Report of the Directors and

Consolidated Financial Statements

for the Year Ended 30 June 2010

for

DHAIS Plc

Contents of the Consolidated Financial Statements for the Year Ended 30 June 2010

Company Information
for the Year Ended 30 June 2010

DIRECTORS:	M Moss N Copeland P J Clover A J Williams A Kiddy
SECRETARY:	P J 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

Report of the Directors
for the Year Ended 30 June 2010

The directors present their report with the financial statements of the company and the group for the year ended 30 June 2010.

PRINCIPAL ACTIVITY
The principal activity of the group in the year under review was that of the generation of marketing 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 AND FUTURE PROSPECTS
The directors are pleased to report on the second full year of trading since Dhais Plc was admitted to PLUS Market in June 2008. The results for the year and the financial position of the group are as shown in the annexed financial statements. Despite the loss for the year the directors feel they can claim a modicum of success.

Historically the company had operated as a freelance marketing company, generating sales leads for digital hearing aid retailers, manufacturers and distributors in the United Kingdom. This "original" Dhais marketing activity has been so successful for its customers in recent years that major competitors have attempted to copy this success by using similar style of advertising and marketing activities.

Fortunately the policy of the directors to diversify and capitalise on their overall experience to convert fragmented free standing mobility stores to encompass hearing aid centres has ensured that the original marketing based activity of the group is now dominated by retail trade. The group is no longer dependent on any one area of expertise.

The independent living and mobility sector is a rapidly growing market, with retail sales in the UK worth around £500 million a year and the business-to business market (such as care homes, health clinics and hospitals) worth an additional £1.1 billion a year. The directors believe that this sector is set for further strong growth as an ageing population seeks to maintain their independence, improve their quality of life and stay in their own homes.

The hearing aid sector has attracted large retailers like Specsavers and Boots Opticians in recent years. There has been some consolidation of smaller players as manufacturers also jockey for position in the UK in what they see as one of the world’s largest markets, uniquely composed of both private and National Health distribution networks.

The shared overhead methodology adopted in the optical sector is similar to the shared overhead method pioneered by Dhais to combine the retailing of hearing and mobility in recognition of the reality that free standing one product operations struggle today to gain footfall and economies of scale.

Sales for the year were £9,392,688 compared to £4,802,490 last year with a loss of £1,524,986 this year compared to £437,426 last year, after interest and depreciation.

The carefully planned acquisition of Hearing Health & Mobility Ltd (“HHML”) in November 2008 and the subsequent opportunist acquisition of the business of Keepable in March 2009 provided the group with a springboard to become the UK's leading retail chain of mobility centres. However, the year under review which began with 27 stores has seen significant consolidation and restructuring in order to ensure that synergies and economies of scale are maximised and waste minimised.

The present portfolio of 16 outlets carries with it many years of accumulated goodwill, some 5,000 customers visit HHML’s stores monthly. The directors estimate the historical cost to prior owners in developing this chain would have been some £10 million and many years of experimentation.

The decisive action to exit 11 loss making branches during the year and one further store since the year end has been challenging but successful with the benefits coming through after the year end. Profitable stores have been retained and the directors do not envisage any further closures in the short term.

Report of the Directors
for the Year Ended 30 June 2010

There is now a modern electronic point of sale system (EPOS) in all the stores providing management with real time financial information. The group's business on a monthly basis, even with seasonal adjustments, has moved from loss to profit at this point in time. The historic costs of merging, redundancies, writing off of obsolete stock, rationalising and consolidating the estate contributed significantly to the mobility division's £816k loss. These costs are, of course, non recurring.

The directors are now once again able to consider acquisitions to expand.

Opportunities to acquire other fair sized operations are abound and the directors are unlikely to consider green field sites.

The barriers to entry in the sectors are significant. The group's business model is robust and difficult to replicate. Substantial demonstration stocks are required in large stores with consulting rooms for hearing aids. Goodwill comes from professional relationships, advertising and value for money. These can only be achieved with economies of scale for buying and administration which the group is enjoying today.

The marketing operation itself has widened its range of product offering and increased its customer base whilst embellishing its core creative and production capability.

Within the hearing aid division the net financial outcome of the acquisition of the business of Hearsavers Limited, which operated from Matalan stores, added to the losses of that division which amounted to £808k for the year. The main costs were in relation to the delayed closure of the Southport administration operation and the withdrawal from 54 Matalan stores. The management, sales service and marketing of this division has been transferred to Kettering, the Head Office of HHML. The directors believe they have now stemmed the losses and these changes should begin to bear fruit in the New Year.

