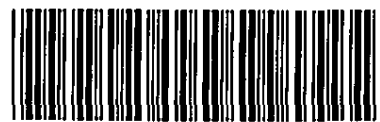


**FOREVER LIVING PRODUCTS (UK)
LIMITED**

Report and Financial Statements

31 December 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

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 (2006 - 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 better quality of 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 2007, which the company is hoping will be popular and contribute to strong growth in 2008.

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 77.2% (2007 - 74.8%).

The balance sheet on page 6 shows that the company's financial position at the year end is, in both net assets and cash terms, consistent with prior year.

The company's cash levels have decreased by £1,127,527 from £4,936,222 at the end of 2006 to £3,808,695 at the end of the current financial year. Cash levels at the year end have decreased due to dividend paid of £2,312,410.

The pound versus dollar exchange rate has proven favourable during the year, giving an overall net gain on foreign exchange transactions of £5,331 (2006 - £65,492).

2008 has so far proved positive with sales being 7.4% up on 2007. A strategy of positive cost control together with strong distributor focus provides a good base for 2008 to be a more successful year.

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 £2,312,410 during the year (2006 - £nil). The directors recommended a second dividend of £761,460 (2006 - £2,000,000). This was paid in January 2008. The results of the company are set out on page 5.

The profit for the year of £836,691 (2006 - £591,994) has been transferred to reserves.

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	
	2007	2006
R G Maughan	10,000	10,000
R Lloyd	-	-

DIRECTORS' REPORT

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 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

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 2007 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 23. 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 2007 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 + Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Birmingham, UK

7 May 2008

FOREVER LIVING PRODUCTS (UK) LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2007

	Note	2007 £	2006 £
TURNOVER	2	22,082,569	21,413,028
Cost of sales		<u>(5,044,988)</u>	<u>(5,397,579)</u>
Gross profit		<u>17,037,581</u>	<u>16,015,449</u>
Distribution costs		(12,298,926)	(11,898,780)
Administrative expenses		(3,635,355)	(3,472,299)
Other operating income		-	5,114
		<u>(15,934,281)</u>	<u>(15,365,965)</u>
OPERATING PROFIT	4	1,103,300	649,484
Interest receivable	5	129,056	192,149
Interest paid		(1,406)	-
		<u>1,230,950</u>	<u>841,633</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,230,950	841,633
Tax on profit on ordinary activities	6	<u>(394,259)</u>	<u>(249,639)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	15	<u>836,691</u>	<u>591,994</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.

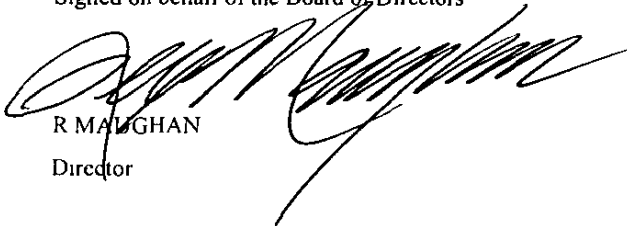
FOREVER LIVING PRODUCTS (UK) LIMITED

BALANCE SHEET
31 December 2007

	Note	2007		2006 (Restated see note 23)	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		108,251		78,278
Investments	8		197,500		197,500
CURRENT ASSETS					
Stocks	9	1,160,467		931,667	
Debtors	10	787,711		1,497,970	
Cash at bank and in hand		3,808,695		4,936,222	
		<u>5,756,873</u>		<u>7,365,859</u>	
CREDITORS amounts falling due within one year	11	<u>(2,494,402)</u>		<u>(2,597,696)</u>	
NET CURRENT ASSETS			<u>3,262,471</u>		<u>4,768,163</u>
TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS			<u>3,568,222</u>		<u>5,043,941</u>
CAPITAL AND RESERVES					
Called up share capital	14		10,000		10,000
Profit and loss account	15		3,558,222		5,033,941
SHAREHOLDERS' FUNDS	16		<u>3,568,222</u>		<u>5,043,941</u>

These financial statements were approved by the Board of Directors on *5th May 2008*

Signed on behalf of the Board of Directors


R MALGHAN
Director

FOREVER LIVING PRODUCTS (UK) LIMITED

CASH FLOW STATEMENT Year ended 31 December 2007

	Note	2007 £	2006 £
Net cash inflow/ (outflow) from operating activities	17	1,540,103	(124,343)
Return on investment and servicing of finance	18	127,650	192,149
Taxation		(413,267)	357,897
Dividends paid		(2,312,410)	-
Capital expenditure and financial investment	18	<u>(74,934)</u>	<u>(254,369)</u>
Cash (outflow)/ inflow before financing being (decrease)/ increase in cash in the year		<u><u>(1,132,858)</u></u>	<u><u>171,334</u></u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Year ended 31 December 2007

