

AMALDIS (2008) LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 March 2009



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AMALDIS (2008) LIMITED

COMPANY INFORMATION

DIRECTORS:	S Zussman M Zussman A Toms J Middleton M Wood A Meehan
SECRETARY:	Taylor Wessing Secretaries Ltd
REGISTERED OFFICE:	Ventura House Bullsbrook Road Hayes Middlesex UB4 0UJ
COMPANY NUMBER:	6545147
AUDITORS:	Nexia Smith & Williamson Imperial House 18-21 Kings Park Road Southampton SO15 2AT
BUSINESS AND TAX ADVISORS:	Smith & Williamson Limited Imperial House 18-21 Kings Park Road Southampton SO15 2AT
SOLICITORS:	Taylor Wessing Carmelite 50 Victoria Embankment Blackfriars London EC4Y 0DX
BANKERS:	National Westminster Bank plc Regent Street Branch 250 Regent Street London W1A 4RY

AMALDIS (2008) LIMITED

DIRECTORS' REPORT

The directors present their report and the audited consolidated financial statements for the period ended 31 March 2009.

RESULTS AND DIVIDENDS

The group loss for the period, after taxation, amounted to £586,313.

No dividends were declared for the period under review.

PRINCIPAL ACTIVITIES

The Company was incorporated on 26 March 2008 and acquired Amaldis Limited on 09 April 2008. Amaldis Limited owns the trading subsidiary Original Additions (Beauty Products) Limited.

The group's principal activities through its trading subsidiary are the design, production and distribution of beauty products. The group's principal brands are Elegant Touch, Salon Systems, Eylure and Wax-A-Way.

BUSINESS REVIEW

Despite tough trading conditions on the high street and worldwide, our UK Consumer Business remained strong showing growth over the period.

Inventory control was much improved with a reduction in stock holding in the region of 30%.

The change of strategy for our export market, with more emphasis on selling directly to the retail chains, instead of distributors, has created a positive platform for growth in 2009/10.

Given the straightforward nature of the business, the directors do not think that the external reporting of KPI's is appropriate.

FINANCIAL RISK AND USE OF FINANCIAL INSTRUMENTS

The group makes use of financial instruments in two areas to protect its margins and limit risk. These are as follows:

1. Mitigation of foreign currency risk

An appreciable portion of the group's purchases are made in US dollars, and to protect the value of these purchases against currency fluctuations, dollar purchases are protected by forward foreign exchange contracts. There were forward contracts totaling \$4.3 million in place at 31 March 2009 at an average cost of \$1.59:£1 compared to the market rate at 31 March of \$1.42:£1.

2. Mitigation of interest rate risk

The second measure that the group takes relates to interest cover protection on the Senior Debt Loans from the Royal Bank of Scotland. The interest chargeable on the loans is based on LIBOR which can fluctuate. To limit the exposure to fluctuation, the company has a 'collar and cap' protection restricting the rate of interest payable on approximately 75% of the loan. The interest on the remainder of the loan is payable at a variable rate.

AMALDIS (2008) LIMITED

DIRECTORS' REPORT

DIRECTORS

The following directors have held office since incorporation:

Huntsmoor Nominees Limited	- appointed 26/03/2008 and resigned 09/04/2008
S Zussman	- appointed 09/04/2008
M Zussman	- appointed 09/04/2008
A Toms	- appointed 09/04/2008
M Wood	- appointed 09/04/2008
J Middleton	- appointed 09/04/2008
D Steele	- appointed 09/04/2008 and resigned 28/05/2008
A Meehan	- appointed 28/05/2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each director of the company has confirmed that, in fulfilling their duties as a director, they have;

- Taken all necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information; and
- So far as they are aware, there is no relevant audit information of which the auditors have not been made aware.

SIGNED ON BEHALF OF THE BOARD



S Zussman
Director

Dated: 20/9/09

AMALDIS (2008) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AMALDIS (2008) LIMITED

We have audited the group and parent company accounts ('the accounts') of Amaldis (2008) Limited for the period ended 31 March 2009 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 28. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

AMALDIS (2008) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AMALDIS (2008) LIMITED

Opinion

In our opinion the accounts:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 31 March 2009 and of the loss of the group for the period then ended;
- have been properly prepared in accordance with the Companies Act 1985;
- are consistent with the information given in the directors report.

