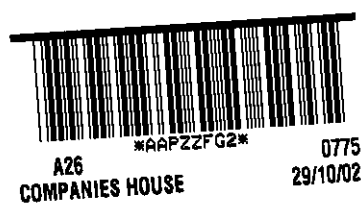


WELEDA (UK) LIMITED

Report and Accounts

31 December 2001

250 000



Weleda (UK) Limited

Registered No. 203230

DIRECTORS

P Sirdey (Chairman)
R Ballard
R Evans
D Parker
M Van den Hoogenband

SECRETARY

D Parker

AUDITORS

Ernst & Young LLP
City Gate West
Toll House Hill
Nottingham
NG1 5FY

BANKERS

HSBC Bank plc
Bath Street
Ilkeston
Derbyshire

SOLICITORS

Chambers & Hind
Bath Street
Ilkeston
Derbyshire

REGISTERED OFFICE

Heanor Road
Ilkeston
Derbyshire

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £120,874 (2000 - £121,591). A dividend of £5,631 will be paid on the preference shares. A final dividend of 3% is proposed on the ordinary shares in addition to a proposed second interim dividend of 3%. A first interim dividend of £14,829 was paid during the year. The profit after dividends paid and proposed is £41,914. (2000 - £115,906)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the manufacture and distribution of medicinal products and high quality toiletries based on the principles of anthroposophical medicines.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the share capital of the company were as follows:

	<i>At 31 December 2001</i>	<i>At 1 January 2001</i>	<i>At 31 December 2001</i>	<i>At 1 January 2001</i>
			<i>Redeemable Preference Shares of £1 each</i>	<i>Ordinary shares of £1 each</i>
D Parker	1,000	1,000	308	308
R Evans	500	500	-	-
R Ballard	2,000	2,000	-	-
M Van den Hoogenband	-	-	-	-
P Sirdey (Chairman)	-	-	-	-

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board

R. Ballard

R Ballard
Director

Date

19th March 2002

STATEMENTS OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 of the profit or loss of the company 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WELEDA (UK) LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise of the Profit and Loss Account, Balance Sheet, Statement of Cash flows, and the related notes 1 to 25. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

Date *20/3/02*

Weleda (UK) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 £	2000 £
TURNOVER	2	3,551,730	3,215,452
Cost of sales		(769,796)	(708,295)
		<hr/>	<hr/>
		2,781,934	2,507,157
Administrative expenses		(2,576,200)	(2,302,013)
Other operating income		19,688	-
		<hr/>	<hr/>
OPERATING PROFIT	3a	225,422	205,144
Bank interest receivable		1,092	2,268
Interest payable	6	(41,185)	(34,699)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		185,329	172,713
Tax on profit on ordinary activities	7	(64,455)	(51,122)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		120,874	121,591
Dividends	8	(78,960)	(5,685)
		<hr/>	<hr/>
PROFIT RETAINED FOR THE FINANCIAL YEAR	18	41,914	115,906
		<hr/>	<hr/>

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of £120,874 in the year ended 31 December 2001 and the profit of £121,591 in the year ended 31 December 2000.

Weleda (UK) Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	1,378,989	1,452,177
CURRENT ASSETS			
Stocks	11	621,966	578,000
Debtors	12	607,219	645,821
Cash at bank and in hand	13	104,867	84,092
		1,334,052	1,307,913
CREDITORS: amounts falling due within one year	15	(954,981)	(873,658)
NET CURRENT ASSETS		379,071	434,255
TOTAL ASSETS LESS CURRENT LIABILITIES		1,758,060	1,886,432
CREDITORS: amounts falling due after more than one year			
Loans	16	(341,343)	(511,840)
PROVISIONS FOR LIABILITIES AND CHARGES	19	(29,057)	(27,946)
		1,387,660	1,346,646
CAPITAL AND RESERVES			
Called up share capital	17	1,068,850	1,069,750
Capital redemption reserve	18	6,400	5,500
Profit and loss account	18	312,410	271,396
Shareholders' funds:			
Equity		1,293,810	1,251,896
Non-equity		93,850	94,750
		1,387,660	1,346,646

R. Ballard

R Ballard
Director

Date

19th March 2002

Weleda (UK) Limited

STATEMENT OF CASH FLOWS for the year ended 31 December 2001

	<i>Notes</i>	<i>2001</i> £	<i>2000</i> £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3	290,410	76,803
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(41,185)	(26,389)
Interest received		1,092	2,268
Preference dividends paid		(5,685)	(5,670)
Ordinary dividends paid		(14,829)	-
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(60,607)	(29,791)
TAXATION			
UK corporation tax		(72,385)	(58,185)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(40,848)	(601,138)
Receipts from sale of tangible fixed assets		-	262
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(40,848)	(600,876)
FINANCING			
Issue of ordinary share capital	18	-	175,250
Net movement in short term borrowings		98,705	84,791
Net movement in long term borrowings		(170,497)	111,840
Payments to redeem preference shares	18	(900)	-
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(72,692)	371,881
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13	43,878	(240,168)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

Accounting standards

The accounts are prepared in accordance with applicable accounting standards.

Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset over its expected useful life, as follows:

Freehold land and buildings	-	5% on written down value
Plant and equipment	-	20% on written down value
Motor vehicles	-	25% on written down value
Fixtures and fittings	-	10% on written down value

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonable certain.

Foreign currency translation

Transactions expressed in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates a defined benefit pension scheme. The pension cost charged to the profit and loss account is calculated so as to spread the costs of the pension over the employee's working lives with the company.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the manufacture and distribution of medicinal products and high quality toiletries based on the principles of anthroposophical medicines.

An analysis of turnover by geographical market is given below:

	2001 £	2000 £
United Kingdom	3,203,299	2,897,525
Other EU Member States	340,330	305,634
Others	8,101	12,293
	<u>3,551,730</u>	<u>3,215,452</u>

3. OPERATING PROFIT

(a) This is stated after charging/(crediting):

	2001 £	2000 £
Auditors' remuneration - in capacity as auditors	14,500	14,000
Depreciation of owned fixed assets	114,036	121,526
Profit on foreign exchange	(13,192)	(3,791)
Operating lease rentals - plant and machinery	27,424	30,484
	<u>142,768</u>	<u>161,225</u>

Weleda (UK) Limited

NOTES TO THE ACCOUNTS

3. OPERATING PROFIT (continued)

(b) Reconciliation of operating profit to net cash inflow from operating activities:

	2001	2000
	£	£
Operating profit	225,422	205,144
Depreciation of tangible fixed assets	114,036	121,526
Loss on sale of tangible fixed assets	-	492
Increase in stocks	(43,966)	(6,898)
Decrease/(increase) in operating debtors and prepayments	38,602	(162,336)
Decrease in operating creditors and accruals	(43,684)	(81,125)
Net cash inflow from operating activities	290,410	76,803

4. DIRECTORS' EMOLUMENTS

	2001	2000
	£	£
Emoluments	77,320	84,143
Pension contributions	10,070	9,978
	87,390	94,121

One director participates in the company defined benefit pension scheme.

5. STAFF COSTS

	2001	2000
	£	£
Wages and salaries	1,131,653	1,012,276
Social security costs	68,961	70,573
Other pension costs	63,760	54,798
	1,264,374	1,137,647

NOTES TO THE ACCOUNTS

5. **STAFF COSTS** (continued)

Average number of employees during the year was as follows:

	2001 No.	2000 No.
Office and Management	11	12
Production and Sales	67	63
	<u>78</u>	<u>75</u>

6. **INTEREST PAYABLE**

	2001 £	2000 £
Interest payable to group undertakings	20,000	20,500
Other loan interest	21,185	14,199
	<u>41,185</u>	<u>34,699</u>

7. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2001 £	2000 £
Corporation tax on profit for the year	65,207	57,531
(Over) provided in respect of prior years	(1,863)	(8,391)
	<u>63,344</u>	<u>49,140</u>
Deferred tax (note 19)	1,111	1,982
	<u>64,455</u>	<u>51,122</u>

8. **DIVIDENDS**

	2001 £	2000 £
Paid:		
On £1 ordinary shares – first interim	14,829	-
Proposed:		
On 6% preference shares	5,631	5,685
On £1 ordinary shares - final	29,250	-
- second interim	29,250	-
	<u>78,960</u>	<u>5,685</u>

NOTES TO THE ACCOUNTS

9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i>	<i>Motor Vehicles</i>	<i>Plant & machinery</i>	<i>Fixtures and fittings</i>	<i>Assets under the course of construction</i>	<i>Total</i>
	£	£	£	£	£	£
Cost or valuation:						
At 1 January 2001	1,378,292	9,108	1,083,153	245,564	-	2,716,117
Additions	-	-	33,197	921	6,730	40,848
At 31 December 2001	1,378,292	9,108	1,116,350	246,485	6,730	2,756,965
Depreciation:						
At 1 January 2001	218,713	4,805	890,991	149,431	-	1,263,940
Provided during the year	57,780	1,084	45,073	10,099	-	114,036
At 31 December 2001	276,493	5,889	936,064	159,530	-	1,377,976
Net book value:						
At 31 December 2001	1,101,799	3,219	180,286	86,955	6,730	1,378,989
At 1 January 2001	1,159,579	4,303	192,162	96,133	-	1,452,177

The historical cost of freehold land and buildings is as follows:

	£
At 1 January and 31 December 2001	1,558,444
Cumulative depreciation based on cost:	
At 1 January 2001	296,679
At 31 December 2001	359,767

The freehold land and buildings were valued at their open market value for existing use on 18 May 1994.

