

**Maxinutrition Group Holdings
Limited**

(formerly MM Group Holdings Limited)

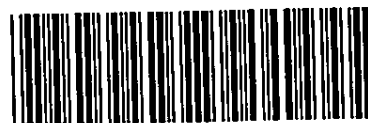
Report and Financial Statements

Year Ended

30 April 2010

Company Number 06445049

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Maxinutrition Group Holdings Limited

Report and financial statements for the year ended 30 April 2010

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Directors

J Kaye
I MacRitchie
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 LLP, 55 Baker Street, London, W1U 7EU

Maxinutrition Group Holdings Limited

Chairman's statement

In the development and growth of the company, this has been another exciting year for the Maximuscle group culminating in the change of our Group name from Maximuscle to Maxinutrition, just after year end, on 29 June 2010. This change reflects our strategic ambitions and through the course of the year we have developed almost every aspect of the business in line with our plans. It was particularly rewarding to see our brand development project conclude with the launch of Maxitone and Maxifuel together with a complete rebrand and refresh of the Maximuscle range.

In January 2010 we launched Maxitone, our female focused range with a mainstream TV campaign focused on the post-Christmas fitness surge. The launch was well received with excellent support from major retailers combined with a new website. In April 2010 we launched Maxifuel, a brand designed to address another growth area for the group combining the already highly regarded energy and endurance range from Maximuscle with new products and formats targeted at high growth sports such as Triathlon, Running and Cycling.

Our performance in the year to April 2010 remained robust despite the broader economic environment. Group turnover increased by 11% up to £36.9m and operational EBITDA was maintained at the same levels to the prior year despite the increased investment behind our brands and a substantial worsening of GBP/EUR exchange rates achieved through committed foreign exchange contracts.

During the year we have intensified our investment behind product research and innovation with several new products launched in year and a pipeline scheduled for launch in the upcoming year. In addition the level of collaboration with a number of leading UK universities has been increased substantially. Over time this will give us a greater asset bank of claims available for use in consumer communications, verifying the efficacy of our products' ability to optimise sporting potential.

Throughout the year we have continued to invest behind the infrastructure of the business in preparation for future years. We have completed a wide ranging supply chain review evaluating and future-proofing all aspects of our physical supply chain. In addition we have evaluated our entire IT infrastructure and now have clear upgrade paths that support long term growth.

The outlook for the upcoming year is hugely encouraging as our new brands start to mature. With the UK entering the 'decade of sport', the group is well positioned to capitalise on both the increased awareness of the benefits of sports nutrition and increasing participation levels in a broad range of sports across the UK. Our international presence continues to gain traction with several key international markets expected to transition from our exploratory to sales growth phase.

I would like to take the opportunity to thank our staff who have worked relentlessly throughout the year to drive all aspects of business performance. Despite the continued economic pressures we remain confident that we can continue to achieve our growth ambitions by providing exceptional products that meet the demands of our loyal and motivated consumers.



Iain MacRitchie
Chairman

Date 27/09/2010

Maxinutrition Group Holdings Limited

Report of the directors for the year ended 30 April 2010

The directors present their report together with the audited financial statements for the year ended 30 April 2010

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 (2009 - £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 Maxinutrition Limited (formerly 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 11% to £36.9m compared with the previous full financial year. Turnover growth continues to be in line with our expectations. Activity within the year was dominated by the brand redevelopment project, culminating in the launch of Maxitone, Maxifuel and a complete rebrand of Maximuscle.

The business uses EBITDA as the key metric of profitability. EBITDA is calculated by adding back the combined depreciation and amortisation charge of £7,588k and the exceptional costs of £892k to the operating loss of £345k giving a management EBITDA of £8,135k. For the second successive year, the achieved GBP/EUR exchange rate impacted EBITDA, the movement in the year was a further £1.1m adverse in addition to the net adverse movement in 2008/2009 of £1.2m.

