

THE QUANTUM BEAUTY COMPANY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2007



Company Registration Number 04947088

Tenon Limited
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

THE QUANTUM BEAUTY COMPANY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2007

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THE QUANTUM BEAUTY COMPANY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 JANUARY 2007

The director	G Riddick
Company secretary	J Riddick
Business address	200 Brook Drive Green Park Reading Berkshire RG2 6UB
Registered office	66 Chiltern Street London W1U 4JT
Auditor	Tenon Audit Limited Registered Auditor 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

YEAR ENDED 31 JANUARY 2007

The director presents his report and the financial statements of the company for the year ended 31 January 2007

Principal activities and business review

The principal activities of the company are the manufacture and distribution of hair care products

The director is satisfied with the result for the year under review and is confident of future prospects

Director

The director who served the company during the year was as follows

G Riddick

Financial instruments risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

Director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

In so far as the director, individually, is aware

- there is no relevant audit information of which the company's auditor is unaware, and
 - the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information
-

THE QUANTUM BEAUTY COMPANY LIMITED

THE DIRECTOR'S REPORT *(continued)*

YEAR ENDED 31 JANUARY 2007

Auditor

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

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 13 July 2007

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE QUANTUM BEAUTY COMPANY LIMITED

YEAR ENDED 31 JANUARY 2007

We have audited the financial statements of The Quantum Beauty Company Limited on pages 6 to 13 for the year ended 31 January 2007. 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 director and auditor

As described in the statement of director's responsibilities the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Director's 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 director's remuneration and other transactions is not disclosed.

We read the Director's 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 judgements made by the director 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 AUDITOR'S REPORT TO THE MEMBERS OF THE QUANTUM BEAUTY COMPANY LIMITED *(continued)*

YEAR ENDED 31 JANUARY 2007

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2007 and of its profit 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 Director's Report is consistent with the financial statements

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

24 July 2007

THE QUANTUM BEAUTY COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 JANUARY 2007

	Note	2007 £	2006 £
Turnover	2	2,814,504	2,574,085
Cost of sales		(1,248,962)	(1,201,256)
Gross profit		<u>1,565,542</u>	<u>1,372,829</u>
Distribution costs		(931,793)	(868,364)
Administrative expenses		(549,076)	(481,938)
Operating profit	3	<u>84,673</u>	<u>22,527</u>
Interest receivable		6,142	4,237
Interest payable and similar charges	5	(8,963)	(8,898)
Profit on ordinary activities before taxation		<u>81,852</u>	<u>17,866</u>
Tax on profit on ordinary activities	6	(20,071)	(1,547)
Profit for the financial year		<u>61,781</u>	<u>16,319</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 year as set out above

The notes on pages 8 to 13 form part of these financial statements

THE QUANTUM BEAUTY COMPANY LIMITED

BALANCE SHEET

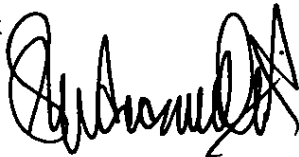
31 JANUARY 2007

	Note	2007 £	£	2006 £	£
Fixed assets					
Intangible assets	7		196,000		294,000
Tangible assets	8		9,864		14,570
			<u>205,864</u>		<u>308,570</u>
Current assets					
Stocks		287,703		110,280	
Debtors	9	317,264		262,119	
Cash at bank		528,353		283,538	
		<u>1,133,320</u>		<u>655,937</u>	
Creditors: Amounts falling due within one year	10	<u>(684,424)</u>		<u>(371,528)</u>	
Net current assets			448,896		284,409
Total assets less current liabilities			<u>654,760</u>		<u>592,979</u>
Creditors. Amounts falling due after more than one year	11		<u>(215,000)</u>		<u>(215,000)</u>
			<u>439,760</u>		<u>377,979</u>
Capital and reserves					
Called-up share capital	13		250		250
Share premium account	14		249,750		249,750
Profit and loss account	15		189,760		127,979
Shareholders' funds	16		<u>439,760</u>		<u>377,979</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 13 July 2007

G Riddick
Director



The notes on pages 8 to 13 form part of these financial statements

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2007

1. Accounting policies (continued)

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

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 shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax. During the year 11% (2006 11%) of turnover was attributable to sales outside of the United Kingdom.

