

SUTHERLAND HEALTH GROUP PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

SUTHERLAND HEALTH GROUP PLC

COMPANY INFORMATION

DIRECTORS	F J French F H Robertson S Sukumaran G M Sutherland S Coke
COMPANY SECRETARY	S Coke
COMPANY NUMBER	05255086 (England & Wales)
REGISTERED OFFICE	Unit 1 Rivermead Pipers Way Thatcham Berkshire RG19 4EP
AUDITOR	James Cowper LLP Chartered Accountants and Statutory Auditor 3 Wesley Gate Queen's Road Reading Berkshire RG1 4AP
BANKERS	Clydesdale Bank PLC Reinassance House Basing View Basingstoke RG21 4EQ
REGISTRARS	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA
SOLICITORS	Irwin Mitchell LLP 40 Holborn Viaduct London EC1N 2PZ

SUTHERLAND HEALTH GROUP PLC

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SUTHERLAND HEALTH GROUP PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

The chairman presents his statement for the period.

Dear Shareholder

I am pleased to report on the progress of the Company. We have seen another year of growth, and this is a year in which I am particularly pleased to report that we have achieved our maiden profit.

Highlights

- Sales growth of 6% to £956,509
- Gross profit increased by 18% to £500,523
- Gross margin increased from 46.9% to 52.3%
- Overheads reduced by 7% to £454,556
- Maiden profit of £29,336 (2009: loss of £81,912)

The Company has in the last twelve months reached a significant milestone in that we have achieved a maiden profit. This has been not only by sales growth, but as you will note from the highlights shown above, the gross profit has grown at a greater rate than sales due to gross margin improvements being made by excellent cost controls on our product range by the management. Overheads have also been kept under control and this year saw a 7% reduction in our costs as corporate costs in particular were re-negotiated along with several other suppliers.

Review of activities

April 2009

The start of the financial year began with positive news of the award of a new contract for our Condomania division. Reading, West Berkshire, and Wokingham councils teamed up with NHS Berkshire West to introduce a condom distribution scheme developed in partnership with our Company. Condomania® condoms are being purchased by the scheme to enable young people under the age of 19 to obtain free condoms by producing a membership card called a C Card. When young people register with the scheme they will become entitled to their C Card, that acts as a passport to getting free condoms, sexual health advice and information.

May 2009

We announced that the Condomania division had been awarded a Framework Agreement to supply its Condomania® condoms and Sutherland® Lubricating Jelly to NHS Trusts in England. The Framework Agreement commenced on 1st April 2009 and continues to 31st March 2011, with an option to be extended for a further 24 months possibly taking the Agreement up to 31st March 2013. This contract meant that the Company had been successful in gaining 100% listing of both product ranges in the Agreement.

July 2009

In July 2009, the Company closed a placing of shares that raised in total £456,530 at a price of 2p per share. This was a tremendous show of support from our shareholders, when for many companies it was an extremely difficult time to raise new funds. It was particularly pleasing that our shareholders contributed the total sum including an investment of £186,500 from our Chief Executive George Sutherland and I converted loan stock and subscribed for equity for a total of £3000.

SUTHERLAND HEALTH GROUP PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

November 2009

On the 25th November 2009, we announced the Condomania division had been awarded a Framework Agreement to supply two products on the Obstetric and Gynaecological Sundries and Accessories Contract with NHS England that became effective 1st October 2009 and runs until 30th September 2012. The Agreement has an option to run for a further 12 months.

The Vision® Vaginal Infection Swab was the first of these products that is a point of care professional probe for use by health professionals that detects in a matter of seconds whether a woman has Bacterial Vaginosis, Trichomonas, or other parasitic infections. It can be used when a patient has an abnormal vaginal discharge, but can also be used to routinely check women who have a history of pre-term delivery in pregnancy, before IVF procedures, and other vaginal procedures.

The second product, Vision® Amniotic Leak Detector is a diagnostic panty liner worn by pregnant women that has a patented technology proven in clinical trials that can warn if any amniotic fluid leak has been detected on the panty liner. This helps to protect the mother and baby and also helps to reduce the risk of complications or premature birth. The product is recommended for use in both high risk and normal pregnancies.

The Company has been going through the normal approval procedures required for the two diagnostics and when launched, which should be at some time during the current financial year, we feel confident that both products will engender a high level of interest from all health professionals whether working in the NHS or within the private sector.

