

Company Registration No. 04515115

NBTY Europe Limited

Report and Financial Statements

30 September 2004



NBTY Europe Limited

Report and financial statements 2004

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NBTY Europe Limited

Report and financial statements 2004

Officers and professional advisers

Directors

S Rudolph
H. Kamil
B. Vickers
R. Craddock
Mrs G. Day
P. Aldis
M. Moran

Secretary

R. Craddock

Registered Office

Samuel Ryder House
Townsend Drive
Attleborough Fields
Nuneaton
Warwickshire
CV11 6XW

Bankers

HSBC
ING
AIB

Auditors

Deloitte & Touche LLP
Chartered Accountants
Nottingham

NBTY Europe Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2004.

Principal activities

The principal activities of the group are the manufacture, wholesaling and retailing of health products.

Review of business

Both the level of business and the period end financial position of the group remain satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

A dividend of £216,445 (2003: £9,615) per ordinary share was paid during the period.

Directors' and directors' interests

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

S Rudolph
H Kamil
B Vickers
R Craddock
Mrs G Day
P Aldis
M Moran

No director had any interests in the shares of the company in either the current or prior year.

S Rudolph is a director and H Kamil is an officer of NBTY Inc., the ultimate controlling parent company and their interests are disclosed in the accounts of that company.

No other directors had any interests in NBTY Inc.

Payment of suppliers

It is the group's policy that appropriate terms and conditions for its transactions are agreed with suppliers, that payments are made in accordance with these terms, provided that the supplier has also complied with all terms and conditions, and that no alterations are made to payment terms without prior agreement. Trade creditors at the period end represented 53 (2003: 51 days) of group purchases.

Employees

The group has developed and maintained arrangements whereby employees are consulted and provided with information about current activities and progress within the group and with training to improve the operational efficiency of the company.

The group supports the employment of disabled people wherever possible, through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion, having regard to their particular aptitudes and abilities.

It is group policy to provide equal opportunities without regard to race or national origin, sex or sexual orientation, religion or religious beliefs, disabilities or handicapped status.

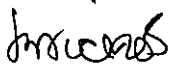
NBTY Europe Limited

Directors' report

Auditors

Deloitte & Touche LLP were appointed during the year and have expressed their willingness to continue in office as auditors. The company has passed an elective resolution to dispense with the reappointment of auditors at the annual general meeting.

Approved by the Board of Directors
and signed on behalf of the Board



B Vickers
Chief Executive
10/1/ 2006

NBTY Europe Limited

Statement of directors' responsibilities

United Kingdom 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 group and the company as at the end of the financial year and of the profit or loss of the company 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;
- 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NBTY EUROPE LIMITED

We have audited the financial statements of NBTY Europe Limited for the year ended 30 September 2004 which comprise the consolidated profit and loss account, the balance sheets, and the related notes 1 to 24. 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 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 United Kingdom legal and regulatory requirements and 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 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 and other members of the group are not disclosed.

We read the directors' report and other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 circumstances of the company and the group, 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 affairs of the company and the group as at 30 September 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors

Nottingham

20 January 2006

NBTY Europe Limited

Group profit and loss account Year ended 30 September 2004

	Note	2004 £'000	2003 £'000
Turnover	2	282,004	214,550
Cost of sales		(147,656)	(123,373)
Gross profit		134,348	91,177
Net operating expenses	3	(105,898)	(81,218)
Operating profit	4	28,450	9,959
Interest receivable and similar income	6	636	538
Interest payable and similar charges	7	(12,210)	(9,995)
Profit on ordinary activities before taxation		16,876	502
Tax on profit on ordinary activities	9	(16,698)	(9,884)
Profit/(Loss) on ordinary activities after taxation		178	(9,382)
Dividends	10	(43,289)	(1,923)
Loss for the period	19	(43,111)	(11,305)

All the activities relate to continuing operations.

The group has no recognised gains and losses other than the profit above for both the current and prior financial years and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the results above and the results on an unmodified historical cost basis.

