

MM Group Holdings Limited

Report and Financial Statements

Year Ended

30 April 2009

Company Number 06445049

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MM Group Holdings Limited

**Report and financial statements
for the year ended 30 April 2009**

Contents

Page:

1	Chairman's statement
2	Report of the directors
7	Independent auditor's report
9	Consolidated profit and loss account
10	Consolidated balance sheet
11	Company balance sheet
12	Consolidated cash flow statement
13	Notes forming part of the financial statements

Directors

J Kaye
I MacRitchie
Z Eisenberg
P Boddy
M Doyle
S Delaney

Secretary and registered office

M Doyle

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 pleased to report another successful and ground breaking year for the Maximuscle group. Our performance in the year to April 2009, our first full year following the acquisition of the business by Darwin Private Equity I L P, has continued to build on the strength of prior years.

Despite a tougher economic environment, group turnover is up 28% on the previous year as we continue to attract new consumers into the business and extend the distribution further into mainstream retail. Both profit and cash generation has also met expectation despite movements in foreign exchange.

Organisationally the business continues to mature under the leadership of Peter Boddy. We are now well established in our new HQ in Hemel Hempstead and are systematically developing the business infrastructure and team to meet and overcome the challenges presented by sustained growth.

The outlook for the upcoming year is similarly encouraging, through a combination of focused brand and product development and an increased presence internationally. Our plans are now based on detailed results and insights gained from one of the most comprehensive programmes of consumer research undertaken in the sports nutrition sector.

I would also like to take the opportunity to thank our staff for their continued dedication and commitment to drive all aspects of the business forward to realise its full potential. Despite the economic climate we are confident in meeting our sustained growth aspirations and doing so by providing exceptional products to meet the demands of our loyal and motivated consumers.



Iain MacRitchie
Chairman

Date 15/09/09

MM Group Holdings Limited

Report of the directors for the year ended 30 April 2009

The directors present their report together with the audited financial statements for the year ended 30 April 2009.

Results and dividends

The profit and loss account is set out on page 9 and shows the loss for the year.

The directors do not recommend the payment of a dividend (2008 - £Nil).

Principal activities

The principal activity of the company during the year 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 and sports nutrition supplements.

Review of business

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

The directors are satisfied with the results for the year. Turnover has increased 28% to £33.3m vs the previous full financial year. Turnover growth continues to be in line with our expectations.

The unfavourable impact of foreign exchange movements (£1.7m) has been part mitigated by an increase in sales price (£0.5m). The net effect on operating profit is £1.2m.

On 1 September 2008 the move into our new headquarters / distribution facilities in Hemel Hempstead was concluded. The impact of the new office / warehouse together with investment in additional headcount meant that overheads uncharacteristically increased in line with turnover. Overhead growth is expected to reduce substantially in future years as the increased infrastructure is financially leveraged.

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.

- Revenue 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 generated through operating activities – measuring the Group's ability to translate operating profit into cash flow through management of working capital

	2009 £'000	2008 £'000
Revenue growth (over 12 month period)	28%	24%
Operating loss	£347	£94
Net operating cash flow	£5,201	£3,300

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

- Market share – indicating the relative growth of the Group against its key competitors;
- Web analytics – monitoring activity such as website hits, catalogue requests, frequency and depth of on line spend to indicate customer interest and retention;
- Customer segmentation – monitoring the performance of the business in relation to our key target groups; and
- Distribution share – shelf space occupied by Group products in retail locations.

MM Group Holdings Limited

Report of the directors for the year ended 30 April 2009 (*Continued*)

Principal risks and uncertainties

Failure to recognise and respond to a key consumer need – product innovation forms a core strength of the group. We have a rigorous process to ensure we are at the front of product innovation across our markets. To maintain this we have formed a technical advisory committee, comprising a number of industry leading experts who assist our executive team in identifying emerging trends and markets and retaining the integrity of the overall sports nutrition industry.

Failure of the overall sports nutrition market to maintain growth – The ongoing growth of the group is made possible by the increased adoption of our products by new and existing consumers. In the scenario where market growth should slow or stall we have the capability to adjust the infrastructure and overheads in the business to reflect the new market dynamic.

Over-reliance on one particular customer / channel – We have deliberately developed a multi-channel business model that provides a breadth of offering across all selling channels. We will continue to retain a multi-channel approach as a key point of difference and as a means of giving our consumers easy access to our products and our brand.