January 2010

To accelerate the sales, marketing and business development activities the Company announced a placing of shares to raise up to £250,000 at a price of 2.5p per share. This placing closed on 11th May 2010 having raised £217,000

Financial Review

During the period to 31st March 2010 the Company achieved a turnover of £956,509 (2009 £903,842) representing an increase in sales of 6% over the previous year, producing a gross profit of £500,523 (2009 £423,791). Administrative expenses were £398,822 (2009 £453,221) after charging £27,445 (2009 £25,992) for amortisation and depreciation, and a foreign exchange loss of £1,920 (2009 loss £15,639). The pre-tax profit was £29,336 (2009 loss £81,912) and the profit per ordinary share was 0.05p (2009 loss 0.18p). Cash at the bank on the balance sheet as at the 31st March 2010 was £61,148 (2009 £12,925)

Post Balance Sheet

Since the end of the period, on the 28th April 2010 the Company announced that it had appointed Corinne Oldcorn as Sales and Marketing Assistant who has specific responsibilities to assist in increasing distribution of products to new and existing trade sectors.

The Board also announced it had signed a Relationship Letter with Thames Valley Innovation and Growth (TVIG). The Company has been selected by TVIG as it meets the required criteria of being an innovative and a growth company located in the Thames Valley. The Company will receive funding for specialist consultancy to further its research into new market opportunities.

On the 28th June 2010 our preliminary results for the year were announced and that our Sutherland Health division had been awarded a contract by NHS England to supply its nutritional supplement Thixo-D® Original with effect from 1st May 2010 for a period of 12 months.

Thixo-D® Original is a nutritional supplement that is an instant food and drink thickener for the management of dysphagia, a medical term that is used to refer to difficulties in swallowing certain foods or liquids. It is estimated that 30 to 40% of elderly people staying in nursing homes have some degree of dysphagia. The product is available on prescription and can also be purchased over the counter from pharmacies.

SUTHERLAND HEALTH GROUP PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

On the 11th May 2010 the Directors closed a placing of shares at 2.5p for new ordinary shares raising £217,000, and we are pleased to welcome two new Investment Funds, Worship St Investments Plc and the T1ps Small Companies EIS Fund who both join Majedie Investments Plc as institutional shareholders of the Company. Two of the Directors Hugh Robertson and I, both invested £5,000 and £10,000 respectively.

Outlook

We have been busy preparing new products ready for launch, most of which will contribute to the current financial year. At the same time we have been researching and building new distribution opportunities for both our existing and new products.

The new financial year has started well with the previously mentioned improvements in the Company contributing to a performance that is ahead of last year in the first quarter.

The members of your Board and the staff have been able to deliver continued sales growth and a maiden profit, despite being in a prolonged difficult economic downturn in the UK. My thanks go to the whole team who I know have worked particularly hard this year to achieve these encouraging results. I also would like to take this opportunity to thank the Company's advisers and in particular our shareholders who have been very supportive in our drive for growth and profitability.

F J French
Chairman

27 July 2010

SUTHERLAND HEALTH GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report and the financial statements for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of an investment holding company. The principal activity of the group was that of the sale of healthcare products.

Group turnover has increased from £903,842 in the previous year to £956,509 in the current period. The gross profit made by the group is £500,523 compared to £423,791 in 2009.

The directors recognise the risk facing the group of the continuing reliance on long-established contracts, notably with the NHS and will mitigate this risk by diversifying its selling base.

The group monitors various financial key performance indicators as part of its monthly accounting and management process.

The directors do not anticipate any material change in the nature of the group's operations in the foreseeable future.

LOAN NOTES

Full details of the terms of the loan notes are given in note 18 to the accounts

KEY PERFORMANCE INDICATORS

	2010	2009	2008
Turnover	956,509	903,842	711,386
Increase in turnover	6%	27%	18%
Gross Profit	500,523	423,791	320,836
Increase in Gross Profit	18%	32%	20%
Gross Margin %	52%	46%	45%

The group monitors various financial key performance indicators as part of its monthly accounting and management reporting process.

The directors do not anticipate any material change in the nature of the group's operations in the foreseeable future.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

The company seeks to ensure that responsible business practice is fully integrated into the management of all its operations and into the culture of all parts of its business. It believes that the consistent adoption of responsible business practice is essential for operational excellence, which in turn is expected to ensure the delivery of its core objectives of sustained real growth in future profitability.

In a company this size the directors consider there are collectively numerous non-financial performance indicators but none individually are key.

SUTHERLAND HEALTH GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £29,336 (2009 - loss £81,912).

The directors have not recommended a dividend.