Nexia Smith & Williamson

NEXIA SMITH & WILLIAMSON

Chartered Accountants

Registered Auditors

Imperial House

18-21 Kings Park Road

Southampton

SO15 2AT

Dated: 8/10/09

AMALDIS (2008) LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
For the period ended 31 March 2009

	Note	2009 £
TURNOVER	2	19,007,586
Cost of sales		(10,287,088)
		<hr/>
GROSS PROFIT		8,720,498
Administrative expenses		(7,087,442)
		<hr/>
OPERATING PROFIT	3	1,633,056
Interest receivable		12,380
Interest payable	4	(1,818,416)
		<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(172,980)
Tax on loss on ordinary activities	5	(413,333)
		<hr/>
Retained loss for the period	16	(586,313)
		<hr/>

There are no recognised gains and losses for the period other than those passing through the profit and loss account.

All activities of the group are classed as continuing.


AMALDIS (2008) LIMITED**CONSOLIDATED BALANCE SHEET****As at 31 March 2009**

	Note	2009 £
FIXED ASSETS		
Intangible assets	6	14,057,451
Tangible assets	7	614,977
		<hr/>
		14,672,428
CURRENT ASSETS		
Stocks	9	2,524,178
Debtors	10	3,307,555
Cash at bank and in hand		228,963
		<hr/>
		6,060,696
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(3,490,617)
		<hr/>
NET CURRENT ASSETS		2,570,079
		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		17,242,507
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(16,304,546)
		<hr/>
NET ASSETS		937,961
		<hr/>
CAPITAL AND RESERVES		
Called up share capital	15	10,000
Share premium	16	119,600
Retained earnings	16	(586,313)
Other reserves	16	1,394,674
		<hr/>
TOTAL SHAREHOLDERS' FUNDS	17	937,961
		<hr/>

These financial statements were approved by the Board of Directors on 5/4/9
Signed on behalf of the Board of Directors.



S Zussman – Director

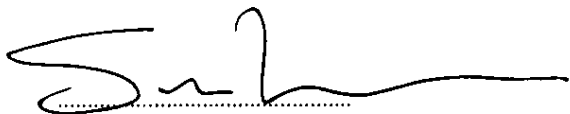


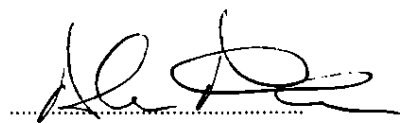
A Toms – Director

AMALDIS (2008) LIMITED**COMPANY BALANCE SHEET****As at 31 March 2009**

	Note	2009 £
FIXED ASSETS		
Investments	8	6,288,864
CURRENT ASSETS		
Debtors: amounts falling due after one year	11	10,529,048
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(521,500)
NET CURRENT ASSETS		10,007,548
TOTAL ASSETS LESS CURRENT LIABILITIES		16,296,412
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(16,243,762)
NET ASSETS		52,650
CAPITAL AND RESERVES		
Called up share capital	15	10,000
Share premium	16	119,600
Retained earnings	16	(76,950)
TOTAL SHAREHOLDERS' FUNDS	17	52,650

These financial statements were approved by the Board of Directors on 30/9/9
Signed on behalf of the Board of Directors.


S Zussman – Director


A Toms – Director

AMALDIS (2008) LIMITED**CONSOLIDATED CASH FLOW STATEMENT**
For the period ended 31 March 2009

	Note	2009 £
Net cash inflow from operating activities	19	3,161,011
Returns on investment and servicing of finance	20	(956,483)
Taxation		(576,953)
Capital expenditure and financial investment	20	(149,531)
Acquisitions and disposals	20	(1,691,566)
Cash outflow before financing		(213,522)
Financing - Issue of equity	20	120,000
- Increase in debt	20	661,162
Net cash inflow after financing		567,640

Reconciliation of net cash flow to movement in net debt (note 21)

	2009 £
Increase in cash in the period	567,640
Cash inflow from increase in debt	(661,162)
Change in net debt resulting from cash flows	(93,522)
Other non cash changes - issue of loan notes	(5,433,762)
Movement in net debt	(5,527,284)
Net debt on acquisition	(11,075,610)
Net debt as at 31 March 2009	(16,602,894)

AMALDIS (2008) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 March 2009

1. ACCOUNTING POLICIES

Basis of preparation

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

Basis of consolidation

The group financial statements consolidate the financial statements of Amaldis (2008) Limited and its subsidiary undertakings drawn up to 31 March annually.

