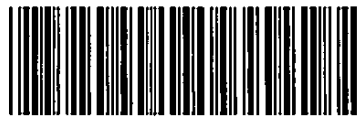


**FOREVER LIVING PRODUCTS (UK)
LIMITED**

Report and Financial Statements

31 December 2008

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FOREVER LIVING PRODUCTS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2008

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FOREVER LIVING PRODUCTS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The principal activity of the company is the marketing of health, nutritional and beauty products. There has been no change in the principal activity of the company during the year. The directors are not aware, at the date of this report, of any likely changes in the company's activities in the forthcoming year.

The directors were happy with the company's results.

As shown in the company's profit and loss account on page 5, the company's sales have increased by 3% over the prior year (2007 - decreased by 3 %). The sales growth can be directly attributable to better trading conditions and a change in the initial order value from £50 to £100. This means that a more committed distributor is coming into the business.

Work continued on encouraging new distributors to move through the marketing plan. There were 5 new products released in December 2008, which the company is hoping will be popular and contribute to strong growth in 2009.

The company's key measurement of effectiveness of its operations is calculating gross profit margin. The company's gross profit margin for the year remained in line with previous years at 76.0 % (2007 - 77.2%).

The balance sheet on page 6 shows that the company's financial position at the year end has reduced in both net assets and cash terms. This is mainly due to dividend payment of £1,435,314.

The company's cash levels have decreased by £1,506,343 from £3,808,695 at the end of 2007 to £2,302,352 at the end of the current financial year.

The pound versus dollar exchange rate has proven favourable during the year, giving an overall net gain on foreign exchange transactions of £47,025 (2007 - £5,331).

GOING CONCERN

Income and future cash flows will continue to be derived from the company's principal activities. The principal risks and uncertainties of the company are set out below. The company has sufficient financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks despite the current uncertain economic outlook.

After making enquiries the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The company purchases all its products from the United States of America and therefore is exposed to movement in the US Dollar to Pound exchange rate. The company minimises the risk of exchange rate fluctuations by operating a currency bank account. The company monitors the US Dollar exchange rate and purchases when the rate is favourable compared with the average rate used each month. The average rate used is that of HM Revenue & Customs.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors paid a dividend of £1,435,314 during the year (2007 - £2,312,410). The directors recommended a second dividend of £574,064 (2007 - £761,460). The results of the company are set out on page 5.

The profit for the year of £433,965 (2007 - £836,691) has been transferred to reserves.

FOREVER LIVING PRODUCTS (UK) LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the ordinary share capital of the company were as follows:

	Ordinary shares of £1 each	
	2008	2007
R G Maughan	10,000	10,000
R Lloyd	-	-

AUDITORS

In the case of the directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have changed its name to Deloitte LLP on 1 December 2008. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



R LLOYD

Secretary

[date] 6-10-09

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable UK accounting standards have been followed,
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOREVER LIVING PRODUCTS (UK) LIMITED

We have audited the financial statements of Forever Living Products (UK) Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet, the cash flow statement, the reconciliation of net cash flow to movement in net funds and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing 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.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham, UK

15 June 2009

FOREVER LIVING PRODUCTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2008

	Note	2008 £	2007 £
TURNOVER	2	22,682,489	22,082,569
Cost of sales		(5,438,919)	(5,044,988)
Gross profit		<u>17,243,570</u>	<u>17,037,581</u>
Distribution costs		(12,726,733)	(12,298,926)
Administrative expenses		(3,778,903)	(3,635,355)
		<u>(16,505,636)</u>	<u>(15,934,281)</u>
OPERATING PROFIT	4	737,934	1,103,300
Interest receivable	5	95,442	129,056
Interest paid		-	(1,406)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	833,376	1,230,950
Tax on profit on ordinary activities	6	(399,411)	(394,259)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	15	<u>433,965</u>	<u>836,691</u>

All activities derive from continuing operations.

There are no recognised gains and losses other than the profit for that financial year. Accordingly, no statement of total recognised gains and losses is given.