Over-exposure to the Euro as our principal purchase currency – The majority of group stock purchases are made in Euro's. We mitigate the impact of exchange rate movements by placing forward currency contracts to give greater certainty. Where possible we move sales pricing to part-mitigate the cost increase, we also work continuously with our supply chain to improve the efficiency of our operations.

Impact of the economic downturn to Maximuscle consumers – We continue to monitor the impact of the economic downturn by pro-actively managing our consumer base through a combination of new product development, raising product awareness and various promotional mechanics to assist customer retention.

Impact of the economic downturn to our ability to finance operations – We monitor our finances continuously, when acquired by Darwin our various forms of debt were established with sufficient structural flexibility to allow us to manage through an economic downturn. We continue to operate well inside our financial covenant requirements and anticipate that we will generate cash well in excess of cash interest due and scheduled debt repayments.

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 arising from sales and purchases overseas. Transaction exposures, including those associated with forecast transactions, are principally hedged when known, 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 such as interest rate swaps are used to mitigate the risk and the directors consider the risks to be adequately hedged as at the balance sheet date.

MM Group Holdings Limited

Report of the directors for the year ended 30 April 2009 (Continued)

Financial risk management objectives and policies (Continued)

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 food supplements for particular niche markets. Research and development expenditure in the period was £239,463 (2008 - £69,620).

Going concern

Although the consolidated balance sheet shows net liabilities of £12.1m, the Directors consider that the going concern basis is appropriate on the basis that the group has cash balances of £4.3m at 30 April 2009, continues to be profitable at a trading level and is anticipated to generate cash well in excess of cash interest due and scheduled debt repayments. Therefore, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Group continues to operate within its covenant limits. The major covenants in respect of the Group's external borrowing facilities relate to the ratio of net debt to EBITDA, EBITDA interest cover and pre-financing cash flow to total debt service. Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts.

Future developments

The directors consider the level of trading achieved by the group to be satisfactory. Turnover growth in the year has increased to 28%, up from 24% in the prior full year. Whilst the prevailing economic environment may impact our growth in the future we remain confident that we can maintain a double digit growth performance.

Our consolidated profit and loss confirms a net operating loss of £347,269 for the year, the underlying profit for the year, after removal of amortisation of goodwill of £7,451,700 and exceptional costs of £725,988, of £7,830,419 is considered a satisfactory performance. Notwithstanding further deteriorations in exchange rates, we expect underlying profit levels to improve in future years as we financially leverage the infrastructure investment we have made in the year.

See note 25 for post balance sheet events.

Charitable contributions

During the year the Group made charitable contributions of £1,513 (2008 - £77).

MM Group Holdings Limited

Report of the directors for the year ended 30 April 2009

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 year were:

J Kaye	
K Street	(resigned 1 September 2009)
I MacRitchie	
Z Eisenberg	
P Hick	(resigned 1 June 2009)
I John	(resigned 17 October 2008)
P Boddy	

M Doyle was appointed after the year end on 4 June 2009. S Delaney was appointed after the year end on 1 September 2009.

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business.

MM Group Holdings Limited

Report of the directors for the year ended 30 April 2009 (Continued)

Directors' responsibilities (Continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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.

On behalf of the Board

Director

Date

15/09/09

MM Group Holdings Limited

Independent auditor's report

TO THE MEMBERS OF MM GROUP HOLDINGS LIMITED

We have audited the financial statements of MM Group Holdings Limited for the year ended 30 April 2009 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2009 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MM Group Holdings Limited

Independent auditor's report (*Continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Donald Williams, (senior statutory auditor)
For and on behalf of BDO Stoy Hayward LLP, statutory auditor
London
United Kingdom

15 September 2009

MM Group Holdings Limited

Consolidated profit and loss account for the year ended 30 April 2009

	Note	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Turnover	2	33,262	11,573
Net operating costs	2	(33,609)	(11,667)
Operating loss		(347)	(94)
Interest receivable and similar income		166	27
Interest payable and similar charges	3	(9,874)	(3,722)
Loss on ordinary activities before taxation		(10,055)	(3,789)
Taxation on loss from ordinary activities	6	(26)	792
Loss on ordinary activities after taxation	17,19	(10,081)	(2,997)

All amounts relate to continuing activities.

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

The notes on pages 13 to 30 form part of these financial statements.