No profit and loss account is presented for Amaldis (2008) Limited as permitted by Section 230 of the Companies Act 1985. The profit after tax of the parent company for the period ended 31 March 2009 is disclosed in the notes to the accounts.

Turnover

Turnover is stated net of value added tax and trade discounts, and represents amounts invoiced to third parties for goods and services in the normal course of business. Revenue is recognised on fulfilment of contractual obligations.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	Over the term of the lease
Plant & machinery	-	25% straight line
Fixtures, fittings and equipment	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value and are shown net of provisions for slow moving and obsolete stocks. Cost includes materials, costs of assembly, freight and duty costs. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is provided on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in the future is uncertain. Any assets and liabilities recognised have not been discounted.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Pensions

The group and company operate a number of money purchase pension schemes for the benefit of the directors and employees. The assets of these schemes are held separately from those of the group and company. Contributions to these schemes are charged to the profit and loss account as incurred.

Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of twenty years.

AMALDIS (2008) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 March 2009

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date. Any liability recognised has not been discounted.

Issue costs

Costs incurred in raising loan finance are initially recorded as a deduction from the gross proceeds of the loan and subsequently written off in the income and expenditure account over the term of the loan.

Financial liabilities and equity

Under the principles of FRS25 *Financial Instruments: Presentation and disclosure*, financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Where the financial instrument is a contract which gives rise only to a residual interest in the assets of the group or the company it is accounted for as equity and included within shareholders' funds. All other financial instruments are classified as financial liabilities and are included within creditors.

2. TURNOVER

Geographical market

	2009 £
United Kingdom	16,767,771
Rest of Europe	1,610,856
Rest of the world	628,959
	<hr/>
	19,007,586
	<hr/>

The turnover and profit before taxation is attributable to the principal activity of the group as detailed in the directors' report. The directors consider there to be only one class of business.

3. OPERATING PROFIT

	2009 £
Operating profit is stated after charging / (crediting):	
Auditors' remuneration (audit of company)	8,000
Depreciation of owned fixed assets	383,608
Amortisation of goodwill	739,865
Operating lease rentals – land and buildings	285,000
– plant and machinery	69,632
Loss on disposal of fixed assets	1,893
	<hr/>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****4. INTEREST PAYABLE**

	2009
	£
Hire purchase interest	15,953
On bank loans and overdrafts	937,938
Loan issue costs amortised	66,433
On loan notes	783,120
Other interest	14,972
	<hr/>
	1,818,416
	<hr/>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The group:

(a) Tax on profit on ordinary activities

	2009
	£
U.K. corporation tax – current period	486,042
Deferred tax credit for current period	(72,709)
	<hr/>
	413,333
	<hr/>

(b) Factors affecting the tax charge for the period

Loss on ordinary activities before taxation	<hr/> (172,980)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.4%	<hr/> (49,126)
Effects of:	
Disallowed expenses	257,286
Capital allowances less than depreciation	47,293
Other short term timing differences	<hr/> 230,589
	535,168
	<hr/>
Current tax charge	486,042
	<hr/>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the period ended 31 March 2009

6. INTANGIBLE FIXED ASSETS

The group:

	Purchased goodwill £
Cost	
Goodwill on acquisition	14,797,316
	<hr/>
At 31 March 2009	14,797,316
	<hr/>
Amortisation	
Charge for the period	(739,865)
	<hr/>
At 31 March 2009	(739,865)
	<hr/>
Net book value	
At 31 March 2009	14,057,451
	<hr/>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****7. TANGIBLE FIXED ASSETS**