Throughout the year the directors have continued to adopt a pro-active approach to debt reduction culminating in an increased pay down of debt at the year end of £2,400k, in total we have reduced debt in the year by £4,275k and have rebased the business operations around minimal ongoing cash reserves.

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

	2010 £'000	2009 £'000
Revenue growth (over 12 month period)	11%	28%
Operational EBITDA	8,135	7,941
Net operating cash flow	4,964	5,201

Maxinutrition Group Holdings Limited

Report of the directors for the year ended 30 April 2010 (Continued)

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

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 Euros. 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 on Maxinutrition 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 on 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.

Maxinutrition Group Holdings Limited

Report of the directors for the year ended 30 April 2010 (Continued)

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.

Financial risk management objectives and policies (Continued)

Liquidity risk

The Group seeks to manage liquidity 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 £240,125 (2009 - £239,463).

Going concern

Although the consolidated balance sheet shows net liabilities of £22.96m, the Directors consider that the going concern basis is appropriate on the basis that the group has cash balances of £1.2m at 30 April 2010, 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 continue to consider the level of trading achieved by the group to be satisfactory. Whilst turnover growth in the year dropped to 11% down from 28% in the prior year we remain confident that the brand development work concluded in the year will act as a growth accelerator.

Our consolidated P&L confirms a net operating loss of £345k for the year, the underlying profit for the year, after removal of amortisation (£7,454k), depreciation (£134k) and exceptional costs (£892k), of £8,135k is considered a satisfactory performance. We expect underlying profit levels to improve in future years as the brand development activity continues to build momentum, underlying Euro exchange rates improve and we financially leverage the infrastructure investment we have made over the past few years.

See note 24 for post balance sheet events.

Charitable contributions

During the year the Group made charitable contributions of £700 (2009 - £1,513). The Group made no political donations during either the current or prior year.

Maxinutrition Group Holdings Limited

Report of the directors for the year ended 30 April 2010 (*Continued*)

Payment of creditors

The Group pays trade creditors in accordance with the terms of credit agreed at the time of the transaction. The company has no trade creditors.

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. Members of management team regularly discuss matters of current interest and concern to the business with members of staff.

Directors

The directors of the company during the year were

J Kaye	
K Street	(resigned 1 September 2009)
I MacRitchie	
Z Eisenberg	(resigned 20 September 2009)
P Hick	(resigned 1 June 2009)
P Boddy	
M Doyle	(appointed 4 June 2009)
S Delaney	(appointed 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.

Maxinutrition Group Holdings Limited

Report of the directors for the year ended 30 April 2010 (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 LLP 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

P Boddy

Director

Date

27/9/10

Maxinutrition Group Holdings Limited

Independent auditor's report

TO THE MEMBERS OF MAXINUTRITION GROUP HOLDINGS LIMITED

We have audited the financial statements of Maxinutrition Group Holdings Limited for the year ended 30 April 2010 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 Chapter 3 of Part 16 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 2010 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.

Maxinutrition 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 LLP, statutory auditor
London
United Kingdom

27 September 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Maxinutrition Group Holdings Limited

Consolidated profit and loss account for the year ended 30 April 2010

	Note	2010 £'000	2009 £'000
Turnover	2	36,937	33,262
Operating costs	2	(37,282)	(33,609)
Operating loss		(345)	(347)
Interest receivable and similar income		6	166
Interest payable and similar charges	3	(10,033)	(9,874)
Loss on ordinary activities before taxation		(10,372)	(10,055)
Taxation on loss from ordinary activities	6	(475)	(26)
Loss on ordinary activities after taxation	17,18	(10,847)	(10,081)

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 13 to 29 form part of these financial statements