DIRECTORS

The directors who served during the year and their interests in the group's issued share capital were:

	Ordinary shares of 0.2p each	
	31/3/10	1/4/09
F J French	955,225	930,225
F H Robertson	211,250	211,250
S Sukumaran	45,000	45,000
G M Sutherland	28,701,220	28,651,220
S Coke	31,250	31,250

The Directors hold 54.4% of the issued share capital at 31 March 2010

Spread Trust holds £5,000 unsecured convertible loan notes. Spread Trust is a beneficial trust for Mr F J French.

Mr G M Sutherland holds £68,805 unsecured loan notes.

Options held by directors are disclosed within the notes to the financial statements at note 26

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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). 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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company'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.

SUTHERLAND HEALTH GROUP PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

PRINCIPAL RISKS AND UNCERTAINTIES

On a continuing basis, the directors review strengths, potential threats and any consequent perceived vulnerabilities, that may impact the company's business. This review is conducted regularly in the context of current and planned activity, with a view to assessing potential risks which could impact the company's future trading, capital requirements and financial stability and is carried out to identify and adopt strategies intended to minimise risk exposure.

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, debt factoring, trade creditors, trade debtors, hire purchase agreements, loan notes and convertible loan notes. The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the liquidity risks are managed by maintaining a balance between the continuity of funding and flexibility through use of loans. The company makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors, debt factoring and hire purchase liabilities liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

The company does not follow any specified code or standard on payment practice. However, it is the company's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. Every effort is made to adhere to these terms and payment is made when it can be confirmed that goods and / or services have been provided in accordance with the relevant contract conditions.

The creditor payment period of the group for the year was 110 days (2009: 133 days) (2008: 165 days).

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information.

SUTHERLAND HEALTH GROUP PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2010**

AUDITOR

The auditor, James Cowper LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 27 July 2010 and signed on its behalf.

G M Sutherland
Director

SUTHERLAND HEALTH GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUTHERLAND HEALTH GROUP PLC

We have audited the group and parent company financial statements (the "financial statements") of Sutherland Health Group PLC for the year ended 31 March 2010, set out on pages 10 to 28. 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 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 AUDITOR

As explained more fully in the Statement of Directors' Responsibilities, 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

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/UKNP.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's profit 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SUTHERLAND HEALTH GROUP PLC

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SUTHERLAND HEALTH GROUP PLC

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.

Mr Alexander Peal (Senior Statutory Auditor)

for and on behalf of
James Cowper LLP

Chartered Accountants and Statutory Auditor

3 Wesley Gate
Queen's Road
Reading
Berkshire
RG1 4AP

23 August 2010

SUTHERLAND HEALTH GROUP PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010 £	2009 £
TURNOVER	1,2	956,509	903,842
Cost of sales		<u>(455,986)</u>	<u>(480,051)</u>
GROSS PROFIT		500,523	423,791
Selling and distribution costs		(55,734)	(52,934)
Administrative expenses		(398,822)	(435,221)
Other operating income	3	<u>7,386</u>	<u>13,840</u>
OPERATING PROFIT/(LOSS)	4	53,353	(50,524)
Interest receivable		-	471
Interest payable	10	<u>(24,017)</u>	<u>(31,859)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		29,336	(81,912)
Tax on profit/(loss) on ordinary activities		<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	19	<u>29,336</u>	<u>(81,912)</u>
EARNINGS PER SHARE IN PENCE	9	0.05p	(0.18)p
DILUTED EARNINGS PER SHARE IN PENCE	9	0.05p	(0.16)p

All amounts relate to continuing operations.

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and Loss Account.

The notes on pages 14 to 28 form part of these financial statements.

SUTHERLAND HEALTH GROUP PLC
REGISTERED NUMBER: 05255086 (ENGLAND & WALES)

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Intangible fixed assets	11		314,709		339,345
Tangible fixed assets	12		7,849		6,851
			<u>322,558</u>		<u>346,196</u>
CURRENT ASSETS					
Stocks	14	159,044		96,136	
Debtors	15	187,526		239,681	
Cash at bank and in hand		61,148		12,925	
			<u>407,718</u>	<u>348,742</u>	
CREDITORS: amounts falling due within one year	16		<u>(492,845)</u>	<u>(491,620)</u>	
NET CURRENT LIABILITIES			<u>(85,127)</u>		<u>(142,878)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>237,431</u>		<u>203,318</u>
CREDITORS: amounts falling due after more than one year	17		<u>(239,585)</u>		<u>(269,724)</u>
NET LIABILITIES			<u><u>(2,154)</u></u>		<u><u>(66,406)</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		110,016		104,083
Share premium account	19		866,990		838,007
Other reserves	19		111,478		111,478
Profit and loss account	19		(1,090,638)		(1,119,974)
SHAREHOLDERS' DEFICIT	20		<u><u>(2,154)</u></u>		<u><u>(66,406)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2010.

