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MM Group Holdings Limited

Report and Financial Statements

Period Ended

30 April 2008



BDO Stoy Hayward
Chartered Accountants

MM Group Holdings Limited

Annual report and financial statements for the period ended 30 April 2008

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Directors

J Kaye
K Street
I MacRitchie
Z Eisenberg
P Hick
I John
P Boddy

Secretary and registered office

I John

Unit 1, Horizon Point, Swallowdale Lane, Hemel Hempstead, Herts, HP2 7FZ

Company number

06445049

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

MM Group Holdings Limited

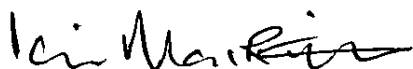
Chairman's statement

I am delighted to be introducing the first set of accounts of Maximuscle Group Holdings Limited, which was incorporated on 4 December 2007. Those of you familiar with the Maximuscle brand will be aware that it has been around for 15 years or so, but these accounts are the first to be prepared following the acquisition of the business by Darwin Private Equity I L.P. ("Darwin") on 12 December 2007.

We have made good progress since the date of acquisition and the outlook for the coming year is encouraging. Turnover in Maximuscle Limited for the 12 months to April 2008 is up 24% on the previous year as the Group's products increasingly penetrate a wider consumer audience and the Group continues to be strongly cash generative.

I would like to welcome Peter Boddy to the executive team as Chief Executive. Peter brings a wealth of relevant experience from his time with Fitness First and will be focussing on ways in which to accelerate our already strong growth. Another important milestone is our recent move to a brand new marketing and distribution centre in Hemel Hempstead. This capacity increase will support our expansion plans in the UK and internationally for the foreseeable future.

Finally, I would like to thank the management and staff not only for their patience and understanding during the inevitable uncertainty of the change of ownership, but also for all their efforts throughout the year, which is reflected in the trading performance in these accounts.



Iain MacRitchie
Chairman

25/09/08

MM Group Holdings Limited

Report of the directors for the period ended 30 April 2008

The directors present their report together with the audited financial statements for the period ended 30 April 2008. The company was incorporated on 4 December 2007.

Results and dividends

The profit and loss account is set out on page 8 and shows the loss for the period.

The directors do not recommend the payment of a dividend.

Principal activities

The principal activity of the company during the period was to act as a holding company.

The company owns the entire share capital of Maximuscle Limited, a company engaged in the supply and distribution of specialist health food supplements.

Review of business

The results for the period and financial position of the group are as shown in the annexed financial statements.

On 12 December 2007 the group acquired the entire share capital of Maximuscle Holdings Limited and its subsidiaries, a group engaged in the supply and distribution of specialist sports nutrition products.

The directors are satisfied with the results for the period and the state of affairs of the Group at the balance sheet date. The directors do not recommend the payment of a dividend.

The directors use a number of measures, both financial and non-financial, to monitor and benchmark the performance of the Group. They regard the following as the key financial indicators of performance.

- Sales growth - measuring the effectiveness of the Group's operations in achieving year on year growth targets
- Operating profit - measuring the profits generated by the Group's operations; and
- Net cash flow from operating activities - measuring the performance in translating operating profit into cash flow through management of working capital

The key non-financial indicators used by the Group are:

- Market share - indicating the relative growth of the business against its key competitors;
- Web analytics - monitoring activity such as website hits and baskets created to indicate customer interest; and activity
- Consumer segmentation - monitoring the performance of the business in relation to our key target groups; and,
- Distribution share - shelf space occupied by the Maximuscle products in retail locations

MM Group Holdings Limited

Report of the directors for the period ended 30 April 2008 (*Continued*)

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are currency risk, interest rate risk, liquidity risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk. As far as possible the assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures, including those associated with forecast transactions, are hedged when known, principally using forward currency contracts. Whilst the aim is to achieve an economic hedge the group does not adopt an accounting policy of hedge accounting for these financial statements. Foreign exchange differences on retranslation of these assets and liabilities are taken to the profit and loss account.

