REGISTERED NUMBER: 04228169 (England and Wales)

Report of the Directors and

Consolidated Financial Statements for the Year Ended 30 June 2011

for

Dhais Plc

Dhais Plc (Registered number: 04228169)

Contents of the Consolidated Financial Statements
for the Year Ended 30 June 2011

Company Information
for the Year Ended 30 June 2011

DIRECTORS:	M Moss N Copeland P Clover A Williams A Kiddy
SECRETARY:	P Clover
REGISTERED OFFICE:	61 Cowbridge Road East Cardiff CF11 9AE
REGISTERED NUMBER:	04228169 (England and Wales)
AUDITORS:	Williams & Co Chartered Accountants and Statutory Auditors 8-10 South Street Epsom Surrey KT18 7PF
SOLICITORS:	Morgan Cole Bradley Court Park Place Cardiff CF10 3DP
CORPORATE ADVISORS:	Alfred Henry Corporate Finance Limited 5-7 Cranwood Street London EC1V 9EE

Dhais Plc (Registered number: 04228169)

Report of the Directors
for the Year Ended 30 June 2011

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES
The principal activities of the group in the year under review were those of the generation of leads for the digital hearing aid and mobility sectors, retailing of mobility equipment and hearing aids including the provision of hearing tests.

REVIEW OF BUSINESS
The directors are pleased to report on the seventh year of trading as Dhais and the third year as a PLUS listed company.

Retail

Following a period of intense activity, the company has achieved a leading position as one of the top 2 Mobility store operators in the UK, and attained a significant position within the private Hearing Aid retail sector with 13 Hearing and Mobility stores which are predominantly in the Southern half of the UK, together with an equivalent number of 'franchisee' or associate individuals and companies throughout much of the remainder of the UK.

The company ends the year with a greater foundation of customers, goodwill, stores, and experienced personnel together with strong supplier relationships. The company supplies hearing and health products, both inside and outside our stores, with advice and service not provided on the Internet. Some 50% of the business is from repeat customers and the remainder from specialist Grey market advertising expertise, shop windows, referrals and recommendations.

Marketing

The groups marketing division specialises in the Grey market and has widened its offerings and provides marketing services to third parties as well as to the stores with products like stair-lifts, mobility scooters, solar energy products, and more recently electric bikes and trikes; with the focus on the over 50 market.

Results

Sales for the period were GBP 6,986,043 (2010: GBP 9,392,688) and the group suffered a pre-tax loss of GBP 790,430 (2010: GBP 1,524,986)

The loss for the current year includes the profit on the sale of the Staines store of GBP 368,380

The losses over the last three years, which it is worth pointing out, are the only loss periods in seven years of trading, and have occurred primarily due to the rapid expansion which was geared towards taking advantage of opportunities to buy businesses from administrators, to obtain economies of scale and achieve a position in the sectors which have severe barriers to entry for newcomers.

This was followed by a period of rationalisation, consolidation and restructuring in order to strike a balance between economies of scale and minimising waste. The price of this process was the losses incurred and the directors firmly believe that these were largely incurred as a result of the substantial merging, downsizing, closure of surplus stores, reduction in the number of offices and staff, rather than any inherent lack of demand for the groups products.

That said, the group has also been affected by the severe weather in November and December of last year and of course the wider macro-economic environment.

The losses have been funded by directors and shareholders, illustrating the directors continued belief in the underlying business, and there is no bank funding whatsoever.

Outlook

The directors are pleased to say that the unaudited management accounts for the first 4 months of the new financial period indicate operating profits on sales of some GBP 2.7million.

In order to help with the interest burden, the loans from directors and shareholders have become interest free as of 1 July 2011. The only significant remaining interest charge is on the GBP 1.3 million corporate loan from Widex, a major hearing aid supplier. That is a matter for review and improvement.

The directors cautiously expect continuing improvement in sales, margins and cost reduction coupled with general growth in the target market place to enable a profitable outcome for the first half and ultimately the full year to 30 June 2012.