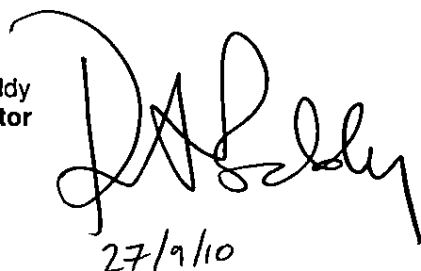
Maxinutrition Group Holdings Limited

Consolidated balance sheet at 30 April 2010

<i>Company number 06445049</i>	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Intangible assets	7		56,765		64,219
Tangible assets	8		599		583
			<hr/>		<hr/>
			57,364		64,802
Current assets					
Stocks	10	3,874		1,764	
Debtors	11	7,551		6,351	
Cash at bank and in hand		2,249		4,251	
		<hr/>		<hr/>	
		13,674		12,366	
Creditors: amounts falling due within one year	12	7,284		6,045	
		<hr/>		<hr/>	
Net current assets			6,390		6,321
			<hr/>		<hr/>
Total assets less current liabilities			63,754		71,123
Creditors: amounts falling due after more than one year	13		86,713		83,218
			<hr/>		<hr/>
			(22,959)		(12,095)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		10		10
Share premium account	17		976		973
Profit and loss account	17		(23,925)		(13,078)
EBT share reserve	17		(20)		-
			<hr/>		<hr/>
Shareholders' deficit	18		(22,959)		(12,095)
			<hr/>		<hr/>

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

P Boddy
Director



27/9/10

The notes on pages 13 to 29 form part of these financial statements

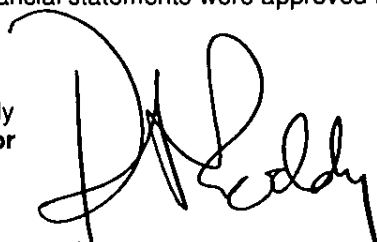
Maxinutrition Group Holdings Limited

Company balance sheet at 30 April 2010

<i>Company number 06445049</i>	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Investments	9		748		748
Current assets					
Debtors – due within one year	11	7		39	
– due after more than one year	11	178		178	
		185		217	
Cash at bank		102		43	
		287		260	
Creditors: amounts falling due within one year	12	12		8	
Net current assets			275		252
Total assets less current liabilities			1,023		1,000
Creditors: amounts falling due after more than one year	13		132		92
Total assets less current liabilities			891		908
Capital and reserves					
Called up share capital	16		10		10
Share premium account	17		976		973
Profit and loss account	17		(75)		(75)
EBT share reserve	17		(20)		-
Shareholders' funds	18		891		908

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

P Boddy
Director



27/9/10

The notes on pages 13 to 29 form part of these financial statements

Maxinutrition Group Holdings Limited

Consolidated cash flow statement for the year ended 30 April 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Net cash inflow from operating activities	21		4,957		5,201
Returns on investments and servicing of finance					
Interest received		6		166	
Interest paid		(3,195)		(3,604)	
Net cash outflow from returns on investments and servicing of finance			(3,189)		(3,438)
Taxation			(328)		-
Capital expenditure and financial investment					
Purchases of tangible fixed assets	8		(150)		(582)
Cash inflow before use of liquid resources and financing			1,290		1,181
Financing					
Issue of share capital	16	3		17	
Repayment of bank loans		(4,275)		(750)	
Repayment of loan notes		-		(727)	
Purchase of ordinary shares for EBT		(89)		-	
Proceeds from sales of ordinary shares from EBT		69		-	
			(4,292)		(1,460)
Decrease in cash	22,23		(3,002)		(279)

The notes on pages 13 to 29 form part of these financial statements

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2010

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 £22.96m, the Directors consider that the going concern basis is appropriate on the basis that the group has cash balances of £1.2m at 30 April 2010, 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 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.

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2010

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

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

Issue 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

Deferred tax balances are not discounted

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

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (*Continued*)

1 Accounting policies (*Continued*)

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 term 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.

Employee benefit trust

The balance sheet includes the assets and liabilities of the Employee Benefit Trust. Amounts paid and received by the trust for transactions in the company's own shares are reported directly in shareholders' funds.

2 Turnover and operating loss

The turnover and loss before tax are attributable to the principal activity of the company. An analysis of turnover by geographical market is given below.

