

ND 2006

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2006

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MAGEE GAMMON

Chartered Accountants
19 North Street
Ashford
Kent
TN24 8LF

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2006

The Directors present their report together with the Financial Statements for the year ended 31st December 2006.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was that of property rental and the provision of management services to group companies.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company has had a successful year of trading.

The Directors are satisfied with the financial position of the Company and are able to look to the future with optimism.

DIRECTORS AND THEIR INTERESTS

The Directors and their interests in the shares of the Company were: –

<u>Class of Share</u>	<u>Ordinary Shares of £1 each</u> <u>31st December 2006</u>		<u>Ordinary Shares of £1 each</u> <u>31st December 2005</u>	
	<u>'A'</u>	<u>'B'</u>	<u>'A'</u>	<u>'B'</u>
V Hassett	9,900	26	9,900	26
C A Nowak (resigned 24th April 2006)	–	–	–	–

DIVIDENDS

Dividends paid and proposed during the year to 31st December 2006 are detailed in note 6 of the financial statements.

FIXED ASSETS

The current open market value of the freehold land and buildings of the Company is thought to be approximately £160,000 in excess of the Historical Cost reflected in the Financial Statements.

POST BALANCE SHEET EVENTS

There have been no events occurring since the end of the year which have materially altered the Company's position as represented within these Financial Statements.

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Financial Statements are required by law to 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;
- follow applicable accounting standards subject to any material departures disclosed and explained in the financial statements.

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 any reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's Auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

AUDITORS

During the year Magee Gammon Corporate Limited were appointed as auditors of the Company. Magee Gammon Corporate Limited have indicated their willingness to remain in office and, accordingly, a resolution for their reappointment will be proposed at the Annual General Meeting.

This report has been prepared in accordance with the provisions provided by part VII of the Companies Act 1985 relating to small companies.

Registered Office:

Unit E
Foster Road
Ashford
Kent
TN24 0SH

24th July 2007

BY ORDER OF THE BOARD

M Estienne – Company Secretary

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF NATURAL DISTRIBUTION (HOLDINGS) LIMITED

We have audited the Financial Statements of Natural Distribution (Holdings) Limited for the year ended 31st December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out therein. The Financial Statements for Natural Distribution (Holdings) Limited for the year ended 31st December 2005 were unaudited.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described in the Statement of Directors Responsibilities the Directors of the Company are responsible for the preparation of the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the Financial Statements 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 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the Company as at 31st December 2006 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the information given in the Report of the Directors is consistent with the Financial Statements.

19 North Street
Ashford
Kent
TN24 8LF

24th July 2007



MAGEE GAMMON CORPORATE LIMITED
Chartered Accountants
Registered Auditors

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2006

	<u>NOTE</u>	<u>2006</u>	<u>2005</u>
<u>TURNOVER</u>		150,000	150,000
Cost of Sales		—	—
<u>GROSS PROFIT</u>		150,000	150,000
Administrative Expenses		155,694	67,273
Other Operating Income		156,000	93,080
<u>OPERATING PROFIT</u>	2	150,306	175,807
Income from Shares in Group Undertaking	3	—	7,664
Interest Payable and Similar Charges	4	64,083	65,785
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		86,223	117,686
Tax on Profit on Ordinary Activities	5	7,284	9,811
<u>PROFIT FOR THE FINANCIAL YEAR</u>		78,939	107,875
Dividends	6	96,000	101,000
<u>RETAINED (LOSS) / PROFIT FOR THE FINANCIAL YEAR</u>		(£17,061)	£6,875
<u>STATEMENT OF RETAINED EARNINGS</u>			
Retained Profit Brought Forward		333,364	326,489
Retained (Loss) / Profit for the Financial Year		(17,061)	6,875
Profit and Loss Account at end of Year		£316,303	£333,364

All the above amounts are in respect of continuing activities

There are no other recognised or unrecognised gains or losses included in these Financial Statements