Whilst the directors believe there is still opportunity for substantial growth in the Grey market place, there is also some evidence that the expansion in recent times has been at the expense of traditional operators, who have struggled to compete with the groups unique style and position of having 2 major disciplines under one roof.

Summary

The core business model, combining Hearing aids and Mobility, was established by Tim Evans with Hearing Health & Mobility Ltd in 1990. Dhais acquired his business November 2008. The original branches at Kettering and Northampton are performing stronger than ever and the combination with the Dhais advertising expertise, national and local, and the expansion of the core operations to other acquired and established branches is now starting to generate positive results. The introduction of 2 and 3 wheel electric transport to widen the choice from 4 wheel is another extension to the groups offering and provides access to a growing and specialised market place.

The groups objectives are to consolidate, reduce outgoings, and grow sales, in store and outside, both organically and with opportunist dealings.

DIVIDENDS
No dividends will be distributed for the year ended 30 June 2011.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2010 to the date of this report.

M Moss
N Copeland
P Clover
A Williams
A Kiddy

GROUP'S POLICY ON PAYMENT OF CREDITORS
The company's current payment policy concerning the payment of creditors is to :

(i) Settle terms of payment with suppliers when agreeing the terms of transactions.

(ii) Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts.

(iii) Pay in accordance with its contractual and legal obligations.

Trade creditors at 30 June 2011 were equivalent to 79 days (2010 : 80 days) of purchases during the year ended on that date.

KEY PERFORMANCE INDICATORS

The directors have monitored the progress of the group and individual strategic elements by reference to certain financial key performance indicators :

	2011	2010
Gross Margin	52%	54%
Net Margin	(11)%	(16)%
Current Ratio	0.60	0.75

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the company's strategy are subject to a number of risks. The directors have set out the below risks facing the business. The directors are of the opinion that a thorough risk management process is adopted that involves the formal review of all the risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Competition

The parent company operates in a competitive market and as a result there is constant pressure on pricing and margins with the added risk that customers could choose to do their own advertising. To mitigate this risk the company operates a policy of continuous improvement and new sector development to enable it to stay ahead of the competition and to grow revenues and maintain margins and profits. A policy of constant price monitoring and continuing to focus on high service is also in place to mitigate such risks.

Economic recession or adverse trends within the key sectors that would reduce the requirement for the company's activities

The success of the business is reliant on continued requirements from end users of products advertised, in particular, for living aids. A global economic downturn resulting in a reduction in personal spending, will have a direct impact on the income achieved by the parent company. To mitigate this risk the company operates a policy of increasing service revenues and market diversification to spread the risk from a downturn in a single market.

Deterioration in foreign exchange rates

Some of the products advertised by the company are imported from other countries. Exchange rate volatility could affect demand for such products in the market place. The company does not however export its services abroad and in that regard is not subject to exchange rate fluctuation.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group uses financial instruments comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial statements is to raise finance for the groups operations. The main risks arising from the groups financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

INTEREST RATE RISK

The group initially financed its operations by way of retained profits. More recently the group has arranged funding as fixed interest rates which mitigates exposure to interest rate fluctuations on its borrowings.

LIQUIDITY RISK

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Report of the Directors
for the Year Ended 30 June 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking 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 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Williams & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A Kiddy - Director

28 November 2011

Report of the Independent Auditors to the Members of
Dhais Plc

We have audited the financial statements of Dhais Plc for the year ended 30 June 2011 on pages eight to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:
- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2011 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Paul Smith (Senior Statutory Auditor)
for and on behalf of Williams & Co
Chartered Accountants and
Statutory Auditors
8-10 South Street
Epsom
Surrey
KT18 7PF

28 November 2011

Dhais Plc (Registered number: 04228169)

