Euxton (No1) Limited

Directors' report and financial statements
Registered number 6363149
30 April 2008

Contents

Directors' report

The directors present their first annual report and the audited financial statements of Euxton (No1) Limited for the period from date of incorporation on 6 September 2007 to 30 April 2008.

Principal activities

The principal activity of the company during the period was the provision of dental services.

Business review

The company was incorporated on 6 September 2007 and purchased the business of a dental practice from the previous directors on 1 November 2007.

The profit on ordinary activities after taxation for the period ended 30 April 2008 amounted to £96,936.

Proposed dividend

The directors do not recommend the payment of dividend for the period.

Directors and directors' interests

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

J Harris (Appointed 6 September 2007 / Resigned 1 November 2007)
C Glynn-Hunt (Appointed 6 September 2007 / Resigned 1 November 2007)
D Hudaly (Appointed 1 November 2007)
D Robinson (Appointed 31 October 2007)
J Weir (Appointed 1 November 2007)

The interests of the directors in the share capital of the Company, at the period end, were nil.

Political and charitable contributions

The company made no political or charitable contributions during the period.

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

The directors appointed KPMG LLP to fill a casual vacancy.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A Morris
Secretary

8/12/08

Integrated Dental House
Sunset Business Park
Manchester Road
Kearsley
BL4 8RH

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

KPMG

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Report of the independent auditors to the members of Euxton (No1) Limited

We have audited the financial statements of Euxton (No 1) Limited for the period ended 30 April 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditors to the members of Euxton (No1) Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 April 2008 and of its 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.

KPMG LLP 9/1/09
Chartered Accountants
Registered Auditor

2008

Profit and loss account
for the period ended 30 April 2008

	Note	2008 £
Turnover		**415,963**
Cost of sales		**(201,424)**
Gross profit		**214,539**
Administrative expenses		**(116,151)**
Operating profit	3	**98,388**
Profit on ordinary activities before interest		**98,388**
Net interest payable and similar charges		**-**
Profit on ordinary activities before taxation		**98,388**
Tax on profit on ordinary activities	6	**(1,452)**
Profit for the financial year		**96,936**

The company has no recognised gains and losses during the current period other than those stated above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet
at 30 April 2008

	Note	2008 £	2008 £
Fixed assets			
Intangible assets	7		870,657
Tangible assets	8		47,873
			918,530
Current assets			
Stocks	9	10,810	
Debtors (including amounts due after one year)	10	6,623	
Cash at bank and in hand			
		17,433	
Creditors: amounts falling due within one year	11	(80,872)	
Net current liabilities			(63,439)
Total assets less current liabilities			855,091
Creditors: amounts falling due after more than one year	12		(756,701)
Provisions for liabilities	13		(1,452)
Net assets			96,938
Capital and reserves			
Called up share capital	14		2
Profit and loss account	15		96,936
Shareholders' funds	16		96,938

These financial statements were approved by the board of directors on 8 December 2008 and were signed on its behalf by:

D Hudaly
Director

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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

As 100% of the Company's voting rights are controlled within the group headed by Pearl Cayman 1 Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). Group accounts for the ultimate parent company have not been prepared for this period, however the consolidated financial statements of IDH Group Limited (an intermediate holding company), within which this Company is included, can be obtained from Integrated Dental House, Sunset Business Park, Manchester Road, Kearsley, BL4 8RH.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, which is 20 years. The carrying value of capitalised goodwill is reviewed for potential impairment each year.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

Investments

Investments held as fixed assets are stated at cost less amounts written off for impairment.

Tangible fixed assets and depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset less expected residual value over its expected useful life as follows:

Fittings and equipment - 4-10 years

Where the residual value of an asset is material it is reviewed at the end of each reporting period, to ensure that it has been depreciated on an appropriate basis.

Stock

Stock is stated at the lower of cost and net realisable value. In the case of raw materials and consumables, cost includes purchase price less trade discounts, transport and handling costs, calculated on a first in first out basis. Provision is made for obsolete, slow moving and defective stock.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Notes *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Cash and liquid resources

Cash for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying value or traded in an active market.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Government grants

Grants received to assist with the purchase of tangible fixed assets are credited to deferred income and are amortised over a period to match the life of the asset acquired. Revenue grants are recognised in the profit and loss account in the period in which they are received.

Notes *(continued)*

2 Segmental analysis

The company's activities consist solely of the operation of a dental practice within the United Kingdom.