Interest rate risk

The Group finances its operations through a mixture of retained profits and borrowings. Hedging instruments are used to mitigate the risk and the directors consider the risks to be adequately hedged as at the balance sheet date.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk

The principal credit risk arises from trade debtors. In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Research and development

The Group continues to seek to develop new specialist unique foods supplements for particular niche markets.

Going concern

After making enquiries, the directors consider that the group has more than adequate resources to continue in operational existence for the foreseeable future. For this reason, the accounts have been prepared on a going concern basis.

Future developments

The directors consider the level of trading achieved by the Group to be satisfactory. They expect Group profit to increase and for growth to continue in 2009. The directors are very optimistic about the continued growth in turnover in the forthcoming year.

Charitable contributions

During the period the Group made charitable contributions of £77.

MM Group Holdings Limited

Report of the directors for the period ended 30 April 2008

Payment of creditors

The Group pays trade creditors in accordance with the terms of credit agreed at the time of the transaction.

Employee consultation and disabled employees

Recruitment policies are designed to ensure equal opportunity of employment regardless of race, sex or age. Appropriate consideration is given to disabled applicants in offering employment.

Good communications and relations with employees are maintained, mainly by practices developed in each operating unit compatible with its own particular circumstances. Senior management are kept abreast of Group development in financial, commercial, strategic and personnel matters and are thereby enabled to inform and discuss with the employees as appropriate within the individual operating units.

Directors

The directors of the company during the period were:

J Kaye	(appointed 5 December 2007)
K Street	(appointed 5 December 2007)
I MacRitchie	(appointed 12 December 2007)
Z Eisenberg	(appointed 12 December 2007)
P Hick	(appointed 12 December 2007)
I John	(appointed 12 December 2007)
P Boddy	(appointed 28 April 2008)
T Bell	(appointed 12 December 2007; resigned 28 March 2008)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 Group and of the profit or loss of the Group 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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.

MM Group Holdings Limited

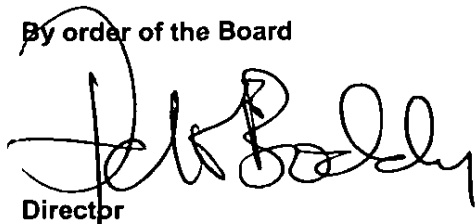
Report of the directors for the period ended 30 April 2008 (Continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP, who were appointed as first auditors of the company by the directors, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

A handwritten signature in black ink, appearing to be 'J. K. Bailey', written over a horizontal line.

Director

Date

25/9/08

MM Group Holdings Limited

Report of the independent auditors

To the shareholders of MM Group Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of MM Group Holdings Limited for the period ended 30 April 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Chairman's statement and the directors' report is consistent with those financial statements. We also 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 directors' remuneration and other transactions 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

MM Group Holdings Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 30 April 2008 and of its loss for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30 April 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

BDO _____ LW

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
London

Date

25/09/2008

MM Group Holdings Limited

Consolidated profit and loss account for the period ended 30 April 2008

	Note	5 months ended 30 April 2008 £
Turnover	2	11,573,185
Net operating costs	2	(11,950,939)
Operating loss		(377,754)
Interest receivable and similar income		27,342
Interest payable and similar charges	3	(3,438,464)
Loss on ordinary activities before taxation	2	(3,788,876)
Taxation on loss from ordinary activities	6	(791,719)
Loss on ordinary activities after taxation		(2,997,157)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 12 to 27 form part of these financial statements.

