

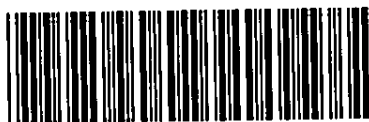
Scholl (UK) Limited

**Directors' report and financial
statements**

Registered number 2285039

31 March 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2008.

Principal activity

The principal activity of the company is that of an intermediate holding company.

Results and dividend

The profit for the year was £nil (2007: £12,856,000). The directors proposed and paid a dividend of £nil during the year (2007: £12,856,000).

Directors

The directors who held office during the year and thereafter were as follows:

MR Buxton-Smith (appointed 23 July 2008)
SK Davis
ACP Mannion
M Moran
G Watts

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the board


M R Buxton-Smith
Company Secretary

27 January 2009

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.

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 Audit Plc

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditors' report to the members of Scholl (UK) Limited

We have audited the financial statements of Scholl (UK) Limited for the year ended 31 March 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.

Independent auditors' report to the members of Scholl (UK) 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 31 March 2008 and of its result 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.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 January 2009

Profit and loss account
for the year ended 31 March 2008

| | <i>Note</i> | 2008 £000 | 2007 £000 |
|--|-------------|----------------------------|----------------------------|
| Income from shares in group undertakings | <i>2</i> | - | 12,856 |
| Profit on ordinary activities before taxation | <i>3</i> | - | 12,856 |
| Tax on profit on ordinary activities | <i>4</i> | - | - |
| Profit for the financial year | <i>10</i> | - | 12,856 |

All activity relates to continuing operations as an intermediate holding company.

There are no recognised gains or losses in either year, other than stated above, and therefore no statement of total recognised gains and losses has been presented.

Balance sheet
at 31 March 2008

| | <i>Note</i> | 2008 £000 | 2007 £000 |
|--|-------------|----------------------------|----------------------------|
| Fixed Assets | | | |
| Investments | 6 | - | - |
| Current assets | | | |
| Debtors: amounts falling due within one year | 7 | <u>31,003</u> | <u>31,003</u> |
| Net current assets | | <u>31,003</u> | <u>31,003</u> |
| Creditors: amounts falling due after more than one year | 8 | <u>(172)</u> | <u>(172)</u> |
| Net assets | | <u><u>30,831</u></u> | <u><u>30,831</u></u> |
| Capital and reserves | | | |
| Called up share capital | 9 | <u>30,831</u> | <u>30,831</u> |
| Shareholders' funds | 11 | <u><u>30,831</u></u> | <u><u>30,831</u></u> |

These financial statements were approved by the board of directors on 27 January 2009 and were signed on its behalf by:



M R Buxton-Smith
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 financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of SSL International plc, a company incorporated in England and Wales, which has prepared publicly available consolidated accounts which include the company and its subsidiary undertakings.

Under Financial Reporting Standard 1 (revised) 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 the company is a wholly owned subsidiary of SSL International plc, 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. The consolidated financial statements of SSL International plc, within which this company is included, can be obtained from the address given in note 12.

Investments

Fixed asset investments are shown at cost less any provision for impairment.

Taxation

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

In accordance with FRS 19, deferred tax is provided where a taxation liability will arise as a result of transactions or events that have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Provision is made at the rates expected to be applicable when the liabilities or assets are likely to crystallise.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Income from shares in group undertakings

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| Dividends received from subsidiary undertaking | - | 12,856 |

3 Profit on ordinary activities before taxation

The company has no employees other than directors (2007: same). The directors received no emoluments in respect of their services to the company (2007: £Nil).

The audit fee was borne by another group company in the current and prior year.

Notes (continued)

4 Taxation

Factors affecting the tax charge for the year:

| | 2008 £000 | 2007 £000 |
|---|--------------|--------------|
| Profit on ordinary activities before tax | - | 12,856 |
| Current tax at 30% (2007: 30%) | - | 3,857 |
| Effects of: | | |
| Income not taxable | - | (3,857) |
| Taxable income not recognised in the financial statements | 513 | - |
| Group relief claimed | (513) | - |
| Current tax for the year | - | - |

5 Dividends paid and proposed

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| Dividends per ordinary share: | | |
| Final paid, £nil per share (2007: 0.42 per share) in respect of the year | - | 12,856 |

6 Investments

| | £000 |
|------------------------------|----------|
| Cost | |
| At beginning and end of year | 32,097 |
| Provision | |
| At beginning and end of year | (32,097) |
| Net book value | |
| At 31 March 2008 | - |
| At 31 March 2007 | - |

The company has investments in the following undertakings:

| | Percentage shareholding | Country of incorporation | Principal Activity |
|----------------------------------|----------------------------|-----------------------------|--|
| Scholl Consumer Products Limited | 100% | England and Wales | Manufacture and distribution of personal care products |
| Foot Comfort Centre Srl | 1% | Italy | Footwear distribution |

Notes (continued)

7 Debtors

| | 2008 £000 | 2007 £000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Amounts due from ultimate parent undertaking | 31,003 | 31,003 |
| | <u>31,003</u> | <u>31,003</u> |

8 Creditors: amounts falling due after more than one year

| | 2008 £000 | 2007 £000 |
|--|--------------|--------------|
| Amounts owed to immediate parent undertaking | 172 | 172 |
| | <u>172</u> | <u>172</u> |

9 Called up share capital

| | 2008 £000 | 2007 £000 |
|--|---------------|---------------|
| <i>Authorised</i> | | |
| 35,000,000 (2007: 35,000,000) ordinary shares of £1 each | 35,000 | 35,000 |
| | <u>35,000</u> | <u>35,000</u> |
| <i>Allotted, called up and fully paid</i> | | |
| 30,831,100 (2007: 30,831,100) ordinary shares of £1 each | 30,831 | 30,831 |
| | <u>30,831</u> | <u>30,831</u> |

10 Reserves

| | Profit and loss account £000 |
|-------------------------------|------------------------------------|
| At beginning of year | - |
| Profit for the financial year | - |
| | <u>-</u> |
| At end of year | <u>-</u> |

11 Reconciliation of movements in shareholders' funds

| | 2008 £000 | 2007 £000 |
|-------------------------------------|---------------|---------------|
| Profit for the year | - | 12,856 |
| Dividends paid | - | (12,856) |
| | <u>-</u> | <u>-</u> |
| Net increase in shareholders' funds | - | - |
| Opening shareholders' funds | 30,831 | 30,831 |
| | <u>30,831</u> | <u>30,831</u> |
| Closing shareholders' funds | <u>30,831</u> | <u>30,831</u> |

Notes *(continued)*

12 Ultimate controlling party

The company's immediate parent company is Scholl (Investments) Limited, a company incorporated in England and Wales. The directors regard SSL International plc, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party.

The only group in which the accounts of the company are consolidated is that headed by SSL International plc. These accounts are available to the public and can be obtained from The Secretary, SSL International plc, 35 New Bridge Street, London, EC4V 6BW.