MM Group Holdings Limited

Consolidated balance sheet at 30 April 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Intangible assets	7		64,219		71,673
Tangible assets	8		583		109
			<u>64,802</u>		<u>71,782</u>
Current assets					
Stocks	10	1,764		1,349	
Debtors	11	6,351		3,667	
Cash at bank and in hand		4,251		4,530	
		<u>12,366</u>		<u>9,546</u>	
Creditors: amounts falling due within one year	12	<u>6,045</u>		<u>5,176</u>	
Net current assets			<u>6,321</u>		<u>4,370</u>
Total assets less current liabilities			<u>71,123</u>		<u>76,152</u>
Creditors: amounts falling due after more than one year	13		<u>83,218</u>		<u>78,183</u>
			<u>(12,095)</u>		<u>(2,031)</u>
Capital and reserves					
Called up share capital	16		10		10
Share premium account	18		973		956
Profit and loss account	17		(13,078)		(2,997)
Shareholders' deficit	19		<u>(12,095)</u>		<u>(2,031)</u>

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

15/09/09

Director

The notes on pages 13 to 30 form part of these financial statements.

MM Group Holdings Limited

Company balance sheet
at 30 April 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Investments	9		748		748
Current assets					
Debtors (including amounts due after one year)	11	217		218	
Cash at bank		43		.	
		<u>260</u>		<u>218</u>	
Creditors: amounts falling due within one year	12	8		22	
Net current assets			<u>252</u>		<u>196</u>
Total assets less current liabilities			<u>1,000</u>		<u>944</u>
Creditors: amounts falling due after more than one year	13		92		-
Total assets less current liabilities			<u>908</u>		<u>944</u>
Capital and reserves					
Called up share capital	16		10		10
Share premium account	18		973		956
Profit and loss account	17		(75)		(22)
Shareholders' funds	19		<u>908</u>		<u>944</u>

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

15/09/09

Director

The notes on pages 13 to 30 form part of these financial statements.

MM Group Holdings Limited

Consolidated cash flow statement for the year ended 30 April 2009

	Note	Year ended 30 April 2009 £'000	Year ended 30 April 2008 £'000	5 months ended 30 April 2008 £'000	5 months ended 30 April 2008 £'000
Net cash inflow from operating activities	22		5,201		3,300
Returns on investments and servicing of finance					
Interest received		166		27	
Interest paid		(3,604)		(1,245)	
Net cash outflow from returns on investments and servicing of finance			(3,438)		(1,218)
Capital expenditure and financial investment					
Purchases of tangible fixed assets	8		(582)		(19)
Acquisitions and disposals					
Purchase of subsidiary undertaking		-		(75,443)	
Cash outflow – bank overdraft acquired with subsidiary		-		(332)	
			-		(75,775)
Financing					
Issue of share capital	15	17		966	
New bank loans		-		30,000	
Repayment of bank loans		(750)		-	
New mezzanine loan		-		12,000	
New loan notes		-		38,227	
Repayment of loan notes		(727)		-	
Finance issue costs		-		(2,951)	
			(1,460)		78,242
(Decrease)/increase in cash	23,24		(279)		4,530

The notes on pages 13 to 30 form part of these financial statements.

MM Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2009

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 year 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.

Going concern

Although the consolidated balance sheet shows net liabilities of £12.1m, the Directors consider that the going concern basis is appropriate on the basis that the group has cash balances of £4.3m at 30 April 2009, continues to be profitable at a trading level and is anticipated to generate cash well in excess of cash interest due and scheduled debt repayments. Therefore, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Group continues to operate within its covenant limits. The major covenants in respect of the Group's external borrowing facilities relate to the ratio of net debt to EBITDA, EBITDA interest cover and pre-financing cash flow to total debt service. Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts.

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.

Impairment tests on the carrying value of goodwill are undertaken if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

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

Barter transactions

Barter transactions undertaken between the company and sponsee clubs or individuals are included within turnover at the full recommended retail value of the products supplied. This is deemed to be equal to the fair value of the goods or services received.

Intangible fixed assets

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

Website costs

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

MM Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2009

1 Accounting policies (*Continued*)

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

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

For the purposes of amortisation of finance costs, the term of the debt is taken to be the shortest period before redemption is expected. In this case, it has been estimated as 4 years from the issue of the debt.

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 year 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 year 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.

MM Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2009 (Continued)

1 Accounting policies (Continued)

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 year. 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 year of the lease.

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 year.

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.

