

THE QUANTUM BEAUTY COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2005



Company Registration Number 04947088

Tenon Limited
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

THE QUANTUM BEAUTY COMPANY LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

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THE QUANTUM BEAUTY COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
PERIOD ENDED 31 JANUARY 2005

The director	G Riddick
Company secretary	J Riddick
Registered office	Acre Road Reading Berkshire RG2 0SU
Auditors	Tenon Audit Limited Charnwood House Gregory Boulevard Nottingham NG7 6NX
Accountants	Tenon Limited Charnwood House Gregory Boulevard Nottingham NG7 6NX

THE QUANTUM BEAUTY COMPANY LIMITED

THE DIRECTOR'S REPORT

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

The director presents his report and the financial statements of the company for the period from 29 October 2003 to 31 January 2005.

Principal activities

The company was incorporated on 29 October 2003 under the name Oval (1917) Limited.

On 24 February 2004, the company changed its name to The Quantum Beauty Company Limited.

The principal activities of the company are the manufacture and distribution of items of traditional English perfumery.

Directors

The directors who served the company during the period were as follows:

G Riddick	(Appointed 15 January 2004)
Oval Nominees Limited	(Resigned 15 January 2004)

Director's responsibilities

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 at the end of the period and of the profit or loss for the period then ended. 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
- 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. The directors 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.

Auditors

On 28 February 2005 our auditors, Blueprint Audit Limited changed their name to Tenon Audit Limited and have signed the audit report in their new name.

Tenon Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

THE QUANTUM BEAUTY COMPANY LIMITED

THE DIRECTOR'S REPORT *(continued)*

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

Small company provisions

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

Signed by order of the director



J Riddick
Company Secretary

Approved by the director on 7 July 2005

THE QUANTUM BEAUTY COMPANY LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE
QUANTUM BEAUTY COMPANY LIMITED

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

We have audited the financial statements of The Quantum Beauty Company Limited for the period from 29 October 2003 to 31 January 2005 on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

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 Director's 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 Director's 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 director's remuneration and transactions with the company is not disclosed.

We read other information contained in the Director's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Tenon audit

THE QUANTUM BEAUTY COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE QUANTUM BEAUTY COMPANY LIMITED *(continued)*

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2005 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor

Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

7 July 2005

THE QUANTUM BEAUTY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

	Note	Period from 29 Oct 03 to 31 Jan 05 £
Turnover	2	2,590,027
Cost of sales		(1,239,799)
Gross profit		<u>1,350,228</u>
Distribution costs		(805,546)
Administrative expenses		(412,469)
Other operating income	3	28,785
Operating profit	4	<u>160,998</u>
Interest receivable		3,297
Interest payable and similar charges		(8,635)
Profit on ordinary activities before taxation		<u>155,660</u>
Tax on profit on ordinary activities	5	(44,000)
Retained profit for the financial period		<u><u>111,660</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 8 to 12 form part of these financial statements.

THE QUANTUM BEAUTY COMPANY LIMITED

BALANCE SHEET

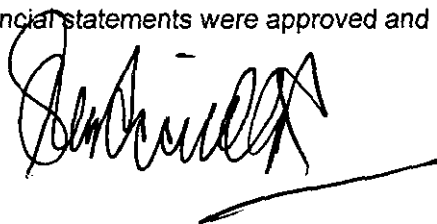
31 JANUARY 2005

	Note	£	31 Jan 05 £
Fixed assets			
Intangible assets	6		392,000
Tangible assets	7		<u>3,079</u>
			395,079
Current assets			
Stocks		54,787	
Debtors	8	221,158	
Cash at bank		<u>281,293</u>	
		557,238	
Creditors: amounts falling due within one year	9	<u>(375,657)</u>	
Net current assets			181,581
Total assets less current liabilities			<u>576,660</u>
Creditors: amounts falling due after more than one year	10		(215,000)
			<u><u>361,660</u></u>
Capital and reserves			
Called-up share capital	12		250
Share premium account	13		249,750
Profit and loss account	14		111,660
Shareholders' funds	15		<u><u>361,660</u></u>

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

These financial statements were approved and signed by the director on 7 July 2005.

