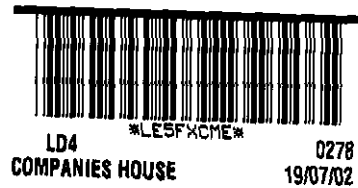


Company No: 4215478

**BABOR COSMETICS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**Period Ended 31 December 2001**



**BABOR COSMETICS LIMITED****Directors**

M Quast  
H Rietfort

**Secretary and Registered Office**

Cornhill Secretaries Limited  
St. Paul's House, Warwick Lane, London EC4P 4BN

**Auditors**

Moore Stephens,  
Chartered Accountants,  
St. Paul's House, Warwick Lane,  
London EC4P 4BN

**Report of the Directors**

The directors submit their report and financial statements for the period ended 31 December 2001.

**Review of Activities**

The company was incorporated on 11 May 2001 as Babor Cosmetics Limited and commenced trading on 1 June 2001. Babor Cosmetics Limited imports and sells cosmetics.

**Results and Dividend**

The net loss of the company for the period after taxation amounted to £21,696. The directors are unable to recommend the payment of a dividend and the loss has therefore been taken to reserves. The directors are satisfied with the results achieved in the first period of trading and anticipate continued sales growth in the future.

**Directors**

Mr Quast and Mr Rietfort were appointed directors on incorporation on 11 May 2001 and served throughout the period.

**Directors' Interests**

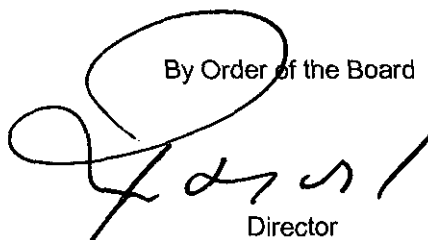
None of the directors had direct interests in the shares of the company at the beginning or end of the period, but had indirect interests through shareholdings in the parent company.

**Auditors**

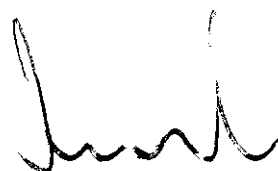
A resolution to reappoint Moore Stephens as auditors will be put to the Members at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



Director



### **Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to:-

- i) select suitable accounting policies and then apply them consistently;
- ii) make judgements and estimates that are reasonable and prudent;
- iii) 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.

**BABOR COSMETICS LIMITED****Independent Auditors' Report to the Shareholders of Babor Cosmetics Limited**

We have audited the financial statements of Babor Cosmetics Limited for the period ended 31 December 2001 set out on pages 4 to 9. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6.

**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 law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

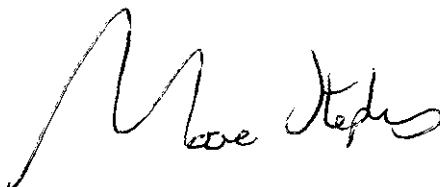
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



St. Paul's House,  
Warwick Lane,  
London,  
EC4P 4BN

Moore Stephens  
Chartered Accountants  
Registered Auditor

Date: 18 April 2002

**BABOR COSMETICS LIMITED**

**Profit and Loss Account  
for the period from 11 May 2001 to 31 December 2001**

	<u>Notes</u>	2001 £
<b>Turnover</b>	1 b)	248,132
Cost of sales		(181,491)
<b>Gross profit</b>		<u>66,641</u>
Administrative expenses		(88,337)
<b>Loss on ordinary activities before taxation</b>		(21,696)
Taxation on ordinary activities	5	-
<b>Loss for the period after taxation to be transferred to reserves</b>		<u><u>£(21,696)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.


## BABOR COSMETICS LIMITED

## Balance Sheet at 31 December 2001

	<u>Notes</u>	£	2001 £
<b>Fixed assets</b>			
Tangible assets	6		14,526
<b>Current assets</b>			
Stock		5,720	
Debtors	7	235,245	
Cash at bank and in hand		<u>47,306</u>	
		288,271	
<b>Creditors:</b> amounts falling due within one year	8	<u>(174,493)</u>	
<b>Net current assets</b>			<u>113,778</u>
<b>Total assets less liabilities</b>			<u><u>£128,304</u></u>
<b>Capital and reserves</b>			
Called up share capital	9		150,000
Profit and loss account	10		<u>(21,696)</u>
Shareholder's funds – equity interest	11		<u><u>£128,304</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The Financial Statements were approved by the Board on 12.4.2002

  
.....  
M Quast (Director)

# BABOR COSMETICS LIMITED

## Notes to the Financial Statements for the period from 11 May 2001 to 31 December 2001

### 1. Principal accounting policies

#### a) Basis of accounting

The financial statements are prepared under the historical cost convention.