MM Group Holdings Limited

Consolidated balance sheet
at 30 April 2008

	Note	£	£
Fixed assets			
Intangible assets	7		71,672,695
Tangible assets	8		109,390
			<hr/>
			71,782,085
Current assets			
Stocks	10	1,348,995	
Debtors	11	3,667,225	
Cash at bank and in hand		4,529,732	
		<hr/>	
		9,545,952	
Creditors: amounts falling due within one year	12	4,912,781	
		<hr/>	
Net current assets			4,633,171
			<hr/>
Total assets less current liabilities			76,415,256
Creditors: amounts falling due after more than one year	13		78,446,162
			<hr/>
			(2,030,906)
			<hr/>
Capital and reserves			
Called up share capital	15		9,663
Share premium account	17		956,588
Profit and loss account	16, 18		(2,997,157)
			<hr/>
Shareholders' deficit	18		(2,030,906)
			<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on

25/09/08

Director

The notes on pages 12 to 27 form part of these financial statements.

MM Group Holdings Limited

Company balance sheet
at 30 April 2008

	Note	£	£
Fixed assets			
Investments	9		747,720
Current assets			
Debtors	11	218,531	
Creditors: amounts falling due within one year	12	22,500	
Net current assets			196,031
Total assets less current liabilities			943,751
Capital and reserves			
Called up share capital	15		9,663
Share premium account	17		956,588
Profit and loss account	16, 18		(22,500)
Shareholders' funds			943,751

The financial statements were approved by the Board of Directors and authorised for issue on

25/09/08

Director

The notes on pages 12 to 27 form part of these financial statements.

MM Group Holdings Limited

Consolidated cash flow statement for the period ended 30 April 2008

	Note	£	£
Net cash inflow from operating activities	22		3,049,142
Returns on investments and servicing of finance			
Interest received		27,342	
Interest paid		(1,245,531)	
Net cash outflow from returns on investments and servicing of finance			(1,218,189)
Taxation			
UK corporation tax refunded			250,404
Capital expenditure and financial investment			
Purchases of tangible fixed assets			(18,784)
Acquisitions and disposals			
Purchase of subsidiary undertaking		(75,443,130)	
Cash outflow – bank overdraft acquired with subsidiary		(331,904)	
			(75,775,034)
Financing			
Issue of share capital		966,251	
New bank loans		30,000,000	
New mezzanine loan		12,000,000	
New loan notes		38,226,859	
Finance issue costs		(2,950,917)	
			78,242,193
Increase in cash	23,24		4,529,732

The notes on pages 12 to 27 form part of these financial statements.

MM Group Holdings Limited

Notes forming part of the financial statements for the period ended 30 April 2008

1 Accounting policies

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

The following principal accounting policies have been applied:

Basis of consolidation

The group financial statements consolidate those of the company and its subsidiaries. The results of any subsidiaries acquired or disposed of during the period are included from the effective date of acquisition and up to the effective date of disposal.

At the date of acquisition of a subsidiary, the cost of the investment is allocated to the fair value of individual identifiable assets and liabilities of the subsidiary on the same accounting basis as those adopted by the company.

Goodwill

Goodwill arising on consolidation representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired is capitalised and is amortised on a straight line basis over its estimated useful economic life of 10 years.

Going concern

The accounts have been prepared on the going concern basis as the directors believe that, based upon the group's existing facilities and forecasts, it has more than adequate resources to meet its obligations as they fall due.

Turnover

Turnover, which is recognised on despatch of goods, represents net invoiced sales of goods excluding VAT.

Intangible fixed assets

Patents and licences are amortised over their expected useful economic lives of 20 years on a straight line basis.

Tangible fixed assets and depreciation

All fixed assets are recorded at cost, less a provision for depreciation.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates and methods of depreciation are as follows:

Leasehold property	-	Over the term of the lease
Plant and machinery	-	Straight line over 5 years
Furniture and fixtures	-	Straight line over 5 years
Computer and website costs	-	Straight line over 3 years

MM Group Holdings Limited

Notes forming part of the financial statements for the period ended 30 April 2008

1 Accounting policies (Continued)

Investments

Investments held as fixed assets are stated at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in first out basis.

Finance costs

Finance costs are capitalised and amortised over 4 years.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Research and development

Research expenditure is charged to profits in the period in which it is incurred. Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty and amortised in line with the expected revenue arising from the projects. All other development costs are written off in the period in which they are incurred.

