

NBTY Europe Limited

Annual report and financial statements  
for the year ended 30 September 2012

Registered number: 4515115

# NBTY Europe Limited

## Annual report and financial statements for the year ended 30 September 2012

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# NBTY Europe Limited

## Directors and advisors

### Directors

P. Aldis  
R. Craddock  
L. Hardy  
H. Kamil  
C. Keen  
M. Kendrick  
B. Vickers

### Company secretary

R. Craddock

### Registered office

Samuel Ryder House  
Barling Way  
Eliot Park  
Nuneaton  
Warwickshire  
CV10 7RH

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

# NBTY Europe Limited

## Directors' report for the year ended 30 September 2012

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2012.

### Principal activities

The principal activity of the company is acting as an intermediate holding company.

### Business review

The company has not traded during the year. In acting as an intermediary holding company, the company receives and pays dividends and receives interest. The profit and loss account is set out on page 8.

On 22 August 2012 the directors, after satisfying certain legal requirements, voted to reduce the share premium of the company by £83,652,000. This reduced the share premium account to £nil and increased the profit and loss account reserve by £83,652,000.

### Dividends

Dividends of £91,800,000 (2011: £nil) equating to £459,000 (2011: £nil) per ordinary share were paid during the year.

On 30 August 2012 the company received a dividend of £50,000,000 from Vitamin World Limited, and on the same day approved a dividend payment to NBTY, Inc of £50,000,000. On 31 August 2012 the company received a dividend of £15,800,000 from Vitamin World Limited, and on the same day approved a dividend payment to NBTY, Inc of £15,800,000. On 25 September 2012 the company received a dividend of £26,000,000 from Vitamin World Limited, and on the same day approved a dividend payment to NBTY, Inc of £26,000,000.

### Principal risks and uncertainties

The company is the holding company for a number of wholly owned trading subsidiaries. The key risk affecting the company is related to the performance of the subsidiaries and any requirement for a potential impairment of the carrying value of investments held. The identified key risks in the trading subsidiaries relate to competition, employees, legislation and financial risk.

The company's activities expose it to financial risk. The main risk arises from currency and interest bearing loans. The company's overall risk management programme is to seek to minimise potential adverse effects on the company's financial performance arising from financial risk.

Foreign exchange risks arise from the retranslation of Euro denominated intercompany loans. The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk.

### Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### Directors

The directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated, were as follows:

P. Aldis		C. Keen	(appointed 1 January 2013)
R. Craddock		M. Kendrick	
L. Hardy	(appointed 1 October 2012)	M. Moran	(resigned 31 December 2012)
H. Kamil		B. Vickers	

**Directors' report  
for the year ended 30 September 2012 (continued)**

**Going concern**

After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Undertakings have been received from the principal group creditor that repayment will not be sought within twelve months of the date of signing of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

**Registered number:** 4515115

**Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Statement of disclosure of information to auditors**

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the Directors' Report is approved:

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

  
P. Aidis  
Chief Executive Officer  
20th May 2013

# Independent auditors' report to the members of NBTY Europe Limited

We have audited the financial statements of NBTY Europe Limited for the year ended 30 September 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

## Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our reports.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

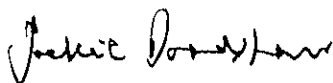
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent auditors' report to the members of NBTY Europe Limited (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Jackie Bradshaw (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

30 May 2013

# NBTY Europe Limited

## Profit and loss account for the year ended 30 September 2012

	Note	2012 £'000	2011 £'000
Exceptional administrative items	4	-	(12,043)
Administrative income/(expenses)	4	146	(7)
Total administrative income/(expenses)	4	146	(12,050)
Income from shares in group undertakings	5	91,800	-
Interest payable and similar charges	6	(6,576)	(6,152)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>85,370</b>	<b>(18,202)</b>
Tax on profit/(loss) on ordinary activities	7	-	-
<b>Profit/(loss) for the financial year</b>	14	<b>85,370</b>	<b>(18,202)</b>

All activity derives from continuing operations.

The company has no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial years and their historical cost equivalents.



# NBTY Europe Limited

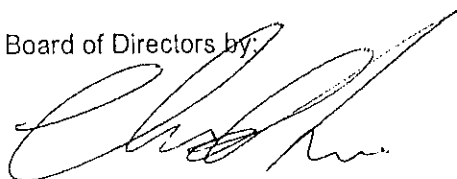
## Balance sheet as at 30 September 2012

	Note	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Investments	9	305,247	305,247
		<b>305,247</b>	<b>305,247</b>
<b>Current assets</b>			
Debtors	10	416,377	324,577
		<b>416,377</b>	<b>324,577</b>
Creditors: amounts falling due within one year	11	(660,221)	(361,991)
<b>Net current liabilities</b>		<b>(243,844)</b>	<b>(37,414)</b>
<b>Total assets less current liabilities</b>		<b>61,403</b>	<b>267,833</b>
Creditors: amounts falling due after more than one year	12	-	(200,000)
<b>Net assets</b>		<b>61,403</b>	<b>67,833</b>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Share premium account	14	-	83,652
Profit and loss account	14	61,403	(15,819)
<b>Total shareholders' funds</b>	15	<b>61,403</b>	<b>67,833</b>

The financial statements on pages 8 to 17 were approved by the Board of Directors on 20<sup>th</sup> May 2013.