The accompanying notes form an integral part of these Financial Statements

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2006

	<u>NOTE</u>	<u>2006</u>	<u>2005</u>
<u>FIXED ASSETS</u>			
Tangible Assets	7	1,155,343	1,155,343
Investment	8	3,371	10,001
		1,158,714	1,165,344
<u>CURRENT ASSETS</u>			
Debtors	9	149,857	202,302
Cash at Bank and in Hand		134	302
		149,991	202,604
<u>CREDITORS:</u> Amounts falling due within one year	10	148,223	127,213
		1,768	75,391
<u>NET CURRENT ASSETS</u>			
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		1,160,482	1,240,735
<u>CREDITORS:</u> Amounts falling due after more than one year	11	834,179	897,371
<u>NET ASSETS</u>			
		£326,303	£343,364
<u>CAPITAL AND RESERVES</u>			
Called Up Share Capital	12	10,000	10,000
Profit and Loss Account		316,303	333,364
Shareholders Funds	13	£326,303	£343,364

These Financial Statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Directors on 24th July 2007

Valerie Hassett – Director

The accompanying notes form an integral part of these Financial Statements

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2006

1. ACCOUNTING POLICIES

The Company's Financial Statements have been prepared in accordance with Accounting Standards. The principal accounting policies are as follows:—

Basis of Accounting

The Financial Statements are prepared under the historical cost convention.

Consolidation

The company and its subsidiaries comprise a small group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

Turnover is based on sales and work executed or invoiced during the period, net of Value Added Tax.

Depreciation

Depreciation is provided on all tangible fixed assets at annual rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

No depreciation is provided on Freehold Property because in the opinion of the Directors the value of the property is in excess of the historical cost.

2. OPERATING PROFIT

Operating Profit is stated after charging/(crediting):—

	<u>2006</u>	<u>2005</u>
	£	£
Auditors Remuneration	2,700	—
Directors Emoluments	7,200	7,200

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

2. OPERATING PROFIT (Continued)

Directors' Emoluments

	<u>2006</u>	<u>2005</u>
Directors emoluments are made up as follows:—		
Directors' Fees	£7,200	£7,200

Employees

	<u>2006</u>	<u>2005</u>
Staff costs including Directors during the year amounted to :		
Wages and Salaries	124,205	54,500
Social Security Costs	12,196	3,795
	<u>£136,401</u>	<u>£58,295</u>

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

	<u>2006</u>	<u>2005</u>
Directors	1	1
Staff	5	4
	<u>6</u>	<u>5</u>

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	<u>2006</u>	<u>2005</u>
Income from Group Company	—	£7,664

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2006</u>	<u>2005</u>
Bank Mortgage Interest	63,870	65,366
Bank Charges and Interest	213	419
	<u>£64,083</u>	<u>£65,785</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2006</u>	<u>2005</u>
Corporation Tax		
U K Corporation Tax for the Year at Current Rates	<u>£7,284</u>	<u>£9,811</u>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below: –

	<u>2006</u>	<u>2005</u>
Profit on Ordinary Activities before Taxation	<u>£86,223</u>	<u>£117,686</u>
Taxation on Profit on Ordinary Activities at UK standard rate of 30%	25,867	35,306
Effects of:		
Expenses not deductible for tax purposes	150	(2,299)
Industrial Building Allowance	(17,516)	(17,516)
Relief due to lower rate bands	(1,217)	(5,680)
Total actual amount of tax	<u>£7,284</u>	<u>£9,811</u>

6. DIVIDENDS

	<u>2006</u>	<u>2005</u>
Ordinary Shares of £1 each		
Dividend Paid and Proposed for the year	36,000	24,000
Ordinary "C" Shares of £1 each		
Dividend Paid and Proposed for the year	30,000	20,000
Ordinary "D" Shares of £1 each		
Dividend Paid and Proposed for the year	30,000	20,000
Ordinary "E" Shares of £1 each		
Dividend Paid and Proposed for the year	–	37,000
Total Dividends paid during the year	<u>£96,000</u>	<u>£101,000</u>