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 result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008

1 Accounting policies (*Continued*)

Pension

The Group operates a defined contribution scheme.

The pension costs charged against profits represent the amount of the contributions payable to individual employee personal pension schemes in respect of the accounting period.

Website costs

Development costs for websites have been capitalised where the website will be used to directly generate sales.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to reserves.

2 Turnover and operating loss

The turnover and loss before tax are attributable to the principal activity of the company. 9% of the turnover of the group is attributable to Europe.

Included within turnover is an amount of £417,287 relating to barter transactions.

Net operating cost

**5 months
ended
30 April
2008
£**

The operating loss is stated after charging:

Changes in stock levels	1,348,995
Staff costs (note 4)	800,660
Depreciation of tangible fixed assets	25,188
Amortisation of patents and licences	684
Amortisation of goodwill	2,864,499
Research and development	69,620
Other operating charges	6,841,293
	<hr/>
	11,950,939

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (Continued)

2 Turnover and operating loss (Continued)

The operating loss is stated after charging:

	5 months ended 30 April 2008 £
Auditor's remuneration - Audit fees	38,000
- Non audit fees	8,750
Operating lease rentals - plant and machinery	6,300
Other operating leases including land and buildings	40,183
	<hr/>

3 Interest payable and similar charges

	5 months ended 30 April 2008 £
Bank interest	6,284
Loan note interest	1,729,839
Bank loan interest	1,702,341
	<hr/>
	3,438,464
	<hr/>

4 Employees

	5 months ended 30 April 2008 £
Staff costs consist of:	
Wages and salaries	716,599
Social security costs	79,728
Pension costs	4,333
	<hr/>
	800,660
	<hr/>

The average number of employees in the Group including directors during the period was:

	Number
Management and office administration	12
Sales and marketing	44
	<hr/>
	56
	<hr/>

The Company has no employees.

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (*Continued*)

5 Directors

5 months
ended
30 April
2008
£

Directors' remuneration consists of:

Emoluments	124,214
Pension contributions to money purchase schemes	2,500
Amounts paid to third parties in respect of directors' services	18,750
	<hr/>
	145,464

The number of directors to whom retirement benefits were accruing was nil.

Highest paid director

Emoluments	63,024
Pension contributions to money purchase schemes	2,500
	<hr/>
	65,524

There were nil directors in the Group's defined contribution scheme.

6 Taxation

5 months
ended
30 April
2008
£

Current tax

UK corporation tax on result for the period	(791,719)
	<hr/>
Taxation on result for ordinary activities	(791,719)

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (*Continued*)

6 Taxation (*Continued*)

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

	5 months ended 30 April 2008 £
Loss on ordinary activities before tax	(3,788,876)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(1,136,663)
Effects of:	
Expenses not deductible for tax purposes	342,504
Capital allowances in excess of depreciation	2,440
Current tax charge for period	(791,719)

7 Intangible assets

Group	Goodwill £	Patents and licences £	Total £
<i>Cost</i>			
Acquired with subsidiary	-	32,890	32,890
Additions	74,517,049	-	74,517,049
At 30 April 2008	74,517,049	32,890	74,549,939
<i>Amortisation</i>			
Acquired with subsidiary	-	12,061	12,061
Charge for the period	2,864,499	684	2,865,183
At 30 April 2008	2,864,499	12,745	2,877,244
<i>Net book value</i>			
At 30 April 2008	71,652,550	20,145	71,672,695

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (*Continued*)

8 Tangible assets

	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>					
Acquired with subsidiary	58,796	111,248	166,271	325,307	661,622
Additions	-	-	-	18,784	18,784
At 30 April 2008	58,796	111,248	166,271	344,091	680,406
<i>Depreciation</i>					
Acquired with subsidiary	36,559	95,882	134,233	279,154	545,828
Charge for the year	1,885	3,053	5,419	14,831	25,188
At 30 April 2008	38,444	98,935	139,652	293,985	571,016
<i>Net book value</i>					
At 30 April 2008	20,352	12,313	26,619	50,106	109,390

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (*Continued*)

9 Investments

Company	2008 Shares in group undertakings £
Cost at 30 April 2008	747,720

At 30 April 2008, the Company held an interest in 20% or more of the allotted share capital of the following undertakings, all of which make up financial statements to 30 April 2008 and have been included in the consolidated financial statements.