	2010 £'000	2009 £'000
United Kingdom	34,458	30,622
Europe	2,479	2,640
	<hr/>	<hr/>
	36,937	33,262
	<hr/>	<hr/>

Included within turnover is an amount of £508,120 (2009 - £404,103) relating to barter transactions

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

2 Turnover and operating loss (Continued)

Operating cost

	2010 £'000	2009 £'000
Staff costs (note 4)	2,885	2,758
Depreciation of tangible fixed assets	134	108
Amortisation of patents and licences	2	2
Amortisation of goodwill	7,452	7,452
Research and development	240	239
Exceptional costs	892	726
Changes in stock levels	(2,110)	(415)
Other operating charges	27,787	22,739
	37,282	33,609

Exceptional costs relate to one off rebranding costs of £628,390 (2009 - £218,000) and organisational restructuring costs of £263,462 (2009 - £507,988)

The operating loss is stated after charging

	2010 £'000	2009 £'000
Auditor's remuneration - Fees payable to the group's auditors for the audit of the group's financial statements	50	46
- Other services	4	4
Operating lease rentals - plant and machinery	32	17
Other operating leases including land and buildings	281	281
Exchange differences	237	257

3 Interest payable and similar charges

	2010 £'000	2009 £'000
Bank interest	-	1
Loan note interest	5,300	4,680
Bank loan interest	3,996	4,455
Amortisation of issue costs (note 14)	737	738
	10,033	9,874

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

4 Employees

	2010 £'000	2009 £'000
Staff costs consist of		
Wages and salaries	2,574	2,500
Social security costs	295	243
Pension costs	16	15
	<hr/>	<hr/>
	2,885	2,758
Compensation for loss of office	-	54
	<hr/>	<hr/>
	2,885	2,812
	<hr/>	<hr/>
The average number of employees in the Group including directors during the year was	Number	Number
Management and office administration	12	11
Sales and marketing	59	53
	<hr/>	<hr/>
	71	64
	<hr/>	<hr/>

The Company has no employees, apart from the directors

5 Directors

	2010 £'000	2009 £'000
Directors' remuneration consists of		
Emoluments	480	582
Pension contributions to money purchase schemes	11	9
Amounts paid to third parties in respect of directors' services	75	75
Compensation for loss of office	-	54
	<hr/>	<hr/>
	566	720
	<hr/>	<hr/>

All amounts paid to directors are paid through Maxinutrition Limited (formerly Maximuscle Limited)

	2010 £'000	2009 £'000
Highest paid director		
Emoluments	200	220
Pension contributions to money purchase schemes	11	9
	<hr/>	<hr/>
	211	229
	<hr/>	<hr/>

There was 1 (2009 - 1) director in the Group's defined contribution scheme

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

6 Taxation on loss from ordinary activities

	2010 £'000	2009 £'000
<i>Current tax</i>		
UK corporation tax charge on result for the year	475	26
	<hr/>	<hr/>
Taxation charge on result for ordinary activities	475	26
	<hr/>	<hr/>
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below		
	2010 £'000	2009 £'000
Loss on ordinary activities before tax	(10,372)	(10,055)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(2,904)	(2,815)
Effects of		
Amortisation of goodwill	2,086	2,086
Non deductible interest	1,268	277
Unutilised losses carried forward	-	439
Expenses not deductible for tax purposes	42	(17)
Capital allowances in excess of depreciation	(17)	30
Underprovision in prior year	-	26
	<hr/>	<hr/>
Current tax charge for year	475	26
	<hr/>	<hr/>

The unrecognised deferred tax asset at the year end is £14,859 (2009 - £35,000) on decelerated capital allowances, £648,536 (2009 - £644,000) on unrelieved losses carried forward and £62,486 on other short term timing differences. Deferred tax asset on unrelieved losses is not recognised due to the uncertainty surrounding the availability of future profits in the company to which the asset relates.