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

7. TANGIBLE FIXED ASSETS

	<u>Freehold Property</u>	<u>TOTAL</u>
<u>COST :</u>		
At 1st January 2006 and at 31st December 2006	1,155,343	1,155,343
<u>DEPRECIATION :</u>		
At 1st January 2006 and at 31st December 2006	—	—
<u>NET BOOK VALUE :</u>		
At 31st December 2006	£1,155,343	£1,155,343
At 31st December 2005	£1,155,343	£1,155,343

8. INVESTMENTS

	<u>2006</u>
<u>Investment in Subsidiary Undertakings</u>	
At 1st January 2006	10,001
Additions in the year	3,370
Disposals	(10,000)
At 31st December 2006	£3,371

<u>Company Name</u>	<u>Principal Activity</u>	<u>Country of Incorporation and Operation</u>	<u>Class of Shares Held</u>	<u>Percentage Held By Company</u>
Sante Verte Limited	Supply of natural health and beauty products	England	£1 Ordinary	100%
Wisdom of Nature Limited	Supply of natural health and beauty products	England	£1 Ordinary	100%

<u>Company Name</u>	<u>Profit/(Loss) for the Year £</u>	<u>Capital and Reserves at end of Year £</u>
Sante Verte Limited	22,066	48,528
Wisdom of Nature Limited	157	9,517

The Company acquired a 100% Shareholding in Sante Verte Limited on the 9th October 2003. Sante Verte Limited started to trade on the 1st October 2004.

The Company acquired a 99.01% Shareholding in Natural Distribution Limited on the 14th September 2004. Natural Distribution Limited ceased to trade on the 30th September 2004 and was dissolved on 14th November 2006.

The company acquired a 100% Shareholding in Wisdom of Nature Limited on 31st December 2006.

Both remaining subsidiary companies have a reporting year ended 31st December 2006.

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER 2006

9. **DEBTORS**

	<u>2006</u>	<u>2005</u>
Other Debtors	1,267	42,578
Amounts due from Group Undertakings	148,590	158,349
Prepayments	—	1,375
	<u>£149,857</u>	<u>£202,302</u>

The amount of £100,042 (2005 : £100,000) relating to amounts due from Group Undertakings is due after more than one year.

10. **CREDITORS:** Amounts falling due within one year

	<u>2006</u>	<u>2005</u>
Bank Loan	59,353	42,169
Corporation Tax	7,284	9,811
Other Taxes and Social Security	18,491	2,063
Other Creditors	59,478	56,182
Accruals	3,617	16,988
	<u>£148,223</u>	<u>£127,213</u>

The Bank Loans and Overdrafts are secured by a mortgage debenture together with a fixed and floating charge over all the assets of the company.

There is also a cross-guarantee between Natural Distribution (Holdings) Limited and the subsidiary undertaking Sante Verte Limited.

The bank loans are repayable by monthly instalments over 15 and 10 years and due to mature on 21st June 2019 and 21st June 2014. Interest has been charged on these loans at between 6.40% and 7.55%.

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2006

11. **CREDITORS:** Amounts falling due after more than one year

	<u>2006</u>	<u>2005</u>
Bank Loan	£834,179	£897,371
<u>Debt due after more than one year: –</u>		
Repayable between two and five years	264,450	199,693
Repayable after five years or more	569,729	697,678
	<u>£834,179</u>	<u>£897,371</u>

The Bank Loans and Overdrafts are secured by a mortgage debenture together with a fixed and floating charge over all the assets of the company.

There is also a cross – guarantee between Natural Distribution (Holdings) Limited and the subsidiary undertaking Sante Verte Limited.

The bank loans are repayable by monthly instalments over 15 and 10 years and due to mature on 21st June 2019 and 21st June 2014. Interest has been charged on these loans at between 6.40% and 7.55%.