There has been a full re-launch of hearing aids under the Hear Focus brand name, the stores are now fully fledged Hearing and Mobility outlets with significant cross selling opportunities.

The introduction of full time foot care in the Cardiff branch has been very successful. This experience is to be repeated at the other stores in order to achieve further quality store traffic. The widening of the company's range of quality branded hearing aids has also been well received by dispensers and customers alike.

In summary, the core business is now very firmly hearing, health and mobility products supplied inside and outside stores throughout the UK supported by highly skilled national and local marketing and advertising activities. Those areas where the group does not have direct representation are uniquely handled by a growing network of extremely motivated independent dealers.

<u>Outlook</u>

Going forward the objective of the directors is to eliminate group losses and to grow sales and profits organically, but as before, with well timed acquisition activity.

The directors have carefully studied how the historic losses can be funded and whilst not ruling out a conventional fund raising exercise, given the present economic climate and the inflexible stance of most of the major banks today, the shareholder directors have made available loans from related companies for cash flow and future development. This is evidence of the directors belief in the Dhais business model.

As the group reaches the end of this calendar year and see's signs of the move from loss to profit on the mobility side, consolidation of the advertising and marketing profits and the stemming of losses in the hearing aid division, the directors anticipate the second half of the year to be profitable.

The group is considering a name change to reflect more fully the Health content of the business alongside a reclassification of the main activity

Losses to date have partly been covered by loans from directors via their related companies and they expect a reduction in such a need in future as costs reduce and sales and profits increase.

Report of the Directors
for the Year Ended 30 June 2010

DIVIDENDS
No dividends will be distributed for the year ended 30 June 2010.

EVENTS SINCE THE END OF THE YEAR
The company is finalising a share buy back from one of its ex employees, as disclosed in note 21 of the financial statements. This transaction is considered by the directors to be a non adjusting post balance sheet event.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 July 2009 to the date of this report.

M Moss
N Copeland
P J Clover
A J 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 2010 were equivalent to 80 days (2009 : 110 days) of purchases during the year ended on that date.

Report of the Directors
for the Year Ended 30 June 2010

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

	2010	2009
Gross Margin	54%	43%
Net Margin	(16)%	(9)%
Current Ratio	0.75	1.7

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 levels 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 could have a direct impact on the income achieved by the parent company. To mitigate this risk the company operates a policy of improving service levels 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 company 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 company's operations. The main risks arising from the company's 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. Subsequently the group has arranged funding as fixed interest rates which mitigates exposure to interest rate fluctuations on its borrowings.

LIQUIDITY RISK
The company 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 2010

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

30 November 2010

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 2010 on pages six to twenty three. 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 four, 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 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.

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 2010 and of the group's loss for the year then ended;
- the group financial statements 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

30 November 2010

Consolidated Profit and Loss Account for the Year Ended 30 June 2010

	Notes	2010 £	2010 £	2009 £	2009 £
TURNOVER			9,392,688		4,802,490
Continuing operations		9,392,688		2,460,464	
Acquisitions		-		2,342,026	
		9,392,688		4,802,490	
Cost of sales	2		4,349,008		2,745,202
GROSS PROFIT	2		5,043,680		2,057,288
Net operating expenses	2		6,335,162		2,432,428
OPERATING LOSS	4		(1,291,482)		(375,140)
Continuing operations		(1,291,482)		117,393	
Acquisitions		-		(492,533)	
		(1,291,482)		(375,140)	
Interest receivable and similar income			240		31,773
			(1,291,242)		(343,367)
Interest payable and similar charges	5		233,744		94,059
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(1,524,986)		(437,426)
Tax on loss on ordinary activities	6		-		(24,372)
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION			(1,524,986)		(413,054)
Earnings per share expressed in pence per share:	8				
Basic			(2.62)		(0.80)
Diluted			(2.62)		(0.80)

