

REGISTERED NUMBER: 203230 (England and Wales)

WELEDA (UK) LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003



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FOR THE YEAR ENDED 31ST DECEMBER 2003**

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WELEDA (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2003**

DIRECTORS: P Sirdey (Chairman)
R Ballard (Managing director)
M Van den Hoogenband (Director)
D A G Jenkinson (Non-executive)
I Wiggle (Non-executive)

SECRETARY: S A Spibey

REGISTERED OFFICE: Heanor Road
Ilkeston
Derbyshire
DE7 8DR

REGISTERED NUMBER: 203230

AUDITORS: Duncan & Toplis
14 London Road
Newark
Nottinghamshire
NG24 1TW

BANKERS: HSBC Bank plc
Bath Street
Ilkeston
Derbyshire
DE7 8DD

SOLICITORS: Chambers & Hind
Bath Street
Ilkeston
Derbyshire
DE7 8GT

WELEDA (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2003

The directors present their report with the financial statements of the company for the year ended 31st December 2003.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and distribution of medicinal products and high quality toiletries on the principles of anthroposophical medicines.

REVIEW OF BUSINESS

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

The profit for the year, after taxation, amounted to £78,422 (2002 - £143,752). A dividend of £5,769 has been proposed on the preference shares. A final dividend of 3% is proposed on the ordinary shares. The profit after dividends proposed is £43,403 (2002 £108,553).

DIVIDENDS

No interim dividends were paid during the year ended 31st December 2003.

The directors recommend final dividends per share as follows:

| | |
|--|----|
| Ordinary £1 shares | 3p |
| 6% redeemable cumulative preference £1 shares | 6p |

The total distribution of dividends for the year ended 31st December 2003 will be £35,019.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies, which have resulted in a continued sales growth in recent years. They consider that 2004 will show a further growth in sales.

DIRECTORS

The directors during the year under review were:

P Sirdey (Chairman)
R Ballard (Managing director)
M Van den Hoogenband (Director)
D A G Jenkinson (Non-executive)
I Wiggle (Non-executive)

The beneficial interests of the directors holding office on 31st December 2003 in the issued share capital of the company were as follows:

| | 31.12.03 | 1.1.03 |
|--|-----------------|---------------|
| Ordinary £1 shares | | |
| P Sirdey (Chairman) | - | - |
| R Ballard (Managing director) | - | - |
| M Van den Hoogenband (Director) | - | - |
| D A G Jenkinson (Non-executive) | - | - |
| I Wiggle (Non-executive) | - | - |
| 6% redeemable cumulative preference £1 shares | | |
| P Sirdey (Chairman) | - | - |
| R Ballard (Managing director) | 2,500 | 2,500 |
| M Van den Hoogenband (Director) | - | - |
| D A G Jenkinson (Non-executive) | - | - |
| I Wiggle (Non-executive) | 1,000 | 1,000 |

WELEDA (UK) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

DONATIONS

During the year the company made the following donations:

| | |
|---------------------|--------|
| Steiner School | £1,520 |
| Park Attwood Clinic | £3,070 |
| McMillian Centre | £400 |

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Duncan & Toplis, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

ON BEHALF OF THE BOARD:



.....
R Ballard - Managing director

Date: 19th February 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF WELEDÁ (UK) LIMITED

We have audited the financial statements of Weleda (UK) Limited for the year ended 31st December 2003 on pages five to nineteen. These financial statements have been prepared under the historical cost convention and 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 on page three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

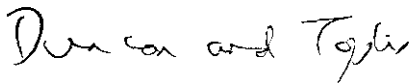
Basis of audit opinion

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 the company's affairs as at 31st December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Duncan & Toplis
14 London Road
Newark
Nottinghamshire
NG24 1TW