FOREVER LIVING PRODUCTS (UK) LIMITED

BALANCE SHEET
31 December 2008

	Note	2008	2007
		£	£
FIXED ASSETS			
Tangible assets	7	114,398	108,251
Investments	8	197,500	197,500
CURRENT ASSETS			
Stocks	9	1,791,603	1,160,467
Debtors	10	1,281,409	787,711
Cash at bank and in hand		2,302,352	3,808,695
		<u>5,375,364</u>	<u>5,756,873</u>
CREDITORS: amounts falling due within one year	11	<u>(3,120,389)</u>	<u>(2,494,402)</u>
NET CURRENT ASSETS		<u>2,254,975</u>	<u>3,262,471</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS		<u>2,566,873</u>	<u>3,568,222</u>
CAPITAL AND RESERVES			
Called up share capital	14	10,000	10,000
Profit and loss account	15	2,556,873	3,558,222
SHAREHOLDERS' FUNDS	16	<u>2,566,873</u>	<u>3,568,222</u>

These financial statements were approved by the Board of Directors on [date 6-10-09]

Signed on behalf of the Board of Directors


R MAUGHAN
Director

FOREVER LIVING PRODUCTS (UK) LIMITED

CASH FLOW STATEMENT Year ended 31 December 2008

	Note	2008 £	2007 £
Net cash inflow from operating activities	17	174,611	1,540,103
Return on investment and servicing of finance	18	95,442	127,650
Taxation		(332,479)	(413,267)
Dividends paid		(1,435,314)	(2,312,410)
Capital expenditure and financial investment	18	<u>(55,628)</u>	<u>(74,934)</u>
Cash outflow before financing being decrease in cash in the year		<u>(1,553,368)</u>	<u>(1,132,858)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Year ended 31 December 2008

		2008 £	2007 £
Decrease in cash in the year	19	(1,553,368)	(1,132,858)
Exchange movements		<u>47,025</u>	<u>5,331</u>
Movement in net funds in the year		(1,506,343)	(1,127,527)
Net funds at 1 January		<u>3,808,695</u>	<u>4,936,222</u>
Net funds at 31 December		<u>2,302,352</u>	<u>3,808,695</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements have been prepared on a going concern basis. This is discussed in the Directors' Report under the heading "Going Concern".

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents the aggregate of amounts receivable for services and goods supplied in the ordinary course of business, excluding value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided for all fixed assets to write off their cost over the following periods:

Computers	3 years straight line
Fixtures and office equipment	5 years straight line
Motor vehicles	4 years straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Current tax, including UK Corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 not discounted.

Leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The company operates a money purchase scheme for the benefit of its employees. The company's contributions to this scheme are shown in Note 3.

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

1. ACCOUNTING POLICIES (CONTINUED)

Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

2. ANALYSIS OF TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit before taxation is entirely attributable to the principal activity and arises in the United Kingdom.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2008	2007
	£	£
Directors' emoluments		
Emoluments	37,492	35,921
	<u> </u>	<u> </u>
	No	No
Average number of persons employed		
Administrative	39	36
Manual	31	30
	<u> </u>	<u> </u>
	70	66
	<u> </u>	<u> </u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,364,434	1,284,835
Social security costs	128,959	129,968
Other pension costs	73,686	59,802
	<u> </u>	<u> </u>
	1,567,079	1,474,605
	<u> </u>	<u> </u>

4. OPERATING PROFIT

	2008	2007
	£	£
Operating profit is after charging/(crediting):		
Depreciation		
Owned assets	48,792	43,137
Rentals under operating leases		
Other operating leases	543,220	528,969
Hire of plant and machinery	18,455	19,927
Auditors' remuneration		
Audit services – fees payable to the company's auditors for the audit of the company's annual accounts	15,500	14,500
Non audit services – tax services	12,132	24,456
Foreign exchange gains	(47,025)	(5,331)
	<u> </u>	<u> </u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

5. INTEREST RECEIVABLE

	2008	2007
	£	£
Bank interest	95,442	126,311
Interest on corporation tax refund	-	2,110
Interest on council tax refund	-	7
Interest on PAYE refund	-	628
	<u>95,442</u>	<u>129,056</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008	2007
	£	£
United Kingdom corporation tax charge at 28.5% (2007 – 30%) based on the profit for the year	310,756	368,479
Adjustment in respect of prior years	147,538	(7,695)
	<u>458,294</u>	<u>360,784</u>
Deferred taxation		
- Timing differences, origination and reversal	(58,883)	21,626
- Adjustment in respect of prior years	-	11,849
Total tax on profit on ordinary activities	<u>399,411</u>	<u>394,259</u>

Factors affecting the tax charge for the year:

The current tax charge varies from the standard rate of UK corporation tax due to the following factors:

	2008	2007
	£	£
Profit on ordinary activities before tax	833,376	1,230,950
Tax at 28.5% (2007 – 30%)	237,512	369,285
Expenses not deductible for tax purposes	13,311	12,807
Depreciation in excess of capital allowance/(Capital allowances in excess of depreciation)	83	(4,207)
Other timing differences	58,800	(9,406)
Changes in tax rate	1,050	-
Prior period adjustments	147,538	(7,695)
	<u>458,294</u>	<u>360,784</u>

In March 2007 the UK Government announced that they would introduce legislation that would reduce the corporate tax rate to 28% with effect from 1 April 2008. This legislation was substantively enacted on 26 June 2007.