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (*Continued*)

7 Intangible assets

Group	Goodwill £'000	Patents and licences £'000	Total £'000
<i>Cost</i>			
At 1 May 2009 and at 30 April 2010	74,517	33	74,550
<i>Amortisation</i>			
At 1 May 2009	10,316	15	10,331
Charge for the year	7,452	2	7,454
At 30 April 2010	17,768	17	17,785
<i>Net book value</i>			
At 30 April 2010	56,749	16	56,765
At 30 April 2009	64,201	18	64,219

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 2009	461	120	286	395	1,262
Additions	-	-	11	139	150
At 30 April 2010	461	120	297	534	1,412
<i>Depreciation</i>					
At 1 May 2009	78	104	162	335	679
Charge for the year	31	6	33	64	134
At 30 April 2010	109	110	195	399	813
<i>Net book value</i>					
At 30 April 2010	352	10	102	135	599
At 30 April 2009	383	16	124	60	583

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

9 Investments

Company	Shares in group undertakings £'000
Cost at 30 April 2010 and at 30 April 2009	748

At 30 April 2010, 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 2010 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
Maxinutrition Limited (formerly 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
Maximuscle Limited (formerly MIPR Limited) *	England and Wales	Ordinary	100%	Dormant

* Undertakings held indirectly by the company

10 Stocks

	2010 £'000	2009 £'000
Stock for resale	3,874	1,764

There is no material difference between the replacement cost of stock and the amounts stated above,

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

11 Debtors: amounts falling due within one year

	2010 Group £'000	2009 Group £'000	2010 Company £'000	2009 Company £'000
Trade debtors	4,769	3,975	-	-
Other debtors	1,456	1,113	7	39
Prepayments and accrued income	1,326	1,263	-	-
Amounts due from group companies	-	-	178	178
	<u>7,551</u>	<u>6,351</u>	<u>185</u>	<u>217</u>

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

12 Creditors: amounts falling due within one year

	2010 Group £'000	2009 Group £'000	2010 Company £'000	2009 Company £'000
Bank overdraft secured	1,000	-	-	-
Bank loans net of issue costs (note 14)	-	939	-	-
Trade creditors	5,239	4,023	-	-
Corporation tax	173	26	-	-
Other taxation and social security	80	71	-	-
Other creditors	-	34	-	-
Accruals and deferred income	792	952	12	8
	<u>7,284</u>	<u>6,045</u>	<u>12</u>	<u>8</u>

The bank overdraft is secured over the assets of the group

13 Creditors: amounts falling due after more than one year

	2010 Group £'000	2009 Group £'000	2010 Company £'000	2009 Company £'000
Bank loans net of issue costs secured (note 14)	24,473	27,498	-	-
Mezzanine loans net of issue costs secured (note 14)	13,645	12,806	-	-
Unsecured loan notes net of issue costs (note 14)	48,595	42,914	-	-
Amounts owed to group companies	-	-	132	92
	<u>86,713</u>	<u>83,218</u>	<u>132</u>	<u>92</u>

Amounts owed to group companies are repayable on notice of not less than one year

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2010 *(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 group

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 group 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 issue costs which are being amortised over 4 years

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

14 Borrowings

Financial liabilities are due

Group

	Mezzanine loan 2010 £'000	Bank loan 2010 £'000	Loan Notes 2010 £'000	Total 2010 £'000	Mezzanine loan 2009 £'000	Bank loan 2009 £	Loan Notes 2009 £	Total 2009 £
In one year or less, or on demand	-	-	-	-	-	1,250	-	1,250
In more than one year, but not more than two years	-	1,500	-	1,500	-	1,500	-	1,500
In more than two years, but not more than five years	-	3,475	-	3,475	-	4,750	-	4,750
In more than five years	13,720	20,000	49,210	82,930	12,927	21,750	43,909	78,586
	<u>13,720</u>	<u>24,975</u>	<u>49,210</u>	<u>87,905</u>	<u>12,927</u>	<u>29,250</u>	<u>43,909</u>	<u>86,086</u>
Issue costs (note 3)	(75)	(502)	(615)	(1,192)	(121)	(813)	(995)	(1,929)
	<u>13,645</u>	<u>24,473</u>	<u>48,595</u>	<u>86,713</u>	<u>12,806</u>	<u>28,437</u>	<u>42,914</u>	<u>84,157</u>

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2010 (*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.