The group:

	Leasehold improvements	Plant & machinery, fixtures, fittings and equipment	Total
	£	£	£
Cost			
On acquisition	23,603	1,389,051	1,412,654
Additions	3,424	147,685	151,109
Disposals	-	(10,676)	(10,676)
	<hr/>	<hr/>	<hr/>
At 31 March 2009	27,027	1,526,060	1,553,087
	<hr/>	<hr/>	<hr/>
Depreciation			
On acquisition	16,952	544,755	561,707
Charge for the period	4,499	379,109	383,608
Disposals	-	(7,205)	(7,205)
	<hr/>	<hr/>	<hr/>
At 31 March 2009	21,451	916,659	938,110
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2009	<hr/> 5,576	<hr/> 609,401	<hr/> 614,977

Included above are fixed assets held under finance leases or hire purchase contracts as follows:

	Fixtures, fittings and equipment
	£
Net book values	
At 31 March 2009	<hr/> 176,967
Depreciation charge for the period	
At 31 March 2009	<hr/> 117,278

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****8. INVESTMENTS**

The company:

	Shares in group undertakings £
Cost	
Additions	6,288,864
At 31 March 2009	6,288,864
Provision for diminution in value	
On acquisition	-
At 31 March 2009	
Net book value	
31 March 2009	6,288,864

The investments represent holdings in the following subsidiary undertakings:

Subsidiary undertakings	Description of shares held		Capital and reserves £	Profit for the period £
	Class	Percentage		
Amaldis Limited	Ordinary £1 A	100%	21,419	1,588,818
	Ordinary £1 B	100%		
	Ordinary £1 C	100%		
	Preference £1	100%		
Original Additions (Beauty Products) Limited	Ordinary £1 A	100%	1,357,695	1,491,486
	Ordinary £1 B	100%		
	Ordinary £1 C	100%		
*Eylure Limited	Ordinary £1	100%	2	-
*Naturelle Limited	Ordinary £1	100%	-	-
*City Chick Limited	Ordinary £1	100%	100	-
*Nail Basics Limited	Ordinary £1	100%	100	-
*Salon Systems Limited	Ordinary £1	100%	1,000	-
*OA(BP) Limited	Ordinary £1	100%	10,000	-

* Eylure Limited, Naturelle Limited, City Chick Limited, Nail Basics Limited, Salon Systems Limited and OA(BP) Limited are 100% subsidiaries of Original Additions (Beauty Products) Limited. All subsidiaries of Original Additions (Beauty Products) Limited have been dormant throughout the period and have a 31 December year end.

The nature of the business of Original Additions (Beauty Products) Limited is the design, production and distribution of beauty products and is a 100% owned subsidiary of Amaldis Limited

All subsidiaries are registered and incorporated in England and Wales.

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009**

9. STOCKS

The group:

	2009
	£
Raw materials	323,313
Finished goods	2,002,292
Goods in transit	198,573
	<hr/>
	2,524,178
	<hr/>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The group:

	2009
	£
Trade debtors	2,577,677
Prepayments and accrued income	684,649
Other debtors	1,202
Deferred tax asset (note 18)	44,027
	<hr/>
	3,307,555
	<hr/>

11. DEBTORS: AMOUNTS FALLING DUE AFTER ONE YEAR

The company:

	2009
	£
Amounts owed by group undertakings	10,529,048
	<hr/>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

The group:

	2009 £
Net obligations under hire purchase agreements	137,311
Trade creditors	1,805,219
Corporation tax	147,066
Other taxation and social security	355,198
Accruals and deferred income	645,823
Bank loans and overdrafts	400,000
	<hr/>
	3,490,617
	<hr/>

The company:

	2009 £
Bank loans and overdrafts	400,000
Accruals and deferred income	121,500
	<hr/>
	521,500
	<hr/>

Net obligations under finance leases and hire purchase contracts are secured by fixed charges on the assets concerned.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

The group:

	2009 £
Net obligations under hire purchase agreements	60,784
Loan notes	5,699,495
Bank loan and overdrafts	10,534,267
Share capital accounted for as a liability (see note 15)	10,000
	<hr/>
	16,304,546
	<hr/>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

