

EHP (INVESTMENTS) LIMITED

ACCOUNTS - 31st DECEMBER 1994

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS



Company Number 2285039

EHP (INVESTMENTS) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the Company together with the accounts and auditors' report for the year ended 31st December 1994.

Principal activity

The principal activity of the Company is that of a holding company.

Results and dividends

The results for the year are dealt with in the profit and loss account on page 5. The directors have declared an interim dividend of £5,100,000 (1993 : £4,000,000). The directors do not recommend a final dividend for the year ended 31st December 1994 (1993 : nil).

Directors and their interests

The directors who have served during the period are as follows:-

N. A. Franchino
J. F. Gilbert

Mr. N. A. Franchino and Mr. J. F. Gilbert are directors of the ultimate holding company, Scholl PLC, and their interests in the shares of that company are shown in that company's accounts. Mr. N. A. Franchino holds one nominee share in the company on behalf of Scholl PLC.

Auditors

On 11th November 1991 the Company passed an elective Resolution to dispense with the annual appointment of Auditors.

By order of the Board



J. F. Gilbert
Secretary

Scholl House
2-4 Sheet Street
Windsor, Berkshire
SL4 1BG

18th April 1995

EHP (INVESTMENTS) LIMITED

Directors' Responsibilities

Preparation of financial statements

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 the profit of the Company for the year. In preparing those financial statements, the Directors are required to :

- (i) select suitable accounting policies and then apply them consistently ;
- (ii) make judgments and estimates that are reasonable and prudent ;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- (iv) 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 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EHP (INVESTMENTS) LIMITED

AUDITORS' REPORT

To the members of EHP (Investments) Limited

We have audited the accounts on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditors

As described on page 3, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 mis-statement, 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 accounts give a true and fair view of the state of affairs of the Company as at 31st December 1994 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors
1 Surrey Street
London
WC2R 2PS

18th April 1995

EHP (INVESTMENTS) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1994

	<u>Notes</u>	Year ended 31st December 1994 £	Year ended 31st December 1993 £
Operating expenses		(39)	(10,306)
Dividends	3	3,500,000	5,064,000
Profit on ordinary activities before tax		3,499,961	5,053,694
Tax on profit on ordinary activities	4	15,000	(312,607)
Profit on ordinary activities after taxation		3,514,961	4,741,087
Dividend payable	5	(5,100,000)	(4,000,000)
Retained profit for the year		(1,585,039)	741,087
Retained profit at the beginning of the year		1,640,342	899,255
Retained profit at the end of the year		55,303	1,640,342

Statement of total recognised gains and losses for the year ended 31st December 1994:

There are no recognised gains and losses other than the profit on ordinary activities after taxation of £3,514,961 in the year ended 31st December 1994 and £4,741,087 in the year ended 31st December 1993.

The accompanying notes are an integral part of these statements.

EHP (INVESTMENTS) LIMITED

BALANCE SHEET
AT 31ST DECEMBER 1994

	<u>Notes</u>	1994 £	1993 £
Fixed assets			
Investments	6	65,245,637	65,245,637
Current assets			
Debtors	7	3,500,000	5,064,000
Creditors: Amounts falling due within one year	8	(5,740,000)	(4,694,122)
Net current assets/(liabilities)		(2,240,000)	369,878
Total assets less current liabilities		63,005,637	65,615,515
Creditors: Amounts falling due after more than one year	9	(32,119,234)	(33,144,073)
Net assets		30,886,403	32,471,442
Capital and reserves			
Called-up share capital	10	30,831,100	30,831,100
Profit and loss		55,303	1,640,342
Shareholders' Funds		30,886,403	32,471,442

Signed on behalf of the Board

N. A. Franchino



J. F. Gilbert



18th April 1995

The accompanying notes are an integral part of this balance sheet.

