

**SEXUAL HEALTH GROUP PLC
FINANCIAL STATEMENTS**

31st MARCH 2007

Company Registration Number 05255086

SEXUAL HEALTH GROUP PLC
FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

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SEXUAL HEALTH GROUP PLC
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	F J French - Chairman D J Bretel FCMA F H Robertson S Sukumaran G M Sutherland
Company secretary	D J Bretel FCMA
Registered office	Unit 1 Rivermead Pipers Way Thatcham Berkshire RG19 4EP
Auditor	James Cowper Chartered Accountants 3 Wesley Gate Queen's Road Reading RG1 4AP
Bankers	National Westminster 9 High Street Thatcham Newbury Berkshire RG19 3JG
Solicitors	Irwin Mitchell 150 Holborn London EC1N 2NS
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

SEXUAL HEALTH GROUP PLC

CHAIRMAN'S STATEMENT *(continued)*

YEAR ENDED 31st MARCH 2007

Dear Shareholder

I am pleased to report on the progress of your Company in what has been a highly active period.

Highlights

- Sales growth of 82.4% to £604,223
- Gross margin increased from 32.8% to 44.3%
- Losses reduced by 30.5% to £229,868
- Customer service level up from 98% to 99%

The last twelve months has seen your Company progress on many fronts. Sales growth, margin improvement, containment of costs, several new products launched and continued improvements in customer service and support, all contributed to a significant reduction in losses putting us on track towards a profitable future.

In May 2006, it was announced that the Company was supplying Condomania® condoms to the General Medical Clinics plc's Liverpool St Clinic. In August 2006, the Company entered into an exclusive supply agreement for its Sutherland® Lubricating Jelly with bpas, Britain's largest abortion provider, caring for almost 50,000 women per year in the UK, and also announced that National AIDS Trust, the UK's leading independent policy and campaigning voice on HIV and AIDS, placed its first order for promotional condom wallets containing Condomania® condoms.

In October 2006, the Company announced it had developed in association with NHS England a range of patient hygiene products which were put immediately on to a contract in NHS England.

In November 2006, was invited to become a contributor in the Government's new hard hitting sexual health campaign.

In February 2007, its Sutherland® Lubricating Jelly was approved for use by the NHS in prescribed circumstances for the procurement of cervical screening samples.

The Company also collaborated with the University of Greenwich and the Royal College of Nursing, to develop an online course titled Promoting Sexual Health - a highly innovative e-learning initiative to make sexual health education available nationally and designed to encourage health professionals to stay in the industry.

Financial review

During the period to 31st March 2007, the Group's turnover was £604,223 (2006 £331,185) representing an increase in sales of 82.4% over the previous year, producing a gross profit of £267,052 (2006 £108,580). Administrative expenses were £416,996 (2006 £423,764) after charging £27,311 (2006 £11,147) for amortisation and depreciation, and a foreign exchange gain of £1,382 (2006 £2,991). The pre-tax Loss was £229,868 (2006 £330,783) and the loss per ordinary share was 0.77 pence (2006 1.15 pence). Cash at the bank on the balance sheet at the 31st March 2007 was £24,830 (2006 £21,697).

SEXUAL HEALTH GROUP PLC

CHAIRMAN'S STATEMENT *(continued)*

YEAR ENDED 31st MARCH 2007

Post Balance Sheet

Since the end of the period, Sexual Health Group has won a number of new contracts including:

- A 2-year contract to supply Patient Requisites and Personal Hygiene Products with NHS England. The new contract is estimated to be worth a minimum of £600,000 over the 2-year period, and as the Company has yet to achieve full national distribution within Trusts, this figure could well be exceeded;
- A 2-year contract to supply Pre-Operative Razors with NHS England. The contract, which commenced 1 April 2007, is effective until 31 March 2009 with an option to extend for a further period of 24 months. The Pre-Operative Razor is currently distributed within a limited number of English NHS Trusts;
- A contract to supply Barnet PCT with Condomania® condoms. The contract, funded by the DoH as part of its Teenage Pregnancy strategy, will mean that under 21 year olds in the Barnet area will be given improved education, advice, and access to free Condomania® condoms.

The Company has also registered a new Condomania® medical device, Ultrasound Probe Covers, with the Medicines and Healthcare Products Regulatory Agency (MHRA).

Outlook

The last year has been one where a number of significant achievements have been made, and we will continue to develop the core business whilst maintaining our research and development of new products. The new financial year has commenced with the highest level of turnover for the first four months of trading that has previously been achieved which, together with strict control of costs and a number of exciting business prospects having been identified, bodes well for the ongoing trading for the year.