NBTY Europe Limited

Balance sheet 30 September 2004

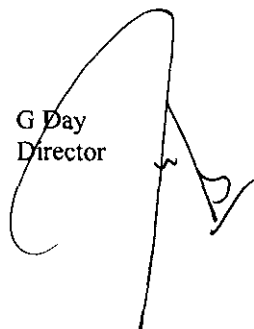
	Note	Group 2004 £'000	Company 2004 £'000	Group 2003 £'000	Company 2003 £'000
Fixed assets					
Goodwill	11	598,994	-	633,749	-
Tangible assets	12	34,114	-	33,679	-
Investments	13	-	304,557	-	304,557
		<u>633,108</u>	<u>304,557</u>	<u>667,428</u>	<u>304,557</u>
Current assets					
Stocks: goods for resale		39,360	-	36,262	-
Debtors	14	16,416	27,406	14,256	23,117
Cash at bank and in hand		8,563	-	28,359	-
		<u>64,339</u>	<u>27,406</u>	<u>78,877</u>	<u>23,117</u>
Creditors: amounts falling due within one year	15	<u>(48,077)</u>	<u>(37,082)</u>	<u>(54,713)</u>	<u>(32,793)</u>
Net current assets/(liabilities)		<u>16,262</u>	<u>(9,676)</u>	<u>24,164</u>	<u>(9,676)</u>
Total assets less current liabilities		<u>649,370</u>	<u>294,881</u>	<u>691,592</u>	<u>294,881</u>
Creditors: amounts falling due after more than one year	16	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>
Provisions for Liabilities and Charges	17	<u>(1,885)</u>	<u>-</u>	<u>(996)</u>	<u>-</u>
Net assets		<u>447,485</u>	<u>94,881</u>	<u>490,596</u>	<u>94,881</u>
Capital and reserves					
Called up share capital	18	-	-	-	-
Share premium	19	83,652	83,652	83,652	83,652
Merger reserve	19	418,249	-	418,249	-
Profit and loss account	19	<u>(54,416)</u>	<u>11,229</u>	<u>(11,305)</u>	<u>11,229</u>
Equity shareholders' funds		<u>447,485</u>	<u>94,881</u>	<u>490,596</u>	<u>94,881</u>

These financial statements were approved by the Board of Directors on

10 - 01 - 2006.

Signed on behalf of the Board of Directors

G Day
Director



NBTY Europe Limited

Notes to the accounts (continued) **Year ended 30 September 2004**

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the accounts.

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the accounts of the company and its subsidiary undertakings made up to 30 September 2004. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group items are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at the fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Turnover

Turnover represents goods invoiced excluding value added tax.

Cash flow statement

The company takes advantage of the exemption in Financial Reporting Standard 1 (revised) not to prepare a cash flow statement on the grounds that the company is a wholly owned subsidiary whose ultimate parent prepares consolidated financial statements which are publicly available.

Foreign exchange

Monetary assets and liabilities denominated in overseas currencies are translated into Sterling at the balance sheet date. The trading results are translated into Sterling at the average rate of exchange during the period. Transactions and non-monetary assets and liabilities are translated at rates appropriate to the transaction date.

Related party transactions

By virtue of the company being a wholly owned subsidiary included in the accounts of a larger group, whose accounts are publicly available, the company is exempt under Financial Reporting Standard 8 from disclosing transactions or balances with entities which are part of the group that qualify as related parties.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Goodwill

Goodwill relates to the excess of the purchase price over the fair value of the net assets of businesses acquired. Goodwill has been capitalised as a fixed asset and amortised on a straight line basis over its estimated useful life. For acquisitions to date this has been determined at between 10 and 20 years, which the directors consider to be an appropriate useful economic life. Amortisation has been charged to cost of sales.

Depreciation

Depreciation is provided so as to write off the cost less estimated residual value of tangible fixed assets over their estimated useful lives. The principal rates used are as follows:

Freehold buildings	4% on a straight line basis
Fixtures, fittings and equipment	10% - 20% on a straight line basis

NBTY Europe Limited

Notes to the accounts (continued) **Year ended 30 September 2004**

1. Accounting policies (continued)

Freehold land is not depreciated. Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets.

Impairments of stores

The Group reviews the carrying value of its properties for potential impairment in accordance with Financial Reporting Standard 11 and when deemed appropriate property values are written down and if necessary an onerous lease provision recognised under Financial Reporting Standard 12.

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.

Deferred tax

Deferred tax is provided on 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.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for tax purposes.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax is measured at the 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 not discounted.

Investments

Investments held as fixed assets are stated at cost less provision for diminution of value.

Pensions

The group operates a defined contribution pension scheme, which is administered by an independent insurance company. Contributions paid into the scheme are expensed to the profit and loss account.