Subsidiary undertaking	Country of incorporation	Class of shares held	Proportion held	Nature of business	Capital and reserves	Profit / (loss) for the period
MM Midco Limited	England and Wales	Ordinary	100%	Holding company	(1,176,921)	(1,924,640)
MM Bidco Limited	England and Wales	Ordinary	100%	Holding company	33,618,334	(2,051,549)
Maximuscle Holdings Limited	England and Wales	Ordinary	100%	Holding company	6,462,086	(631,351)
Maximuscle Limited	England and Wales	Ordinary	100%	Supply and distribution of specialist foods	7,710,892	6,505,641
Maximuscle Sales Limited	England and Wales	Ordinary	100%	Dormant	2	-
Maximuscle UK Limited	England and Wales	Ordinary	100%	Dormant	502	-
Maximuscle.Com Limited	England and Wales	Ordinary	100%	Dormant	1	-
MIPR Limited	England and Wales	Ordinary	100%	Dormant	1	-

10 Stocks

Stock for resale	£ 1,348,995
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MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (Continued)

11 Debtors: amounts falling due within one year

	2008 Group £	2008 Company £
Trade debtors	2,558,552	-
Other debtors	778,607	40,000
Prepayments and accrued income	330,066	-
Amounts due from group companies	-	178,531
	<u>3,667,225</u>	<u>218,531</u>

12 Creditors: amounts falling due within one year

	2008 Group £	2008 Company £
Bank loans and overdraft net of finance costs(note 14)	558,691	-
Secured loan note and mezzanine loan net of finance costs(note 14)	464,022	-
Trade creditors	2,564,648	-
Other taxation and social security	83,171	-
Amounts owed to group companies	-	15,000
Other creditors	145,940	-
Accruals and deferred income	1,096,309	7,500
	<u>4,912,781</u>	<u>22,500</u>

13 Creditors: amounts falling due after more than one year

	2008 Group £	2008 Company £
Bank loans net of finance costs (note 14)	28,317,702	-
Mezzanine loans net of finance costs (note 14)	12,040,664	-
Loan note (note 14)	36,357,957	-
Interest payable	1,729,839	-
	<u>78,446,162</u>	<u>-</u>

The bank loan is secured under a debenture dated 12 December 2007 by a fixed and floating charge over the assets of the Company.

The bank loan is made up of 3 equal facilities A, B and C.

Facility A is repayable in bi-annual instalments to 31 October 2014, and bears interest at a margin of 2.25% above the LIBOR rate.

Facility B is repayable in one instalment on 31 October 2015, and bears interest at a margin of 2.75% above the LIBOR rate.

Facility C is repayable in one instalment on 31 October 2016, and bears interest at a margin of 3.25% above the LIBOR rate.

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (Continued)

13 Creditors: amounts falling due after more than one year (Continued)

The mezzanine loan is repayable in one instalment on 31 October 2017, and bears interest at a margin of 10% above the LIBOR rate.

The 12% unsecured loan notes are redeemable by the company at their par value at any time from 12 June 2008, or upon the earlier of a flotation, sale or winding up of the company or December 2027.

Included within the bank loan are deferred finance costs of £1,123,607.

Included within the mezzanine loan are deferred finance costs of £167,333.

Included within the unsecured loan notes are deferred finance costs of £1,376,390.

All the above have been capitalised and are being amortised over 4 years.