Consolidated Profit and Loss Account
for the Year Ended 30 June 2011

	Notes	30.6.11 £	30.6.11 £	30.6.10 £	30.6.10 £
TURNOVER	2		6,986,043		9,392,688
Cost of sales			3,382,966		4,349,007
GROSS PROFIT			3,603,077		5,043,681
Distribution costs		3,883,170		5,585,281	
Administrative expenses		666,968		794,372	
			4,550,138		6,379,653
			(947,061)		(1,335,972)
Other operating income			53,437		44,490
OPERATING LOSS	4		(893,624)		(1,291,482)
Profit on sale of store			368,380		-
			(525,244)		(1,291,482)
Interest receivable and similar income			946		240
			(524,298)		(1,291,242)
Interest payable and similar charges	5		266,132		233,744
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(790,430)		(1,524,986)
Tax on loss on ordinary activities	6		(5,199)		-
LOSS FOR THE FINANCIAL YEAR FOR THE GROUP			(785,231)		(1,524,986)
Earnings per share expressed in pence per share:	8				
Basic			(1.40)		(2.62)
Diluted			(1.40)		(2.62)

CONTINUING OPERATIONS
None of the group's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES
The group has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

Dhais Plc (Registered number: 04228169)

Consolidated Balance Sheet
30 June 2011

	Notes	30.6.11 £	£	30.6.10 £	£
FIXED ASSETS					
Intangible assets	9		1,722,390		1,826,576
Tangible assets	10		280,093		515,877
Investments	11		-		-
			2,002,483		2,342,453
CURRENT ASSETS					
Stocks	12	389,995		455,353	
Debtors	13	712,034		1,143,480	
Cash at bank and in hand		95,385		229,519	
		1,197,414		1,828,352	
CREDITORS					
Amounts falling due within one year	14	1,998,887		2,456,528	
NET CURRENT LIABILITIES			(801,473)		(628,176)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,201,010		1,714,277
CREDITORS					
Amounts falling due after more than one year	15		2,683,390		2,111,426
NET LIABILITIES			(1,482,380)		(397,149)
CAPITAL AND RESERVES					
Called up share capital	18		55,814		56,941
Share premium	19		1,525,186		1,425,514
Capital redemption reserve	19		4,000		2,545
Other reserves	19		11,210		11,210
Profit and loss account	19		(3,078,590)		(1,893,359)
SHAREHOLDERS' FUNDS	22		(1,482,380)		(397,149)

The financial statements were approved by the Board of Directors on 28 November 2011 and were signed on its behalf by:

A Kiddy - Director

The notes form part of these financial statements

Dhais Plc (Registered number: 04228169)

Company Balance Sheet
30 June 2011

	Notes	30.6.11 £	£	30.6.10 £	£
FIXED ASSETS					
Intangible assets	9		-		-
Tangible assets	10		21,652		9,687
Investments	11		799,909		799,909
			821,561		809,596
CURRENT ASSETS					
Stocks	12	8,252		-	
Debtors	13	4,838,554		4,377,551	
Cash at bank and in hand		69,224		103,044	
		4,916,030		4,480,595	
CREDITORS					
Amounts falling due within one year	14	1,337,902		1,317,844	
NET CURRENT ASSETS			3,578,128		3,162,751
TOTAL ASSETS LESS CURRENT LIABILITIES			4,399,689		3,972,347
CREDITORS					
Amounts falling due after more than one year	15		2,655,000		2,000,000
NET ASSETS			1,744,689		1,972,347
CAPITAL AND RESERVES					
Called up share capital	18		55,814		56,941
Share premium	19		1,525,186		1,425,514
Capital redemption reserve	19		4,000		2,545
Other reserves	19		11,210		11,210
Profit and loss account	19		148,479		476,137
SHAREHOLDERS' FUNDS	22		1,744,689		1,972,347

The financial statements were approved by the Board of Directors on 28 November 2011 and were signed on its behalf by:

A Kiddy - Director

Dhais Plc (Registered number: 04228169)

Consolidated Cash Flow Statement
for the Year Ended 30 June 2011

	Notes	30.6.11 £	30.6.11 £	30.6.10 £	30.6.10 £
Net cash outflow from operating activities	1		(787,037)		(453,664)
Returns on investments and servicing of finance	2		(209,992)		(140,817)
Taxation			(34,800)		51,012
Capital expenditure	2		378,523		(252,489)
			(653,306)		(795,958)
Financing	2		519,172		405,469
Decrease in cash in the period			(134,134)		(390,489)