MM Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2009 (*Continued*)

2 Turnover and operating loss

The turnover and loss before tax are attributable to the principal activity of the company. £2,640,288 (2008 - £2,468,558) of the turnover of the group is attributable to Europe with the remainder attributable to UK.

Included within turnover is an amount of £404,103 (2008 - £417,287) relating to barter transactions.

Net operating cost

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Changes in stock levels	415	1,349
Staff costs (note 4)	2,758	1,021
Depreciation of tangible fixed assets	108	25
Amortisation of patents and licences	2	1
Amortisation of goodwill	7,452	2,864
Research and development	239	70
Exceptional costs	726	-
Other operating charges	21,909	6,337
	33,609	11,667

Exceptional items relate to one off property costs (£247,260), marketing costs (£218,000), legal disputes (£141,059), supplier settlements (£66,049) and settlements with directors (£53,620).

The operating loss is stated after charging:

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Auditor's remuneration - Audit fees	46	38
- Non audit fees - other services	4	9
Operating lease rentals - plant and machinery	17	6
Other operating leases including land and buildings	281	40
Exchange differences	257	30

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (*Continued*)

3 Interest payable and similar charges

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Bank interest	1	6
Loan note interest	4,680	1,730
Bank loan interest	4,455	1,702
Amortisation of finance costs capitalised (note 14)	738	284
	<hr/>	<hr/>
	9,874	3,722
	<hr/>	<hr/>

4 Employees

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Staff costs consist of:		
Wages and salaries	2,500	937
Social security costs	243	80
Pension costs	15	4
	<hr/>	<hr/>
	2,758	1,021
Payment for loss of office	54	-
	<hr/>	<hr/>
	2,812	1,021
	<hr/>	<hr/>

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

	Number	Number
Management and office administration	11	11
Sales and marketing	53	43
	<hr/>	<hr/>
	64	54
	<hr/>	<hr/>

The Company has no employees.

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (*Continued*)

5 Directors

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Directors' remuneration consists of:		
Emoluments	582	345
Pension contributions to money purchase schemes	9	3
Amounts paid to third parties in respect of directors' services	75	19
Payment for loss of office	54	-
	<hr/>	<hr/>
	720	367
	<hr/>	<hr/>

The number of directors to whom retirement benefits were accruing was Nil (2008 - Nil).

All amounts paid to directors are paid through Maximuscle Limited.

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Highest paid director		
Emoluments	220	63
Pension contributions to money purchase schemes	9	2
	<hr/>	<hr/>
	229	65
	<hr/>	<hr/>

There was 1 (2008 - 1) director in the Group's defined contribution scheme.

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (*Continued*)

6 Taxation on loss from ordinary activities

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
<i>Current tax</i>		
UK corporation tax charge/(credit) on result for the year	26	(792)
Taxation charge/(credit) on result for ordinary activities	26	(792)
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 30%). The differences are explained below:		
	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Loss on ordinary activities before tax	(10,055)	(3,789)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 - 30%)	(2,815)	(1,137)
Effects of:		
Amortisation of goodwill	2,086	-
Non deductible interest	277	-
Unutilised losses carried forward	439	-
Expenses not deductible for tax purposes	(17)	343
Capital allowances in excess of depreciation	30	2
Underprovision in prior year	26	-
Current tax charge/(credit) for year	26	(792)

The unrecognised deferred tax asset at the year end is £35,000 on decelerated capital allowances and £644,000 on unrelieved losses carried forward respectively. Deferred tax asset on unrelieved losses is not recognised due to uncertainty of future profits in the company to which the asset relates.

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (*Continued*)

7 Intangible assets

Group	Goodwill £'000	Patents and licences £'000	Total £'000
<i>Cost</i>			
At 1 May 2008 and at 30 April 2009	74,517	33	74,550
<i>Amortisation</i>			
At 1 May 2008	2,864	13	2,877
Charge for the year	7,452	2	7,454
At 30 April 2009	10,316	15	10,331
<i>Net book value</i>			
At 30 April 2009	64,201	18	64,219
At 30 April 2008	71,653	20	71,673

8 Tangible assets

	Leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Computer and website costs £'000	Total £'000
<i>Cost</i>					
At 1 May 2008	59	111	166	344	680
Additions	402	9	120	51	582
At 30 April 2009	461	120	286	395	1,262
<i>Depreciation</i>					
At 1 May 2008	38	99	140	294	571
Charge for the year	40	5	22	41	108
At 30 April 2009	78	104	162	335	679
<i>Net book value</i>					
At 30 April 2009	383	16	124	60	583
At 30 April 2008	21	12	26	50	109

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (Continued)

9 Investments

Company	Shares in group undertakings £'000
Cost at 30 April 2009 and at 30 April 2008	748

At 30 April 2009, 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 2009 and have been included in the consolidated financial statements.