The Board also continues to consider further suitable acquisitions and will notify shareholders of any progress in this area when possible.

Finally, I would like to pay particular thanks to the staff and the members of the Board, for their effort and commitment, my thanks also go to the Company's advisers, and of course to our loyal shareholders who continue to give tremendous support.

John French
Chairman

SEXUAL HEALTH GROUP PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2007

The directors present their report and the financial statements of the group for the year ended 31st March 2007.

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 sexual health products.

Group turnover has increased from £331,185 in the previous year to £604,223 in the current period. The gross profit made by the group is £267,052 compared to £108,580 in 2006.

The directors recognise the risk facing the group of the continuing reliance on long-established contracts, notably with the NHS and the armed forces, the acquisition of Sutherland Group Holdings has helped mitigate this risk by diversifying its selling base.

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.

Loan Notes

Full details of the terms of the loan notes are given in note 20 to the accounts.

Financial Key Performance Indicators

	2007	2006
Turnover	604,223	331,185
Increase in turnover	82.4%	6.0%
Gross Profit	267,052	108,580

SEXUAL HEALTH GROUP PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2007

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.

RESULTS AND DIVIDENDS

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The Chairman's statement on pages 2 and 3 forms part of the Director's Report for the period.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

SEXUAL HEALTH GROUP PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2007

THE DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £0.002 each	
	At 31 March 2007	At 1 April 2006
F J French - Chairman	270,225	68,750
D J Bretel FCMA	6,250	6,250
F H Robertson	71,250	71,250
S Sukumaran	45,000	45,000
G M Sutherland	<u>18,101,220</u>	<u>17,691,220</u>

Mr F J French holds £1,500 unsecured convertible loan notes (2006: £1,500).

Mr G M Sutherland holds £239,860 unsecured loan notes and £3,000 unsecured convertible loan notes (2006: £3,000).

Ms S Sukumaran held warrants in respect of 20,000 ordinary shares of £0.002 each at an exercise price of 12.5p. These lapsed on 31st August 2006.

The following options are held at the year end:

	Number of ordinary shares subject to option	Exercise Price	Expiry Date
1) Granted on 26 th October 2004 replacing options previously held in Condomania plc G M Sutherland	350,000	10p	31 st July 2008
2) Granted on 20 th September 2005 pursuant to the EMI share option scheme S Sukumaran	426,690	16p	20 th September 2014
3) Granted 18 th October 2005 pursuant to the unapproved share option scheme F J French	426,690	16p	18 th October 2014
D J Bretel	426,690	16p	18 th October 2014
F H Robertson	426,690	16p	18 th October 2014
G M Sutherland	426,690	16p	18 th October 2014

The Directors are of the opinion that no options will be exercised in the near future and therefore no provision has been made in the accounts for any cost to the company in accordance with accounting standard FRS 20.

POLICY ON THE 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 203 days (2006: 281 days).

SEXUAL HEALTH GROUP PLC

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2007

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 14 to 16, and then apply them consistently;
- make judgements and 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; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

Brebner Allen & Trapp resigned as auditor and James Cowper were appointed for the ensuing year and will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors

G M Sutherland

Director

Approved by the directors on 30th August 2007

SEXUAL HEALTH GROUP PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SEXUAL HEALTH GROUP PLC
YEAR ENDED 31st MARCH 2007

We have audited the group and parent company financial statements ("the financial statements") of Sexual Health Group Plc for the year ended 31st March 2007 on pages 10 to 32 which have been prepared on the basis of the accounting policies set out on page 14 to 16.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SEXUAL HEALTH GROUP PLC
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SEXUAL HEALTH GROUP PLC *(continued)*
YEAR ENDED 31st MARCH 2007

OPINION

In our opinion:

The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and company's affairs as at 31 March 2007 and of the group's loss for the year then ended.

The financial statements have been properly prepared in accordance with the Companies Act 1985.

The information given in the Directors' Report is consistent with the financial statements for the year ended 31 March 2007.