Date: 19th February 2004

WELEDA (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2003**

| | | <u>31.12.03</u> | <u>31.12.02</u> |
|--|-------|------------------|------------------|
| | Notes | £ | £ |
| TURNOVER | 2 | 3,780,060 | 3,605,285 |
| Cost of sales | | <u>915,885</u> | <u>838,640</u> |
| GROSS PROFIT | | 2,864,175 | 2,766,645 |
| Administrative expenses | | <u>2,738,170</u> | <u>2,542,948</u> |
| | | 126,005 | 223,697 |
| Other operating income | | <u>8,520</u> | <u>9,269</u> |
| OPERATING PROFIT | 4 | 134,525 | 232,966 |
| Interest receivable and similar income | | <u>3,715</u> | <u>605</u> |
| | | 138,240 | 233,571 |
| Interest payable and similar charges | 5 | <u>14,253</u> | <u>33,746</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 123,987 | 199,825 |
| Tax on profit on ordinary activities | 6 | <u>45,565</u> | <u>56,073</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | 78,422 | 143,752 |
| Dividends (including non-equity shares) | 7 | <u>35,019</u> | <u>35,199</u> |
| | | 43,403 | 108,553 |
| Retained profit brought forward | | <u>427,363</u> | <u>318,810</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u>£470,766</u> | <u>£427,363</u> |

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

WELEDA (UK) LIMITED

**BALANCE SHEET
31ST DECEMBER 2003**

| | | 31.12.03 | | 31.12.02 | |
|--|-------|----------------|-------------------|----------------|-------------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Tangible assets | 8 | | 1,365,337 | | 1,359,986 |
| CURRENT ASSETS: | | | | | |
| Stocks | 10 | 695,512 | | 655,346 | |
| Debtors | 11 | 588,543 | | 547,393 | |
| Cash at bank and in hand | | <u>203,230</u> | | <u>384,785</u> | |
| | | 1,487,285 | | 1,587,524 | |
| CREDITORS: Amounts falling due within one year | 12 | <u>844,088</u> | | <u>905,302</u> | |
| NET CURRENT ASSETS: | | | <u>643,197</u> | | <u>682,222</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 2,008,534 | | 2,042,208 |
| CREDITORS: Amounts falling due after more than one year | 13 | | (423,224) | | (508,963) |
| PROVISIONS FOR LIABILITIES AND CHARGES: | 17 | | <u>(39,544)</u> | | <u>(30,882)</u> |
| | | | <u>£1,545,766</u> | | <u>£1,502,363</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 18 | | 1,075,000 | | 1,075,000 |
| Profit and loss account | | | <u>470,766</u> | | <u>427,363</u> |
| SHAREHOLDERS' FUNDS (including non-equity interests): | 24 | | <u>£1,545,766</u> | | <u>£1,502,363</u> |

ON BEHALF OF THE BOARD:

R. Ballard

R Ballard - Managing director

Approved by the Board on

19th February 2004

WELEDA (UK) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2003**

| | | 31.12.03 | | 31.12.02 | |
|--|-------|----------|--------------------------|---------------|--------------------------|
| | Notes | £ | £ | £ | £ |
| Net cash inflow from operating activities | 1 | | 112,069 | | 558,503 |
| Returns on investments and servicing of finance | 2 | | (16,487) | | (38,772) |
| Taxation | | | (51,447) | | (50,175) |
| Capital expenditure | 2 | | (112,703) | | (55,611) |
| Equity dividends paid | | | <u>(29,250)</u> | | <u>(58,500)</u> |
| | | | (97,818) | | 355,445 |
| Financing | 2 | | <u>(83,737)</u> | | <u>(75,525)</u> |
| (Decrease)/Increase in cash in the period | | | <u>£(181,555)</u> | | <u>£279,920</u> |
| <hr/> | | | | | |
| Reconciliation of net cash flow to movement in net debt | 3 | | | | |
| (Decrease)/Increase in cash in the period | | | (181,555) | 279,920 | |
| Cash outflow from decrease in debt | | | <u>83,737</u> | <u>75,525</u> | |
| Change in net debt resulting from cash flows | | | <u>(97,818)</u> | | <u>355,445</u> |
| Movement in net debt in the period | | | (97,818) | | 355,445 |
| Net debt at 1st January | | | <u>(207,948)</u> | | <u>(563,393)</u> |
| Net debt at 31st December | | | <u>£(305,766)</u> | | <u>£(207,948)</u> |