Subsidiary undertaking	Country of incorporation	Class of shares held	Proportion held	Nature of business
MM Midco Limited	England and Wales	Ordinary	100%	Holding company
MM Bidco Limited *	England and Wales	Ordinary	100%	Holding company
Maximuscle Holdings Limited *	England and Wales	Ordinary	100%	Holding company
Maximuscle Limited *	England and Wales	Ordinary	100%	Supply and distribution of specialist foods
Maximuscle Sales Limited *	England and Wales	Ordinary	100%	Dormant
Maximuscle UK Limited *	England and Wales	Ordinary	100%	Dormant
Maximuscle.Com Limited *	England and Wales	Ordinary	100%	Dormant
MIPR Limited *	England and Wales	Ordinary	100%	Dormant

* Undertakings held indirectly by the company.

10 Stocks

	2009 £'000	2008 £'000
Stock for resale	1,764	1,349

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (*Continued*)

11 Debtors: amounts falling due within one year

	2009 Group £'000	2008 Group £'000	2009 Company £'000	2008 Company £'000
Trade debtors	3,975	2,559	-	-
Other debtors	1,113	778	39	40
Prepayments and accrued income	1,263	330	-	-
Amounts due from group companies	-	-	178	178
	<u>6,351</u>	<u>3,667</u>	<u>217</u>	<u>218</u>

Amounts due from group companies are due after more than one year.

12 Creditors: amounts falling due within one year

	2009 Group £'000	2008 Group £'000	2009 Company £'000	2008 Company £'000
Secured loan note (note 14)	-	727	-	-
Bank loans net of finance costs (note 14)	939	558	-	-
Trade creditors	4,023	2,565	-	-
Corporation tax	26	-	-	-
Other taxation and social security	71	83	-	-
Amounts owed to group companies	-	-	-	15
Other creditors	34	39	-	-
Accruals and deferred income	952	1,204	8	7
	<u>6,045</u>	<u>5,176</u>	<u>8</u>	<u>22</u>

13 Creditors: amounts falling due after more than one year

	2009 Group £'000	2008 Group £'000	2009 Company £'000	2008 Company £'000
Bank loans net of finance costs (note 14)	27,498	28,318	-	-
Mezzanine loans net of finance costs (note 14)	12,806	12,012	-	-
Unsecured loan notes net of finance costs (note 14)	42,914	37,853	-	-
Amounts owed to group companies	-	-	92	-
	<u>83,218</u>	<u>78,183</u>	<u>92</u>	<u>-</u>

MM Group Holdings Limited

**Notes forming part of the financial statements
for the year ended 30 April 2009 (Continued)**

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

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.

The mezzanine loan is repayable in one instalment on 31 October 2017, and bears cash interest on the outstanding balance at a margin of 4% above LIBOR. In addition, PIK interest accrues at 6% on the outstanding balance.

The 12% unsecured loan notes are redeemable at the option of the holders at par plus unpaid interest upon the earlier of a flotation, sale or winding up of the company or December 2027. Interest can be paid or rolled up at the option of the group.

Included within the bank loan, mezzanine loan and unsecured loan notes are deferred finance costs which have been capitalised and are being amortised over 4 years.

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (Continued)

14 Borrowings

Financial liabilities are due:

Group

	Mezzanine loan 2009 £'000	Bank loan 2009 £'000	Loan Notes 2009 £'000	Total 2009 £'000	Mezzanine loan 2008 £'000	Bank loan 2008 £	Loan Notes 2008 £	Total 2008 £
In one year or less, or on demand	-	1,250	-	1,250	-	750	727	1,477
In more than one year, but not more than two years	-	1,500	-	1,500	-	1,250	-	1,250
In more than two years, but not more than five years	-	4,750	-	4,750	-	4,500	-	4,500
In more than five years	12,927	21,750	43,909	78,586	12,179	23,500	39,229	74,908
	12,927	29,250	43,909	86,086	12,179	30,000	39,956	82,135
Deferred finance costs (note 3)	(121)	(813)	(995)	(1,929)	(167)	(1,124)	(1,376)	(2,667)
	12,806	28,437	42,914	84,157	12,012	28,876	38,580	79,468

MM Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2009 (*Continued*)

15 Financial Instruments

The group holds or issues financial instruments to finance its operations.