3 Wesley Gate
Queen's Road
Reading
RG1 4AP

JAMES COWPER
Chartered Accountants
& Registered Auditor

30th August 2007

SEXUAL HEALTH GROUP PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2007

	Note	2007 £	2006 £
GROUP TURNOVER	2	604,223	331,185
Cost of sales		<u>337,171</u>	<u>222,605</u>
GROSS PROFIT		267,052	108,580
Distribution costs		29,568	29,250
Administrative expenses		392,326	421,776
Amortisation		24,670	6,108
Other operating income	3	<u>(3,961)</u>	<u>(30,413)</u>
OPERATING LOSS	4	(175,551)	(314,021)
Interest receivable	7	465	570
Interest payable and similar charges	8	(54,782)	(13,212)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(229,868)</u>	<u>(330,783)</u>
Tax on loss on ordinary activities	9	–	–
LOSS FOR THE FINANCIAL YEAR	10	<u><u>(229,868)</u></u>	<u><u>(330,783)</u></u>
EARNINGS PER SHARE (PENCE)	12	(0.77)	(1.15)
DILUTED EARNINGS PER SHARE (PENCE)	12	(0.71)	(1.06)

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 230 of the Companies Act 1985 not to publish its own Profit and Loss Account.

SEXUAL HEALTH GROUP PLC

GROUP BALANCE SHEET

31st MARCH 2007

	Note	2007		2006	
		£	£	£	£
FIXED ASSETS					
Intangible assets	13		404,001		428,671
Tangible assets	14		6,229		9,152
			<u>410,230</u>		<u>437,823</u>
CURRENT ASSETS					
Stocks	17	87,099		115,396	
Debtors	18	143,172		149,854	
Cash at bank and in hand		24,830		21,697	
			<u>255,101</u>		<u>286,947</u>
CREDITORS: Amounts falling due within one year	19		<u>450,577</u>		<u>384,573</u>
NET CURRENT (LIABILITIES)/ASSETS			(195,476)		(97,626)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>214,754</u>		<u>340,197</u>
CREDITORS: Amounts falling due after more than one year	20		<u>552,811</u>		<u>548,386</u>
			<u>(338,057)</u>		<u>(208,189)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	24		61,763		57,763
Share premium account	25		352,773		256,773
Other reserves	25		111,478		111,478
Profit and loss account	25		(864,071)		(634,203)
(DEFICIT)/SHAREHOLDERS' FUNDS	26		<u>(338,057)</u>		<u>(208,189)</u>

These financial statements were approved by the directors on the 30th August 2007 and are signed on their behalf by:

G M Sutherland

Director

The notes on page 11 form part of these financial statements.

SEXUAL HEALTH GROUP PLC
COMPANY BALANCE SHEET
31st MARCH 2007

	Note	2007		2006	
		£	£	£	£
FIXED ASSETS					
Investments	15		411,336		411,336
Tangible assets			595		-
CURRENT ASSETS					
Debtors	18	522,989		401,725	
Cash at bank		7,426		280	
			<u>530,415</u>		<u>402,005</u>
CREDITORS: Amounts falling due within one year	19		<u>124,682</u>		<u>45,825</u>
NET CURRENT ASSETS			405,733		356,180
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>817,664</u>		<u>767,516</u>
CREDITORS: Amounts falling due after more than one year	20		532,504		513,000
			<u>285,160</u>		<u>254,516</u>
CAPITAL AND RESERVES					
Called-up equity share capital	24		61,763		57,763
Share premium account	25		352,773		256,773
Profit and loss account	25		(129,376)		(60,020)
SHAREHOLDERS' FUNDS			<u>285,160</u>		<u>254,516</u>

These financial statements were approved by the directors on the 30th August 2007 and are signed on their behalf by:

G M Sutherland

Director

SEXUAL HEALTH GROUP PLC**GROUP CASH FLOW****YEAR ENDED 31st MARCH 2007**

	Note	2007		2006	
		£	£	£	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	27		(61,895)		(110,922)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	27		(43,961)		(12,642)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	27		(1,100)		(7,395)
ACQUISITIONS AND DISPOSALS					
Net cash acquired with subsidiary			-	3,764	
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS			-	3,764	
CASH OUTFLOW BEFORE FINANCING			(106,956)		(127,195)
FINANCING	27		110,089		90,382
(DECREASE)/INCREASE IN CASH	27		3,133		(36,813)

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

1. ACCOUNTING POLICIES

Basis of accounting

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Group reconstructions are accounted for under the merger accounting rules as permitted by FRS6. Comparative figures are for the year ended 31st March 2006.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 1985.

Going concern

At the balance sheet date the group had funds of £24,830, including net current liabilities of £195,476, having incurred a loss for the year of £229,868. Further losses to the end of July 2007 are estimated to be approximately £31,000.

The deficit of funds continues to be funded by long-term debt in the form of loan notes and directors' loans, and net current liabilities by a combination of trade credit, a factoring facility, loan notes and directors' loans.

Detailed forecasts have been prepared and approved by the directors for each company in the group who believe that they are prudent and readily achievable.