The notes form part of these financial statements

WELEDA (UK) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2003**

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

| | 31.12.03 £ | 31.12.02 £ |
|--|-----------------------|-----------------------|
| Operating profit | 134,525 | 232,966 |
| Depreciation charges | 107,350 | 109,032 |
| Profit on sale of fixed assets | - | (34,415) |
| Increase in stocks | (40,166) | (33,380) |
| (Increase)/Decrease in debtors | (41,148) | 65,975 |
| (Decrease)/Increase in creditors | <u>(48,492)</u> | <u>218,325</u> |
| Net cash inflow from operating activities | <u>112,069</u> | <u>558,503</u> |

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

| | 31.12.03 £ | 31.12.02 £ |
|---|-------------------------|------------------------|
| Returns on investments and servicing of finance | | |
| Interest received | 3,715 | 605 |
| Interest paid | (14,253) | (33,746) |
| Dividends paid on non-equity shares | <u>(5,949)</u> | <u>(5,631)</u> |
| Net cash outflow for returns on investments and servicing of finance | <u>(16,487)</u> | <u>(38,772)</u> |
| Capital expenditure | | |
| Purchase of tangible fixed assets | (118,203) | (100,103) |
| Sale of tangible fixed assets | <u>5,500</u> | <u>44,492</u> |
| Net cash outflow for capital expenditure | <u>(112,703)</u> | <u>(55,611)</u> |
| Financing | | |
| Loan repayments in year | <u>(83,737)</u> | <u>(75,525)</u> |
| Net cash outflow from financing | <u>(83,737)</u> | <u>(75,525)</u> |

WELEDA (UK) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2003**

3. ANALYSIS OF CHANGES IN NET DEBT

| | At 1.1.03 £ | Cash flow £ | At 31.12.03 £ |
|--------------------------------------|------------------|------------------|------------------|
| Net cash: | | | |
| Cash at bank and in hand | <u>384,785</u> | <u>(181,555)</u> | <u>203,230</u> |
| | <u>384,785</u> | <u>(181,555)</u> | <u>203,230</u> |
| Debt: | | | |
| Debts falling due within one year | (83,770) | (2,002) | (85,772) |
| Debts falling due after one year | <u>(508,963)</u> | <u>85,739</u> | <u>(423,224)</u> |
| | <u>(592,733)</u> | <u>83,737</u> | <u>(508,996)</u> |
| Total | <u>(207,948)</u> | <u>(97,818)</u> | <u>(305,766)</u> |
| Analysed in Balance Sheet | | | |
| Cash at bank and in hand | 384,785 | | 203,230 |
| Debts falling due within one year | (83,770) | | (85,772) |
| Debts falling due after one year | <u>(508,963)</u> | | <u>(423,224)</u> |
| | <u>(207,948)</u> | | <u>(305,766)</u> |

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings. The accounts are prepared in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|-----------------------------|---------------------------|
| Freehold land and buildings | - 5% on reducing balance |
| Assets under construction | - not provided |
| Plant and machinery | - 20% on reducing balance |
| Fixtures and fittings | - 10% on reducing balance |
| Motor vehicles | - 25% on reducing balance |

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 tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

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.

Hire purchase and leasing commitments

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

Pensions

The company operates a defined benefit pension scheme.

In accordance with FRS 17, Retirement Benefits, the scheme is deemed to meet the requirements of a multi-employer scheme without separable assets identifiable and therefore the accounting treatment is that applied to a defined contribution scheme.