Long term loans are at fixed rates and are used in order to secure funding for the future developments of the group as a whole. The group manages its liquidity risk by having the option to roll up interest on the loans it holds. The group is not exposed to currency risk in respect of its loans as all borrowings are denominated in sterling.

Financial assets

The group has no financial assets other than cash and short term debtors.

Financial liabilities

The group is funded by unsecured loan notes, bank loans and a mezzanine loan.

The loan notes were listed on the Channel Islands Stock Exchange on 23rd March 2009. Interest on the loan accrues at 12% per annum; the group has the option of rolling or paying this interest.

All of the loan notes, loans and rolled up interest 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.

For details of the bank and mezzanine loans, refer to note 13.

Currency risk

The group is exposed to translation and transaction foreign exchange risk. Transaction exposures, including those associated with forecast transactions, are principally hedged when known, using forward currency contracts. Approximately 88% of the group's purchases are from suppliers in continental Europe, and are denominated in Euros. The group's policy to manage the foreign exchange risk is to place forward currency contracts in line with expected future purchases. At year end an aggregate value of £10.6m forward contracts have been taken out, which covers the majority of Euro requirement to the end of December 2009 plus approximately 1/3rd of the cover for the period from January to April 2010.

Included in trade creditors are amounts of £2,626,371 denominated in Euros.

Included in trade debtors are amounts of £239,173 denominated in Euros.

All other monetary assets and liabilities are denominated in the functional currency of the group.

Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of the group's financial assets and liabilities. Where available market rates have been used to determine the fair value. Where market rates are not available, current values have been calculated by discounting cash flows at prevailing interest rates and exchange rates.

	Book value £	Fair value £
Currency forwards	-	376,050
Interest rate swaps	-	2,073,830

The carrying value of all other financial assets and financial liabilities not materially different from the fair value.

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (Continued)

15 Financial instruments (Continued)

Interest rate risk

The group borrows at fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the group's exposure to interest rate fluctuations.

The group has a policy of fixing interest rate exposure through the use of interest rate swaps. The current active swap fixes 75% of the bank loan interest and 100% of the cash interest due on the mezzanine loan at a rate of 5.38% until January 2011. As at the year end, 90% of total borrowing is at a fixed rate of interest, 51% being fixed through the structure of the debt and a further 39% of debt fixed through the interest rate swap.

16 Share capital

Authorised:	2009 Number	2009 £'000	2008 Number	2008 £'000
Ordinary shares of 1p each	250,000	2	250,000	2
'A' ordinary shares of 1p each	750,000	8	750,000	8
	1,000,000	10	1,000,000	10
Allotted, called up and fully paid:	2009 Number	2009 £'000	2008 Number	2008 £'000
Ordinary shares of 1p each	232,851	2	216,251	2
'A' ordinary shares of 1p each	750,000	8	750,000	8
	982,851	10	966,251	10

On 12 June 2008, 16,600 (2008 - 216,251) Ordinary and Nil (2008 - 750,000) 'A' Ordinary shares were issued for a total consideration of £16,600 (2008 - £966,251).

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

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.

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (Continued)

17 Reserves

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Profit and loss account				
At 1 May 2008	(2,997)	-	(22)	-
Loss for the year	(10,081)	(2,997)	(53)	(22)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2009	(13,078)	(2,997)	(75)	(22)
	<hr/>	<hr/>	<hr/>	<hr/>

The parent undertaking has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The consolidated profit and loss account for the year includes a loss after tax of £53,060 (2008 - £22,500) which is dealt with in the financial statements of the company.