Short term debtors and creditors have been excluded from Financial Instrument disclosures as allowed by FRS 13.

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 group 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 £10.3m (2009 - £10.6m) forward contracts have been taken out, covering a period from May 2010 to January 2012.

Included in trade creditors are amounts of £4,018,373 (2009 - £2,626,371) denominated in Euros.

Included in trade debtors are amounts of £317,094 (2009 - £239,173) denominated in Euros.

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

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

15 Financial Instruments (Continued)

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 the carrying value differs materially from fair value. The fair value of these financial instruments is determined based on available market rates.

	2010 Book value £'000	2010 Fair value £'000	2009 Book value £'000	2009 Fair value £'000
Currency forwards	-	(19)	-	376
Interest rate swaps	-	1,115	-	2,074

The carrying value of all other financial assets and financial liabilities are not materially different from the fair value. The fair value of the loan notes is based on available market prices, as the loan notes are listed on the Channel Islands Stock Exchange.

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.	2010 Number	2010 £'000	2009 Number	2009 £'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:	2010 Number	2010 £'000	2009 Number	2009 £'000
Ordinary shares of 1p each	236,335	2	232,851	2
'A' ordinary shares of 1p each	750,000	8	750,000	8
	986,335	10	982,851	10

On 12 June 2009, 3,484 (2009 - 16,600) Ordinary shares were issued for a total consideration of £3,484 (2009 - £16,600).

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

16 Share capital (Continued)

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, Darwin Private Equity Friends and Family Scheme 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

17 Reconciliation of movements in share capital and reserves

	Share capital £'000	Share premium £'000	EBT share reserve £'000	Profit and loss account £'000	Total £'000
Group					
At 1 May 2009	10	973	-	(13,078)	(12,095)
Loss for the financial year	-	-	-	(10,847)	(10,847)
Premium on shares issued in the year (note 16)	-	3	-	-	3
Shares purchased into EBT	-	-	(89)	-	(89)
Sale of EBT shares	-	-	69	-	69
	<u>10</u>	<u>976</u>	<u>(20)</u>	<u>(23,925)</u>	<u>(22,959)</u>
At 30 April 2010	10	976	(20)	(23,925)	(22,959)
Company					
At 1 May 2009	10	973	-	(75)	908
Loss for the financial year	-	-	-	-	-
Premium on shares issued in the year (note 16)	-	3	-	-	3
Shares purchased into EBT	-	-	(89)	-	(89)
Sale of EBT shares	-	-	69	-	69
	<u>10</u>	<u>976</u>	<u>(20)</u>	<u>(75)</u>	<u>891</u>
At 30 April 2010	10	976	(20)	(75)	891

EBT share reserve

An employee benefit trust (EBT) was established on 5 June 2009 in order to provide for the future obligations of the company for shares awarded under its employee share scheme Under the scheme the trustees purchase the company's ordinary shares using funds supplied under a loan agreement with the company At 30 April 2010, the EBT held ordinary shares of £20,108

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 £Nil (2009 - £53,060) which is dealt with in the financial statements of the company

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

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

30 April

Group	2010 £'000	2009 £'000
Loss for the year	(10,847)	(10,081)
Premium on shares issued in year (note 16)	3	17
EBT shares	(20)	-
	<hr/>	<hr/>
Net increase in shareholders' deficit	(10,864)	(10,064)
Opening shareholders' deficit	(12,095)	(2,031)
	<hr/>	<hr/>
Closing shareholders' deficit	(22,959)	(12,095)
	<hr/>	<hr/>
Company		
Loss for the year	-	(53)
Premium on shares issued in year (note 16)	3	17
EBT shares	(20)	-
	<hr/>	<hr/>
Net decrease in shareholders' funds	(17)	(36)
Opening shareholders' funds	908	944
	<hr/>	<hr/>
Closing shareholders' funds	891	908
	<hr/>	<hr/>

