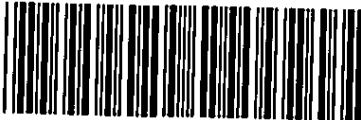


Bodycare Toiletries Limited

Report and Financial Statements

31 December 2006

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Bodycare Toiletries Limited

Registered No 02188629

Director

J Carrington

Secretary

B J MacLeod

Auditors

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Registered Office

Red Scar Business Park
Longridge Road
Ribbleton
Preston
PR2 5NA

Directors' report

The director presents the report and financial statements for the year ended 31 December 2006

Results and dividends

The profit for the year is £55,000 (2005 profit £753,000) No payment of any dividend is recommended for the year 2006 In December 2005, the company paid a dividend of £7,000,000 and reduced the amount due to its parent undertaking by the same amount

Principal activities

The activity of the company is the manufacture and sale of toiletries and related products

Review of business and future developments

The organisations principal activities during the year continued to be the manufacture and distribution of private label personal care products

Whilst year on year there was a decrease in the turnover of the business this was expected and in line with the budget following the strategic reorganisation that took place throughout 2005 The result of this reorganisation saw a significant increase in the operational profitability of the business, before exceptional items The directors aim to maintain the management policies which were put in place throughout 2006 and it is expected that 2007 will show growth in terms of profitability

The director considers the balance sheet at December 2006 to be satisfactory

The management of Bodycare International Group BV and the banks completed the sale and refinancing of the group on 8 July 2005 As a result of this restructuring, amounts due to the former ultimate parent company, Bodycare International Group BV, of approximately £3,954,000 were written-off during 2005

Treasury Policy

The company's financial instruments comprise bank overdrafts, some cash and liquid resources, balances with group undertakings and various items such as trade debtors, trade creditors etc, that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken

The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and foreign currency risk The Board reviews and agrees policies for managing each of these risks and they are summarised below These policies have remained unchanged since 2001

Interest rate risk

The company finances its operations through a mixture of retained profits, independent financing and balances with group undertakings The borrowings made by the business are at floating rates

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generation by its operations

Foreign currency risk

All the company's transactions are predominantly in sterling The company does not hedge any currency exposures

Directors' report (continued)

Directors and their interests

The directors who held office during the year are given below

J Carrington

The director did not have any interest in the share capital of the company at any time during the year

Employees

The employment policies of the company embody the principles of equal opportunity and are tailored to meet the needs of the local areas in which it operates. The involvement of employees in the performance of the business is encouraged. The company is committed to providing adequate training for employees at all levels and is constantly reviewing and improving its procedures.

Suitable procedures are in operation to support the policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where members of staff become disabled every effort is made to ensure that they are retrained according to their abilities.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

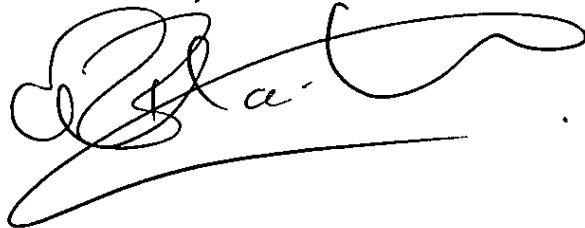
Re-appointment of auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board on

27/6/07

Secretary



Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company 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 departures disclosed and explained in the financial statements,
- 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 group and the company 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 group and company and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Bodycare Toiletries Limited

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & 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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company 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 & 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 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.

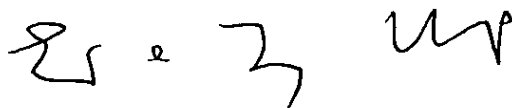
Independent auditors' report

to the members of Bodycare Toiletries Limited (continued)

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 affairs as at 31 December 2006 and of the 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



Ernst & Young LLP
Registered Auditor
Manchester

27 June 2007

Profit and loss account

For the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Turnover	2	19,901	25,771
Cost of sales		(14,998)	(21,485)
Gross profit		4,903	4,286
Distribution costs		(642)	(738)
Administrative expenses		(4,718)	(6,063)
Exceptional items	4	-	3,954
Operating (loss)/Profit	3	(458)	1,439
Interest receivable and similar income	7	27	20
Interest payable	8	(112)	(243)
(Loss)/Profit on ordinary activities before interest and taxation		(542)	1,216
Tax on profit on ordinary activities	9	597	(463)
Profit for the financial year	17	55	753

All activities are continuing in 2006 and 2005

Statement of total recognised gains and losses

For the year ended 31 December 2006

There were no other gains or losses in either year other than those shown above

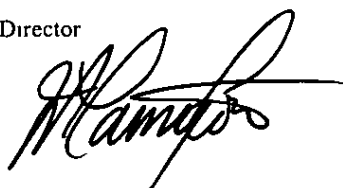
Bodycare Toiletries Limited
Balance sheet
At 31 December 2006