18 Share premium

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
At 1 May 2008	956	-	956	-
Premium on shares issued in year (note 16)	17	956	17	956
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 2009	973	956	973	956
	<hr/>	<hr/>	<hr/>	<hr/>

19 Reconciliation of movement in shareholders' deficit

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Group		
Loss for the year	(10,081)	(2,997)
Premium on shares issued in year (note 18)	17	956
Issue of shares (note 16)	-	10
	<hr/>	<hr/>
Net decrease in shareholders' deficit	(10,064)	(2,031)
Opening shareholders' deficit	(2,031)	-
	<hr/>	<hr/>
Closing shareholders' deficit	(12,095)	(2,031)
	<hr/>	<hr/>

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (Continued)

19 Reconciliation of movement in shareholders' deficit (Continued)

Company	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Loss for the year	(53)	(22)
Premium on shares issued in year (note 18)	17	956
Issue of shares (note 16)	-	10
Net (decrease)/increase in shareholders' funds	(36)	944
Opening shareholders' funds	944	-
Closing shareholders' funds	908	944

20 Commitments under operating leases

As at 30 April 2009, the Group had annual commitments under non-cancellable operating leases as set out below:

Group	2009 Land and buildings £'000	2009 Other £'000	2008 Land and buildings £'000	2008 Other £'000
Operating leases which expire:				
Within one year	-	-	-	5
In one to two years	-	7	-	10
In two to five years	281	12	96	-
	<u>281</u>	<u>19</u>	<u>96</u>	<u>15</u>

MM Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2009 (*Continued*)

21 Related party transactions

The company's related party transactions, as defined by Financial Reporting Standard 8 'Related Party Disclosures', are summarised below:

Zef Eisenberg, a Director of the company, is also a Director of Science Publications International Limited. Total purchases from Science Publications International Limited in the year were £189,450 (2008 - £198,543). Included in the trade creditors balance is the amount of £Nil (2008 - £18,258), owed to Science Publications International Limited at the year end.

Paul Hick, a former Director of the company, is also a director of Paul Hick Associates. Included in trade creditors balance is the amount of £Nil (2008 - £4,896), owed to Paul Hick Associates at the year end. Total purchases from Paul Hick Associates in the year were £36,044 (2008 - £20,000), for consultancy services.

Iain MacRitchie, a Director of the company, is also a director of MCR Holdings Ltd. Total purchases from MCR Holdings Ltd by the group in the year were £65,743 (2008 - £22,121). Included in the creditors balance is an amount of £6,461 (2008 - £6,399) owed to MCR Holdings Ltd at the year end.

The above payments to Directors' connected companies have been included in the Directors' remuneration note 5.

Darwin Private Equity IL.P, the ultimate controlling party, had a balance of £18,750 (2008 - £Nil) included in trade creditors balance at the year end. Total purchases from Darwin Private Equity IL.P by the group in the year were £75,000 (2008 - £18,750).

Following the resignation of a former director on 17 October 2008, 28,408 ordinary shares in MM Group Holdings Ltd were transferred to P Boddy temporarily until such time as a new Employee Benefit Trust could be formed. The EBT was formed on 5 June 2009 and the 28,408 ordinary shares were subsequently transferred into the EBT from P Boddy on 10 July 2009.

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 the company's are wholly owned group members and the company is included in the consolidated financial statements.

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

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
Operating loss	(347)	(94)
Depreciation and amortisation	7,562	2,890
(Increase)/decrease in stocks	(415)	148
Increase in debtors	(2,684)	(205)
Increase in creditors	1,085	561
Net cash inflow from operating activities	5,201	3,300

MM Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2009 (*Continued*)

23 Reconciliation of net cash flow to movement in net debt

	Year ended 30 April 2009 £'000	5 months ended 30 April 2008 £'000
(Decrease)/increase in cash in the year	(279)	4,530
Cash flow from changes in debt and finance leasing	1,477	(82,135)
Movement in net debt resulting from cash flows	1,198	(77,605)
Other non-cash changes	(5,428)	-
Opening net debt	(77,605)	-
Closing net debt	(81,835)	(77,605)

24 Analysis of changes in net debt

	At 1 May 2008 £'000	Cash flow £'000	Other non-cash changes £'000	At 30 April 2009 £'000
Cash in hand and at bank	4,530	(279)	-	4,251
	4,530	(279)	-	4,251
Debt due within one year	(1,477)	1,477	(1,250)	(1,250)
Debt due between one and two years	(1,250)	-	(250)	(1,500)
Debt due between two and five years	(4,500)	-	(250)	(4,750)
Debt due after more than five years	(74,908)	-	(3,678)	(78,586)
Total	(77,605)	1,198	(5,428)	(81,835)

25 Post balance sheet events

On 5 June 2009 an employee benefit trust was formed; this trust will be used to administer ordinary share awards across the management and executive employees.

26 Ultimate parent and controlling party

At 30 April 2009, 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.