3. Operating profit

Operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Staff pension contributions	4,953	3,750
Amortisation	98,000	98,000
Depreciation of owned fixed assets	6,197	2,762
Loss on disposal of fixed assets	134	–
Auditor's fees	5,804	5,150
Net loss/(profit) on foreign currency translation	<u>5</u>	<u>(99)</u>

4. Director's emoluments

The director's aggregate emoluments in respect of qualifying services were

	2007	2006
	£	£
Aggregate emoluments	90,735	81,163
Value of company pension contributions to money purchase schemes	<u>4,134</u>	<u>3,750</u>
	<u>94,869</u>	<u>84,913</u>

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2007

4. Director's emoluments (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	2007	2006
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

5. Interest payable and similar charges

	2007	2006
	£	£
Other interest and similar charges	<u>8,963</u>	<u>8,898</u>

Interest paid to group undertakings amounted to £8,600 (2006 - £8,600)

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£	£
UK Corporation tax	20,146	3,100
Over provision in prior year	(75)	(1,553)
	<u>20,071</u>	<u>1,547</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 19%)

	2007	2006
	£	£
Profit on ordinary activities before taxation	<u>81,852</u>	<u>17,866</u>
Profit on ordinary activities after taxation at applicable tax rate	24,556	3,395
Effects of		
Expenses not deductible for tax purposes	579	366
Depreciation in excess of capital allowances	877	(661)
Adjustments to tax charge in respect of previous periods	(75)	(1,553)
Marginal relief	(5,866)	-
Total current tax (note 6(a))	<u>20,071</u>	<u>1,547</u>

(c) Factors that may affect future tax charges

The company expects to continue paying tax at the large company rate

THE QUANTUM BEAUTY COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JANUARY 2007

7. Intangible fixed assets

	Goodwill £
Cost	
At 1 February 2006 and 31 January 2007	<u>490,000</u>
Amortisation	
At 1 February 2006	196,000
Charge for the year	<u>98,000</u>
At 31 January 2007	<u>294,000</u>
Net book value	
At 31 January 2007	<u>196,000</u>
At 31 January 2006	<u>294,000</u>

8 Tangible fixed assets

	Plant & Machinery £	Fixtures & Fittings £	Total £
Cost			
At 1 February 2006	16,883	955	17,838
Additions	1,838	—	1,838
Disposals	(499)	—	(499)
At 31 January 2007	<u>18,222</u>	<u>955</u>	<u>19,177</u>
Depreciation			
At 1 February 2006	3,058	210	3,268
Charge for the year	5,957	240	6,197
On disposals	(152)	—	(152)
At 31 January 2007	<u>8,863</u>	<u>450</u>	<u>9,313</u>
Net book value			
At 31 January 2007	<u>9,359</u>	<u>505</u>	<u>9,864</u>
At 31 January 2006	<u>13,825</u>	<u>745</u>	<u>14,570</u>

9. Debtors

	2007 £	2006 £
Trade debtors	248,779	197,874
Other debtors	68,485	64,245
	<u>317,264</u>	<u>262,119</u>

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2007

10. Creditors: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	438,099	274,811
Corporation tax	20,146	3,100
Other taxation and social security	11,077	27,067
Other creditors	215,102	66,550
	<u>684,424</u>	<u>371,528</u>

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

	2007 £	2006 £
Amounts owed to group undertakings	<u>215,000</u>	<u>215,000</u>

12. 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 (2006 £215,000) which is repayable on 30th January 2009. The loan bears fixed interest at 4% per annum calculated in arrears.

During the year the company made sales of £277,142 (2006 £252,439) to Romella International AB and purchases of £10,650 (2006 £nil) from Romella International AB, a related party by virtue of common ownership. All transactions took place under normal commercial terms and at arm's length. At the year end £50,260 (2006 £33,923) was due to The Quantum Beauty Company Limited and is included in trade debtors and £2,712 (2006 £nil) was owed to Romella International AB and is included in trade creditors.

13. Share capital

Authorised share capital:

	2007 £	2006 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>

14. Share premium account

There was no movement on the share premium account during the financial year.

THE QUANTUM BEAUTY COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2007

15. Profit and loss account

	2007	2006
	£	£
Balance brought forward	127,979	111,660
Profit for the financial year	61,781	16,319
Balance carried forward	<u>189,760</u>	<u>127,979</u>

16. Reconciliation of movements in shareholders' funds

	2007	2006
	£	£
Profit for the financial year	61,781	16,319
Opening shareholders' funds	<u>377,979</u>	<u>361,660</u>
Closing shareholders' funds	<u>439,760</u>	<u>377,979</u>

17. Ultimate controlling party

The ultimate parent company and controlling party of The Quantum Beauty Company Limited is Maxima Cosmetics AG, registered in Switzerland