	<i>Notes</i>	<i>2006</i> <i>£000</i>	<i>2005</i> <i>£000</i>
Fixed assets			
Tangible assets	10	2,204	2,589
Current assets			
Stocks	11	2,378	1,933
Debtors	12	6,810	5,272
Cash at bank and in hand		291	321
		<u>9,479</u>	<u>7,526</u>
Creditors amounts falling due within one year	13	(5,865)	(4,411)
Net current assets		<u>3,614</u>	<u>3,115</u>
Total assets less current liabilities		<u>5,818</u>	<u>5,704</u>
Creditors amounts falling due after one year	14	(290)	-
Provisions for liabilities and charges	15	-	(231)
Net assets		<u>5,528</u>	<u>5,473</u>
Capital and reserves			
Called up share capital	16,17	126	126
Share premium	17	1,473	1,473
Profit and loss account	17	3,929	3,874
Equity shareholders' funds	17	<u>5,528</u>	<u>5,473</u>

Approved by the board on

27/6/07

Director



Notes to the accounts

At 31 December 2006

1. Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Turnover

Turnover represents the amounts (excluding value added tax) derived from the manufacture and sale of toiletries and related products and is recognised on despatch to customers

Cash flow statement

The company has taken the exemption under Financial Reporting Standard I not to prepare a statement of cash flows as it is consolidated within the accounts of its ultimate parent company Bodycare Group BV. Copies of the consolidated accounts are available from the address in note 20

Fixed assets and depreciation

All fixed assets are initially recorded at cost. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less the estimated residual value of each asset evenly over its useful economic life as follows

	%
Leasehold improvements	10
Plant and machinery	10
Fixtures and fittings	between 10 and 25
Motor vehicles	25

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale a weighted average purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the accounts

At 31 December 2006

1 Accounting policies (continued)

Related party transactions

The company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other group companies as it is consolidated within the accounts of a parent undertaking incorporated in another European Union country

Leases

Operating lease rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Pension costs

The company makes contributions to an independently administered defined contribution pension scheme for eligible senior management. The assets of the scheme are held separately from those of the company. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2 Turnover

	2006 £000	2005 £000
Turnover by geographical market		
United Kingdom	18,384	23,514
European Union	86	237
Middle East	1,431	2,020
	<u>19,901</u>	<u>25,771</u>

3 Operating profit

	2006 £000	2005 £000
Operating profit is stated after charging/(crediting)		
Auditors remuneration - audit	32	37
- taxation services	10	35
Depreciation of tangible fixed assets	469	514
(Profit)/loss on disposal of fixed assets	(1)	11
Rentals payable under operating leases - plant and machinery	160	97
- land and buildings	469	597
Loss/(gain) on foreign exchange	1	(19)
	<u></u>	<u></u>

Notes to the accounts

At 31 December 2006

4 Exceptional items

	2006 £000	2005 £000
Gain arising on waiver of amounts due to group companies	-	3,954
	<u>-</u>	<u>3,954</u>

Following sale and refinancing of the Group in 2005, Bodycare International Group BV forgave amounts due by the company resulting in a gain of £3,954,000

5. Directors' emoluments

	2006 £000	2005 £000
Emoluments	111	116
Compensation for loss of office	-	-
Company contributions to defined contribution pension scheme	3	3
	<u>114</u>	<u>119</u>

6. Staff costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2006 No	2005 No
Works	149	196
Administration	22	35
	<u>171</u>	<u>231</u>

The aggregate payroll costs of these persons were as follows

	2006 £000	2005 £000
Wages and salaries	3,066	3,789
Social security costs	483	619
Other pension costs	21	42
Redundancy costs	15	90
	<u>3,585</u>	<u>4,540</u>

Notes to the accounts

At 31 December 2006

7 Interest receivable and similar income

	2006 £000	2005 £000
Bank interest	3	-
Other	24	20
	<u>27</u>	<u>20</u>

8. Interest Payable

	2006 £000	2005 £000
Group loan	-	243
Loan interest	112	-
	<u>112</u>	<u>243</u>

9 Taxation

a) Tax on profit on ordinary activities

The tax (credit)/charge is made up as follows

	2006 £000	2005 £000
<i>Current tax</i>		
Corporation tax on profits for the period	-	366
Adjustments in respect of prior periods	(366)	-
Current tax charge	<u>(366)</u>	<u>366</u>
<i>Deferred tax</i>		
Originating and reversal of timing differences (note 14)	(231)	97
Tax on profit on ordinary activities	<u>(597)</u>	<u>463</u>