		2007 £	2006 £
(Decrease)/ Increase in cash in the year	19	(1,132,858)	171,334
Exchange movements		<u>5,331</u>	<u>65,492</u>
Movement in net funds in the year		(1,127,527)	236,826
Net funds at 1 January		<u>4,936,222</u>	<u>4,699,396</u>
Net funds at 31 December		<u><u>3,808,695</u></u>	<u><u>4,936,222</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

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. 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 as they are incurred.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

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

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2007	2006
	£	£
Directors' emoluments		
Emoluments	35,921	38,536
	<u> </u>	<u> </u>
	No	No
Average number of persons employed	<u>66</u>	<u>66</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,284,835	1,219,583
Social security costs	129,968	106,239
Other pension costs	59,802	72,591
	<u>1,474,605</u>	<u>1,398,413</u>

3. OPERATING PROFIT

	2007	2006
	£	£
Operating profit is after charging/(crediting)		
Depreciation		
Owned assets	43,137	42,262
Rentals under operating leases		
Other operating leases	528,969	480,809
Hire of plant and machinery	19,927	17,547
Auditors' remuneration		
Audit services – fees payable to the company's auditors for the audit of the company's annual accounts	14,500	14,000
Non audit services – tax services	24,456	10,250
Foreign exchange gains	<u>(5,331)</u>	<u>(65,492)</u>

5. INTEREST RECEIVABLE

	2007	2006
	£	£
Bank interest	126,311	172,469
Interest on corporation tax refund	2,110	19,680
Interest on council tax refund	7	-
Interest on PAYE refund	628	-
	<u>129,056</u>	<u>192,149</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
United Kingdom corporation tax charge at 30% (2006 – 30%) based on the profit for the year	368,479	290,828
Adjustment in respect of prior years	(7,695)	19,574
	<u>360,784</u>	<u>310,402</u>
Deferred taxation		
- Timing differences, origination and reversal	21,626	(60,763)
- Adjustment in respect of prior years	11,849	-
	<u>394,259</u>	<u>249,639</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

	2007 £	2006 £
Profit on ordinary activities before tax	1,230,950	841,633
Tax at 30% (2006 – 30%)	369,285	252,490
Expenses not deductible for tax purposes (Depreciation in excess of capital allowances)/Capital allowances in excess of depreciation	12,807	9,862
Other timing differences	(4,207)	10,590
Prior period adjustments	(9,406)	17,886
	(7,695)	19,574
	<u>360,784</u>	<u>310,402</u>

Factors affecting future tax charge

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.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

7. TANGIBLE FIXED ASSETS

	Computers	Fittings and office equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2007	183,844	315,088	42,370	541,302
Additions	14,694	60,240	-	74,934
Disposals	(11,337)	(27,720)	-	(39,057)
	<u>187,201</u>	<u>347,608</u>	<u>42,370</u>	<u>577,179</u>
Accumulated depreciation				
At 1 January 2007	154,278	267,000	41,746	463,024
Charge for the year	17,507	25,006	624	43,137
Disposals	(11,239)	(25,994)	-	(37,233)
	<u>160,546</u>	<u>266,012</u>	<u>42,370</u>	<u>468,928</u>
Net book value				
At 31 December 2007	<u>26,655</u>	<u>81,596</u>	<u>-</u>	<u>108,251</u>
At 31 December 2006	<u>29,566</u>	<u>48,088</u>	<u>624</u>	<u>78,278</u>

8. INVESTMENTS

The two investment accounts 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 stockmarket. 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 stockmarket has grown during the term.

9. STOCKS

	2007	2006
	£	(Restated see note 23) £
Goods for resale	<u>1,160,467</u>	<u>931,667</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

10. DEBTORS

Due within one year	2007	2006
	£	(Restated see note 23)
		£
Trade debtors	29,173	5,783
Amounts owed by related parties (note 12)	485,999	1,225,066
Deferred tax asset (note 13)	27,288	60,763
Other debtors	245,251	206,358
	787,711	1,497,970
	787,711	1,497,970

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Trade creditors	173,829	260,773
Amounts owed to related parties (note 12)	60,242	36,340
Corporation tax	171,008	223,491
Other taxation and social security	590,481	456,542
Other creditors	1,498,842	1,620,550
	2,494,402	2,597,696
	2,494,402	2,597,696

