subsidiary undertakings at 30 November each year using acquisition accounting The results of subsidiary undertakings acquired or disposed of during a financial year are included from, or up to, the effective date of acquisition or disposal

Turnover
Turnover is the revenue arising from the sales of goods and services It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms

Revenue from services provided by the company is recognised when the company has performed its obligations and in exchange obtained the right to consideration

Depreciation
Depreciation is provided in equal annual instalments in order to write off the cost of fixed assets over their anticipated useful lives The rates of depreciation used are as follows

Freehold buildings	2% per annum
Plant and equipment	15% per annum
Office equipment	10-20% per annum
Motor vehicles	20% per annum
Computer	20% per annum
Leasehold improvements	term of lease

No depreciation is provided in respect of freehold land

Intangible fixed assets
All licences and trademarks are included at cost Amortisation is provided evenly on the cost of intangible fixed assets, to write them down to their estimated residual value over their expected useful lives The principal annual rates used for other assets are

Licences and trademarks	10% per annum

Where there is evidence of impairment, intangible fixed assets are written down to recoverable amount

Goodwill
Goodwill is the excess of the cost of an acquired entity over the aggregate of the fair value of that entity's identifiable assets and liabilities Goodwill is amortised evenly over its estimated useful economic life of 20 years In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment is identified

Stock and work in progress
Stock and work in progress are stated at the lower of cost and net realisable value Cost comprises materials, import duty, direct labour and attributable production overheads

Net realisable value is based on estimated selling prices less distribution costs

Financing fees
Arrangement and other issue costs incurred as a result of entering into loan and other facilities are expensed over the length of the related loan or facility in accordance with Financial Reporting Standard 4 "Accounting for Capital Instruments"

Notes to the financial statements (continued)

1. Accounting policies (continued)

Leased assets
Assets held under hire purchase obligations are included in the balance sheet and depreciated in accordance with the company's normal accounting policies The present value of future rentals is shown as a liability The interest element of rental obligations is charged to the profit and loss account using the straight line method

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Pension scheme
The company operates a defined contribution pension scheme for staff The pension cost for that scheme represents contributions payable by the company in the year

Foreign currencies
Assets and liabilities denominated in foreign currencies are translated into Sterling at the year end exchange rates All currency differences are taken to the profit and loss account

Deferred taxation
Deferred tax is provided, except where not permitted by FRS 19, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date Deferred tax assets and liabilities are not discounted

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course

Investments
Investments in subsidiary undertakings are stated at cost less provision for impairment where necessary to reduce book value to recoverable amount

2. Geographical analysis of turnover

The geographical analysis of turnover has not been disclosed since, in the opinion of the directors, it would prejudice the company's interests

3. Operating profit

	2007 £
Operating profit is arrived at after charging	
Amortisation of intangible fixed assets	51,087
Depreciation of tangible fixed assets	70,014
Operating lease rentals	
- land and buildings	105,420
- plant and machinery	4,008
Fees payable to the company's auditor for the audit of the financial statements	12,207
Fees payable to the company's auditor for other services	
- other services relating to taxation compliance and advice	4,100
- other services	7,000

Notes to the financial statements (continued)

4. Finance costs

	2007 £
Bank loan interest	97,519
Investor loan note interest	162,358
Vendor loan interest	17,500
Bank overdraft interest	3,955
Finance lease interest	4,664
Amortisation of loan arrangement fees	16,331
	302,327

5. Exceptional items

Loss on closure of hosiery factory

During the year the directors took the decision to close the Group's hosiery factory This resulted in costs of £234,878

Loss on closure of Prostar Deutschland GmbH

The German subsidiary was unsuccessful and the directors took the decision to close the operation down, which resulted in an exceptional cost of £71,341

6. Employees

Average monthly number of employees, including directors	**2007 Number**
Production staff	66
Administration staff	33
	99

Staff costs, including directors:	**2007 £**
Wages and salaries	1,330,888
Social security costs	109,025
Other pension costs	34,811
	1,474,724

Notes to the financial statements (continued)