Defined benefit pension scheme costs are accounted for on the basis of charging the expected cost of providing these over the period (as per Statement of Standard Accounting Practice 24 "Accounting for Pension Costs") during which the group benefits from the associates services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

GNC Gold Card

Revenue received from the sale of gold cards which entitle the holder to a discount in the GNC stores operated by the group is spread evenly over the 1 year period in which the discount is offered.

Leasing commitments

All leases are operating leases and the rental charges are charged to the profit and loss account on a straight-line basis over the lease term.

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

2. Segmental reporting

Analyses by business are based on the group's management structure. Turnover between segments is immaterial. Geographical analysis is based on the country in which the order is received. It would be not materially different if based on the country in which the customer is located.

a) 2004 - Turnover

	Turnover 2004 £'000	Profit/(loss) before taxation 2004 £'000	Net assets 2004 £'000
United Kingdom	254,675	31,160	631,567
Republic of Ireland	6,875	(1,580)	1,739
Netherlands	20,450	(1,130)	5,616
Net finance cost/borrowings	-	(11,574)	(191,437)
	<u>282,004</u>	<u>16,876</u>	<u>447,485</u>

b) 2003 - Turnover

	Turnover 2003 £'000	Profit/(loss) before taxation 2003 £'000	Net assets 2003 £'000
United Kingdom	200,596	8,741	658,148
Republic of Ireland	5,825	1,748	4,334
Netherlands	8,125	(530)	(245)
Net finance cost/borrowings	-	(9,457)	(171,641)
	<u>214,550</u>	<u>502</u>	<u>490,596</u>

a) 2004 - Geographical

	Turnover 2004 £'000	Profit/(loss) before taxation 2004 £'000	Net assets 2004 £'000
Retail	276,795	27,179	645,503
Wholesale	5,205	1,271	(3,529)
Net finance cost/borrowings	-	(11,574)	(191,437)
	<u>282,004</u>	<u>16,876</u>	<u>450,537</u>

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

2. Segmental reporting (continued)

b) 2003 - Geographical

	Turnover 2003 £'000	Profit/(loss) before taxation 2003 £'000	Net assets 2003 £'000
Retail	210,892	9,963	662,177
Wholesale	3,658	(4)	60
Net finance cost/borrowings	-	(9,457)	(171,641)
	<u>214,550</u>	<u>502</u>	<u>490,596</u>

3. Net operating expenses

	2004 £'000	2003 £'000
Selling and distribution costs	94,188	71,257
Administrative expenses	13,495	11,006
Other operating income	(1,785)	(1,045)
	<u>105,898</u>	<u>81,218</u>

4. Operating profit

	2004 £'000	2003 £'000
Depreciation of tangible fixed assets	6,825	5,105
Amortisation of goodwill	31,703	30,610
Profit on disposal of fixed assets	(11)	(43)
Auditors' remuneration		
Audit fees (company £5,000, 2003: £5,000)	185	123
Other services to the company and its subsidiaries	17	83
Operating lease rentals – land and buildings	<u>25,804</u>	<u>21,774</u>

5. Staff numbers and costs

The average monthly number of persons employed by the group during the year, were as follows:

	2004 No.	2003 No.
Administration	287	176
Retail	3,332	3,393
Distribution	228	235
	<u>3,847</u>	<u>3,804</u>

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

5. Staff numbers and costs (continued)

	2004 £'000	2003 £'000
Wages and salaries	37,699	29,670
Social security costs	2,622	2,098
Pension costs	563	521
	<u>40,884</u>	<u>32,289</u>

6. Interest receivable and similar income

	2004 £'000	2003 £'000
Bank interest	<u>636</u>	<u>538</u>

7. Interest payable and similar charges

	2004 £'000	2003 £'000
Bank interest	130	30
Group interest payable	12,080	9,965
	<u>12,210</u>	<u>9,995</u>

8. Directors' emoluments

The aggregate emoluments of the directors were:

	2004 £'000	2003 £'000
Aggregate emoluments	1,399	937
Pension costs	168	117
	<u>1,567</u>	<u>1,054</u>

The emoluments of the highest paid director were £357,628 (2003: £288,483). In addition, pension contributions of £70,599 (2003: £36,979) were made by the group.

Retirement benefits are accruing to five directors (2003: five) under the group's defined contribution pension scheme.