On the above basis the forecasts show that the group becomes profitable in the third quarter of 2007

The directors have considered cash flow and funding requirements.

The major trade creditor of Condomania Plc has already agreed to stage payments. Subsequent to the year end the company has received further investment of £200,000 in respect of share capital subscriptions. Further fund raising activity is expected to raise a further £300,000.

Long term funding in the form of loan notes and directors' loans continues in place.

On the basis of the above the directors consider it appropriate that the group continues in business and that the accounts should be prepared on the going concern basis.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

1. ACCOUNTING POLICIES *(continued)*

Goodwill

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Amortisation

Amortisation is calculated 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:

Brand names and trademarks - 10 % on cost

Fixed Assets

All fixed assets are originally recorded at cost.

Depreciation

Depreciation is calculated 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:

Plant and Machinery	- 25% on reducing balance
Fixtures and Fittings	- 25% on reducing balance
Equipment	- 33% per annum on cost

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

1. ACCOUNTING POLICIES *(continued)***Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2007 £	2006 £
United Kingdom	<u>604,223</u>	<u>331,185</u>

3. OTHER OPERATING INCOME

	2007 £	2006 £
Rent receivable	3,961	413
Management charges receivable	-	30,000
	<u>3,961</u>	<u>30,413</u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

4. OPERATING LOSS

Operating loss is stated after charging:

	2007 £	2006 £
Amortisation	24,670	6,108
Depreciation of owned fixed assets	1,813	2,829
Depreciation of assets held under hire purchase agreements	2,210	2,210
Loss on disposal of fixed assets	-	7,395
Auditor's remuneration - as auditor	7,500	9,000
Operating lease costs: Other	27,557	32,094
Net profit on foreign currency translation	<u>1,382</u>	<u>2,991</u>

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2007 No	2006 No
Number of administrative staff	3	4
Number of management staff	2	2
	<u>5</u>	<u>6</u>

The aggregate payroll costs of the above were:

	2007 £	2006 £
Wages and salaries	178,876	232,753
Social security costs	13,507	18,195
Other pension costs	9,200	500
	<u>201,583</u>	<u>251,448</u>

6. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2007 £	2006 £
Emoluments receivable	<u>123,889</u>	<u>150,440</u>

Pension contributions of £9,200 (2006: £500) have been paid for one director during the year.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

7. INTEREST RECEIVABLE

	2007	2006
	£	£
Bank interest receivable	<u>465</u>	<u>570</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Interest payable on bank borrowing	9	28
Loan note interest payable	25,504	7,046
Finance charges	10,356	2,526
Interest on other loans	14,934	2,917
Factoring interest	3,979	695
	<u>54,782</u>	<u>13,212</u>

9. TAXATION ON ORDINARY ACTIVITIES**Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 19%).

	2007	2006
	£	£
Loss on ordinary activities before taxation	<u>(229,868)</u>	<u>(330,783)</u>
Profit / (loss) on ordinary activities by rate of tax	(68,960)	(62,849)
Factors not deductible for tax purposes	-	1447
Capital allowances in excess of depreciation	-	(1,523)
Losses carried forward	68,960	62,925
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The group has losses available to carry forward of £824,938.

10. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the accounts of the parent company was £69,356 (2006 - £40,210).

11. DIVIDENDS

No dividend has been recommended for the year ended 31st March 2007.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

12. EARNINGS PER SHARE

	2007	2006
	(pence)	(pence)
Earnings per Ordinary Share	(0.77)	(1.15)

	2007	2006
	(pence)	(pence)
Earnings for the purposes of basic earnings per share	(0.71)	(1.06)

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

Earnings

	2007	2006
	£	£
Earnings for the purposes of basic earnings per share	(229,868)	(330,783)
Effect of dilutive potential ordinary shares:		
Adjustment to earnings for Diluted EPS	-	10,200
	<hr/>	<hr/>
Earnings for the purposes of diluted earnings per share	<u>(229,868)</u>	<u>(320,583)</u>

Number of shares

	2007	2006
	No of shares	No of shares
Basic weighted average number of shares	29,881,560	28,881,560
Dilutive potential ordinary shares:		
Adjustment to average number of shares for Diluted EPS	2,483,450	1,275,000
	<hr/>	<hr/>
Weighted average number of shares for the purposes of diluted earnings per share	<u>32,365,010</u>	<u>30,156,560</u>

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the approval of these financial statements.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