14 Borrowings

Financial liabilities are due:

Group

	Mezzanine loan 2008 £	Bank loan 2008 £	Loan Notes 2008 £	Total 2008 £
In one year or less, or on demand	-	750,000	726,859	1,476,859
In more than one year, but not more than two years	-	1,250,000	-	1,250,000
In more than two years, but not more than five years	-	4,500,000	-	4,500,000
In more than five years	12,179,507	23,500,000	37,500,000	73,179,507
	<u>12,179,507</u>	<u>30,000,000</u>	<u>38,226,859</u>	<u>80,406,366</u>
Deferred finance costs	(167,333)	(1,123,607)	(1,376,390)	(2,667,330)
	<u>12,012,174</u>	<u>28,876,393</u>	<u>36,850,469</u>	<u>77,739,036</u>

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (Continued)

15 Share capital

Authorised:	2008 Number	2008 £
Ordinary shares of 1p each	250,000	2,500
'A' ordinary shares of 1p each	750,000	7,500
	<u>1,000,000</u>	<u>10,000</u>
 Allotted, called up and fully paid	 2008 Number	 2008 £
Ordinary shares of 1p each	216,251	2,163
'A' ordinary shares of 1p each	750,000	7,500
	<u>966,251</u>	<u>9,663</u>

During the period 216,251 Ordinary and 750,000 'A' Ordinary shares were issued for a total consideration of £966,251.

Rights and dividends on the issued shares are summarised as follow:

Any profits that the company may decide to distribute shall, with the written consent of Darwin Private Equity I L.P. be apportioned pro-rata amongst the holders of the Ordinary shares and 'A' Ordinary shares according to the number of Ordinary shares and 'A' Ordinary shares held by each member, equally as if they were one class of share.

On a return of capital on liquidation or otherwise, the surplus assets of the company remaining after payment of its liabilities shall be applied pro-rata amongst the holders of the Ordinary shares and 'A' Ordinary shares according to the number of Ordinary shares and 'A' Ordinary shares held by each member, equally as if they were one class of share.

Ordinary shares carry one vote per share. 'A' Ordinary shares held by Darwin Private Equity I L.P. and CapitalSource Europe Ltd carry one vote per share. Other 'A' Ordinary shares have no voting rights.

The directors consider all shares to be equity shares.

16 Reserves

	Group £	Company £
Profit and loss account		
Retained loss for the period	(2,997,157)	(22,500)
	<u>(2,997,157)</u>	<u>(22,500)</u>
Balance at 30 April 2008	(2,997,157)	(22,500)

The parent undertaking has taken advantage of section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The consolidated profit and loss account for the period includes a loss after tax of £22,500 which is dealt with in the financial statements of the company.

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (*Continued*)

17 Share premium

	2008 Group £	2008 Company £
Premium on shares issued in period (note 18)	956,588	956,588
Balance at 30 April 2008	956,588	956,588

18 Reconciliation of movement in shareholders' (deficit)/funds

	2008 £
Group	
Loss for the period	(2,997,157)
Premium on shares issued in period (note 17)	956,588
Issue of shares	9,663
Net reduction in shareholders' funds	(2,030,906)
Shareholders' deficit at 30 April 2008	(2,030,906)
Company	
Loss for the period	(22,500)
Premium on shares issued in period (note 17)	956,588
Issue of shares	9,663
Net increase in shareholders' funds	943,751
Shareholders' funds at 30 April 2008	943,751

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (*Continued*)

19 Acquisitions

Acquisition of Maximuscle Holdings Limited, and its subsidiaries

On 12 December 2007 the group acquired Maximuscle Holdings Limited and its wholly owned subsidiaries for £74,819,456 which was paid by cash and financed by private equity funding and bank debt.

In calculating the goodwill arising on acquisition, the fair value of net assets of Maximuscle Holdings Limited have been assessed. No adjustments from book value were required.