7. Directors' remuneration

Remuneration of the company's directors	2007 £
Emoluments	190,055
Contributions to group personal pension plans	19,585
	209,640

Emoluments disclosed above include the following amounts paid to the highest paid director	
Emoluments	91,471
Contributions to group personal pension plan	8,385
	99,851

8. Taxation

(a) Analysis of charge

	2007 £
Current taxation	
UK corporation tax	134,060
Adjustments in respect of prior periods	3,527
Total current tax (note 8b)	137,587
Deferred tax	
Origination and reversal of timing differences	(17,774)
Tax on profit on ordinary activities	119,813

(b) Factors affecting tax charge for the year

The corporation tax charge is lower than the standard rate of corporation tax in the UK A reconciliation is shown below

	2007 £
Profit on ordinary activities before tax	747,340
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	224,202
Effects of	
Utilisation of pre-acquisition losses	(252,103)
Expenses not deductible for tax purposes	96,085
Disallowed interest	59,208
Adjustments in respect of prior periods	3,527
Capital allowances in excess of depreciation for the period	(1,210)
Short term timing differences	7,878
Current tax charge for period (note 8a)	137,587

Notes to the financial statements (continued)

9. Intangible fixed assets - Group

	Trademarks £	Goodwill £	Total £
Cost			
Subsidiary acquisition	32,427	1,688,050	1,720,477
Additions	10,188	-	10,188
Disposals	(1,096)	-	(1,096)
30 November 2007	41,519	1,688,050	1,729,569
Amortisation			
On acquisition	9,166	-	9,166
Charge for the period	1,852	49,235	51,087
Disposals	(110)	-	(110)
At 30 November 2007	10,908	49,235	60,143
Net book value			
At 30 November 2007	30,611	1,638,815	1,669,426

Goodwill relates to the difference between purchase cost and separable net assets of Star Sportswear Limited and other group companies at the date of acquisition

	£
Consideration comprised	
Cash consideration	5,275,000
Deferred consideration	500,000
Costs of acquisition	426,382
Total purchase costs	6,201,382
Less separable net assets of Star Sportswear Ltd & Prostar Deutschland GmbH as at 4 May 2007	
Tangible & intangible fixed assets	496,644
Stock	3,529,157
Debtors	1,957,875
Cash	39,427
Creditors	(1,509,771)
Separable net assets	4,513,332
Goodwill	1,688,050

There were no fair value adjustments made to the net book value of the assets purchased

Notes to the financial statements (continued)

10. Investments - Company

	Investment £
Cost	
Additions	6,201,382
At 30 November 2007	6,201,382
Net book value	
at 30 November 2007	6,201,382

The investment relates to the acquisition of the entire ordinary share capital of Star Sportswear Limited on 4 May 2007

Group undertakings

The shares in group undertakings, which are held by the company, comprise investments in the following subsidiary undertakings

	Country of incorporation	Capital and reserves £	Profit / (loss) for financial year £	Group interest in ordinary shares
Star Sportswear Ltd	UK	5,471,142	209,528	100%
Prostar Deutschland GmbH	Germany	-	16,101	100%
The Star Knitting Co Ltd*	UK	2	-	100%
Pro Star Ltd*	UK	2	-	100%
Astro Sports International Ltd*	UK	3	-	100%

* Indirectly owned by Global Star Holdings Ltd

11. Tangible fixed assets – Group

	Plant, Fixtures, Fittings and Equipment £	Motor Vehicles £	Total £
Cost			
Subsidiary acquisition	2,981,814	63,468	3,045,282
Additions	47,196	-	47,196
Disposals	(1,730,752)	(28,000)	(1,758,752)
At 30 November 2007	1,298,258	35,468	1,333,726
Depreciation			
Subsidiary acquisition	2,515,060	50,838	2,565,898
Charge in the period	68,584	1,430	70,014
Disposals	(1,691,279)	(16,800)	(1,708,079)
At 30 November 2007	892,365	35,468	927,833
Net book value			
At 30 November 2007	405,893	-	405,893