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

| | 31.12.03 | 31.12.02 |
|------------------------|------------------|------------------|
| | £ | £ |
| United Kingdom | 3,417,804 | 3,286,620 |
| Other EU Member States | 325,405 | 309,298 |
| Others | 36,851 | 9,367 |
| | <u>3,780,060</u> | <u>3,605,285</u> |

3. STAFF COSTS

| | 31.12.03 | 31.12.02 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 1,204,281 | 1,151,524 |
| Social security costs | 80,972 | 72,292 |
| Other pension costs | 68,828 | 61,173 |
| | <u>1,354,081</u> | <u>1,284,989</u> |

The average monthly number of employees during the year was as follows:

| | 31.12.03 | 31.12.02 |
|-----------------------|-----------|-----------|
| Office and Management | 11 | 11 |
| Production and Sales | <u>69</u> | <u>67</u> |
| | <u>80</u> | <u>78</u> |

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 31.12.03 | 31.12.02 |
|---|---------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 107,350 | 109,032 |
| Profit on disposal of fixed assets | - | (34,415) |
| Auditors' remuneration | 8,332 | 15,000 |
| Foreign exchange differences | 24,547 | 7,786 |
| Operating lease rentals - plant and machinery | <u>19,980</u> | <u>27,740</u> |
| Directors' emoluments | <u>76,810</u> | <u>86,044</u> |

The number of directors to whom retirement benefits were accruing was as follows:

| | <u>1</u> | <u>1</u> |
|-------------------------|----------|----------|
| Defined benefit schemes | | |

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 31.12.03 | 31.12.02 |
|-----------------------------|---------------|---------------|
| | £ | £ |
| Bank interest | - | 4 |
| Bank loan interest | 10,253 | 14,242 |
| Group undertakings interest | <u>4,000</u> | <u>19,500</u> |
| | <u>14,253</u> | <u>33,746</u> |

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

| | 31.12.03 | 31.12.02 |
|---|---------------|----------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 34,783 | 56,523 |
| Adjustment in respect of previous years: | | |
| Corporation tax | <u>2,120</u> | <u>(2,275)</u> |
| Total current tax | 36,903 | 54,248 |
| Deferred taxation | <u>8,662</u> | <u>1,825</u> |
| Tax on profit on ordinary activities | <u>45,565</u> | <u>56,073</u> |

Factors that may affect future tax charges

Provision is made for tax on gains arising from the revaluation of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

7. DIVIDENDS

| | 31.12.03 | 31.12.02 |
|--|---------------|---------------|
| | £ | £ |
| Equity shares: | | |
| 975,000 Ordinary shares of £1 each final proposed | <u>29,250</u> | <u>29,250</u> |
| Non-equity shares: | | |
| 100,000 6% redeemable cumulative preference shares of £1 each final paid | <u>5,769</u> | <u>5,949</u> |
| | <u>35,019</u> | <u>35,199</u> |

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

8. TANGIBLE FIXED ASSETS

| | Freehold land and buildings | Assets under construction | Plant and machinery |
|------------------------|-----------------------------------|---------------------------------|------------------------|
| | £ | £ | £ |
| COST: | | | |
| At 1st January 2003 | 1,386,421 | 5,500 | 1,152,344 |
| Additions | 25,413 | - | 56,296 |
| Disposals | - | (5,500) | - |
| At 31st December 2003 | <u>1,411,834</u> | <u>-</u> | <u>1,208,640</u> |
| DEPRECIATION: | | | |
| At 1st January 2003 | 319,536 | - | 964,313 |
| Charge for year | <u>54,482</u> | <u>-</u> | <u>41,090</u> |
| At 31st December 2003 | <u>374,018</u> | <u>-</u> | <u>1,005,403</u> |
| NET BOOK VALUE: | | | |
| At 31st December 2003 | <u>1,037,816</u> | <u>-</u> | <u>203,237</u> |
| At 31st December 2002 | <u>1,066,885</u> | <u>5,500</u> | <u>188,032</u> |

| | Fixtures and fittings | Motor vehicles | Totals |
|------------------------|-----------------------------|-------------------|------------------|
| | £ | £ | £ |
| COST: | | | |
| At 1st January 2003 | 267,315 | 9,108 | 2,820,688 |
| Additions | 36,494 | - | 118,203 |
| Disposals | - | - | (5,500) |
| At 31st December 2003 | <u>303,809</u> | <u>9,108</u> | <u>2,933,391</u> |
| DEPRECIATION: | | | |
| At 1st January 2003 | 170,153 | 6,702 | 1,460,704 |
| Charge for year | <u>11,177</u> | <u>601</u> | <u>107,350</u> |
| At 31st December 2003 | <u>181,330</u> | <u>7,303</u> | <u>1,568,054</u> |
| NET BOOK VALUE: | | | |
| At 31st December 2003 | <u>122,479</u> | <u>1,805</u> | <u>1,365,337</u> |
| At 31st December 2002 | <u>97,162</u> | <u>2,407</u> | <u>1,359,986</u> |