	Notes	30.6.11 £	30.6.11 £	30.6.10 £	30.6.10 £
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(134,134)		(390,489)	
Cash inflow from increase in debt and lease financing		(419,172)		(495,291)	
Change in net debt resulting from cash flows			(553,306)		(885,780)
Movement in net debt in the period			(553,306)		(885,780)
Net debt at 1 July			(2,382,419)		(1,496,640)
Net debt at 30 June			(2,935,725)		(2,382,420)

The notes form part of these financial statements

Dhais Plc (Registered number: 04228169)

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 June 2011

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	30.6.11	30.6.10
	£	£
Operating loss	(893,624)	(1,291,482)
Depreciation charges	266,448	307,345
Loss on disposal of fixed assets	8,185	-
Decrease in stocks	65,358	246,567
Decrease in debtors	31,446	86,300
(Decrease)/Increase in creditors	(264,850)	197,606
Net cash outflow from operating activities	(787,037)	(453,664)

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

	30.6.11	30.6.10
	£	£
Returns on investments and servicing of finance		
Interest received	946	240
Interest paid	(196,666)	(117,050)
Interest element of hire purchase payments	(14,272)	(24,007)
Net cash outflow for returns on investments and servicing of finance	(209,992)	(140,817)
Capital expenditure		
Purchase of intangible fixed assets	(9,347)	-
Purchase of tangible fixed assets	(42,159)	(252,489)
Sale of intangible fixed assets	340,615	-
Sale of tangible fixed assets	89,414	-
Net cash inflow/(outflow) for capital expenditure	378,523	(252,489)
Financing		
New loans in year	655,000	500,000
Capital repayments in year	(235,828)	(94,531)
Share issue	328	-
Share premium	99,672	-
Net cash inflow from financing	519,172	405,469

Dhais Plc (Registered number: 04228169)

Notes to the Consolidated Cash Flow Statement for the Year Ended 30 June 2011

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.10	Cash flow	At 30.6.11
	£	£	£
Net cash:			
Cash at bank and in hand	229,519	(134,134)	95,385
	229,519	(134,134)	95,385
Debt:			
Hire purchase	(211,178)	156,988	(54,190)
Debts falling due within one year	(400,760)	78,840	(321,920)
Debts falling due after one year	(2,000,000)	(655,000)	(2,655,000)
	(2,611,938)	(419,172)	(3,031,110)
Total	(2,382,419)	(553,306)	(2,935,725)

1. ACCOUNTING POLICIES

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

Basis of consolidation
The group financial statements consolidate the accounts of Dhais Plc and all its subsidiary undertakings made up to 30 June 2011. The group profit and loss account includes the results of all subsidiary undertakings. Turnover and profits arising on trading between group companies are excluded.

Turnover
Group turnover comprises income from two main sources. The first represents income from the supply of marketing leads to various companies in the hearing and mobility industries. The second source of income arises from the retail sale of hearing, mobility and other related products directly to the public. Income is recognised when the supply of marketing leads is invoiced monthly to the various customers. On the sale of products, revenues are recognised when goods have been sold over the counter or delivered to the customer. Income on the sale of hearing aids is accounted for when the hearing aids have been fitted.

Intangible Assets
Goodwill, being the amount paid in connection with the acquisition of several businesses, is amortised evenly over its estimated useful life of twenty years, this period reflecting the position of the brands in the market place. The directors carry out full impairment reviews each year on the various businesses and stores purchased. Although the group has incurred losses in recent years, the directors believe that given the rationalisation of the business and the improved trading performance, goodwill is fairly stated in the accounts.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Fixtures and fittings	-	25% on cost
Motor vehicles	-	25% on cost
Computer equipment	-	25% on cost

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Stock items mainly comprise of goods for resale. In accordance with standard industry practice, stock is valued using the average historical cost basis for each product. No borrowing or distribution costs are included in the valuation basis.