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

9. Tax on profit on ordinary activities

	2004 £'000	2003 £'000
Current tax		
UK corporation tax at 30% based on profit for the period	15,661	10,054
Adjustments in respect for the period	-	63
Current tax charge for the period	<u>15,661</u>	<u>10,117</u>
Deferred tax		
Origination and reversal of timing differences	740	(298)
Adjustment in respect of prior periods	297	65
Deferred tax credit for the period	<u>1,037</u>	<u>(233)</u>
	<u>16,698</u>	<u>9,884</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation	16,876	502
Profit on ordinary activities before taxation multiplied by the average rate of UK corporation tax for the period of 30%	<u>5,063</u>	<u>150</u>
Effects of:		
Disallowable expenses – goodwill amortisation	9,904	9,183
Other disallowable expenses	72	433
Capital allowances (less than) / in excess of depreciation	(16)	296
Movement in short term timing differences	(487)	33
Overseas carried forward tax losses	416	121
Utilisation of tax losses	(223)	(153)
Overseas tax rates	17	(9)
Adjustment in respect to release of intercompany creditor	915	-
Adjustments in respect of prior periods	-	63
	<u>15,661</u>	<u>10,117</u>

10. Dividends

	2004 £'000	2003 £'000
£216,445 (2003 - £9,615) per ordinary share	<u>43,289</u>	<u>1,923</u>

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

11. Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 October 2003	664,359
Adjustment to provisional values on prior year acquisition	(3,052)
At 30 September 2004	<u>661,307</u>
Amortisation	
At 1 October 2003	30,610
Amortisation for the year	31,703
At 30 September 2004	<u>62,313</u>
Net book value	
At 30 September 2004	<u>598,994</u>
At 30 September 2003	<u>633,749</u>

The adjustment to provisional values on prior year acquisitions relates to fair value adjustments on assets that have been reviewed and adjusted subsequent to acquisitions as permitted by FRS7.

The fair value of the net liabilities acquired in relation to the Health & Diet Group Ltd has been revised from £3,764,000 to £712,000. This is due to the release of former group creditors. Goodwill in relation to the Health & Diet Group, which is included in the above balance, is now calculated to be £11,351,000.

12. Tangible fixed assets

Group	Freehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost			
At 1 October 2003	11,329	27,455	38,784
Additions	5,285	3,110	8,395
Disposals	-	(5,672)	(5,672)
At 30 September 2004	<u>16,614</u>	<u>24,893</u>	<u>41,507</u>
Depreciation			
At 1 October 2003	511	4,594	5,105
Charge for the year	1,169	5,656	6,825
Disposals	-	(4,537)	(4,537)
At 30 September 2004	<u>1,680</u>	<u>5,713</u>	<u>7,393</u>
Net book value			
At 30 September 2004	<u>14,934</u>	<u>19,180</u>	<u>34,114</u>
At 30 September 2003	<u>10,818</u>	<u>22,861</u>	<u>33,679</u>

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

13. Fixed asset investments

Company	Share in group undertakings £'000
Cost	
At 1 October 2003 and 30 September 2004	304,557

Subsidiary undertakings incorporated in the United Kingdom

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
Beaumonts Health Stores Limited	Retailer of healthfood products	100%
Health & Diet Centres Limited	Retailer of healthfood products	100%
Holland & Barrett Holdings Limited	Holdings company	100%
Holland & Barrett Retail Limited	Retailer of healthfood products	100%
Nutrition Warehouse Limited	Wholesale of healthfood products	100%
Vitamin World Limited (*)	Retailer of healthfood products	100%

Subsidiary undertakings incorporated in the Republic of Ireland

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
Natures Way Limited	Retailer of health food products	100%

Subsidiary undertakings incorporated in the Netherlands

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
De Tuinen BV (*)	Retailer of health, lifestyle and giftware products	100%

(*) - directly held by NBTY Europe Limited.

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

14. Debtors

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Trade debtors	2,331	2,071	-	-
Amounts due from fellow group undertakings	-	-	27,406	23,117
Prepayments and accrued income	13,790	11,742	-	-
Deferred tax asset (see note 17)	295	443	-	-
	<u>16,416</u>	<u>14,256</u>	<u>27,406</u>	<u>23,117</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Trade creditors	20,801	22,776	-	-
Amounts owed to ultimate parent company	4,289	9,965	-	11,888
Amounts owed to other group companies	-	-	37,082	20,905
Other taxation and social security	5,237	2,102	-	-
Corporation tax payable	8,960	8,512	-	-
Other creditors and accruals	8,790	11,358	-	-
	<u>48,077</u>	<u>54,713</u>	<u>37,082</u>	<u>32,793</u>

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Amounts owed to parent company	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>

The amount owed to the parent company represents a promissory note of £200,000,000 by NBTY Europe Limited, all of which is repayable after five years. Interest on the loan is charged at a rate of 6 month LIBOR plus 1.75%, with interest being payable 6 months in arrears.