G M Sutherland
 Director

The notes on pages 14 to 28 form part of these financial statements.

SUTHERLAND HEALTH GROUP PLC
REGISTERED NUMBER: 05255086 (ENGLAND & WALES)

COMPANY BALANCE SHEET
AS AT 31 MARCH 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Tangible fixed assets	12		3,588		2,480
Fixed asset investments	13		411,336		411,336
			<u>414,924</u>		<u>413,816</u>
CURRENT ASSETS					
Debtors	15	813,708		751,744	
Cash at bank		25,944		990	
			<u>839,652</u>	<u>752,734</u>	
CREDITORS: amounts falling due within one year	16		<u>(123,236)</u>	<u>(88,232)</u>	
NET CURRENT ASSETS			<u>716,416</u>		<u>664,502</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,131,340</u>		<u>1,078,318</u>
CREDITORS: amounts falling due after more than one year	17		<u>(239,585)</u>	<u>(269,321)</u>	
NET ASSETS			<u><u>891,755</u></u>		<u><u>808,997</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		110,016		104,083
Share premium account	19		866,990		838,007
Profit and loss account	19		(85,251)		(133,093)
SHAREHOLDERS' FUNDS	20		<u><u>891,755</u></u>		<u><u>808,997</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2010.

G M Sutherland
 Director

The notes on pages 14 to 28 form part of these financial statements.

SUTHERLAND HEALTH GROUP PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010	2009
		£	£
Net cash flow from operating activities	21	87,185	7,687
Returns on investments and servicing of finance	22	(24,017)	(31,388)
Capital expenditure and financial investment	22	(3,541)	(2,767)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		59,627	(26,468)
Financing	22	3,170	(20,095)
INCREASE/(DECREASE) IN CASH IN THE YEAR		62,797	(46,563)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2010**

	2010	2009
	£	£
Increase/(Decrease) in cash in the year	62,797	(46,563)
Cash outflow from decrease in debt and lease financing	31,746	222,324
MOVEMENT IN NET DEBT IN THE YEAR	94,543	175,761
Net debt at 1 April 2009	(272,980)	(448,741)
NET DEBT AT 31 MARCH 2010	(178,437)	(272,980)

The notes on pages 14 to 28 form part of these financial statements.

SUTHERLAND HEALTH GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Basis of consolidation

The financial statements consolidate the accounts of Sutherland Health Group PLC and all of its subsidiary undertakings ('subsidiaries').

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life as follows:

Goodwill	-	5%	straight line
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Amortisation is calculated on brand names and trademarks so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Brands and trademarks	-	10%	straight line
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1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	25%	reducing balance
Fixtures & fittings	-	25%	reducing balance
Office equipment	-	33%	straight line

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

SUTHERLAND HEALTH GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES (continued)

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

SUTHERLAND HEALTH GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES (continued)

1.12 Going Concern

At the balance sheet date the group had a deficit of funds of £2,154 including net current liabilities of £85,127 having made a profit for the year of £29,336. Nonetheless the directors believe it is appropriate to prepare the financial statements on a going concern basis for the following reasons.

- During the year the group has been profitable, and since the year end the group's results have continued to improve.
- The deficit of funds continues to be funded by long term debt in the form of group debt and net current liabilities by a combination of trade credit and a factoring facility.
- Detailed projections have been prepared and approved by the directors for each company in the group that are considered to be prudent and readily achievable. These projections show the group to be a going concern.
- After the balance sheet date a further £217,000 has been raised in new equity by the issue of 8,680,000 ordinary shares.

Taken together these factors mean that it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would be required if this basis was not appropriate.

2. TURNOVER

The whole of the turnover is attributable to one principal activity of the group.

All turnover arose within the United Kingdom.

3. OTHER OPERATING INCOME

	2010 £	2009 £
Net rents receivable	7,386	13,062
Sundry income	-	778
	7,386	13,840

4. OPERATING PROFIT/(LOSS)

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

	2010 £	2009 £
Amortisation - intangible fixed assets	24,636	24,670
Depreciation of tangible fixed assets:		
- owned by the group	2,809	355
- held under finance leases	-	967
Difference on foreign exchange	1,920	15,639
	1,920	15,639

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

5. AUDITORS' REMUNERATION

	2010	2009
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	5,500	6,000
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	1,800	1,950
All other services	3,000	3,550
	8,300	11,500

Included in the amounts above for auditors' remuneration is £1,500 (2009: £1,500) in relation to the parent company and £300 (2009: £3,000) for other services and taxation.

6. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2010	2009
	£	£
Wages and salaries	180,450	191,704
Social security costs	16,183	15,763
Other pension costs	8,600	8,600
	205,233	216,067

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

	2010	2009
	No.	No.
Administrative staff	3	3
Management staff	2	2
	5	5

7. DIRECTORS' REMUNERATION

	2010	2009
	£	£
Emoluments	123,484	136,214
Company pension contributions to money purchase pension schemes	8,600	8,600
	132,084	144,814

During the year retirement benefits were accruing to 2 directors (2009 - 2) in respect of money purchase pension schemes.

SUTHERLAND HEALTH GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

8. SHARE BASED PAYMENTS

At the year end the following share options were still outstanding:

320,000 shares with an exercise price of 16p each expiring 20th September 2014 granted on 20th September 2005 pursuant to the EMI share option scheme.

2,133,450 shares with an exercise price of 16p each expiring 18th October 2014 granted on 18th October 2005 pursuant to the unapproved share option scheme.

3,100,000 shares with an exercise price of 5p each expiring 28th October 2014 granted on 29 September 2009 pursuant to the unapproved share option scheme.

The board has conducted a review of the effect of the share options issued during the year, on the financial statements and considered whether a charge against the profit and loss account should arise under FRS20.

The directors are of the view that (whilst it would be desirable), given the current mid price per share on Plus Market is 2.25p, it is unlikely that the share price will, in the foreseeable future, rise above the option price of 5p. It follows therefore, that the chance of any holder exercising their option, is remote, or negligible, within the foreseeable future. Further to this, once, at a future point, when the share price does exceed the exercise price, there remains little chance that the holders, (directors and staff) will exercise their option right, unless at that time, there was a realistic prospect of realising the shares.

The conclusion is that no P&L charge should arise under FRS20.

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

9. EARNINGS PER SHARE

	2010 pence	2009 pence
Earnings per Ordinary Share	0.05	(0.18)
Earnings for the purposes of basic earnings per share	0.05	(0.16)

The calculation of basic and diluted earnings per ordinary share is based upon the following data:

Earnings

	2010 £	2009 £
Earnings for the purposes of basic earnings per share	29,336	(81,912)
Effect of dilutive ordinary shares: Adjustments to earnings for Diluted EPS	-	-
Earnings for the purposes of diluted earnings per share	<u>29,336</u>	<u>(81,912)</u>

Number of shares

	2010 No of shares	2009 No of shares
Basic weighted average number of shares	54,444,477	44,141,977
Dilutive potential ordinary shares: Adjustment to average number of shares for Diluted EPS		5,300,000
Weighted average number of shares for the purposes of diluted earnings per share	<u>54,444,477</u>	<u>49,441,977</u>

Since the reporting date and before the approval of these financial statements, the company has issued a further 8,680,000 ordinary shares at a price of 2.5p per share.

10. INTEREST PAYABLE

	2010 £	2009 £
On bank loans and overdrafts	269	77
On other loans	19,836	25,122
Other finance interest	586	1,033
Other interest - on factored debts	3,326	5,627
	<u>24,017</u>	<u>31,859</u>

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

11. INTANGIBLE FIXED ASSETS

Group	Brands and trademarks £	Goodwill £	Total £
Cost			
At 1 April 2009 and 31 March 2010	141,384	317,692	459,076
Amortisation			
At 1 April 2009	69,751	49,980	119,731
Charge for the year	7,976	16,660	24,636
At 31 March 2010	77,727	66,640	144,367
Net book value			
At 31 March 2010	63,657	251,052	314,709
At 31 March 2009	71,633	267,712	339,345

12. TANGIBLE FIXED ASSETS

Group	Plant and machinery £	Fixture and fittings £	Office equipment £	Total £
Cost				
At 1 April 2009	9,936	2,654	13,891	26,481
Additions	1,766	-	1,775	3,541
At 31 March 2010	11,702	2,654	15,666	30,022
Depreciation				
At 1 April 2009	7,008	2,300	10,322	19,630
Charge for the year	1,107	354	1,082	2,543
At 31 March 2010	8,115	2,654	11,404	22,173
Net book value				
At 31 March 2010	3,587	-	4,262	7,849
At 31 March 2009	2,928	354	3,569	6,851

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

12. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2010	2009
	£	£
Plant and machinery	-	2,902
	<u> </u>	<u> </u>
		Furniture, fittings and equipment
		£
Company		
Cost		
At 1 April 2009		5,381
Additions		1,775
		<u> </u>
At 31 March 2010		7,156
		<u> </u>
Depreciation		
At 1 April 2009		2,901
Charge for the year		667
		<u> </u>
At 31 March 2010		3,568
		<u> </u>
Net book value		
At 31 March 2010		3,588
		<u> </u>
At 31 March 2009		2,480
		<u> </u>

13. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2009 and 31 March 2010	411,336
	<u> </u>

Details of the principal subsidiaries can be found under note number 28.