The company:

	2009
	£
Loan notes	5,699,495
Bank loan	10,534,267
Share capital accounted for as a liability (see note 15)	10,000
	<hr/>
	16,243,762
	<hr/>

The group:

	2009
	£
Net obligations under hire purchase agreements	60,784
	<hr/>
Net obligations under hire purchase agreements	
Repayable within one year	154,064
Repayable between one and five years	64,193
	<hr/>
	218,257
	<hr/>
Finance charges and interest allocated to future periods	(20,162)
	<hr/>
	198,095
	<hr/>
Included in liabilities falling due within one year	(137,311)
	<hr/>
	60,784
	<hr/>

AMALDIS (2008) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 March 2009

14. BORROWINGS

The group and the company:

Analysis of Borrowings:

	2009 £
<i>Wholly repayable within five years:</i>	
Royal Bank of Scotland loan (less issue costs of £265,733 deducted from debt)	10,934,267
Loan notes	5,699,495
Less amounts: included in current liabilities	(400,000)
	<hr/>
	16,233,762
	<hr/>

Loan Maturity Analysis

	2009 £
In less than one year	400,000
Between one and two years	1,160,000
Between two and five years	19,536,647
Less: issue costs deducted from debt	(265,733)
Less: interest on loan notes allocated to future periods	(4,197,152)
	<hr/>
	16,633,762
	<hr/>

The loan notes are included in the accounts at their fair value at the date of acquisition. The loan notes have a 10% coupon attached and have been discounted at an appropriate discount rate of 15.9%, which represents the equivalent interest rate that would have been obtained from a third party for a loan of the same value and term.

The amount shown in creditors reflects both the principal amount of £4,916,375 plus the accrued interest charged for the period to 31 March 2009.

The bank loan has interest charged at an interest rate of 5.5% plus a varying margin of between 4% and 12%.

AMALDIS (2008) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) For the period ended 31 March 2009

15. SHARE CAPITAL

	Number of shares	2009 £
Authorised		
A Ordinary shares of 1p each	338,000	3,380
B Ordinary shares of 1p each	570,100	5,701
C Ordinary shares of 1p each	91,900	919
Participating Preference shares of £1 each	10,000	10,000
		<hr/>
		20,000
		<hr/>
Called up, allotted and fully paid		
A Ordinary shares of 1p each	338,000	3,380
B Ordinary shares of 1p each	570,100	5,701
C Ordinary shares of 1p each	91,900	919
Participating Preference shares of £1 each	10,000	10,000
		<hr/>
		20,000
		(10,000)
Less: Share capital accounted for as a liability (see below)		<hr/>
		10,000
		<hr/>

On 09 April 2008, 338,000 A shares, 530,100 B shares, 91,900 C shares and 10,000 Preference shares were issued as part of the consideration to acquire Amaldis Limited. The shares have been recorded at nominal value rather than at their fair value.

On 09 April 2008, 20,000 B shares were issued at £3 a share. On 01 July 2008 a further 20,000 B shares were issued at £3 a share. The share premium arising from these transactions is shown in note 16.

Voting rights:

Holders of Participating Preference shares are entitled to attend and to speak but not to vote at general meetings. Ordinary shareholders of any class are entitled to attend, speak and vote at general meetings.

In aggregate the holders of the A and C Ordinary shares shall be entitled to cast votes equating to the lower of (i) 49.9% of all votes capable of being cast and (ii) such percentage of votes capable of being cast as a proportion of the aggregate number of equity shares in issue.

Distribution rights:

In respect of accounting periods ending on and after 31 December 2013 the holders of the A Ordinary shares shall be entitled to a cumulative dividend, the Participating dividend, equal to 15.74% of the adjusted profits, holders of Participating Preference shares shall be entitled to a cumulative dividend equal to 4.26% of the adjusted profits. Adjusted profits are as defined in the Articles of Association.

After payment of the Participating dividend, the company may pay dividends to the holders of the B Ordinary shares a maximum amount equal to the total Participating dividend paid, the Non-Cumulative dividend.