3 Operating profit

	2008 £
Operating profit is stated after charging/(crediting):	
Depreciation – owned assets	213
Amortisation of goodwill	22,325
Operating leases – other	7,479
Auditors' remuneration:	
Amounts receivable by the auditors and their associates in respect of:	
Audit of financial statements of subsidiaries pursuant to legislation	2,000

4 Employees

The average monthly number of employees, excluding directors, during the period was:

	No of employees 2008
Administration staff	2
Surgery staff	8
	10

Staff costs for the above persons

	2008 £
Wages and salaries	46,001
Social security costs	2,702
	48,703

Notes *(continued)*

5 Directors' remuneration

No directors received emoluments from the company for their services. Their emoluments as directors of other group companies are disclosed in the accounts of IDH Group Ltd.

6 Taxation

a) Analysis of charge for the period

	2008 £
Corporation tax at 30%	-
Total current tax charge for the period (note 6 (b))	-
Deferred tax credit in the period	1,452
Tax on profit on ordinary activities	1,452

b) Factors affecting the tax charge for the period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK 30%, (*2007:30 %*). The differences are explained below:

	2008 £
Profit on ordinary activities before taxation	98,388
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	29,190
Effects of:	
Expenses not deductible for tax purposes	1,483
Capital allowances in excess of depreciation and amortisation	(1,475)
Amortisation of goodwill	6,623
Group relief claimed for nil consideration	(35,820)
Current tax charge for the period (note 6 (a))	-

Notes *(continued)*

7 Intangible fixed assets

	Total
	£
Cost	
At beginning of period	-
Acquisitions	892,982
At end of period	892,982
Amortisation	
At beginning of period	-
Charge for the period	22,325
At end of period	22,325
Net book value	
At 30 April 2008	**870,657**
At beginning of period	-

8 Tangible Fixed Assets

Group	**Fittings and Equipment**	**Total**
	£	£
Cost		
At beginning of period	-	-
Acquisitions	40,000	40,000
Additions	8,086	8,086
At end of period	**48,086**	**48,086**
Depreciation		
At beginning of period	-	-
Charge for the period	213	213
At end of period	**213**	**213**
Net book value		
At 30 April 2008	**47,873**	**47,873**
At beginning of period	-	-

Notes *(continued)*

9 Stock

	2008 £
Raw materials	**10,810**

10 Debtors

	2008 £
Prepayments and accrued income	**6,623**

11 Creditors: amounts falling due within one year

	2008 £
Trade creditors	**46,112**
Accruals and deferred income	**34,760**
	80,872

12 Creditors: amounts falling after more than one year

	2008 £
Amounts owing to group undertakings	**756,701**

13 Provisions for liabilities

	Deferred taxation £	Total £
At beginning of year	-	
Charge/credit to the profit and loss for the year		
Accelerated capital allowances	1,452	**1,452**
At end of year	1,452	**1,452**

The elements of deferred taxation are as follows:

	2008 £
Difference between accumulated depreciation and amortisation and capital allowances	**1,452**
Deferred tax liability	**1,452**

Notes *(continued)*

14 Called up share capital

	2008
	£
Authorised	
Equity: 50,000,000 Ordinary shares at £0.00002	**1,000**
Allotted, called up and fully paid	
Equity: 100,000 Ordinary shares at £0.00002	**2**

On the 6 September 2007, 100,000 ordinary shares were issued at par.

15 Reserves

	Profit and loss account
	£
Profit for the period	**96,936**
Share issue	**-**
At 30 April 2008	**96,936**

Notes *(continued)*

16 Reconciliation of movement in shareholders funds

	2008 £
Profit for the period	96,936
Share issue	2
Net increase in shareholders funds	96,938
Closing shareholders' funds	96,938

17 Acquisitions

The company acquired the goodwill of an unincorporated dental practice.

	£
Tangible fixed assets	40,000
Stock	10,810
Net assets acquired	50,810
Goodwill	892,282
	943,092
Satisfied by:	
Cash	899,999
Acquisition expenses	43,093
	943,092

No fair value adjustments have been made in respect of the acquisition.

The company was incorporated on 6 September 2007 and purchased the unincorporated dental practice on 1 November 2007. The disclosures relating to substantial acquisitions are not available.

Notes *(continued)*

18 Commitments under operating leases

The company at 30 April had annual commitments under non-cancellable operating leases as follows:

	2008
	£
Land and buildings:	
Expiring within one year	-
Expiring between two and five years	-
Expiring after five years	15,540
Other:	
Expiring within one year	-
Expiring between two and five years	-

19 Contingent liabilities

Bank guarantee

The company is a member of a group banking arrangement and has given an unlimited cross guarantee on the bank overdraft facilities and term loan for the group. At 30 April 2008 this amounted to £174,800,000.

20 Parent undertaking

The immediate parent undertaking is Integrated Dental Holdings Limited.

The results of the company are consolidated for the period ended 30 April 2008 in the accounts of IDH Group Limited, incorporated in England. The consolidated accounts of that company are available and may be obtained from Integrated Dental House, Sunset Business Park, Manchester Road, Kearsley, BL4 8RH.