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

17. Provisions for liabilities and charges

	Deferred taxation £'000
Group	
At 1 October 2003	996
Charge to the profit and loss account	889
	<hr/>
At 30 September 2004	1,885
	<hr/>
Deferred tax (asset)	
At 1 October 2003	(443)
Charge to profit and loss account	148
	<hr/>
At 30 September 2004	(295)
	<hr/>
Net deferred taxation	1,590
	<hr/>

The net deferred tax liability consists of the following amounts:

	2004 £'000	2003 £'000
Capital allowances in excess of depreciation	1,811	901
Other short-term differences	(221)	(348)
	<hr/>	<hr/>
	1,590	553
	<hr/>	<hr/>

The company has no deferred tax asset or liability.

18. Share capital

	2004 £'000	2003 £'000
Group and company		
Authorised:		
1,000 ordinary shares of £1 each	1	1
	<hr/>	<hr/>
Allotted, called up and fully paid:		
200 ordinary shares of £1 each	-	-
	<hr/>	<hr/>

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

19. Reserves

Group	Merger reserve £'000	Share premium £'000	Profit and loss account £'000
At 1 October 2003	418,249	83,652	(11,305)
Loss for the period	-	-	(43,111)
At 30 September 2004	<u>418,249</u>	<u>83,652</u>	<u>(54,416)</u>
Company			
At 1 October 2003	-	83,652	11,229
At 30 September 2004	<u>-</u>	<u>83,652</u>	<u>11,229</u>

As permitted by Section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these accounts. The profit for the financial period before dividends dealt with in the accounts of the company was £43,289 (2003: £ 1,923).

Merger reserve

The merger reserve was created in the prior year on the acquisition of the Vitamin World group.

20. Commitments under operating leases

Annual commitments under non-cancellable operating leases in respect of land and buildings are:

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Commitments which expire:				
Within one year	1,658	1,107	-	-
Within two to five years	7,865	6,973	-	-
After five years	18,786	16,554	-	-
	<u>28,309</u>	<u>24,634</u>	<u>-</u>	<u>-</u>

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Notes to the accounts (continued) Year ended 30 September 2004

21. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Profit/(loss) for the period	178	(9,382)	43,289	13,152
Dividends	(43,289)	(1,923)	(43,289)	(1,923)
	<u>(43,111)</u>	<u>(11,305)</u>	<u>-</u>	<u>11,229</u>
Merger reserve arising on acquisition	-	418,249	-	-
Net proceeds on issue of share capital	-	83,652	-	83,652
	<u>-</u>	<u>490,596</u>	<u>-</u>	<u>94,881</u>
Net (reductions)/addition to shareholders' funds	-	490,596	-	94,881
Shareholders' funds at 1 October	490,596	-	94,881	-
Shareholders' funds at 30 September	<u>447,485</u>	<u>490,596</u>	<u>94,881</u>	<u>94,881</u>

22. Capital commitments

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Capital expenditure contracted but not provided	<u>1,002</u>	<u>403</u>	<u>-</u>	<u>-</u>

23. Pension obligations

The assets of the schemes are held separately from those of the Company in independently administered funds. The total cost for the company was as follows:

	2004	2003
	£'000	£'000
Defined contribution	556	504
Defined benefit	<u>7</u>	<u>17</u>
	<u>563</u>	<u>521</u>

Defined contribution scheme

The pension cost for the defined contribution scheme represents contributions payable by the company. A pension prepayment of £Nil was held at 30 September 2004 (2003: £5,272).

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Notes to the accounts (continued) Year ended 30 September 2004

Defined benefit scheme

The group operates a funded defined benefit scheme in the UK, the Health & Diet Food Company Limited Pension and Life Assurance Scheme (1975) since the acquisition of the trade and assets of the Health & Diet Food Company Limited on 10 March 2003. The assets of the scheme are held entirely in the form of a with-profits policy held with the Equitable Life Assurance Society.

The latest actuarial assessment was at 1 October 2003. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries. It was assumed that the investment return pre and post retirement would be 7% and 6% respectively and that salary increases would average 6% per annum. At the date of the latest actuarial valuation, the market value of the assets was £1,050,000 which was sufficient to cover 78% of the benefits that had accrued to members, after allowing for expected future increases in pensionable remuneration. The actuarial surplus is being spread over the average remaining service lives of current members.