Notes to the accounts

At 31 December 2006

9. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2006 £000	2005 £000
(Loss)/profit on ordinary activities before taxation	(542)	1,215
Profit on ordinary activities multiplied by standard rate of corporation tax in UK at 30% (2005 30%)	(163)	364
Disallowed expenses and non-taxable income	22	26
Depreciation in excess of capital allowances	138	(3)
Adjustments in respect of prior periods	(366)	-
Unrelieved losses carried forward	3	-
Other timing differences	-	(15)
Utilisation of losses carried forward	-	(6)
Current tax charge/(credit)	(366)	366

10 Tangible assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures fittings £000	Total £000
Cost				
At 1 January 2006	363	5,078	121	5,562
Additions	4	54	26	84
Disposals	-	(29)	-	(29)
At 31 December 2006	367	5,102	147	5,616
Accumulated depreciation				
At 1 January 2006	229	2,635	109	2,973
Charge for the year	35	430	5	469
Disposals	-	(29)	-	(29)
At 31 December 2006	264	3,034	114	3,412
Net Book Value				
At 31 December 2006	103	2,068	33	2,204
At 31 December 2005	187	2,398	4	2,589

Notes to the accounts

At 31 December 2006

11 Stocks

	2006 £000	2005 £000
Raw materials and consumables	1,118	963
Finished goods and goods for resale	1,260	970
	<u>2,378</u>	<u>1,933</u>

12 Debtors

	2006 £000	2005 £000
Trade debtors	2,276	2,363
Amounts due from group companies	4,286	2,751
Prepayments	248	158
	<u>6,810</u>	<u>5,272</u>

13 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Trade creditors	3,165	2,747
Current investments due on loans	120	-
Corporation tax	47	327
Other taxes and social security	212	145
Amounts due to group companies	553	805
Accruals and deferred income	286	387
Other creditors	1,482	-
	<u>5,865</u>	<u>4,411</u>

14 Creditors: amounts falling due after one year

	2006 £000	2005 £000
Loan secured over fixed assets due < 5 years	290	-
	<u>290</u>	<u>-</u>

Notes to the accounts

At 31 December 2006

15 Provisions for liabilities and charges

	<i>Deferred Taxation £000</i>
At 1 January 2006	231
Profit and loss account during the year	(231)
At 31 December 2006	-

The deferred tax provision consists of	2006 £000	2005 £000
Accelerated capital allowances	-	272
Other timing differences	-	(22)
Tax losses	-	(19)
Total deferred tax liabilities	-	231

The company is in an overall deferred tax asset position at 31st December 2006. The deferred tax asset of £203,000 has not been recognised in the accounts as due to the forecasted results for 2007-2008, the asset is not likely to reverse in the foreseeable future.

16 Called up share capital

	2006 £000	2005 £000
Authorised		
200,000 Ordinary shares of £1 each	200	200
Allotted, called up and fully paid		
126,000 (2005 126,000) Ordinary shares of £1 each	126	126

17. Reconciliation of shareholders' funds and movement on reserves

	<i>Note</i>	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Profit & loss account £000</i>	<i>Total shareholders fund £000</i>
At 1 January 2005		126	1,473	10,121	11,720
Profit last year		-	-	753	753
Dividend paid	18	-	-	(7,000)	(7,000)
At 31 December 2005		126	1,473	3,874	5,473
Profit for year		-	-	55	55
At 31 December 2006		126	1,473	3,929	5,528

Notes to the accounts

At 31 December 2006

18. Dividend

In 2005 a dividend of £7 million (£55.55 per ordinary share) was paid to Bodycare International (UK) Limited

19. Commitments

At the end of the financial year the company had commitments in respect of capital expenditure contracted for but not provided of £nil (2005 £nil)

At 31 December the company had annual commitments under non-cancellable operating leases as follows

	2006		2005	
	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>
	£000	£000	£000	£000
Operating leases which expire				
Within one year	45		49	-
In the second to fifth year inclusive	72	669	74	559
Over five years			-	110
	<u>117</u>	<u>669</u>	<u>123</u>	<u>669</u>

20. Contingent liability

The company has cross guaranteed credit facilities with the ultimate parent company, Bodycare Group BV, and other fellow subsidiaries, Bodycare International Holding UK Limited, Bodycare International (UK) Limited, Bodycare International Holding BV, Bodycare International Holding Netherlands BV and Cosmara BV. The maximum liability at the year end was €8,250,000 (2005 €8,250,000) and is secured by a fixed and floating charge of the assets of the group.

21. Parent undertaking and controlling party

The company's immediate parent undertaking is Bodycare International UK Limited. The directors consider the ultimate holding company and controlling party to be Bodycare Group BV, a company incorporated in the Netherlands. Copies of its group financial statements, which include the company, are available from Red Scar Business Park, Longridge Road, Ribblesdale, Preston PR2 5NA.