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

12. RELATED PARTY TRANSACTIONS

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

The trading transactions with related parties is summarised as follows

	Purchases		Sales	
	2007	2006	2007	2006
	£	£	£	£
Forever Living Products Asia	-	-	43	-
Forever Living Products Australia	-	-	-	422
Forever Living Products Baltics	-	-	65	-
Forever Living Products Benelux	-	-	11,104	-
Forever Living Products Bulgaria	-	-	294	-
Forever Living Products Czech Republic	-	-	453	-
Forever Living Products France	-	27,653	1,035	10,360
Forever Living Products Germany	122	-	72,207	207,890
Forever Living Products Ghana	-	-	2,159	-
Forever Living Products Greece	-	-	192	1,450
Forever Living Products Hungary	-	-	21,987	54,843
Forever Living Products Iceland	-	-	258,800	234,783
Forever Living Products Ireland	5,650	4,332	45,418	58,093
Forever Living Products Israel	-	-	81	976
Forever Living Products Italy	-	-	1,865	819
Forever Living Products Kenya	-	-	12,312	-
Forever Living Products Malaysia	-	8,258	-	-
Forever Living Products Netherlands	881	-	-	27,454
Forever Living Products Nigeria	-	-	10,676	4,774
Forever Living Products Poland	-	-	-	2,736
Forever Living Products Portugal	-	-	1,277	229
Forever Living Products Romania	-	41,640	2,343	20,483
Forever Living Products Russia	-	-	-	695
Forever Living Products Scandinavia	197,961	740	31,509	-
Forever Living Products Slovak Republic	-	-	2,958	324
Forever Living Products South Africa	-	-	2,995	876
Forever Living Products Spain	-	-	447	382
Forever Living Products Sweden	-	-	-	73,574
Forever Living Products Switzerland	-	-	1,443	1,282
Forever Living Products Turkey	-	-	179	1,512

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

12. RELATED PARTY TRANSACTIONS (CONTINUED)

The year end balances with related parties is summarised as follows

	Amounts due from related party		Amounts due to related party	
	2007	2006	2007	2006
	£	£	£	£
Forever Living Products Cyprus	-	-	-	-
Forever Living Products France	-	51	-	-
Forever Living Products Germany	-	10,548	-	-
Forever Living Products Hungary	-	4,740	-	-
Forever Living Products Iceland	466,819	391,754	-	-
Forever Living Products Ireland	553	31	-	-
Forever Living Products Israel	-	976	-	-
Forever Living Products Italy	-	-	-	-
Forever Living Products Kenya	-	-	-	-
Forever Living Products Netherlands	-	4,553	-	-
Forever Living Products Nigeria	626	400	-	-
Forever Living Products Portugal	519	-	-	-
Forever Living Products Russia	-	-	-	-
Forever Living Products Scandinavia	334	-	-	-
Forever Living Products Spain	-	-	-	-
Forever Living Products Sweden	-	11,515	-	-
Forever Living Products Switzerland	-	-	-	-

The company was owed the following amounts by Aloe Vera of America Inc, a company controlled by Mr R Maughan

	2007	2006
	(Restated	(Restated
	see note 23)	see note 23)
	£	£
Aloe Vera of America Inc	17,148	800,498

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

	2007	2006
	£	£
Forever Living com Inc	(60,242)	(36,340)

During the year the company purchased goods and services to the value of £4,821,475 (2006 - £5,985,966) from Aloe Vera of America Inc

The company occupies premises owned by Mr R Maughan, for which £250,000 (2006 - £250,000) rent was charged in the year

Forever Living Products Iceland was also charged £21,600 (2006 - £23,400) for administration services performed by the company on their behalf

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

13. DEFERRED TAXATION

	2007	2006
	£	£
Balance at 1 January	(60,763)	-
Current year charge/ (credit) to profit and loss account	33,475	(60,763)
	<u>(27,288)</u>	<u>(60,763)</u>
Balance at 31 December (Note 10)	<u>(27,288)</u>	<u>(60,763)</u>

The amounts provided in the accounts are as follows

	Provided		Unprovided	
	2007	2006	2007	2006
	£	£	£	£
Depreciation in advance of capital allowances	(27,288)	(39,763)	-	-
Short term timing differences	-	(21,000)	-	-
	<u>(27,288)</u>	<u>(60,763)</u>	<u>-</u>	<u>-</u>

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

	2007	2006
	£	£
Authorised, allotted and fully paid 10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

15. PROFIT AND LOSS ACCOUNT

	£
At 1 January 2007	5,033,941
Retained profit for the year	836,691
Dividends paid	(2,312,410)
At 31 December 2007	<u>3,558,222</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	836,691	591,994
Dividends paid	(2,312,410)	-
Opening shareholders' funds	<u>5,043,941</u>	<u>4,451,947</u>
Closing shareholders' funds	<u>3,568,222</u>	<u>5,043,941</u>