After payment of the Participating and Non-Cumulative dividends, the company may pay dividends to the holders of the A, B and C Ordinary shares as so determined.

On winding up of the company, preference shares take precedence for repayment (at par) ahead of ordinary shareholders. Ordinary shares are treated as one class and rank equally in respect of the distribution on wind up of any surplus assets and retained profits.

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009***Share capital accounted for as a liability:*

Under FRS25, financial instruments are accounted for as either equity or a liability in accordance with their substance as opposed to their legal form. The impact of this is to reclassify the preference shares in issue to long term liabilities. The impact of this is to reduce equity by £10,000 and increase long term debt by the same amount. Given the company's strategy, the directors have concluded that the A, B and C shares are classified as equity rather than debt.

16. STATEMENT OF MOVEMENTS ON RESERVES

The group:

	Profit and loss account £	Share premium £	Other reserve £	Total £
Retained loss for the period	(586,313)	-	-	(586,313)
Premium on shares issued during the year	-	119,600	-	119,600
Fair value adjustment on equity	-	-	1,394,674	1,394,674
Balance at 31 March 2009	(586,313)	119,600	1,394,674	927,961

The company:

	Profit and loss account £	Share Premium £	Total £
Retained loss for the period	(76,950)	-	(76,950)
Premium on shares issued during the year	-	119,600	119,600
Balance at 31 March 2009	(76,950)	119,600	42,650

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**
For the period ended 31 March 2009**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

The group:

	2009
	£
Allotment of share capital	139,600
Fair value adjustment to share capital	1,394,674
Loss for the financial period	(586,313)
Reclassification of share capital as a liability (see note 15)	(10,000)
	<hr/>
Net addition to shareholders' funds	937,961
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	937,961
	<hr/>

The company:

	2009
	£
Proceeds from the issue of shares	139,600
Loss for the financial period	(76,950)
Reclassification of share capital as a liability (see note 15)	(10,000)
	<hr/>
Net addition to shareholders' funds	52,650
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	52,650
	<hr/>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****18. DEFERRED TAX**

The group:

	Deferred tax asset/(liability) £
On acquisition	(28,682)
Profit & Loss credit for the period	72,709
	<hr/>
Balance at 31 March 2009	44,027
	<hr/>
The deferred tax asset is made up as follows:	2009 £
Fixed asset timing differences	40,787
Other short term timing differences	3,240
	<hr/>
	44,027
	<hr/>

19. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £
Operating profit	1,633,056
Depreciation charges	383,608
Amortisation charges	739,865
Decrease in stocks	469,365
Increase in debtors	(338,997)
Increase in creditors	272,221
Loss on disposal of fixed assets	1,893
	<hr/>
	3,161,011
	<hr/>

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2009 £
Returns on investments and servicing of finance	
Interest received	12,620
Interest paid	(953,150)
Hire purchase interest paid	(15,953)
	<hr/>
	(956,483)
	<hr/>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****Capital expenditure and financial investment**

Receipts from sale of tangible fixed assets	1,578
Payments made for tangible fixed assets	(151,109)
	<hr/>
	(149,531)
	<hr/>

Acquisitions and disposals

Payment to acquire subsidiary	(1,352,889)
Cash acquired with subsidiary	(338,677)
	<hr/>
	(1,691,566)
	<hr/>

Financing

Repayment of bank loan	(10,450,000)
Receipt of new long term bank loan	11,200,000
Repayment of finance leases	(88,839)
Issue of equity	120,000
	<hr/>
	781,161
	<hr/>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****21. ANALYSIS OF NET DEBT**

	On Acquisition	Cash flow	Non cash flow movements	At 31 March 2009
	£	£	£	£
Cash at bank and in hand	(338,677)	567,640	-	228,963
	<u>(338,677)</u>	<u>567,640</u>	<u>-</u>	<u>228,963</u>
Finance leases	(286,933)	88,838	-	(198,095)
Debt due in less than one year	(10,450,000)	10,450,000	(400,000)	(400,000)
Reclassification of share capital as a liability (see note 15)	-	-	(10,000)	(10,000)
Debt due in more than one year	-	(11,200,000)	(5,033,762)	(16,233,762)
	<u>(10,736,933)</u>	<u>(661,162)</u>	<u>(5,443,762)</u>	<u>(16,841,857)</u>
	<u>(11,075,610)</u>	<u>(93,522)</u>	<u>(5,443,762)</u>	<u>(16,612,894)</u>
Total	(11,075,610)	(93,522)	(5,443,762)	(16,612,894)