9. FIXED ASSET INVESTMENTS

The company owns 30% of the issued 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.

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

10. STOCKS

| | 31.12.03 | 31.12.02 |
|-------------------------------|----------------|----------------|
| | £ | £ |
| Raw materials and consumables | 159,985 | 190,987 |
| Work in progress | 115,228 | 149,382 |
| Finished goods | <u>420,299</u> | <u>314,977</u> |
| | <u>695,512</u> | <u>655,346</u> |

**11. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 31.12.03 | 31.12.02 |
|--|----------------|----------------|
| | £ | £ |
| Trade debtors | 524,560 | 467,072 |
| Other debtors | 3,850 | 850 |
| Prepayments | 34,590 | 65,845 |
| Amounts due from group undertakings | <u>25,543</u> | <u>13,626</u> |
| | <u>588,543</u> | <u>547,393</u> |

**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

| | 31.12.03 | 31.12.02 |
|--|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts (see note 14) | 75,772 | 73,770 |
| Trade creditors | 165,519 | 195,822 |
| Other creditors | 14,589 | 10,545 |
| Dividend proposed | 35,019 | 35,199 |
| Other taxes and social security costs | 133,095 | 118,893 |
| Amounts due to group undertakings | 322,696 | 389,769 |
| Corporation tax | 16,569 | 31,113 |
| Accrued expenses | <u>80,829</u> | <u>50,191</u> |
| | <u>844,088</u> | <u>905,302</u> |

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

| | 31.12.03 | 31.12.02 |
|--|----------------|----------------|
| | £ | £ |
| Bank loans (see note 14) | 63,224 | 138,963 |
| Due to group undertakings (see note 14) | <u>360,000</u> | <u>370,000</u> |
| | <u>423,224</u> | <u>508,963</u> |

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

| | 31.12.03 £ | 31.12.02 £ |
|---|----------------|----------------|
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>75,772</u> | <u>73,770</u> |
| Amounts falling due between one and two years: | | |
| Bank loans | 63,224 | 75,594 |
| Due to group undertakings | <u>310,000</u> | <u>310,000</u> |
| | <u>373,224</u> | <u>385,594</u> |
| Amounts falling due between two and five years: | | |
| Bank loans | - | 63,369 |
| Due to group undertakings | <u>30,000</u> | <u>30,000</u> |
| | <u>30,000</u> | <u>93,369</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Due to group undertakings | <u>20,000</u> | <u>30,000</u> |

The loan from group undertakings, part of which is due for repayment after five years is being repaid at £10,000 per annum and carries interest of 5% per annum.

15. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

| | 31.12.03 £ | Operating leases 31.12.02 £ |
|----------------------------|---------------|--------------------------------------|
| Expiring: | | |
| Within one year | - | 7,259 |
| Between one and five years | 19,920 | 18,567 |
| In more than five years | <u>6,482</u> | <u>-</u> |
| | <u>26,402</u> | <u>25,826</u> |

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

16. SECURED DEBTS

The following secured debts are included within creditors:

| | 31.12.03 | 31.12.02 |
|---------------------------|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | <u>138,996</u> | <u>212,733</u> |

The bank loans and overdrafts are secured by various legal charges over the freehold land and buildings and by a fixed charge over book debts and a floating charge over all other assets.