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 2010

	Notes	2010 £	2010 £	2009 £	2009 £
FIXED ASSETS					
Intangible assets	9		1,826,576		1,934,478
Tangible assets	10		515,877		462,834
			2,342,453		2,397,312
CURRENT ASSETS					
Stocks	12	455,353		701,920	
Debtors	13	1,143,480		1,929,780	
Cash at bank and in hand		229,519		620,008	
		1,828,352		3,251,708	
CREDITORS					
Amounts falling due within one year	14	2,456,528		1,916,683	
NET CURRENT (LIABILITIES)/ASSETS			(628,176)		1,335,025
TOTAL ASSETS LESS CURRENT LIABILITIES			1,714,277		3,732,337
CREDITORS					
Amounts falling due after more than one year	15		2,111,426		1,904,500
NET (LIABILITIES)/ASSETS			(397,149)		1,827,837
CAPITAL AND RESERVES					
Called up share capital	18		56,941		59,486
Share premium	19		1,425,514		1,425,514
Capital redemption reserve	19		2,545		-
Other reserves	19		11,210		11,210
Profit and loss account	19		(1,893,359)		331,627
SHAREHOLDERS' FUNDS	23		(397,149)		1,827,837

The financial statements were approved by the Board of Directors on 30 November 2010 and were signed on its behalf by:

A Kiddy - Director

DHAIS Plc
Registered number: 04228169

Company Balance Sheet
30 June 2010

	Notes	2010 £	2010 £	2009 £	2009 £
FIXED ASSETS					
Tangible assets	10		9,687		13,470
Investments	11		799,909		799,909
			809,596		813,379
CURRENT ASSETS					
Debtors	13	4,377,551		3,894,330	
Cash at bank and in hand		103,044		447,021	
		4,480,595		4,341,351	
CREDITORS					
Amounts falling due within one year	14	1,317,844		785,143	
NET CURRENT ASSETS			3,162,751		3,556,208
TOTAL ASSETS LESS CURRENT LIABILITIES			3,972,347		4,369,587
CREDITORS					
Amounts falling due after more than one year	15		2,000,000		1,825,000
NET ASSETS			1,972,347		2,544,587
CAPITAL AND RESERVES					
Called up share capital	18		56,941		59,486
Share premium	19		1,425,514		1,425,514
Capital redemption reserve	19		2,545		-
Other reserves	19		11,210		11,210
Profit and loss account	19		476,137		1,048,377
SHAREHOLDERS' FUNDS	23		1,972,347		2,544,587

The financial statements were approved by the Board of Directors on 30 November 2010 and were signed on its behalf by:

A Kiddy - Director

Consolidated Cash Flow Statement
for the Year Ended 30 June 2010

	Notes	2010 £	2010 £	2009 £	2009 £
Net cash inflow/(outflow) from operating activities	1		(453,664)		(297,249)
Returns on investments and servicing of finance	2		(140,817)		(62,286)
Taxation	2		51,012		(168,498)
Capital expenditure	2		(252,489)		(2,394,773)
			(795,958)		(2,922,806)
Financing	2		405,469		3,414,220
(Decrease)/Increase in cash in the period			(390,489)		491,414

	Notes	2010 £	2010 £	2009 £	2009 £
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period		(390,489)		491,414	
Cash inflow from increase in debt and lease financing		(303,657)		(1,979,220)	
Change in net debt resulting from cash flows			(694,146)		(1,487,806)
New finance leases			(191,634)		(137,427)
Movement in net debt in the period			(885,780)		(1,625,233)
Net (debt)/funds at 1 July			(1,496,639)		128,594
Net debt at 30 June			(2,382,419)		(1,496,639)

The notes form part of these financial statements

Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 June 2010

1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2010	2009
	£	£
Operating loss	(1,291,482)	(375,140)
Depreciation charges	307,345	135,326
Decrease/(Increase) in stocks	246,567	(701,920)
Decrease/(Increase) in debtors	86,300	(687,465)
Increase in creditors	197,606	1,331,950
Net cash inflow/(outflow) from operating activities	(453,664)	(297,249)

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

	2010	2009
	£	£
Returns on investments and servicing of finance		
Interest received	240	31,773
Interest paid	(117,050)	(91,795)
Interest element of hire purchase payments	(24,007)	(2,264)
Net cash outflow for returns on investments and servicing of finance	(140,817)	(62,286)
Taxation		
Taxation paid	51,012	(170,870)
Deferred tax	-	2,372
Net cash inflow/(outflow) for taxation	51,012	(168,498)
Capital expenditure		
Purchase of intangible fixed assets	-	(1,985,502)
Purchase of tangible fixed assets	(252,489)	(411,771)
Sale of tangible fixed assets	-	2,500
Net cash outflow for capital expenditure	(252,489)	(2,394,773)
Financing		
New loans in year	500,000	2,000,000
Capital repayments in year	(94,531)	(20,780)
Share issue	-	9,486
Share premium	-	1,425,514
Net cash inflow from financing	405,469	3,414,220