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

7. TANGIBLE FIXED ASSETS

	Computers £	Fittings and office equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2008	187,201	347,608	42,370	577,179
Additions	19,311	36,317	-	55,628
Disposals	-	(999)	-	(999)
At 31 December 2008	<u>206,512</u>	<u>382,926</u>	<u>42,370</u>	<u>631,808</u>
Accumulated depreciation				
At 1 January 2008	160,546	266,012	42,370	468,928
Charge for the year	19,912	28,880	-	48,792
Disposals	-	(310)	-	(310)
At 31 December 2008	<u>180,458</u>	<u>294,582</u>	<u>42,370</u>	<u>517,410</u>
Net book value				
At 31 December 2008	<u>26,054</u>	<u>88,344</u>	<u>-</u>	<u>114,398</u>
At 31 December 2007	<u>26,655</u>	<u>81,596</u>	<u>-</u>	<u>108,251</u>

8. INVESTMENTS

The two investment accounts of £97,500 and £100,000 each are held with HSBC Trust Company (UK) Limited and are both set up in the same way. Each account is 50% instant access, earning monthly interest, and the other 50% (capital protected) is held in a fund linked to the growth of the UK stock-market. Interest on the growth element will be paid out at the end of the term in May 2012 and will be calculated in line with how much the UK stock-market has grown during the term.

9. STOCKS

	2008 £	2007 £
Goods for resale	<u>1,791,603</u>	<u>1,160,467</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

10. DEBTORS

	2008	2007
Due within one year	£	£
Trade debtors	45,866	29,173
Amounts owed by related parties (note 12)	788,138	485,999
Deferred tax asset (note 13)	86,171	27,288
Other debtors	361,234	245,251
	<u>1,281,409</u>	<u>787,711</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£	£
Trade creditors	226,533	173,829
Amounts owed to related parties (note 12)	437,779	60,242
Corporation tax	296,823	171,008
Other taxation and social security	384,247	590,481
Other creditors	1,775,007	1,498,842
	<u>3,120,389</u>	<u>2,494,402</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2008

12. RELATED PARTY TRANSACTIONS

The ultimate controlling party is Mr R Maughan, the director and principal shareholder.

The trading transactions with related parties are summarised as follows:

	Purchases		Sales	
	2008	2007	2008	2007
	£	£	£	£
Forever Living Products Asia	-	-	-	43
Forever Living Products Baltics	-	-	130	65
Forever Living Products Benelux	-	-	3,777	11,104
Forever Living Products Bulgaria	-	-	-	294
Forever Living Products Czech Republic	-	-	-	453
Forever Living Products France	-	-	-	1,035
Forever Living Products Germany	-	122	1,501	72,207
Forever Living Products Ghana	-	-	9,090	2,159
Forever Living Products Greece	-	-	-	192
Forever Living Products Hungary	156,735	-	-	21,987
Forever Living Products Iceland	-	-	265,766	258,800
Forever Living Products India	-	-	1,344	-
Forever Living Products Ireland	-	5,650	50,138	45,418
Forever Living Products Israel	-	-	-	81
Forever Living Products Italy	-	-	2,390	1,865
Forever Living Products Kenya	-	-	6,655	12,312
Forever Living Products Netherlands	-	881	-	-
Forever Living Products Nigeria	-	-	30,040	10,676
Forever Living Products Poland	-	-	91	-
Forever Living Products Portugal	-	-	266	1,277
Forever Living Products Romania	-	-	-	2,343
Forever Living Products Scandinavia	-	197,961	12,419	31,509
Forever Living Products Slovak Republic	-	-	492	2,958
Forever Living Products South Africa	-	-	107	2,995
Forever Living Products Spain	88,075	-	1,627	447
Forever Living Products Switzerland	-	-	-	1,443
Forever Living Products Turkey	-	-	378	179

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

12. RELATED PARTY TRANSACTIONS (CONTINUED)

The year end balances with related parties are summarised as follows:

	Amounts due from related party		Amounts due to related party	
	2008	2007	2008	2007
	£	£	£	£
Forever Living Products Benelux	1,413	-	-	-
Forever Living Products France	719	-	-	-
Forever Living Products Ghana	6,389	-	-	-
Forever Living Products Iceland	574,064	466,819	-	-
Forever Living Products Ireland	181	553	600	-
Forever Living Products Italy	203	-	-	-
Forever Living Products Kenya	5,702	-	-	-
Forever Living Products Nigeria	3,558	626	-	-
Forever Living Products Portugal	-	519	-	-
Forever Living Products Scandinavia	2,534	334	-	-
Forever Living Products South Africa	-	-	63	-
Forever Living Products Spain	88,075	-	-	-
	<u>682,838</u>	<u>468,851</u>	<u>663</u>	<u>-</u>

The company has the following amounts (owed to)/due from Aloe Vera of America Inc, a company controlled by Mr R Maughan.