13. INTANGIBLE FIXED ASSETS

Group	Goodwill on consolidation £	Purchased Goodwill & Brands £	Total £
COST			
At 1st April 2006	333,191	141,384	474,575
Additions	-	-	-
Acquisitions	-	-	-
At 31st March 2007	<u>333,191</u>	<u>141,384</u>	<u>474,575</u>
AMORTISATION			
At 1st April 2006	-	45,904	45,904
Charge for the year	16,660	8,010	24,670
Acquisitions	-	-	-
At 31st March 2007	<u>16,660</u>	<u>53,914</u>	<u>70,574</u>
NET BOOK VALUE			
At 31st March 2007	<u>316,531</u>	<u>87,470</u>	<u>404,001</u>
At 31st March 2006	<u>333,191</u>	<u>95,480</u>	<u>428,671</u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

14. TANGIBLE FIXED ASSETS

Group	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
At 1 April 2006	9,936	2,654	-	10,024	22,614
Additions	-	-	-	1,100	1,100
Disposals	-	-	-	-	-
Acquisitions	-	-	-	-	-
At 31 March 2007	<u>9,936</u>	<u>2,654</u>	<u>-</u>	<u>11,124</u>	<u>23,714</u>
DEPRECIATION					
At 1 April 2006	2,995	1,816	-	8,651	13,462
Charge for the year	1,735	410	-	1,878	4,023
Acquisitions	-	-	-	-	-
At 31 March 2007	<u>4,730</u>	<u>2,226</u>	<u>-</u>	<u>10,529</u>	<u>17,485</u>
NET BOOK VALUE					
At 31 March 2007	<u>5,206</u>	<u>428</u>	<u>-</u>	<u>595</u>	<u>6,229</u>
At 31 March 2006	<u>6,941</u>	<u>838</u>	<u>-</u>	<u>1,373</u>	<u>9,152</u>

Hire purchase agreements

Included within the net book value of £6,229 is £4,220 (2006 £6,631) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £2,411 (2006 £2,210).

15. INVESTMENTS

Company	Group companies £
COST	
At 1st April 2006	411,336
Additions	-
At 31st March 2007	<u>411,336</u>
NET BOOK VALUE	
At 31st March 2007	<u>411,336</u>
At 31st March 2006	<u>411,336</u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

15. INVESTMENTS *(continued)*

The company owns 100% of the share capital of Condomania PLC, which is registered in England and Wales. The nature of the company's business is that of the sale and supply of sexual health products. Total capital and reserves on 31st March 2007 were £(595,229) (2006: £(387,448)). The loss made in the year was £207,781 (2006: £294,583 loss).

Condomania PLC owns 100% of the share capital of Condomania (UK) Limited, which is registered in England and Wales. The company did not trade in the period. Total capital and reserves on 31st March 2007 were £(24,931) (2006: £(24,931)).

Condomania PLC owns 100% of the share capital of Sexual Health Company Limited, which is registered in England and Wales. The company did not trade in the period. Total capital and reserves at 31st March 2007 was £1 (2006: £1).

The company owns 100% of the share capital of Sutherland Group Holdings Limited which is registered in England and Wales. The capital and reserves on 31st March 2007 were £31,873 (2006: £41,880) and the loss made in the year was £10,007 (2006: £43,104 profit).

Sutherland Group Holdings Limited owns 100% of Sutherland Health Limited which is registered in England and Wales. The capital and reserves on 31st March 2007 were £90,867 (2006: £16,929) and the profit made in the year was £73,938 (2006: £39,623).

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

16. ACQUISITIONS

Sutherland Group Holdings Limited

On 28 March 2006 the group acquired Sutherland Group Holdings Limited (including its wholly owned subsidiary Sutherland Health Limited) for a consideration of £358,000, satisfied by the provision of loan notes. Goodwill arising on the acquisition of Sutherland Group Holdings Limited has been capitalised and will be amortised over 20 years.

Additional deferred consideration for the acquisition is payable to the vendors based upon 50% of any increase in the gross profit of Sutherland Group Holdings Limited (and its wholly owned subsidiary undertaking) in the period from 31 October 2005 to 31 March 2008. This deferred consideration is payable by the issue of further unsecured Convertible loan notes ranking pari-passu with the loan notes already issued to acquire the group.