Notes to the Consolidated Cash Flow Statement for the Year Ended 30 June 2010

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.09 £	Cash flow £	At 30.6.10 £
Net cash:			
Cash at bank and in hand	620,008	(390,489)	229,519
	620,008	(390,489)	229,519
Debt:			
Hire purchase	(116,647)	(94,531)	(211,178)
Debts falling due within one year	(175,000)	(225,760)	(400,760)
Debts falling due after one year	(1,825,000)	(175,000)	(2,000,000)
	(2,116,647)	(495,291)	(2,611,938)
Total	(1,496,639)	(885,780)	(2,382,419)

Notes to the Consolidated Financial Statements
for the Year Ended 30 June 2010

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 2010. 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
Turnover represents the amount generated from the ordinary activities of the group and is stated after trade discounts and excludes value added tax.

The group turnover comprises income from two main sources. The first represents income from the supply of leads to various companies in the hearing and mobility industry. The second source of income arises from the sale of hearing, mobility and other related products direct to the public.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of various business's during the year. In the opinion of the directors the goodwill will have an estimated useful life of twenty years and is being amortised evenly over its estimated useful life.

Goodwill arising on consolidation is also capitalised and amortised over twenty years along with the group's policy noted above.

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.

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 full details of the group's turnover and profit activities as detailed in SSAP 25. The basis for this is that the directors do not wish to publish details which could be commercially sensitive and provide competitors with any advantage.

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2010

1. **ACCOUNTING POLICIES - continued**

Going Concern
The group balance sheet shows a negative position and this is due to trading losses incurred by the subsidiary company, Hearing Health & Mobility Limited. The directors are of the opinion that Dhais Plc will continue to support its subsidiary for at least the 12 month period from the date of approval of these financial statements and they are confident that the group will return to profitability.

2. **ANALYSIS OF OPERATIONS & TURNOVER**

	2010		
	Continuing £	Acquisitions £	Total £
Cost of sales	4,349,008	-	4,349,008
Gross profit	5,043,680	-	5,043,680
Net operating expenses:			
Distribution costs	5,585,281	-	5,585,281
Administrative expenses	794,371	-	794,371
Other operating income	(44,490)	-	(44,490)
	6,335,162	-	6,335,162

	2009		
	Continuing £	Acquisitions £	Total £
Cost of sales	2,070,973	674,229	2,745,202
Gross profit	675,752	1,381,536	2,057,288
Net operating expenses:			
Distribution costs	88,610	1,860,005	1,948,615
Administrative expenses	183,488	314,985	498,473
Other operating income	-	(14,660)	(14,660)
	272,098	2,160,330	2,432,428

	2010 £	2009 £
Turnover By Activity:		
Marketing leads	2,317,884	2,460,464
Hearing aids	2,894,335	468,405
Mobility products	4,180,469	1,873,621
	9,392,688	4,802,490

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2010

3. STAFF COSTS

	2010 £	2009 £
Wages and salaries	2,201,754	738,431
Social security costs	894,672	366,108
	3,096,426	1,104,539

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

	2010	2009
Administration	16	11
Sales & distribution	117	69
	133	80

4. OPERATING LOSS

The operating loss is stated after charging:

	2010 £	2009 £
Hire of plant and machinery	2,392	21,603
Depreciation - owned assets	126,077	81,438
Depreciation - assets on hire purchase contracts	73,369	2,863
Goodwill amortisation	107,899	51,024
Auditors' remuneration	19,000	6,455
Directors' remuneration	22,000	16,865

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Bank interest	15	128
Loan interest	209,722	91,667
Hire purchase	24,007	2,264
	233,744	94,059

6. TAXATION

Analysis of the tax credit

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

	2010 £	2009 £
Current tax:		
UK corporation tax	-	(22,000)
Deferred tax	-	(2,372)
Tax on loss on ordinary activities	-	(24,372)

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2010

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:

	2010	2009
	£	£
Loss on ordinary activities before tax	(1,524,986)	(437,426)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	(426,996)	(122,479)
Effects of:		
Marginal rate relief	-	(10,430)
Expenses not deductible for tax	-	22,072
Capital allowances in excess of depreciation	-	(753)
Losses to carry forward	391,223	-
Group relief	35,773	82,271
Overprovision	-	7,319
Current tax credit	-	(22,000)

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 £127,760 (2009 - £303,696).