Deferred tax
Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or a right to pay less) tax at a future date, at the tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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1. ACCOUNTING POLICIES - continued

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Segmental Reporting
The directors have chosen not to publish details of its turnover and profit by activity as required by SSAP 25. The reason for this non disclosure is that the directors believe that competitor companies could use such information to their advantage.

Going Concern
The group accounts show a negative position and this is due to the losses suffered by the subsidiary company, Hearing Health & Mobility Limited. Further cut backs and consolidation has ensued with a view to achieving profitability. Cash flow projections and trading results subsequent to the group's year end show operating profits, the directors expect this to continue going forward. As a result, the accounts have been drawn up on a going concern basis.

2. TURNOVER

The turnover and loss before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	30.6.11	30.6.10
	£	£
Marketing leads	1,818,002	2,317,884
Hearing aids	1,793,833	2,894,335
Mobility products	3,374,208	4,180,469
	6,986,043	9,392,688

3. STAFF COSTS

	30.6.11	30.6.10
	£	£
Wages and salaries	2,171,117	3,096,426

continued...

3. STAFF COSTS - continued

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

	30.6.11	30.6.10
Administration	12	16
Sales & distribution	76	117
	88	133

4. OPERATING LOSS

The operating loss is stated after charging:

	30.6.11	30.6.10
	£	£
Hire of plant and machinery	1,697	2,392
Depreciation - owned assets	124,496	126,077
Depreciation - assets on hire purchase contracts	39,329	73,369
Loss on disposal of fixed assets	8,185	-
Goodwill amortisation	102,625	107,899
Auditors' remuneration	11,000	19,000
Directors' remuneration	22,000	22,000

5. INTEREST PAYABLE AND SIMILAR CHARGES

	30.6.11	30.6.10
	£	£
Bank interest	1	15
Loan interest	251,859	209,722
Hire purchase	14,272	24,007
	266,132	233,744

6. TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	30.6.11	30.6.10
	£	£
Current tax:		
UK corporation tax	(5,199)	-
Tax on loss on ordinary activities	(5,199)	-

continued...

6. TAXATION - continued

Factors affecting the tax credit

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	30.6.11	30.6.10
	£	£
Loss on ordinary activities before tax	(790,430)	(1,524,986)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.5% (2010 - 28%)	(217,368)	(426,996)
Effects of:		
Losses carried forward	217,368	391,224
Group relief	-	35,772
Overprovision in prior year	(5,199)	-
Current tax credit	(5,199)	-

7. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £72,342 (2010 - £127,760).

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

		30.6.11	
	Earnings £	Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(785,231)	56,223,609	(1.40)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(785,231)	56,223,609	(1.40)

continued...

8. EARNINGS PER SHARE - continued

	Earnings £	30.6.10 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(1,524,986)	58,223,747	(2.62)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(1,524,986)	58,223,747	(2.62)

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 July 2010	2,129,366
Additions	9,347
Disposals	(11,139)
At 30 June 2011	2,127,574
AMORTISATION	
At 1 July 2010	302,789
Amortisation for year	102,625
Eliminated on disposal	(230)
At 30 June 2011	405,184
NET BOOK VALUE	
At 30 June 2011	1,722,390
At 30 June 2010	1,826,577

The amortisation for the year of £102,625 includes a charge of £27,440 relating to amortisation of goodwill arising on consolidation.

continued...

10. TANGIBLE FIXED ASSETS

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 July 2010	296,089	425,099	172,705	893,893
Additions	45,367	7,700	6,292	59,359
Disposals	(2,186)	(176,592)	(339)	(179,117)
At 30 June 2011	339,270	256,207	178,658	774,135
DEPRECIATION				
At 1 July 2010	140,141	154,109	83,766	378,016
Charge for year	54,346	51,893	57,586	163,825
Eliminated on disposal	(755)	(46,938)	(106)	(47,799)
At 30 June 2011	193,732	159,064	141,246	494,042
NET BOOK VALUE				
At 30 June 2011	145,538	97,143	37,412	280,093
At 30 June 2010	155,948	270,990	88,939	515,877

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1 July 2010	323,868
Disposals	(173,092)
At 30 June 2011	150,776
DEPRECIATION	
At 1 July 2010	76,232
Charge for year	39,329
Eliminated on disposal	(40,611)
At 30 June 2011	74,950
NET BOOK VALUE	
At 30 June 2011	75,826
At 30 June 2010	247,636

continued...