10. INVESTMENTS

The company owns 30% of the issued ordinary share capital of Weleda (Ireland) Limited, a company incorporated in Ireland. The nominal value of shares held is £3,000. The cost of this investment amounting to £3,000 was fully provided against in 1994.

NOTES TO THE ACCOUNTS

11. STOCKS

	<i>2001</i>	<i>2000</i>
	£	£
Raw materials and consumables	183,866	156,337
Work in progress	156,851	140,666
Finished goods and goods for resale	281,249	280,997
	<u>621,966</u>	<u>578,000</u>

12. DEBTORS

	<i>2001</i>	<i>2000</i>
	£	£
Trade debtors	539,862	557,032
Amounts due from group undertakings	8,173	7,919
Other debtors	1,760	-
Prepayments and accrued income	57,424	80,870
	<u>607,219</u>	<u>645,821</u>

13. ANALYSIS OF NET DEBT

	<i>Opening</i>	<i>Cash flow</i>	<i>Closing</i>
	£	£	£
Cash	84,092	20,775	104,867
Bank overdraft	(23,103)	23,103	-
	<u>60,989</u>	<u>43,878</u>	<u>104,867</u>
Cash and cash equivalents	60,989	43,878	104,867
Long term loans	(511,840)	170,497	(341,343)
Short term loans	(228,210)	(98,705)	(326,915)
	<u>(679,061)</u>	<u>115,670</u>	<u>(563,391)</u>

NOTES TO THE ACCOUNTS

14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£
Increase in cash in the period	43,878
Cash outflow from decrease in debt and lease financing	71,792
Change in net debt arising from cash flows	115,670
Movement in net debt in the period	115,670
Net debt at 1 January 2001	(679,061)
Net debt at 31 December 2001	(563,391)

15. CREDITORS: amounts falling due within one year

	Notes	2001 £000	2000 £000
Bank overdraft		-	23,103
Bank loan	16	47,582	50,000
Loan from Camphill Social Fund	16	19,333	18,210
Trade creditors		86,711	118,036
Amounts due to group undertakings (inc. loans)	16	507,069	472,548
Corporation tax payable		27,040	36,081
Other taxes and social security costs		128,073	101,660
Other creditors		1,571	4,938
Accruals		73,471	43,397
Ordinary dividend payable		58,500	-
Preference dividend payable		5,631	5,685
		954,981	873,658

The bank overdraft facility is secured by a fixed charge over the book debts and a floating charge over all other assets of the company.

There is a legal mortgage over freehold property known as land lying to the west of Hassock Lane North, Shipley.

Weleda (UK) Limited

NOTES TO THE ACCOUNTS

16. LOANS

	2001 £	2000 £
Wholly repayable within five years:		
Intercompany loans	300,000	350,000
Camphill Social Fund	72,019	90,050
Tridos Bank Loan	206,239	250,000
Not wholly repayable within five years:		
Intercompany sterling loan at 5% per annum payable in annual instalments of £10,000 commencing December 1996	90,000	50,000
	668,258	740,050
Less: included in creditors: amounts falling due within one year	(326,915)	(228,210)
	341,343	511,840

The bank loan is secured by a fixed charge over the freehold premises at Heanor Road, Ilkeston.

	2001 £	2000 £
Amounts repayable:		
In one year or less, or on demand	326,915	228,210
In more than one year but not more than two years	125,000	176,915
In more than two years but not more than five years	176,343	284,925
	628,258	690,050
In more than five years	40,000	50,000
	668,258	740,050

17. SHARE CAPITAL

	2001 £	Authorised 2000 £
Ordinary shares of £1 each	1,400,000	1,400,000
6% redeemable cumulative preference shares of £1 each	100,000	100,000
	1,500,000	1,500,000

NOTES TO THE ACCOUNTS

17. SHARE CAPITAL (continued)

	<i>Allotted, called up and fully paid</i>	
	<i>2001</i>	<i>2000</i>
	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	975,000	975,000
6% redeemable cumulative preference shares of £1 each	93,850	94,750
	<u>1,068,850</u>	<u>1,069,750</u>

During the year, 900 6% redeemable cumulative preference shares of £1 each, with an aggregate nominal value of £900, were redeemed for £900.