At 31 March 2007 the directors consider that any additional deferred consideration accrued is not material. No provision has been made in respect of any deferred consideration arising in the period from 1 April 2006 to 31 March 2008.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

17. STOCKS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Stock	87,099	41,873	-	-
Raw materials	-	73,523	-	-
	<u>87,099</u>	<u>115,396</u>	<u>-</u>	<u>-</u>

18. DEBTORS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade debtors	121,072	134,728	-	-
Amounts owed by group undertakings	-	-	517,999	395,299
VAT recoverable	-	-	-	712
Corporation tax	1,341	-	-	-
Other debtors	16,814	8,560	1,044	1,000
Prepayments and accrued income	3,945	6,566	3,946	4,714
	<u>143,172</u>	<u>149,854</u>	<u>522,989</u>	<u>401,725</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>517,999</u>	<u>395,299</u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

19. CREDITORS: Amounts falling due within one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Trade creditors	231,839	171,403	51,175	17,550
Hire purchase agreements	1,607	1,435	-	-
Directors' loan accounts	-	22,788	-	-
Other creditors including taxation and social security:				
Corporation tax	-	9,533	-	-
Other taxation and social security	14,866	19,257	277	-
Other creditors	114,989	99,153	41,455	-
A loan notes 2006	-	6,000	-	6,000
B loan notes 2006	12,000	9,000	12,000	9,000
Accruals and deferred income	75,276	46,004	19,775	13,275
	<u>450,577</u>	<u>384,573</u>	<u>124,682</u>	<u>45,825</u>

The A and B loan notes rank pari-passu save that the B loan notes are being repaid at £1,000 a month. The A and B loan notes carry interest at 7% per annum.

Included within other creditors is an amount of £74,701 in respect of amounts due under a factoring agreement. This amount is secured by a fixed charge over book debts and by a floating charge over the assets and undertakings of the group.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

20. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Unsecured convertible loan notes 2008	112,000	112,000	170,000	170,000
A loan notes 2006	45,200	47,700	45,200	47,700
B loan notes 2006	317,304	295,300	317,304	295,300
Hire purchase agreements	3,483	5,540	-	-
Directors' loan accounts	74,824	87,846	-	-
Other creditors	-	-	-	-
	<u>552,811</u>	<u>548,386</u>	<u>532,504</u>	<u>513,000</u>

On 30 June 2005 the company issued £170,000 of unsecured convertible loan notes, of this amount £58,000 is held by Sutherland Group Holdings Limited which became a subsidiary undertaking on 28 March 2006. These may be converted at the holders option at the basis of one ordinary share of 0.2p for each 10p of loan stock held. If not converted by 30 June 2008 the loan notes are repayable at par. The loan notes incur interest at 8% per annum.

On 28 March 2006 the company issued £358,000 of unsecured loan notes in consideration of the purchase of the share capital of Sutherland Group Holdings Limited as described in note 16 to the accounts. These were split into A and B loan notes.

The A and B loan notes rank pari-passu save that the B loan notes are being repaid at £1,000 a month. The A and B loan notes carry interest at 7% per annum.

21. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts payable within 1 year	1,607	1,435	-	-
Amounts payable between 2 to 5 years	3,483	5,540	-	-
	<u>5,090</u>	<u>6,975</u>	<u>-</u>	<u>-</u>

Liabilities under hire purchase are secured on the assets concerned.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

22. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2007 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2007		2006	
	Land and buildings £	Other items £	Land and Buildings £	Other items £
Operating leases which expire:				
Within 2 to 5 years	-	4,320	-	4,320
After more than 5 years	<u>30,185</u>	<u>-</u>	<u>30,185</u>	<u>-</u>
	<u><u>30,185</u></u>	<u><u>4,320</u></u>	<u><u>30,185</u></u>	<u><u>4,320</u></u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2006

23. RELATED PARTY TRANSACTIONS

During the year, the group incurred consultancy fees of £13,124 (2006: £13,486) from Tcheno Limited. At the year end, the group owed £27,234 (2006: £11,814) to Tcheno Limited. Mr D J Bretel, a director and shareholder, is also a director of Tcheno Limited. These fees are included in consultancy fees.

During the year the group incurred consultancy fees of £15,203 (2006: £16,954) from the John French Consultancy in respect of Mr F J French's services. At the year end the group owed £6,250 (2006: £12,224) to the John French Consultancy. Mr F J French is a director and shareholder. These fees are included in directors' emoluments.

In accordance with FRS 8, exemption is taken not to disclose transactions in the year between group undertakings where 90% or more of the voting rights are controlled within the group and the consolidated financial statements in which Condomania PLC is included are publicly available.

Control

Control and ultimate control of the company vests with Mr G M Sutherland who has an interest in 58.8% of the company's issued share capital.