#### b) Turnover

Turnover represents amounts invoiced during the period, net of Value Added Tax. All turnover was generated in the UK.

#### (c) Tangible Fixed Assets

Fixed assets are stated at cost. Depreciation is charged to write off the costs less estimated residual value of fixed assets over their estimated useful lives on a straight line or reducing balance basis at the following rates:

Motor vehicles	25% p.a. reducing balance
Computer equipment	33% p.a. straight line
Fixtures and fittings	20% p.a. reducing balance

#### d) Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### e) Foreign currency

Transactions denominated in foreign currencies are translated at rates ruling at the time of those transactions. All foreign currency assets and liabilities are converted into pounds sterling at the rate ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

#### f) Operating lease

The annual rentals payable under operating leases are charged to the profit and loss account on a level term basis over the life of each lease.

#### g) Stock

Stock is valued at the lower of cost and net realisable value.

### 2. Operating Loss

Operating loss is stated after charging:

	2001 £
Depreciation	2,992
Operating lease rentals	4,550
Auditors' remuneration	3,000
	<hr/>

**BABOR COSMETICS LIMITED**

**Notes to the Financial Statements  
for the period from 11 May 2001 to 31 December 2001  
(continued)**

**3. Directors' emoluments**

**2001  
£**

Directors' emoluments

Nil

**4. Directors and employees**

Staff costs during the period, including director's costs, were as follows:-

**2001  
£**

Wages and salaries

44,580

Social security costs

5,273

£ 49,853

The average number of employees (including directors) during the period to 31 December 2001 was 2.

**5. Taxation on ordinary activities**

**2001  
£**

UK Corporation Tax payable

Nil

There is no taxation liability on the results for the year due to the losses incurred.

**6. Tangible Fixed Assets**

	<b>Motor Vehicles £</b>	<b>Computer Equipment £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
<b>Cost</b>				
Additions and at 31 December 2001	£15,658	£1,725	£135	£17,518
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>				
Charge for the period and at 31 December 2001	£2,936	£47	£9	£2,992
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Book Value</b>				
At 31 December 2001	£12,722	£1,678	£126	£14,526
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



# **BABOR COSMETICS LIMITED**

## **Notes to the Financial Statements for the period from 11 May 2001 to 31 December 2001 (continued)**

### **7. Debtors**

	<b>2001 £</b>
Trade debtors	234,495
Other debtors	750
	<u>£235,245</u>

### **8. Creditors: amounts falling due within one year**

	<b>2001 £</b>
Amounts owed to group undertaking	100,077
Other taxation and social security	37,065
Other creditors	5,282
Accruals	32,069
	<u>£174,493</u>

### **9. Equity called up share capital**

	<b>2001 £</b>
Authorised, allotted, called up and fully paid 150,000 Ordinary shares of £1 each	<u>150,000</u>

150,000 £1 ordinary shares were allotted at par value on incorporation.

### **10. Statement of movements on reserves**

	<b>Profit and loss account £</b>
Retained loss for the period carried forward	<u>£21,696</u>

# **BABOR COSMETICS LIMITED**

## **Notes to the Financial Statements for the period from 11 May 2001 to 31 December 2001 (continued)**

### **11. Reconciliation of movements in shareholder's funds**

	<b>2001 £</b>
Issued share capital	150,000
Loss for the financial period	(21,696)
	<hr/>
Closing shareholder's funds	£128,304
	<hr/>

### **12. Related Party transactions**

Advantage has been taken of the exemption, as permitted by FRS 8, for wholly owned subsidiaries not to disclose transactions with other members of the group.

The consolidated financial statements of the group are publicly available and can be obtained from the parent company at the following address, Dr. Babor GmbH & Co., Dagmer Laschet, Neuenhoftstrasse 180, D-52078 Aachen.

### **13. Ultimate Holding Company and Controlling Party**

In the opinion of the directors, at the balance sheet date the company was a wholly owned subsidiary of, and controlled by, Dr. Babor GmbH & Co., a company registered in Germany.