12. **CALLED UP SHARE CAPITAL**

	<u>2006</u>	<u>2005</u>
<u>Authorised: –</u>		
20,000 'A' Ordinary Shares of £1 each	20,000	20,000
20,000 'B' Ordinary Shares of £1 each	20,000	20,000
20,000 'C' Ordinary Shares of £1 each	20,000	20,000
20,000 'D' Ordinary Shares of £1 each	20,000	20,000
20,000 'E' Ordinary Shares of £1 each	20,000	20,000
	<u>£100,000</u>	<u>£100,000</u>
<u>Allotted, Issued and Fully Paid: –</u>		
9,900 'A' Ordinary Shares of £1 each	9,900	9,900
26 'B' Ordinary Shares of £1 each	26	26
27 'C' Ordinary Shares of £1 each	27	27
27 'D' Ordinary Shares of £1 each	27	27
20 'E' Ordinary Shares of £1 each	20	20
	<u>£10,000</u>	<u>£10,000</u>

The company's share capital is divided into 20,000 "A" Ordinary Shares of £1 each, 20,000 "B" Ordinary Shares of £1 each, 20,000 "C" Ordinary Shares of £1 each, 20,000 "D" Ordinary Shares of £1 each and 20,000 "E" Ordinary Shares of £1 each. The "D" Ordinary Shares of £1 each and "E" Ordinary Shares of £1 each are non – voting shares but otherwise have the same rights and rank pari passu.

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2006

13. SHAREHOLDERS FUNDS

	<u>2006</u>	<u>2005</u>
Profit for the Financial Year (after Taxation)	78,939	107,875
Dividends	(96,000)	(101,000)
Net (reduction)/addition to shareholders funds	(17,061)	6,875
Opening shareholders funds	343,364	336,489
Closing shareholders funds	<u>£326,303</u>	<u>£343,364</u>

14. CAPITAL COMMITMENTS

The Company had no capital commitments at the Balance Sheet date.

15. RELATED PARTY TRANSACTIONS

During the year to 31st December 2006, the Company received goods and services from related parties (either by common shareholding and / or directorship) have an interest as noted below.

All transactions were made on a normal arms length trading basis.

Sante Verte Limited

The total value of goods and services supplied during the year to Sante Verte limited amounted to £306,000 (2005 – £243,080).

The balance outstanding at the year end date, due from Sante Verte Limited amounted to £100,042. (2005 – £158,349).

Wisdom of Nature Limited

On 31st December 2006 Natural Distribution (Holdings) Limited acquired 100% holding in Wisdom of Nature Limited. Consideration of £3,370 was paid to Mrs C Lambert for the 1 Ordinary £1 Share in the Company.

The total value of goods and services supplied during the year to Wisdom of Nature Limited amounted to £Nil (2005 – £33,338).

The balance outstanding at the year end date, due from Wisdom of Nature Limited amounted to £48,548. (2005 – £31,734).

16. CONTROLLING PARTY

Mrs V Hassett, a director, controls the company by virtue of a controlling interest of 99.3% of the issued ordinary share capital.

NATURAL DISTRIBUTION (HOLDINGS) LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006

	<u>2006</u>	<u>2005</u>
<u>TURNOVER</u>		
Rental Income	150,000	150,000
<u>COST OF SALES</u>		
Purchases	—	—
	—	—
<u>GROSS PROFIT</u>	100.0% 150,000	100.0% 150,000
Management Charges Received	156,000	93,080
	306,000	243,080
<u>General Overheads</u>		
Directors Remuneration	7,495	7,200
Wages and Salaries	128,906	51,095
Insurance	1,375	1,249
Accountancy	2,700	—
Professional Fees	10	30
Motor Expenses	4,708	7,865
Sundry	500	—
Mortgage Interest	63,870	65,366
Bank Interest and Charges	213	419
Exchange Rate Variation	—	(166)
Write Off of Investment	10,000	—
	219,777	133,058
<u>PROFIT FOR THE YEAR</u>	<u>£86,223</u>	<u>£110,022</u>

This page does not form part of the audited Financial Statements