17. PROVISIONS FOR LIABILITIES AND CHARGES

| | 31.12.03 | 31.12.02 |
|--------------|---------------|---------------|
| | £ | £ |
| Deferred tax | <u>39,544</u> | <u>30,882</u> |

| | |
|-------------------------------|-----------------|
| | Deferred tax |
| | £ |
| Balance at 1st January 2003 | 30,882 |
| Charge for year | <u>8,662</u> |
| Balance at 31st December 2003 | <u>39,544</u> |

| | | |
|--------------------------------|----------------|----------------|
| Deferred tax provision | 31.12.03 | 31.12.02 |
| | £ | £ |
| Accelerated capital allowances | 44,794 | 37,854 |
| Other timing differences | <u>(5,250)</u> | <u>(6,972)</u> |
| | <u>39,544</u> | <u>30,882</u> |

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003

18. CALLED UP SHARE CAPITAL

| Authorised: Number: | Class: | Nominal value: | 31.12.03 £ | 31.12.02 £ |
|------------------------|--|-------------------|------------------|------------------|
| 1,400,000 | Ordinary | £1 | 1,400,000 | 1,400,000 |
| 100,000 | 6% redeemable cumulative preference | £1 | <u>100,000</u> | <u>100,000</u> |
| | | | <u>1,500,000</u> | <u>1,500,000</u> |

| Allotted, issued and fully paid: Number: | Class: | Nominal value: | 31.12.03 £ | 31.12.02 £ |
|---|--|-------------------|------------------|------------------|
| 975,000 | Ordinary | £1 | 975,000 | 975,000 |
| 100,000 | 6% redeemable cumulative preference | £1 | <u>100,000</u> | <u>100,000</u> |
| | | | <u>1,075,000</u> | <u>1,075,000</u> |

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.

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

19. PENSION COMMITMENTS

The company participates in a funded defined benefit pension scheme, providing benefits based on final pensionable earnings which is the basic salary. 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 various employers.

The most recent formal actuarial valuation was undertaken by an independent professionally qualified actuary as at 31 March 2001 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 (assumed to be 6%) and the rates of increase in earnings and pensions (assumed to be 3.5%). These assumptions have been derived from the market yields applying at the valuation date. In particular, the investment return used relating to pre-retirement liabilities was two and a half percentage points per annum in excess of the assumed rate of increase in earnings.

At 31 March 2001 the actuarial value of scheme assets was £7,731,000 compared to actuarial liabilities of £7,676,000. The company's share of the total fund surplus of £55,000 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 £68,828 (2002: £61,173). Contributions outstanding at the balance sheet date were £13,344 (2002: £9,666).

20. CONTINGENT LIABILITIES

The company has indemnified its bankers for the sum of up to £8,500 (2002 - £9,050) in respect of VAT and duty deferment bonds.

21. CAPITAL COMMITMENTS

| | 31.12.03 | 31.12.02 |
|---|---------------|--------------|
| | £ | £ |
| Contracted but not provided for in the financial statements | <u>14,583</u> | <u>6,188</u> |

22. RELATED PARTY DISCLOSURES

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.

23. TRANSACTIONS WITH DIRECTORS

During the year consultancy fees of £6,260 were paid to I Wiggle and £2,289 to D A G Jenkinson.

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003**

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 31.12.03 | 31.12.02 |
|--|------------------|------------------|
| | £ | £ |
| Profit for the financial year | 78,422 | 143,752 |
| Dividends | <u>(35,019)</u> | <u>(35,199)</u> |
| Net addition to shareholders' funds | 43,403 | 108,553 |
| Opening shareholders' funds | <u>1,502,363</u> | <u>1,393,810</u> |
| Closing shareholders' funds | <u>1,545,766</u> | <u>1,502,363</u> |
| Equity interests | 1,445,766 | 1,402,363 |
| Non-equity interests | <u>100,000</u> | <u>100,000</u> |
| | <u>1,545,766</u> | <u>1,502,363</u> |

25. ULTIMATE HOLDING COMPANY AND LARGEST AND SMALLEST GROUPS

The ultimate parent undertaking and controlling party is Welda 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 Welda AG. Copies of Weleda AG's accounts can be obtained from CH-4144 Arlesheim, Switzerland.