Notes to the financial statements (continued)

12. Stocks and work in progress – Group and Company

	2007 £
Work in progress	57,232
Finished goods and goods for resale	3,038,550
	3,095,782

13. Debtors - Group and Company

	Group 2007 £	Company 2007 £
Trade debtors	1,520,602	-
Other debtors	152,568	23,231
Deferred tax asset (note 16)	9,402	-
Prepayments and accrued income	245,301	14,756
	1,927,873	37,987

14. Creditors: amounts falling due within one year

	Group 2007 £	Company 2007 £
Trade creditors	1,168,539	-
Corporation tax	147,723	-
Other taxes and social security costs	111,068	-
Other creditors	250,000	250,000
Accruals and deferred income	669,129	179,858
	2,346,459	1,136,762

15. Creditors: amounts falling due after more than one year

	Group 2007 £	Company 2007 £
Amounts owed to group companies	-	706,904
Bank loans	1,842,581	1,842,581
Loan notes	3,044,234	3,044,234
Other creditors	250,000	250,000
	5,136,815	5,843,719

The loans are secured by a charge over all assets of the company

Prepaid costs of finance, as detailed in the accounting policies, apportioned to periods due after more than one year total £150,673

Notes to the financial statements (continued)

16. Deferred taxation - Group

	Group 2007 £
Deferred taxation	
Subsidiary acquisition	8,372
Transfer to profit and loss account (note 8)	(17,774)
At 30 November 2007 (note 13)	(9,402)

	2007 £
Deferred taxation comprises	
Accelerated capital allowances	9,610
Short term timing differences	(19,012)
Deferred tax asset	(9,402)

17. Share capital – Group and Company

	Company 2007 £	Company 2007 £
Authorised		
269,643 ordinary shares of £1 each	269,643	269,643
Allotted, issued and fully paid		
269,643 ordinary shares of £1 each	269,643	269,643

The company issues one £1 ordinary share on 23 March 2007 and 269,642 £1 ordinary shares on 4 May 2007

18. Reserves

	Group Profit and loss account 2007 £	Company Profit and loss account 2007 £
Retained profit / (loss) for the year	627,528	(280,849)
Balance at 30 November 2007	627,528	(280,849)

Notes to the financial statements (continued)

19. Reconciliation of movement in equity shareholders' funds

	Group 2007 £	Company 2007 £
Profit / (loss) for the financial year	627,528	(280,849)
Shares issued in year	269,643	269,643
Closing shareholders' funds	897,171	(11,206)

20. Related party transactions

There were no related party transactions between members of the group other than inter-group funding creditors shown above in Note 14

21. Financial commitments

Operating lease commitments

The payments, which the company is committed to make in the next year, under operating leases are as follows

		2007 £
(i)	Land and buildings, leases expiring between one to five years	50,148

		2007 £
(ii)	Plant and machinery, leases expiring between one to five years	3,900

22. Reconciliation of operating profit to net cash inflow from operating activities

	2007 £
Operating profit	1,358,032
Amortisation of goodwill & intangible fixed assets	51,087
Depreciation of tangible fixed assets	70,014
Profit on disposal of tangible fixed assets	(66,739)
Decrease in stocks	433,375
Decrease in debtors	39,402
Increase in creditors within one year	372,532
Exceptional item loss on closure of Prostar GmbH	(73,487)
Net cash inflow from operating activities	2,184,216

Notes to the financial statements (continued)

23. Reconciliation of net cash flow to movement in net debt

	2007 £'000
Increase in cash	
Increase in cash	1,281,471
Cash inflow from increase in debt	(5,386,815)
Movement in net debt in the year	(4,105,344)
Closing net debt	(4,105,344)

24. Analysis of net debt

	23 March 2007 £	Cash flow £	30 November 2007 £
Cash at bank	-	1,281,471	1,281,471
Bank loan	-	(1,842,581)	(1,842,581)
Loan notes	-	(3,544,234)	(3,544,234)
	-	(4,105,344)	(4,105,344)