Rights of non-equity shares

6% redeemable cumulative preference shares of £1 each

- i) entitle holders, in priority to the ordinary shareholders, to a fixed cumulative preference dividend payable annually in arrears;
- ii) on a return of capital on a winding up, carry the right to repayment of capital in priority to the rights of the ordinary shareholders;
- iii) are redeemable at the company's option at par;
- iv) carry the right to vote at a general meeting of the company only if payment of any dividend on the redeemable cumulative preference shares is more than six months in arrears or if the business of the meeting includes a resolution to vary the rights attaching to the preference shares.

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
At 31 December 1999	894,500	5,500	155,490	1,055,490
New share issues	175,250	-	-	175,250
Retained profit for the year	-	-	115,906	115,906
At 31 December 2000	<u>1,069,750</u>	<u>5,500</u>	<u>271,396</u>	<u>1,346,646</u>
Retained profit for the year	-	-	41,914	41,914
Redemption of preference share capital	(900)	900	(900)	(900)
At 31 December 2001	<u>1,068,850</u>	<u>6,400</u>	<u>312,410</u>	<u>1,387,660</u>

NOTES TO THE ACCOUNTS

19. DEFERRED TAXATION

The movements in deferred taxation during the current and previous year are as follows:

	2001 £	2000 £
At 1 January	27,946	25,964
Charge for the year (note 7)	1,111	1,982
At 31 December	<u>29,057</u>	<u>27,946</u>

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	2001 £	<i>Provided</i> 2000 £
Capital allowances in advance of depreciation	36,029	36,784
Other timing differences	(6,972)	(8,838)
	<u>29,057</u>	<u>27,946</u>

There is no unprovided deferred tax in the year (2000 : nil).

20. PENSION COMMITMENTS

The company participates in a funded defined benefit pension scheme, providing benefits based on final pensionable earnings which are salaries, overtime and bonuses. The scheme has equal pension rights with respect to members of either sex. The assets of the scheme are held in a separate trustee administered (multi-employer) fund. The assets and liabilities of the fund are not wholly attributable to the company, as the fund includes the pensions of employees of other participating organisations. The employer is unable to identify its share of the underlying assets and liabilities on a consistent basis. The company is exposed to actuarial risks associated with the current and former employees of other entities, and contributions are set at a common level for all participant organisations and thus does not reflect the characteristics of the workforces of the company's employers.

The most recent formal actuarial valuation was undertaken by an independent professionally qualified actuary as at 31 March 1998 using the projected unit method. The principal assumptions which have the most significant effect on the computation of the pension costs are those related to the rate of return on the investments and the rates of increase in earnings and pensions. These assumptions have been derived from market yields applying at the valuation date. In particular, the investment return used relating to pre-retirement liabilities was two and a quarter percentage points per annum in excess of the assumed rate of increase in earnings.

At 31 March 1998 the market value of the assets was £6,081,408. The actuarial value of scheme assets was £4,518,000 compared to actuarial liabilities of £4,506,000. The company's share of the total fund surplus of £12,000 has not been recognised in the accounts as the regular pension cost is not significantly different from the contribution rate required to meet the accrued liabilities. Employer contributions made during the year were £61,183 (2000: £58,945). Contributions outstanding at the balance sheet date were £1,760 (2000: £2,975)

NOTES TO THE ACCOUNTS

21. OTHER FINANCIAL COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases in respect of plant and machinery as set out below:

	2001	2000
	£	£
Operating leases which expire:		
within one year	4,440	3,430
within two to five years	17,343	23,994
	<u>21,783</u>	<u>27,424</u>

22. CAPITAL COMMITMENTS

At 31 December 2001 the company had contracted capital commitments of £42,000 (2000 – £nil) which are not accrued in these accounts.

23. CONTINGENT LIABILITY

The company has indemnified its bankers for the sum of up to £9,050 in respect of VAT and duty deferment bonds.

24. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Weleda AG group or investees of the group.

25. ULTIMATE HOLDING COMPANY AND LARGEST AND SMALLEST GROUPS

The ultimate parent undertaking and controlling party is Weleda AG, a company incorporated in Switzerland.

The parent undertaking of the only group of undertakings for which group accounts are drawn up and of which the company is a member is Weleda AG. Copies of Weleda AG's accounts can be obtained from CH-4144 Arlesheim, Switzerland.