G Riddick
Director



The notes on pages 8 to 12 form part of these financial statements.

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The director has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill - over 5 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant & Machinery - 25% - 33% straight line
Fixtures & Fittings - 25% - 33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of 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 or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis 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 enacted or substantively enacted at the balance sheet date.

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

1. Accounting policies (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Period from 29 Oct 03 to 31 Jan 05 £
United Kingdom	2,193,592
Overseas sales	396,435
	<u>2,590,027</u>

3. Other operating income

	Period from 29 Oct 03 to 31 Jan 05 £
Management charges receivable	<u>28,785</u>

4. Operating profit

Operating profit is stated after charging/(crediting):

	Period from 29 Oct 03 to 31 Jan 05 £
Staff pension contributions	3,877
Amortisation	98,000
Depreciation of owned fixed assets	506
Auditors' fees	5,000
Net profit on foreign currency translation	<u>(2,367)</u>

5. Taxation on ordinary activities

(a) Analysis of charge in the period

	Period from 29 Oct 03 to 31 Jan 05 £
UK Corporation tax	<u>44,000</u>

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

5. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30%.

	Period from 29 Oct 03 to 31 Jan 05 £
Profit on ordinary activities before taxation	155,660
Profit on ordinary activities after taxation at applicable tax rate	46,698
Effects of:	
Expenses not deductible for tax purposes	1,462
Depreciation in excess of capital allowances	(278)
Marginal relief	(3,882)
Total current tax (note 5(a))	44,000

6. Intangible fixed assets

	Goodwill £
Cost	
Additions	490,000
At 31 January 2005	490,000
Amortisation	
Charge for the period	98,000
At 31 January 2005	98,000
Net book value	
At 31 January 2005	392,000

7. Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost			
Additions	3,159	426	3,585
At 31 January 2005	3,159	426	3,585
Depreciation			
Charge for the period	492	14	506
At 31 January 2005	492	14	506
Net book value			
At 31 January 2005	2,667	412	3,079

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

8. Debtors

	31 Jan 05
	£
Trade debtors	167,339
VAT recoverable	3,355
Other debtors	50,464
	<u>221,158</u>

9. Creditors: amounts falling due within one year

	31 Jan 05
	£
Trade creditors	136,046
Corporation tax	44,000
Other taxation and social security	4,281
Other creditors	191,330
	<u>375,657</u>

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

	31 Jan 05
	£
Amounts owed to group undertakings	<u>215,000</u>

11. Related party transactions

Included within creditors due after more than one year is a loan from Maxima Cosmetics AG, the ultimate parent company. The amount outstanding at the year-end was £215,000 which is repayable on 30th January 2009. The loan bears fixed interest at 4% per annum calculated in arrears.

12. Share capital

Authorised share capital:

	31 Jan 05
	£
1,000 Ordinary shares of £1 each	<u>1,000</u>

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	<u>250</u>	<u>250</u>

13. Share premium account

	Period from 29 Oct 03 to 31 Jan 05
	£
Premium on shares issued in the period	<u>249,750</u>
Balance carried forward	<u>249,750</u>

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 29 OCTOBER 2003 TO 31 JANUARY 2005

14. Profit and loss account

	Period from 29 Oct 03 to 31 Jan 05 £
Retained profit for the financial period	111,660
Balance carried forward	<u>111,660</u>

15. Reconciliation of movements in shareholders' funds

	£	31 Jan 05 £
Profit for the financial period		111,660
New equity share capital subscribed	250	
Premium on new share capital subscribed	<u>249,750</u>	
		250,000
Net addition to shareholders' equity funds		<u>361,660</u>
Closing shareholders' equity funds		<u>361,660</u>

16. Ultimate parent company

The company is a wholly owned subsidiary of Maxima Cosmetics AG.