	2008	2007
	£	£
Aloe Vera of America Inc	<u>(355,014)</u>	<u>17,148</u>

The company has the following amounts owed to Forever Living.com Inc, a company controlled by Mr R Maughan.

	2008	2007
	£	£
Forever Living.com Inc	<u>(82,102)</u>	<u>(60,242)</u>

The company has the following amounts due from UK Investments LLC, a company controlled by Mr R Maughan.

	2008	2007
	£	£
UK Investments LLC	<u>105,300</u>	<u>-</u>

During the year the company purchased goods and services to the value of £4,524,276 (2007 - £4,821,475) from Aloe Vera of America Inc.

The company occupies premises owned by Mr R Maughan, for which £115,000 (2007 - £250,000) rent was charged in the year.

Forever Living Products Iceland was also charged £21,600 (2007 - £21,600) for administration services performed by the company on their behalf.

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

13. DEFERRED TAXATION

	2008	2007
	£	£
Balance at 1 January	(27,288)	(60,763)
Current year (credit)/ charge to profit and loss account	(58,883)	33,475
	(86,171)	(27,288)

The amounts provided in the accounts are as follows:

	Provided		Unprovided	
	2008	2007	2008	2007
	£	£	£	£
Capital allowances in excess of depreciation	(27,371)	(27,288)	-	-
Short term timing differences	(58,800)	-	-	-
	(86,171)	(27,288)	-	-

The deferred tax asset has been recognised on the basis that there will be sufficient future profits to support the recoverability of the balance.

14. CALLED UP SHARE CAPITAL

	2008	2007
	£	£
Authorised, allotted and fully paid 10,000 Ordinary shares of £1 each	10,000	10,000

15. PROFIT AND LOSS ACCOUNT

		£
At 1 January 2008		3,558,222
Retained profit for the year		433,965
Dividends paid		(1,435,314)
At 31 December 2008		2,556,873

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	433,965	836,691
Dividends paid	(1,435,314)	(2,312,410)
Opening shareholders' funds	3,568,222	5,043,941
Closing shareholders' funds	2,566,873	3,568,222

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

17. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2008	2007
	£	(Restated see note 23)
	£	£
Operating profit	737,934	1,103,300
Depreciation	48,792	43,137
Loss on disposal of fixed assets	689	1,824
Increase in stock	(631,136)	(228,800)
(Increase)/decrease in debtors	(434,815)	676,784
Increase / (decrease) in creditors	500,172	(50,811)
Exchange differences	(47,025)	(5,331)
Net cash inflow from operating activities	<u>174,611</u>	<u>1,540,103</u>

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

	2008	2007
	£	£
Return on investment and servicing of finance		
Interest receivable	95,442	129,056
Interest paid	-	(1,406)
	<u>95,442</u>	<u>127,650</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(55,628)	(74,934)
	<u>(55,628)</u>	<u>(74,934)</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	At		At
	1 Jan	Cash	31 Dec
	2008	flow	2008
	£	£	£
Cash in hand and at bank	<u>3,808,695</u>	<u>(1,553,368)</u>	<u>2,302,352</u>
		<u>47,025</u>	

20. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided at 31 December 2008 (2007 - £Nil).

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2008

20. FINANCIAL COMMITMENTS (CONTINUED)

Operating lease commitments

At 31 December 2008, the company was committed to making the following payments during the next year in respect of operating leases.

	Land and buildings	
	2008	2007
	£	£
Leases which expire:		
Within one year	57,775	-
Within two to five years	315,000	372,775
Over five years	158,720	158,720
	<u>531,495</u>	<u>531,495</u>

21. CONTROLLING PARTY

Mr R G Maughan controls 100% of the share capital of the company.

22. DIVIDENDS

	2008	2007
	£	£
Final dividend for the year ended 31 December 2007 of £76.15 (2006 - £200) per ordinary share	761,460	2,000,000
Interim dividend for the year ended 31 December 2008 of £67.39 (2007 - £31.24) per ordinary share	673,854	312,410
	<u>1,435,314</u>	<u>2,312,410</u>
Proposed final dividend for the year ended 31 December 2008 of £nil (2007 - £76.15) per ordinary share	-	761,460
	<u>-</u>	<u>761,460</u>

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.