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****22. PENSION COSTS**

The group:

	2009
	£
Contributions payable for the period	<u>89,310</u>
Contributions outstanding at the balance sheet date amounted to	<u>11,573</u>

23. FINANCIAL COMMITMENTS

The group:

At 31 March 2009, the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2009 £	Other 2009 £
Expiry date:		
Within one year	-	-
Between two and five years	300,000	66,652
In over five years	-	-
	<u>300,000</u>	<u>66,652</u>

24. CAPITAL COMMITMENTS

At 31 March 2009, the group had capital commitments as follows:

	2009
	£
Contracted but not provided for in the financial statements	<u>-</u>

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****25. EMPLOYEES****Number of employees**

The average monthly number of employees (including directors) during the period was:

	2009 Number
Production and distribution	29
Sales and marketing	25
Office and administration	6
	<hr/> 60 <hr/>

Employment costs

	£
Wages and salaries	2,145,591
Social security costs	239,407
Other pension costs	89,310
	<hr/> 2,474,308 <hr/>

Directors' emoluments including estimated value of benefits in kind:

	2009 £
Emoluments	614,580
Pension contributions	47,241
	<hr/> 661,821 <hr/>

Five directors have retirement benefits accruing under personal pension schemes.

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2009 £
Emoluments	187,306
Pension contributions	14,588
	<hr/> 201,894 <hr/>

26. CONTROL

In the opinion of the directors, there is no single controlling party.

AMALDIS (2008) LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****For the period ended 31 March 2009****27. ACQUISITION OF AMALDIS LIMITED GROUP**

On 09 April 2008, the company acquired Amaldis Limited, the holding company for the Original Additions (Beauty Products) Limited group for a total nominal consideration of £7,968,865. The analysis of assets and liabilities acquired (excluding investments and goodwill eliminated on consolidation higher up in the group) is as follows:

	Book value	Revaluation	Fair value
	£	£	£
Tangible fixed assets	850,947	-	850,947
Current assets	5,918,074	-	5,918,074
Current liabilities	(3,404,115)	-	(3,404,115)
Long term liabilities	(10,450,000)	-	(10,450,000)
Provisions	(28,682)	-	(28,682)
Net liabilities	(7,113,776)	-	(7,113,776)
Consideration:			
Cash	1,169,350	-	1,169,350
Shares (including £10,000 classified as debt)	19,600	1,394,675	1,414,275
Professional fees	183,540	-	183,540
Loan notes	6,596,375	(1,680,000)	4,916,375
	7,968,865	(285,325)	7,683,540
Goodwill	15,082,641	(285,325)	14,797,316

Loan notes have been discounted to their fair value, using an appropriate discount rate, as disclosed in note 14.

A fair value adjustment has also been made to the equity issued to record this at its fair value at the date of acquisition.

Below is a summary of the profit and loss in the Amaldis Limited group from 1 January to 09 April 2008:

	£
Turnover	4,693,073
Cost of sales	(2,459,548)
Gross profit	2,233,525
Administrative expenses	(1,487,500)
Operating profit	746,025
Interest	(448,341)
Profit before tax	297,684
Tax	(100,102)
Profit after tax	197,582

The Amaldis Limited group made a consolidated profit after tax of £952,711 for the period to 31 December 2007, its most recent pre-acquisition financial statement results.

AMALDIS (2008) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the period ended 31 March 2009

28. RELATED PARTY TRANSACTIONS

Exemption as conferred by Financial Reporting Standard No.8 has been claimed from making related party disclosures in respect of group transactions.

During the period, A Meehan, the chairman of the group, provided services to the group amounting to £25,083, through Listercorne Limited, a company of which he is a director and shareholder. At the year end there was an amount of £8,691 outstanding at the year end.