FOREVER LIVING PRODUCTS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2007

17. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2007 £	2006 (Restated see note 23) £
Operating profit	1,103,300	649,484
Depreciation	43,137	42,262
Loss on disposal of fixed assets	1,824	-
(Increase)/ decrease in stock	(228,800)	159,562
Decrease/ (increase) in debtors	676,784	(306,090)
(Decrease) in creditors	(50,811)	(604,069)
Exchange differences	(5,331)	(65,492)
	<u>1,540,103</u>	<u>(124,343)</u>
Net cash inflow/ (outflow) from operating activities		

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

	2007 £	2006 £
Return on investment and servicing of finance		
Interest receivable	129,056	192,149
Interest paid	(1,406)	-
	<u>127,650</u>	<u>192,149</u>
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(74,934)	(56,869)
Investment made (see note 8)	-	(197,500)
	<u>(74,934)</u>	<u>(254,369)</u>

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

	At 1 Jan 2007 £	Cash flow £	Exchange differences £	At 31 Dec 2007 £
Cash in hand and at bank	4,936,222	(1,132,858)	5,331	3,808,695
	<u>4,936,222</u>	<u>(1,132,858)</u>	<u>5,331</u>	<u>3,808,695</u>

20. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided at 31 December 2007 (2006 - £Nil)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2007

20. FINANCIAL COMMITMENTS (CONTINUED)

Operating lease commitments

At 31 December 2007, the company was committed to making the following payments during the next year in respect of operating leases

	Land and buildings	
	2007	2006
	£	£
Leases which expire		
Within one year	-	5,312
Within two to five years	372,775	372,775
Over five years	158,720	158,720
	<u>531,495</u>	<u>536,807</u>

21. CONTROLLING PARTY

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

22. DIVIDENDS

	2007	2006
	£	£
Final dividend for the year ended 31 December 2006 of £200 (2006 - £nil) per ordinary share	2,000,000	-
Interim dividend for the year ended 31 December 2007 of £31 24 (2006 - £nil)	312,410	-
	<u>2,312,410</u>	<u>-</u>
Proposed final dividend for the year ended 31 December 2007 of £76 15 (2006 - £200) per ordinary share	761,460	2,000,000
	<u>761,460</u>	<u>2,000,000</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

23. PRIOR YEAR COMPARATIVES

In the current year, stock in transit was not included as stock of the company as the legal title of stock only transferred to the company upon receipt. The comparative figures in the primary statements and notes have been restated to reflect this change for consistency in presentation purposes.

The effects of this change are summarised below

	2007	2006
	£	£
Balance sheet		
Decrease in stock	(414,043)	(564,516)
Increase in amount owed by related parties	414,043	564,516
	<u>-</u>	<u>-</u>
Impact on net assets	<u>-</u>	<u>-</u>

ADDITIONAL INFORMATION

The additional information on page 19 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

FOREVER LIVING PRODUCTS (UK) LIMITED

TRADING ACCOUNT Year ended 31 December 2007

		2007		2006
	£	£	£	£
TURNOVER		22,082,569		21,413,028
Cost of sales				
Opening stock	931,667		1,091,229	
Purchases, freight and duty	5,273,788		5,238,017	
Closing stock	<u>(1,160,467)</u>		<u>(931,667)</u>	
		<u>5,044,988</u>		<u>5,397,579</u>
GROSS PROFIT		17,037,581		16,015,449
Distribution costs				
Bonuses	9,957,766		9,685,411	
Royalties	772,890		749,456	
Motor, travel and entertaining	284,120		220,219	
Events and trainings	1,137,291		1,067,673	
Warehouse and delivery	<u>146,859</u>		<u>176,021</u>	
		(12,298,926)		(11,898,780)
Administrative expenses				
Wages, salaries and employment costs	1,474,605		1,398,413	
Repairs and maintenance	388,837		388,154	
Telephones	53,415		53,008	
Heat, light and power	41,705		62,561	
Rent, rates and insurances	760,567		696,725	
Bank charges	220,040		220,474	
Legal and professional fees	282,149		301,277	
Audit and accountancy	40,176		24,250	
Management expenses	265,566		260,851	
Depreciation	43,137		42,262	
Loss on disposal of fixed asset	1,824		-	
Gain on exchange	(5,331)		(65,492)	
Sundry expenses	<u>68,665</u>		<u>89,816</u>	
		(3,635,355)		(3,472,299)
Other operating income		<u>-</u>		<u>5,114</u>
OPERATING PROFIT		<u><u>1,103,300</u></u>		<u><u>649,484</u></u>