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

24. SHARE CAPITAL

Authorised share capital:	2007	2006
	£	£
30,881,560 Ordinary shares of £0.002 each	<u>61,763</u>	<u>57,763</u>

Allotted, called up and fully paid:	2007	2006
	£	£
Ordinary shares of £0.002 each	<u>61,763</u>	<u>57,763</u>
	No	No
	<u>30,881,560</u>	<u>28,881,560</u>

The following options were outstanding at the year end:

- 1) 450,000 shares at 10p each expiring 31st July 2008 granted on 26th October 2004 replacing options previously held in Condomania plc.
- 2) 800,010 shares at 16p each expiring 20th September 2014 granted on 20th September 2005 pursuant to the EMI share option scheme.
- 3) 1,866,760 shares at 16p each expiring 18th October 2014 granted on 18th October 2005 pursuant to the unapproved share option scheme.

In addition warrants over 1,039,000 shares at an exercise price of 12.5p lapsed on 31st August 2006.

25. RESERVES

Group	Share premium account £	Merger reserve £	Profit and loss account £
Balance brought forward	256,773	111,478	(634,203)
Loss for the year	-	-	(229,868)
Other movements			
New equity share capital subscribed	<u>96,000</u>	-	-
Balance carried forward	<u>352,773</u>	<u>111,478</u>	<u>(864,071)</u>

Company	Share premium account £	Profit and loss account £
Balance brought forward	256,773	(60,020)
Loss for the year	-	(69,356)
Other movements		
New equity share capital subscribed	<u>96,000</u>	-
Balance carried forward	<u>352,773</u>	<u>(129,376)</u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007		2006
	£	£	£
Loss for the financial year	(229,868)		(330,783)
New equity share capital subscribed	4,000		-
Net premium on new share capital subscribed	<u>96,000</u>		<u>13,312</u>
Net (reduction)/addition to shareholders' funds	(129,868)		(317,471)
Opening shareholders' funds	<u>(208,189)</u>		<u>109,282</u>
Closing shareholders' (deficit)/funds	<u><u>(338,057)</u></u>		<u><u>(208,189)</u></u>

27. NOTES TO THE STATEMENT OF CASH FLOWS**RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2007		2006
	£		£
Operating loss	(185,907)		(318,141)
Amortisation	24,670		6,108
Depreciation	4,023		5,039
Loss on disposal of fixed assets	-		7,395
Decrease/(increase) in stocks	28,297		27,122
Decrease in debtors	6,813		165,689
(Decrease)/increase in creditors	<u>60,209</u>		<u>(4,134)</u>
Net cash outflow from operating activities	<u><u>(61,895)</u></u>		<u><u>(110,922)</u></u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2007		2006
	£		£
Interest received	465		570
Interest paid	(44,426)		(10,686)
Interest element of hire purchase	<u>-</u>		<u>(2,526)</u>
Net cash outflow from returns on investments and servicing of finance	<u><u>(43,961)</u></u>		<u><u>(12,642)</u></u>

CAPITAL EXPENDITURE

	2007		2006
	£		£
Payments to acquire tangible fixed assets	1,100		(18,895)
Receipts from sale of fixed assets	<u>-</u>		<u>11,500</u>
Net cash outflow from capital expenditure	<u><u>1,100</u></u>		<u><u>(7,395)</u></u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

FINANCING

	2007 £	2006 £
Issue of equity share capital	4,000	-
Share premium on issue of equity share capital	96,000	13,312
Increase in loan notes	-	112,000
Capital element of hire purchase	(1,885)	(1,866)
Net outflow from other long-term creditors	11,974	(33,064)
Net cash inflow from financing	110,089	90,382

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£	2007 £	£	2006 £
(Decrease)/increase in cash in the period	3,133		(36,813)	
Net cash (inflow) from loan notes	-		(112,000)	
Cash outflow in respect of hire purchase	1,885		1,866	
Loan notes issued to acquire subsidiary	-		(358,000)	
New finance leases	-		(8,841)	
Net cash outflow from other long-term creditors	(8,974)		33,064	
Change in net debt resulting from cash flows		(3,956)		(480,724)
Movement in net debt in the period		(3,956)		(480,724)
Net funds at 1 April 2006		(455,278)		25,446
Net debt at 31 March 2007		(459,234)		(455,278)

SEXUAL HEALTH GROUP PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st MARCH 2007

27. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)***ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Apr 2006 £	Cash flows £	Other changes £	At 31 Mar 2007 £
Net cash:				
Cash in hand and at bank	<u>21,697</u>	<u>3,133</u>	-	<u>24,830</u>
Debt:				
Debt due within 1 year	(15,000)	-	3,000	(12,000)
Debt due after 1 year	(455,000)	(11,974)	-	(466,974)
Hire purchase agreements	<u>(6,975)</u>	<u>1,885</u>	-	<u>(5,090)</u>
	<u>(476,975)</u>	<u>(10,089)</u>	<u>(3,000)</u>	<u>(484,064)</u>
Net debt	<u><u>(455,278)</u></u>	<u><u>(6,956)</u></u>	<u><u>(3,000)</u></u>	<u><u>(459,234)</u></u>

SEXUAL HEALTH GROUP PLC
MANAGEMENT INFORMATION
YEAR ENDED 31st MARCH 2007

The following pages do not form part of the statutory financial statements which are the subject of the Independent auditor's report on pages 8 to 9.

SEXUAL HEALTH GROUP PLC
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2007

	2007		2006	
	£	£	£	£
TURNOVER		604,223		331,185
Purchases		337,171		<u>222,605</u>
GROSS PROFIT		267,052		<u>108,580</u>
OVERHEADS				
Distribution costs	29,568		29,250	
Administrative expenses	392,326		417,656	
Goodwill amortisation	24,670		<u>6,108</u>	
		446,564		<u>453,014</u>
		(179,512)		<u>(344,434)</u>
OTHER OPERATING INCOME		3,961		<u>30,413</u>
OPERATING LOSS		(175,551)		<u>(314,021)</u>
Bank interest receivable		465		<u>570</u>
		(175,086)		<u>(313,451)</u>
Interest payable and similar charges		(54,782)		<u>(17,332)</u>
LOSS ON ORDINARY ACTIVITIES		(229,868)		<u><u>(330,783)</u></u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2007

	2007		2006	
	£	£	£	£
DISTRIBUTION COSTS				
Packaging materials		2,494		2,068
Freight and carriage		27,074		27,182
		<u>29,568</u>		<u>29,250</u>
ADMINISTRATIVE EXPENSES				
Personnel costs				
Directors salaries	123,889		129,454	
Directors fees			20,986	
Directors national insurance contributions	8,949		10,586	
Wages and salaries	54,987		82,313	
Employers national insurance contributions	4,558		7,609	
Staff pension contributions	9,200		500	
		<u>201,583</u>		251,448
Establishment expenses				
Rent	27,557		32,094	
Rates and water	11,189		10,835	
Light and heat	1,554		1,507	
Insurance	4,331		5,526	
Repairs and maintenance	1,924		1,469	
Cleaning of premises	950		744	
		<u>47,505</u>		52,175
General expenses				
Motor expenses	9,273		11,714	
Travel and subsistence	4,989		5,820	
Telephone	3,950		4,778	
Hire of equipment	4,726		5,545	
Printing, stationery and postage	8,494		6,956	
Subscriptions	5,217		6,230	
Staff training	-		-	
Sundry expenses	2,421		1,388	
Promotion and exhibition	30,274		5,378	
Entertaining	64		223	
Computer costs	3,316		3,130	
Legal and professional fees	3,887		3,605	
Other professional fees	39,604		24,350	
Trademark costs	7,471		1,186	
Accountancy fees	4,351		7,347	
Auditors remuneration	7,500		9,000	
Amortisation	24,670		6,108	
Depreciation	4,023		5,039	
Insurance	3,189		-	
Loss on disposal of fixed assets	-		7,395	
		<u>168,419</u>		<u>115,192</u>
Carried forward		<u>416,507</u>		<u>418,815</u>

SEXUAL HEALTH GROUP PLC
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31st MARCH 2007

	2007		2006	
	£	£	£	£
ADMINISTRATIVE EXPENSES <i>(continued)</i>				
Brought forward		416,507		418,815
Financial costs				
Bad debts written off	-		280	
Credit card charges	311		391	
Interest on other loans	-		-	
Bank charges	1,560		1,287	
Foreign currency gains/losses	(1,382)		2,991	
		<u>489</u>		<u>4,949</u>
		<u>416,996</u>		<u>423,764</u>
OTHER OPERATING INCOME				
Rent receivable		3,961		413
Management charges receivable		-		30,000
		<u>3,961</u>		<u>30,413</u>
INTEREST RECEIVABLE				
Bank interest receivable		<u>465</u>		<u>570</u>
INTEREST PAYABLE AND SIMILAR CHARGES				
Loan note interest payable		25,504		7,046
Bank interest payable		9		28
Factoring charge		10,356		4,120
Hire purchase and finance lease charges		-		2,526
Interest on other loans		14,934		2,917
Factoring interest		3,979		695
		<u>54,782</u>		<u>17,332</u>