10. **TANGIBLE FIXED ASSETS - continued**

Company

	Fixtures and fittings £
COST	
At 1 July 2010	17,277
Additions	16,915
At 30 June 2011	34,192
DEPRECIATION	
At 1 July 2010	7,590
Charge for year	4,950
At 30 June 2011	12,540
NET BOOK VALUE	
At 30 June 2011	21,652
At 30 June 2010	9,687

11. **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
At 1 July 2010 and 30 June 2011	799,909
NET BOOK VALUE	
At 30 June 2011	799,909
At 30 June 2010	799,909

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiary

Hearing Health & Mobility Limited
Nature of business: Sale of mobility equipment & hearing aids

Class of shares:	% holding
Ordinary	100.00

	30.6.11 £	30.6.10 £
Aggregate capital and reserves	(2,921,088)	(2,090,955)
Loss for the year	(830,133)	(1,625,304)

The directors have considered the cost of the investment and following an impairment review have considered that this investment represents fair value.

continued...

11. FIXED ASSET INVESTMENTS - continued

12. STOCKS

	Group		Company	
	30.6.11	30.6.10	30.6.11	30.6.10
	£	£	£	£
Stocks	389,995	455,353	8,252	-

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.11	30.6.10	30.6.11	30.6.10
	£	£	£	£
Trade debtors	631,849	588,888	1,394,742	1,195,890
Amounts owed by group undertakings	-	-	3,438,756	2,777,068
Other debtors and prepayments	80,185	122,990	5,056	4,593
Loans	-	400,000	-	400,000
VAT	-	31,602	-	-
	712,034	1,143,480	4,838,554	4,377,551

The company had advanced £1,100,000 by way of interest free loans to two employees in the year ended 30 June 2009 to enable them to purchase shares within the company. In accordance with the terms of the agreement with the two employees, upon termination of their employment a share buy back in the sum of £700,000 took place in the year to 30 June 2010. The remaining £400,000 loan was eliminated by way of a share buy back in the year to 30 June 2011.

These loans were compliant with rules laid down by the Companies Act 2006 & qualify as exempt tax benefits within the rules defined by s353 ICTA 1988 and s178 ITEPA 2003.

Included in trade debtors of the company of £1,394,742 (2010: £1,195,890) is an amount owed by group undertakings of £956,480 (2010: £802,374).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.6.11	30.6.10	30.6.11	30.6.10
	£	£	£	£
Other loans (see note 16)	321,920	400,760	321,920	400,760
Hire purchase contracts (see note 17)	25,800	99,752	-	-
Trade creditors	1,201,871	1,554,220	729,057	720,350
Amounts owed to group undertakings	-	-	40,306	-
Tax	(10,240)	29,759	-	40,000
Social security and other taxes	128,467	73,320	-	-
VAT	4,322	-	33,599	8,064
Other creditors and accruals	326,747	298,717	213,020	148,670
	1,998,887	2,456,528	1,337,902	1,317,844

 continued...

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

	Group		Company	
	30.6.11	30.6.10	30.6.11	30.6.10
	£	£	£	£
Other loans (see note 16)	2,655,000	2,000,000	2,655,000	2,000,000
Hire purchase contracts (see note 17)	28,390	111,426	-	-
	2,683,390	2,111,426	2,655,000	2,000,000

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	30.6.11	30.6.10	30.6.11	30.6.10
	£	£	£	£
Amounts falling due within one year or on demand:				
Other loans	321,920	400,760	321,920	400,760
Amounts falling due between two and five years:				
Other loans - 2-5 years	2,655,000	2,000,000	2,655,000	2,000,000

Company

The company has commercial loans in place with 2 hearing aid manufacturers and a related company in which directors M Moss and A Kiddy have a controlling interest (see note 20).