14. STOCKS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Finished goods and goods for resale	159,044	96,136	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

15. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2010 £	2009 £	2010 £	2009 £
Due after more than one year				
Amounts owed by group undertakings	-	-	807,059	712,193
Due within one year				
Trade debtors	174,657	197,450	3,595	7,103
Other debtors	10,815	36,702	1,000	26,919
Prepayments and accrued income	2,054	5,529	2,054	5,529
	187,526	239,681	813,708	751,744

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

	<u>Group</u>		<u>Company</u>	
	2010 £	2009 £	2010 £	2009 £
Bank loans and overdrafts	-	14,574	-	14,574
Net obligations under finance leases and hire purchase contracts	-	1,607	-	-
Trade creditors	137,011	175,323	4,003	46,433
Corporation tax	830	830	830	830
Social security and other taxes	15,319	17,795	1,746	-
Other creditors	214,499	146,030	101,672	1,455
Accruals and deferred income	125,186	135,461	14,985	24,940
	492,845	491,620	123,236	88,232

Included within other creditors is an amount of £112,827 (2009: £141,342) relating to the factoring of trade debts. The factoring agreement is secured by a fixed charge over the book debts and a floating charge over the assets and undertakings of the company.

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

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

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Unsecured convertible loan notes 2011	106,000	106,000	106,000	106,000
Loan notes	133,585	163,321	133,585	163,321
Net obligations under finance leases and hire purchase contracts	-	403	-	-
	239,585	269,724	239,585	269,321

Loan notes 2011 can be converted at the holders option on the basis of 50 ordinary share of 0.2p for each £1 of loan stock held. If not converted by 30 June 2011 the loan notes are repayable at par. The loan notes incur interest at 9% per annum.

Loan notes are unsecured and there is no fixed repayment dates. The loan notes incur interest at 7% per annum.

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Between one and five years	-	403	-	-

18. SHARE CAPITAL

	2010	2009
	£	£
Allotted, called up and fully paid		
55,008,060 (2009 - 52,041,560) Ordinary shares of 0.2p each	110,016	104,083

During the year the company issued 2,966,500 Ordinary shares of 0.2p each for total consideration of £59,330.

19. RESERVES

Group	Share premium account	Other reserves	Profit and loss account
	£	£	£
At 1 April 2009	838,027	111,478	(1,119,974)
Profit for the year			29,336
Premium on shares issued during the year	28,963		
At 31 March 2010	866,990	111,478	(1,090,638)

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

19. RESERVES (continued)

Company	Share premium account £	Profit and loss account £
At 1 April 2009	838,027	(133,093)
Profit for the year		47,842
Premium on shares issued during the year	28,963	
	<u>866,990</u>	<u>(85,251)</u>
At 31 March 2010	<u><u>866,990</u></u>	<u><u>(85,251)</u></u>

20. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

Group	2010 £	2009 £
Opening shareholders' deficit	(66,406)	(186,723)
Profit/(loss) for the year	29,336	(81,912)
Shares issued during the year	5,933	29,120
Share premium on shares issued (net of expenses)	28,983	173,109
	<u>(2,154)</u>	<u>(66,406)</u>
Closing shareholders' deficit	<u><u>(2,154)</u></u>	<u><u>(66,406)</u></u>

Company	2010 £	2009 £
Opening shareholders' funds	808,997	590,329
Profit/(loss) for the year	47,842	16,439
Shares issued during the year	5,933	29,120
Share premium on shares issued (net of expenses)	28,983	173,109
	<u>891,755</u>	<u>808,997</u>
Closing shareholders' funds	<u><u>891,755</u></u>	<u><u>808,997</u></u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The profit/(loss) for the year dealt with in the accounts of the company was £47,842 (2009 - £16,439).

21. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit/(loss)	53,353	(50,524)
Amortisation of intangible fixed assets	24,636	24,670
Depreciation of tangible fixed assets	2,543	1,322
(Increase)/decrease in stocks	(62,908)	12,833
Decrease/(increase) in debtors	52,155	(71,581)
Increase in creditors	17,406	90,967
	<u>87,185</u>	<u>7,687</u>
Net cash inflow from operating activities	<u><u>87,185</u></u>	<u><u>7,687</u></u>

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

22. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	-	471
Interest paid	(23,431)	(30,826)
Hire purchase interest	(586)	(1,033)
	(24,017)	(31,388)
	(24,017)	(31,388)
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(3,541)	(2,767)
	(3,541)	(2,767)
	(3,541)	(2,767)
 Financing		
Issue of ordinary shares	34,916	202,229
Repayment of loans	-	(20,163)
Issue of loan notes	-	106,000
Repayment of loan notes	(29,736)	(306,554)
	-	-
Repayment of finance leases	(2,010)	(1,607)
	3,170	(20,095)
	3,170	(20,095)

23. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2009 £	Cash flow £	Other non-cash changes £	31 March 2010 £
Cash at bank and in hand	12,925	48,223	-	61,148
Bank overdraft	(14,574)	14,574	-	-
	(1,649)	62,797	-	61,148
 Debt:				
Finance leases	(2,010)	2,010	-	-
Debts due within one year	-	29,736	(29,736)	-
Debts falling due after more than one year	(269,321)	-	29,736	(239,585)
	(272,980)	94,543	-	(178,437)
Net debt	(272,980)	94,543	-	(178,437)

SUTHERLAND HEALTH GROUP PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

24. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £16,609 (2009 - £16,609). No contributions were payable to the fund at the balance sheet date (2009 - £nil).

25. OPERATING LEASE COMMITMENTS

At 31 March 2010 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2010	Other
	2010	2009		
Group	£	£	£	£
Expiry date:				
Between 2 and 5 years	30,350	30,350	-	-
	<u><u>30,350</u></u>	<u><u>30,350</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

At 31 March 2010 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2010	Other
	2010	2009		
Company	£	£	£	£
Expiry date:				
Between 2 and 5 years	30,350	30,350	-	-
	<u><u>30,350</u></u>	<u><u>30,350</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

SUTHERLAND HEALTH GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

26. RELATED PARTY TRANSACTIONS

During the year, the group incurred consultancy fees of £Nil (2009: £6,373) from Tcheno Limited. At the year end, the group owed £Nil (2009: £6,373) to Tcheno Limited. Mr D J Bretel was a director and company secretary during 2009 and is also a director of Tcheno Limited.

During the year the group incurred consultancy fees of £16,131 (2009: £16,328) from the John French Consultancy in respect of Mr F J French's services. At the year end the group owed £Nil (2009: £Nil) to the John French Consultancy. Mr F J French is a director and shareholder.

During the year, the group incurred consultancy fees of £6,000 (2009: £3,000) from Summit Office Services Ltd. At the year end, the group owed £Nil (2008: £Nil). Mr S Coke is a director and company secretary and is also a director of Summit Office Services Ltd.

During the year, the group incurred consultancy fees of £8,353 (2009: £7,500) from Mr H Robertson. At the year end, the group owed £12,250 (2009: £16,750). Mr H Robertson is a director of the company.

Included in loan notes is an amount owed to Mr G Sutherland of £68,805 (2009: £65,166). Interest is charged on the loan at 7%. During the year the group incurred interest of £4,638 (2009: £8,874). Mr G Sutherland is a director and shareholder of the company.

Included in loan notes is an amount owed to K Sutherland of £34,362 (2009: £39,705). Interest is charged on the loan at 7%. During the year the group incurred interest of £2,657 (2009: £2,677). K Sutherland is a related party due to their relationship with G Sutherland.

Included in loan notes is an amount owed to Z Sutherland of £Nil (2009: £6,833). Interest is charged on the loan at 7%. During the year the group incurred interest of £119 (2009: £836). Z Sutherland is a related party due to their relationship with G Sutherland.

In accordance with FRS 8, exemption is taken from disclosure of group transactions during the year as 100% of voting rights are controlled within the group and consolidated financial statements are publically available.

The following options are held by Directors at 31 March 2010

Director	Date granted	Number of Ordinary shares subject to option	Exercise price	Expiry Date
J French	18/10/2005	426,690	16p	18/10/2014
	29/09/2009	500,000	5p	28/10/2014
S J Coke	29/09/2009	500,000	5p	28/10/2014
	18/10/2005	426,690	16p	18/10/2014
F H Robertson	29/09/2009	500,000	5p	28/10/2014
	18/10/2005	426,690	16p	18/10/2014
S Sukumaran	29/09/2009	500,000	5p	28/10/2014
	18/10/2005	426,690	16p	18/10/2014
G M Sutherland	29/09/2009	500,000	5p	28/10/2014
	18/10/2005	426,690	16p	18/10/2014

27. POST BALANCE SHEET EVENTS

On 7th May 2010 the company closed a Placing of shares issuing 8,680,000 new ordinary shares at 2.5p each. The Placing has raised £217,000 of new equity which the company will use for working capital and new product development and for the recruitment of new sales and marketing personnel to widen the company's distribution of products.