19 Commitments under operating leases

As at 30 April 2010, the Group had annual commitments under non-cancellable operating leases as set out below

Group	2010 Land and buildings £'000	2010 Other £'000	2009 Land and buildings £'000	2009 Other £'000
Operating leases which expire				
Within one year	-	7	-	-
In one to two years	-	12	-	7
In two to five years	-	13	-	12
Over five years	281	-	281	-
	<hr/>	<hr/>	<hr/>	<hr/>
	281	32	281	19
	<hr/>	<hr/>	<hr/>	<hr/>

There are no operating leases held in the company

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements for the year ended 30 April 2010 (Continued)

20 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 until his resignation on 20 September 2009, is also a Director of Science Publications International Limited. Total purchases from Science Publications International Limited in the year were £103,788 (2009 - £189,450). Included in the trade creditors balance is the amount of £1,658 (2009 - £Nil), owed to Science Publications International Limited at the year end.

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 £65,630 (2009 - £65,743). Included in the creditors balance is an amount of £6,427 (2009 - £6,461) 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 I L P, the ultimate controlling party, had a balance of £22,062 (2009 - £18,750) included in trade creditors balance at the year end. Total purchases from Darwin Private Equity I L P by the group in the year were £75,000 (2009 - £75,000).

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. Zef Eisenberg transferred 28,408 ordinary shares to the EBT upon his resignation. During the year Iain MacRitchie, Peter Boddy and Mike Doyle brought a total of 55,000 shares from the EBT for a total consideration of £55,000.

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 Maxinutrition Group Holdings Limited on the grounds that the company's are wholly owned group members and the company is included in the consolidated financial statements.

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

	2010 £'000	2009 £'000
Operating loss	(345)	(347)
Depreciation and amortisation	7,588	7,562
Increase in stocks	(2,110)	(415)
Increase in debtors	(1,200)	(2,684)
Increase in creditors	1,024	1,085
Net cash inflow from operating activities	4,957	5,201

Maxinutrition Group Holdings Limited

Notes forming part of the financial statements
for the year ended 30 April 2010 (Continued)

22 Reconciliation of net cash flow to movement in net debt

	2010 £'000	2009 £'000
Decrease in cash in the year	(3,002)	(279)
Cash flow from changes in debt	4,275	1,477
	<hr/>	<hr/>
Movement in net debt resulting from cash flows	1,273	1,198
Other non-cash changes	(6,094)	(5,428)
Opening net debt	(81,835)	(77,605)
	<hr/>	<hr/>
Closing net debt	(86,656)	(81,835)
	<hr/>	<hr/>

23 Analysis of changes in net debt

	At 1 May 2009 £'000	Cash flow £'000	Other non-cash changes £'000	At 30 April 2010 £'000
Cash in hand and at bank	4,251	(2,002)	-	2,249
Bank overdraft	-	(1,000)	-	(1,000)
	<hr/>	<hr/>	<hr/>	<hr/>
	4,251	(3,002)	-	1,249
Debt due within one year	(1,250)	1,250	-	-
Debt due between one and two years	(1,500)	1,500	(1,500)	(1,500)
Debt due between two and five years	(4,750)	1,525	(250)	(3,475)
Debt due after more than five years	(78,586)	-	(4,344)	(82,930)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(81,835)	1,273	(6,094)	(86,656)
	<hr/>	<hr/>	<hr/>	<hr/>

The non-cash movements largely relate to rolled up interest and amortisation of issue costs

24 Post balance sheet events

On 29 June 2010, the group changed its name to Maxinutrition Group Holdings Limited

25 Ultimate parent and controlling party

At 30 April 2010, the Company's ultimate controlling party was Darwin Private Equity I L P , which held a majority of Maxinutrition Group Holdings Limited's issued share capital