FRS 17 disclosures

The group is required to provide disclosures for the defined benefit scheme under the transitional arrangements for FRS 17 "Retirement Benefits".

For the purpose of transitional disclosure in the accounts, a valuation of the liabilities was carried out at 30 September 2004 by a qualified independent actuary. The major assumptions used by the actuary were:

	2004	2003	2002
Rate of increases in salaries	n/a	2.7%	2.4%
Rate of increase in pensions payment	2.9%	5.0%	5.0%
Discount rate	5.5%	5.4%	5.4%
Inflation assumption	3.1%	2.7%	2.4%
Rate of increases in deferred pensions	3.1%	2.7%	2.4%

The assets valued below are in the form of an insurance policy invested in a with-profits fund with the Equitable Life Assurance Society. The value has been taken as the policy value that would have been available had all members retired on 30 September 2004. The value shown is not necessarily the value that would be available were the policy to be surrendered.

The assets in the scheme and the expected rate of return were:

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Notes to the accounts (continued) Year ended 30 September 2004

23. Pension obligations (continued)

	Long term rate of return expected at 30 September 2004	Value at 30 September 2004 £'000	Long term rate of return expected at 30 September 2003	Value at 30 September 2003 £'000	Long term rate of return expected at 30 September 2002	Value at 30 September 2002 £'000
With profits	5.15%	1,249	4.8%	1,021	4.5%	1,336
Total market value of assets		1,249		1,021		1,336
Present value of scheme liabilities		(1,282)		(1,268)		(1,366)
Deficit		(33)		(247)		(30)
Related deferred tax asset		-		-		-
Net pension deficit		(33)		(247)		(30)

If the above pension deficit was recognised in the financial statements, the group's net assets and profit and loss reserve would be as follows:

	2004 £'000	2003 £'000
Net assets excluding pension deficit	447,485	490,596
FRS 17 pension deficit	(33)	(247)
Less: FRS 17 pension deficit on acquisition included in goodwill	30	30
Net assets including pension deficit	447,482	490,379
Profit and loss reserve excluding deficit	(54,416)	(11,305)
FRS 17 pension deficit	(33)	(247)
Less: FRS 17 pension deficit on acquisition included in goodwill	30	30
Net assets including pension deficit	(54,419)	(11,522)
Analysis of the amount that would have been charged to operating profit		
	2004 £'000	2003 £'000
Current service cost	7	34
Charge to operating profit	7	34

NBTY Europe Limited

Notes to the accounts (continued) Year ended 30 September 2004

23. Pension obligations (continued)

Amount that would have been charged to other finance income

	2004 £'000	2003 £'000
Expected return on pension scheme assets	49	39
Interest on pension scheme liabilities	(66)	(53)
Net return	(17)	(14)

Amount that would have been recognised in the Statement of Total Recognised Gains and Losses

	2004 £'000	2003 £'000
Actual return less expected return on assets	176	(63)
Experience gains and losses on liabilities	103	(76)
Changes in assumptions	(53)	(64)
Actuarial gain/(loss) recognised	226	(203)

Movement in the deficit during the period

	2004 £'000	2003 £'000
Deficit in scheme at start of period	(247)	(30)
Movement in period		
Current service cost	(7)	(34)
Contributions	12	34
Other finance expenses	(17)	(14)
Actuarial gain/(loss)	226	(203)
Deficit in scheme at end of the period	(33)	(247)

History of experience gains and losses

	2004 £'000	2003 £'000	2002 £'000
Difference between the expected and actual return on scheme assets			
Amount (£'000)	176	(63)	36
Percentage of assets	14%	(6%)	3%
Experience gains and losses on scheme liabilities			
Amount (£'000)	103	(76)	22
Percentage of present value of scheme liabilities	8%	(6%)	2%
Amount in statement of total recognised gains and losses			
Amount (£'000)	226	(203)	356
Percentage of the present value of scheme liabilities	18%	(16%)	26%

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Notes to the accounts (continued) Year ended 30 September 2004

24. Ultimate parent company

The immediate and ultimate controlling parent company is NBTY Inc., a company incorporated in United States of America.

Copies of the parent's consolidated accounts may be obtained from NBTY Inc., 90 Orville Drive, Bohemia, New York 11716, USA.