SUTHERLAND HEALTH GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

28. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Sutherland Health Limited	England	100%	Nature of the company is that of trading of a range of health care products.
Sexual Health Group Ltd	England	100%	Nature of the company is that of a holding company
Condomania PLC	England	100%	Nature of the company is that of trading sexual health products.

29. CONTROLLING PARTY

Control of the company vests with Mr G M Sutherland who has an interest in 52.2% (2009: 48.6%) of the company's issued share capital.

SUTHERLAND HEALTH GROUP PLC

**CONSOLIDATED DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010**

	Page	2010 £	2009 £
TURNOVER	30	956,509	903,842
Cost of sales	30	(455,986)	(480,051)
		<hr/>	<hr/>
GROSS PROFIT		500,523	423,791
Gross profit %		52.3 %	46.9 %
Other operating income	30	7,386	13,840
		<hr/>	<hr/>
		507,909	437,631
 LESS: OVERHEADS			
Selling and distribution expenses	30	(55,734)	(52,934)
Administration expenses	30	(346,921)	(387,822)
Establishment expenses	31	(51,901)	(47,399)
		<hr/>	<hr/>
OPERATING PROFIT/(LOSS)		53,353	(50,524)
Interest receivable	31	-	471
Interest payable	31	(24,017)	(31,859)
		<hr/>	<hr/>
PROFIT/(LOSS) FOR THE YEAR		29,336	(81,912)
		<hr/> <hr/>	<hr/> <hr/>

SUTHERLAND HEALTH GROUP PLC

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

	2010 £	2009 £
TURNOVER		
Sales	<u>956,509</u>	<u>903,842</u>
	2010 £	2009 £
COST OF SALES		
Purchases	<u>455,986</u>	<u>480,051</u>
	2010 £	2009 £
OTHER OPERATING INCOME		
Net rents receivable	7,386	13,062
Sundry income	-	778
	<u>7,386</u>	<u>13,840</u>
	2010 £	2009 £
SELLING AND DISTRIBUTION EXPENSES		
Carriage	<u>55,734</u>	<u>52,934</u>
	2010 £	2009 £
ADMINISTRATION EXPENSES		
Directors national insurance	11,210	10,809
Directors salaries	123,484	136,304
Directors pension costs - money purchase schemes	8,600	8,600
Staff salaries	56,966	55,400
Staff national insurance	4,974	4,954
Staff training	1,975	-
Motor running costs	4,791	5,436
Entertainment	-	17
Hotels, travel and subsistence	5,223	4,966
Printing and stationery	6,398	6,844
Telephone and fax	3,008	3,752
Computer costs	2,666	3,672
Advertising and promotion	13,202	26,549
Trade subscriptions	811	807
Legal and professional	35,738	27,363
Auditors' remuneration	7,775	11,500
Accountancy fees	3,673	13,283
Bank charges	653	2,302
Debt factoring charges	10,642	12,515
Bad debts	2,338	878
	<u>304,127</u>	<u>335,951</u>
Sub-total carried forward		

SUTHERLAND HEALTH GROUP PLC

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2010**

	2010 £	2009 £
ADMINISTRATION EXPENSES (continued)		
Sub-total brought forward	304,127	335,951
Discounts received	(2,287)	-
Difference on foreign exchange	1,920	15,639
Sundry expenses	211	1,857
Insurances	6,087	2,439
Repairs and maintenance	4,218	844
Depreciation - plant and machinery	2,809	1,322
Amortisation - intangible fixed assets	24,636	24,670
Other professional fees	5,200	5,100
	346,921	387,822
	2010 £	2009 £
ESTABLISHMENT EXPENSES		
Rent	34,775	32,460
Rates	9,674	9,400
Light and heat	4,428	2,716
Cleaning	835	765
Repairs and maintenance	2,189	2,058
	51,901	47,399
	2010 £	2009 £
INTEREST RECEIVABLE		
Bank interest receivable	-	471
	-	471
	2010 £	2009 £
INTEREST PAYABLE		
Bank overdraft interest payable	245	47
Bank loan interest payable	24	30
Other loan interest payable	19,836	25,122
Other interest - on factored debts	3,326	5,627
Other finance interest	586	1,033
	24,017	31,859