During the year, an additional new loan of £655,000 was obtained from the related company in which directors M Moss and A Kiddy have a controlling interest (see note 20).

continued...

17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	30.6.11	30.6.10
	£	£
Gross obligations repayable:		
Within one year	27,370	111,597
Between one and five years	31,308	122,321
	58,678	233,918
Finance charges repayable:		
Within one year	1,570	11,845
Between one and five years	2,918	10,895
	4,488	22,740
Net obligations repayable:		
Within one year	25,800	99,752
Between one and five years	28,390	111,426
	54,190	211,178

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

Group

	Land and buildings		Other operating leases	
	30.6.11	30.6.10	30.6.11	30.6.10
	£	£	£	£
Expiring:				
Within one year	33,500	4,700	3,700	6,520
Between one and five years	139,450	146,250	-	-
In more than five years	121,620	159,120	-	-
	294,570	310,070	3,700	6,520

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.6.11 £	30.6.10 £
55,813,883 (30.6.10 - 56,940,559)	Ordinary	0.001	55,814	56,941

continued...

18. CALLED UP SHARE CAPITAL - continued

During the year, the company bought back 1,454,545 shares of £0.001 each for £400,000, the nominal value of these shares has been transferred to a Capital Redemption Reserve as required by the Companies Act 2006 (see note 15).

Also during the year, the company issued 327,869 shares of £0.001 each for a total consideration of £100,000.

19. RESERVES

Group

	Profit and loss account £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2010	(1,893,359)	1,425,514	2,545	11,210	(454,090)
Deficit for the year	(785,231)				(785,231)
Purchase of own shares	(400,000)	-	1,455	-	(398,545)
Share issue	-	99,672	-	-	99,672
At 30 June 2011	(3,078,590)	1,525,186	4,000	11,210	(1,538,194)

Company

	Profit and loss account £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2010	476,137	1,425,514	2,545	11,210	1,915,406
Profit for the year	72,342				72,342
Purchase of own shares	(400,000)	-	1,455	-	(398,545)
Share issue	-	99,672	-	-	99,672
At 30 June 2011	148,479	1,525,186	4,000	11,210	1,688,875

20. RELATED PARTY DISCLOSURES

PJ Clover and N Copeland are directors and shareholders in Copeland and Charrington Limited. During the year the group acquired advertising and marketing services at arms length from Copeland & Charrington Limited amounting to £1,690,221 (2010 : £2,150,797). Included in trade creditors at 30 June 2011 is an amount owing to Copeland & Charrington Limited of £647,798 (2010 : £618,143).

The company has a commercial loan from Zig Zag Water Limited, a company controlled by directors M Moss and A Kiddy. During the year, a further advance of £655,000 was made giving a total loan outstanding balance at the end of the year of £1,355,000. The loan attracts interest at a rate of 10% per annum. During the year, interest in the sum of £109,208 was payable of which £39,440 has been paid and the balance accrued as at the year end.

A Kiddy is a director and shareholder in Kalker UK Limited. During the year the group acquired consultancy services at arms length from Kalker UK Limited amounting to £88,900 (2010 : £92,012).

21. ULTIMATE CONTROLLING PARTY

The company has no controlling party.

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22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	30.6.11	30.6.10
	£	£
Loss for the financial year	(785,231)	(1,524,986)
Share issue	100,000	-
Purchase of own shares	(400,000)	(700,000)
Net reduction of shareholders' funds	(1,085,231)	(2,224,986)
Opening shareholders' funds	(397,149)	1,827,837
Closing shareholders' funds	(1,482,380)	(397,149)

Company

	30.6.11	30.6.10
	£	£
Profit for the financial year	72,342	127,760
Share issue	100,000	-
Purchase of own shares	(400,000)	(700,000)
Net reduction of shareholders' funds	(227,658)	(572,240)
Opening shareholders' funds	1,972,347	2,544,587
Closing shareholders' funds	1,744,689	1,972,347