	Book Value and Fair value £
Fixed assets:	
Intangible fixed assets	20,829
Tangible fixed assets	115,794
Current assets:	
Stocks	1,497,290
Debtors	3,212,082
Total assets	4,845,995
Creditors:	
Due within one year	(3,919,914)
Due after more than one year	
Net assets	926,081
	£
Cash consideration (including expenses of £623,674)	75,443,130
Net assets acquired	926,081
Goodwill arising on acquisition	74,517,049

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (Continued)

19 Acquisitions (Continued)

The results of Maximuscle Holdings Limited prior to its acquisition were as follows:

Profit and loss account

	1 May 2007 to 12 December 2007 £	Year ended 30 April 2008 £
Turnover	14,410,164	25,983,349
Operating profit	3,760,640	6,890,508
Net interest received/(paid)	(71,993)	(100,233)
Profit on ordinary activities before taxation	3,688,647	6,790,275
Taxation on profit from ordinary activities	1,137,575	284,633
Profit for the period	2,551,072	6,505,642

Cash flows

The net outflow of cash arising from the acquisition of Maximuscle Holdings Limited was as follows:

	£
Cash consideration, as above	75,443,130
Net outflow of cash from acquisition of overdraft	331,904
Net outflow of cash	75,775,034

20 Commitments under operating leases

As at 30 April 2008, the Group had annual commitments under non-cancellable operating leases as set out below:

Group	Land and buildings £	Other £
Operating leases which expire:		
Within one year	-	5,119
In one to two years	-	10,000
In two to five years	96,440	-
	96,440	15,119

The company had no operating lease commitments.

MM Group Holdings Limited

Notes forming part of the financial statements for the period ended 30 April 2008 (Continued)

21 Related party transactions

Zef Eisenberg, a director of the Company, is also a director of Science Publications International Limited. Total purchases from Science Publications International Limited by the group in the period were £90,163. Included in the creditors balance is an amount of £18,258 owed to Science Publications International Limited.

Iain MacRitchie, a director of the Company, is also a partner in MCR Holdings. Total purchases from MCR Holdings by the group in the period were £22,121.

Included in the creditors balance is an amount of £6,399 owed to MCR Holdings.

During the period, the group paid Paul Hick, a director of the Company, £20,000 for consultancy services. Included in the creditors balance is an amount of £4,896 owed to Mr Hick.

During the period, MM Group Holdings Limited issued £40,000 of ordinary shares to Peter Boddy, a director of the Company. The shares remained unpaid at year end. Included within the other debtor balance is an amount of £40,000 owed by Mr Boddy in relation to this transaction.

The company has taken advantage of the exemption conferred by the Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with members of the group headed by Maximuscle Holdings Limited on the grounds that at least 90% of the voting rights in the company are controlled within the group and the company is included in the consolidated financial statements.

22 Reconciliation of operating loss to net cash inflow from operating activities

£

Operating loss	(377,754)
Depreciation and amortisation	2,890,371
Decrease in stocks	148,295
Increase in debtors	(455,143)
Increase in creditors	843,373

Net cash inflow from operating activities

3,049,142

23 Reconciliation of net cash flow to movement in net debt

£

Increase in cash in the period	4,529,732
Cash flow from changes in debt and finance leasing	(77,275,947)

Movement in net debt

(72,746,215)

MM Group Holdings Limited

Notes forming part of the financial statements
for the period ended 30 April 2008 (*Continued*)

24 Analysis of changes in net funds

	At 4 December 2007 £	Cash flow £	Other non-cash changes £	At 30 April 2008 £
Cash in hand and at bank	-	4,529,732	-	4,529,732
	-	4,529,732	-	4,529,732
Debt due within one year	-	(739,131)	(283,582)	(1,022,713)
Debt due between one and two years	-	(512,272)	-	(512,272)
Debt due between two and five years	-	(3,024,544)	-	(3,024,544)
Debt due after more than five years	-	(73,000,000)	(179,507)	(73,179,507)
Total	-	(72,746,215)	(463,089)	(73,209,304)

25 Ultimate parent and controlling party

At 30 April 2008, the Company's ultimate controlling party was Darwin Private Equity I L.P, which held a majority of MM Group Holdings Limited's issued share capital.