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.

	Earnings £	2010 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)

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2010

8. **EARNINGS PER SHARE - continued**

	Earnings £	2009 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	(413,054)	51,896,494	(0.80)
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	(413,054)	51,896,494	(0.80)

9. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £
COST	
At 1 July 2009 and 30 June 2010	2,129,366
AMORTISATION	
At 1 July 2009	194,891
Amortisation for year	107,899
At 30 June 2010	302,790
NET BOOK VALUE	
At 30 June 2010	1,826,576
At 30 June 2009	1,934,475

The amortisation for the year of £107,899 includes a charge of £27,440 relating to amortisation of goodwill arising in consolidation.

continued...

10. **TANGIBLE FIXED ASSETS**

Group

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 July 2009	246,276	238,658	156,469	641,403
Additions	49,812	186,441	16,236	252,489
At 30 June 2010	296,088	425,099	172,705	893,892
DEPRECIATION				
At 1 July 2009	80,118	59,917	38,534	178,569
Charge for year	60,022	94,192	45,232	199,446
At 30 June 2010	140,140	154,109	83,766	378,015
NET BOOK VALUE				
At 30 June 2010	155,948	270,990	88,939	515,877
At 30 June 2009	166,158	178,741	117,935	462,834

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

	Motor vehicles £
COST	
At 1 July 2009	137,427
Additions	186,441
At 30 June 2010	323,868
DEPRECIATION	
At 1 July 2009	2,863
Charge for year	73,369
At 30 June 2010	76,232
NET BOOK VALUE	
At 30 June 2010	247,636
At 30 June 2009	134,564

continued...

10. **TANGIBLE FIXED ASSETS - continued**

Company

	Fixtures and fittings £
COST	
At 1 July 2009	16,782
Additions	495
At 30 June 2010	17,277
DEPRECIATION	
At 1 July 2009	3,312
Charge for year	4,278
At 30 June 2010	7,590
NET BOOK VALUE	
At 30 June 2010	9,687
At 30 June 2009	13,470

11. **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
At 1 July 2009 and 30 June 2010	799,909
NET BOOK VALUE	
At 30 June 2010	799,909
At 30 June 2009	799,909

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2010

11. FIXED ASSET INVESTMENTS - continued

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

	2010	2009
	£	£
Aggregate capital and reserves	(2,090,955)	(465,651)
Loss for the year	(1,625,304)	(616,748)

Dhais Plc purchased the entire share capital of Hearing Health & Mobility Limited in the year to 30 June 2009. Included in goodwill is an amount of £548,813 representing goodwill arising on consolidation which is carried forward in the balance sheet following an impairment review for fair value undertaken by the directors.

12. STOCKS

	Group	
	2010	2009
	£	£
Stocks	455,353	701,920

13. DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	588,888	634,130	1,195,890	735,061
Amounts owed by group undertakings	-	-	2,777,068	2,043,778
Other debtors and prepayments	122,990	119,547	4,593	15,491
Loans	400,000	-	400,000	-
VAT	31,602	76,103	-	-
	1,143,480	829,780	4,377,551	2,794,330
Amounts falling due after more than one year:				
Loans	-	1,100,000	-	1,100,000
Aggregate amounts	1,143,480	1,929,780	4,377,551	3,894,330

continued...

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2010**

13. DEBTORS - continued

The Company advanced £1,100,000 by way of interest free loan to two employees to enable them to purchase shares within the company in the year to 30 June 2009. A share buy back in the sum of £700,000 took place in the year as shown in note 19 of these accounts and the remaining £400,000 loan is also expected to be settled by way of a share buy back in the year to 30 June 2011. Consequently, the loan has been disclosed as due within one year.