EHP (INVESTMENTS) LIMITED

NOTES TO THE ACCOUNTS

1. Principal accounting policies

The following accounting policies have been applied consistently throughout the year and with the previous year:

- a) Basis of accounting
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) Investments in subsidiary undertakings
Investments are stated at Directors' valuation. The Directors carry out an annual review to identify any permanent diminution in value.
- c) Taxation
Corporation tax payable is provided on taxable profits at the current rate.
- d) Consolidation
The company considers its ultimate parent company to be Scholl PLC, a company registered in England. The only group in which the results of the company are consolidated is that headed by Scholl PLC. The consolidated financial statements of Scholl PLC are available to the public from Scholl House, 2-4 Sheet Street, Windsor, Berkshire, SL4 1BG.

2. Supplementary Profit and Loss information

No persons were employed by the Company and no emoluments were paid to directors in respect of their services to the Company. Auditors' remuneration has been paid by the parent company.

3. Dividends

	1994 £	1993 £
Scholl Consumer Products Ltd - received	3,500,000	4,000,000
Scholl International B.V. - The Netherlands		
- receivable	-	1,064,000
	-----	-----
	3,500,000	5,064,000
	=====	=====

4. Tax on ordinary profits

The tax charge of 33% is based on the profit for the year excluding the dividend received from Scholl Consumer Products Limited.

	1994 £	1993 £
Adjustment to prior year provision	<u>15,000</u>	=

EHP (INVESTMENTS) LIMITED

NOTES TO THE ACCOUNTS (continued)

5. Dividend payable

	1994 £	1993 £
Interim payable 1994 of 16.54p net per share (1993 : 12.97p) - Scholl (Investments) Ltd	5,100,000 =====	4,000,000 =====

6. Investments

The movements on investments in subsidiary undertakings during the year were as follows:-

	1994 £	1993 £
At 1st January	65,245,637	65,234,990
Subscription of new share capital		
- Foot Comfort Center S.r.L. Italy	-	10,647
	-----	-----
At 31st December	65,245,637 =====	65,245,637 =====

The investment in subsidiary undertakings represents:-

- The entire share capital of Scholl Consumer Products Limited (all registered
- The entire share capital of Gerard House Limited (in England
- The entire share capital of Cathay of Bournemouth Limited (and Wales
- 41.34% of the share capital of Scholl International B.V. a company incorporated in the Netherlands and
- 1% of the share capital of Foot Comfort Centre S.r.L., a company incorporated in Italy.

7. Debtors

	1994 £	1993 £
Loan to Scholl (Investments) Limited	3,500,000	4,000,000
Dividend receivable from Scholl International B.V..	-	1,064,000
	-----	-----
	3,500,000 =====	5,064,000 =====

The loan to Scholl (Investments) Limited is non interest bearing and repayable on 16th January 1995.

EHP (INVESTMENTS) LIMITED

NOTES TO THE ACCOUNTS (continued)

8.	<u>Creditors: Amounts falling due within one year</u>	1994	1993
		£	£
	Corporation Tax	(84,000)	(312,607)
	Dividend payable to Scholl (Investments) Ltd	(5,100,000)	(4,000,000)
	Amount payable to Scholl PLC	(556,000)	(381,515)
		-----	-----
		(5,740,000)	(4,694,122)
		=====	=====

9. Creditors: Amounts falling due after more than one year

	1994	1993
	£	£
Loan from Scholl PLC	(32,119,234)	(33,144,073)
	=====	=====

The loan from Scholl PLC which is non interest bearing is repayable in full on or before 31st December 2003.

10.	<u>Called up share capital</u>	1994	1993
		£	£
	Authorised		
	35,000,000 ordinary shares of £1 each	35,000,000	35,000,000
		=====	=====
	Allotted, called-up and fully paid		
	30,831,100 ordinary shares of £1 each	30,831,100	30,831,100
		=====	=====

11. Ultimate Parent company

The ultimate parent company is Scholl PLC, a company registered in England and Wales. The consolidated accounts of the group headed by Scholl PLC are available to the public and may be obtained from 2-4 Sheet Street, Windsor, Berkshire SL4 1BG.

12. Cash flow statement

Under the provisions of Financial Reporting Standard No. 1, the company has not prepared a cash flow statement because its ultimate parent company, Scholl PLC, which is incorporated within the European Community has prepared consolidated accounts which include the accounts of the company for the year and which contain an appropriate cash flow statement.