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

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Other loans (see note 16)	400,760	175,000	400,760	175,000
Hire purchase contracts (see note 17)	99,752	37,147	-	-
Trade creditors	1,554,220	1,380,825	720,350	418,107
Tax	29,759	(21,253)	40,000	40,000
Social security and other taxes	73,320	84,755	-	-
VAT	-	-	8,064	40,164
Other creditors and accruals	298,717	260,209	148,670	111,872
	2,456,528	1,916,683	1,317,844	785,143

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Other loans (see note 16)	2,000,000	1,825,000	2,000,000	1,825,000
Hire purchase contracts (see note 17)	111,426	79,500	-	-
	2,111,426	1,904,500	2,000,000	1,825,000

16. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts falling due within one year or on demand:				
Other loans	400,760	175,000	400,760	175,000
Amounts falling due between one and two years:				
Other loans - 1-2 years	-	175,000	-	175,000
Amounts falling due between two and five years:				
Other loans - 2-5 years	2,000,000	1,650,000	2,000,000	1,650,000

continued...

16. **LOANS - continued**

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, additional new loans of £300,000 were obtained from one of the hearing aid manufacturers and £200,000 from the related company in which directors M Moss and A Kiddy have a controlling interest (see note 20).

17. **OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

Group

	Hire purchase contracts	
	2010	2009
	£	£
Gross obligations repayable:		
Within one year	111,597	46,334
Between one and five years	122,321	86,617
	233,918	132,951
Finance charges repayable:		
Within one year	11,845	9,187
Between one and five years	10,895	7,117
	22,740	16,304
Net obligations repayable:		
Within one year	99,752	37,147
Between one and five years	111,426	79,500
	211,178	116,647

Annual commitments under operating leases are as follows:

Group

	Land and buildings		Other operating leases	
	2010	2009	2010	2009
	£	£	£	£
Expiring:				
Within one year	4,700	9,540	6,520	18,880
Between one and five years	146,250	172,050	-	20,736
In more than five years	159,120	79,120	-	-
	310,070	260,710	6,520	39,616

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2010

18. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2010 £	2009 £
56,940,559	Ordinary	0.001	56,941	59,486

During the year, the company bought back 2,545,454 shares of £0.001 each for £700,000 and the nominal value of these shares have been transferred to a Capital Redemption Reserve as required by the Companies Act 2006 (see note 20) upon the resignation of an employee of the company.

19. **RESERVES**

Group

	Profit and loss account £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2009	331,627	1,425,514	-	11,210	1,768,351
Deficit for the year	(1,524,986)				(1,524,986)
Share buy back	(700,000)	-	2,545	-	(697,455)
At 30 June 2010	(1,893,359)	1,425,514	2,545	11,210	(454,090)

Company

	Profit and loss account £	Share premium £	Capital redemption reserve £	Other reserves £	Totals £
At 1 July 2009	1,048,377	1,425,514	-	11,210	2,485,101
Profit for the year	127,760				127,760
Share buy back	(700,000)	-	2,545	-	(697,455)
At 30 June 2010	476,137	1,425,514	2,545	11,210	1,915,406

20. **RELATED PARTY DISCLOSURES**

PJ Clover and N Copeland are directors and shareholders in Copeland & Charrington Limited. The group acquired advertising and marketing costs at arms length from Copeland & Charrington Limited amounting to £2,150,797 (2009 : £1,692,745). Included in trade creditors at 30 June 2010 is an amount owing to Copeland & Charrington Limited of £618,143 (2009 : £378,363).

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 £200,000 was made giving a total loan outstanding balance at the end of the year of £700,000. The loan attracts interest at a rate of 11% per annum. During the year, interest in the sum of £64,704 was payable of which £17,050 has been paid and the balance accrued as at the year end.

continued...

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 June 2010

21. POST BALANCE SHEET EVENTS

The company is finalising a share buy back from one of its ex employees, as disclosed in note 13 of the financial statements. This transaction is considered by the directors to be a non adjusting post balance sheet event.

22. ULTIMATE CONTROLLING PARTY

The company has no controlling party.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2010	2009
	£	£
Loss for the financial year	(1,524,986)	(413,054)
Shares issued	-	1,435,000
Share buy back	(700,000)	-
Net (reduction)/addition to shareholders' funds	(2,224,986)	1,021,946
Opening shareholders' funds	1,827,837	805,891
Closing shareholders' funds	(397,149)	1,827,837

Company

	2010	2009
	£	£
Profit for the financial year	127,760	303,696
Shares issued	-	1,435,000
Share buy back	(700,000)	-
Net (reduction)/addition to shareholders' funds	(572,240)	1,738,696
Opening shareholders' funds	2,544,587	805,891
Closing shareholders' funds	1,972,347	2,544,587