Signed on behalf of the Board of Directors by:

C. Keen  
Director  
20<sup>th</sup> May 2013



# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### Accounting convention

The financial statements are prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards.

In accordance with Section 401 of the Companies Act 2006, the company has not prepared group financial statements since it is a wholly owned subsidiary of a larger group. Consolidated financial statements are prepared by NBTY, Inc., a company incorporated in the United States of America.

The company is exempt from producing a cash flow statement as required by FRS 1 (Revised 1996) 'Cash Flow Statements' as it is a wholly owned subsidiary undertaking within the context of paragraph 5(a) of the standard. A consolidated group cash flow statement is presented in the financial statements of NBTY, Inc., which are publicly available.

#### Going concern

After making enquiries, the directors have reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Undertakings have been received from the principal group creditor that repayment will not be sought within twelve months of the date of signing of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

#### Foreign currencies

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, or if appropriate, at the forward contract rate.

Intercompany balances denominated in foreign currencies are translated at each balance sheet date using the rates prevailing at that date. Differences are recognised within administrative income and expenses.

#### Related party transactions

By virtue of the company being a wholly owned subsidiary included in the financial statements of a larger group, whose financial statements are publicly available, the company is exempt under Financial Reporting Standard 8 from disclosing transactions or balances with entities which are part of the group that qualify as related parties.

# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012 (continued)

### 1 Accounting policies (continued)

#### Taxation

The tax charge is based on taxable profit/(loss) for the year. Taxable profit/(loss) differs from accounting profit/(loss) as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the liability method, in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Income from shares in group undertakings

Dividend income from subsidiary undertakings is recognised when the shareholders' rights to receive payment have been established.

#### Investments

Investments held as fixed assets are stated at cost less provision for impairment.

### 2 Auditors' remuneration

Fees payable to the company's auditors for the audit of the company's annual financial statements amounted to £5,000 (2011: £5,000). The audit fee was borne by another group company, Holland & Barrett Retail Limited. No fees were paid to the auditors for non-audit services in the year (2011: £nil). No recharge is made to the company (2011: £nil).

### 3 Directors' remuneration and employees

The directors received no remuneration in respect of their services to the company (2011: £nil). The remuneration of H. Kamil is borne by NBTY, Inc. The remuneration of the remaining directors is borne by Holland & Barrett Retail Limited, another group company. No recharge is made to the company (2011: £nil).

There were no employees in the company in the year (2011: none).

# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012 (continued)

### 4 Administrative income/(expenses)

Administrative income/(expenses) comprise the following:

	2012	2011
	£'000	£'000
Foreign exchange income/(losses) on the translation of intercompany balances	146	(7)
Impairment of intercompany amount due from Julian Graves Limited	-	(12,043)
	146	(12,050)

During the prior year, the amount of £12,043,000 owed to the company from Julian Graves Limited, a fellow group company, was fully impaired as the directors considered the likelihood of recovery remote. On 2 July 2012 Julian Graves Limited was placed into administration.

### 5 Income from shares in group undertakings

	2012	2011
	£'000	£'000
Dividends received from subsidiary undertaking	91,800	-

### 6 Interest payable and similar charges

	2012	2011
	£'000	£'000
Interest payable on loan notes	6,576	6,152

# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012 (continued)

### 7 Tax on profit/(loss) on ordinary activities

The tax is based on the profit/(loss) for the year and comprises:

	2012	2011
	£'000	£'000

#### Current tax

UK corporation tax charge at 25% (2011: 27%) based on profit/(loss) for the year

-

-

The tax assessed for the year is lower (2011: higher) than the standard rate of corporation tax in the UK of 25% (2011: 27%). The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the result before tax are as follows:

	2012	2011
	£'000	£'000
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>85,370</b>	<b>(18,202)</b>
Profit/(loss) on ordinary activities before taxation multiplied by the standard rate of UK corporation tax for the year of 25% (2011: 27%)	21,342	(4,915)
Effects of:		
UK dividend income	(22,950)	-
Permanent differences	-	3,252
Group relief surrendered to other group companies not paid for	1,747	1,732
Transfer pricing adjustment	(139)	(69)
Current tax for the year	-	-

There is no deferred tax recognised or unrecognised for the current or preceding year.

#### Factors affecting current and future tax charges

The Finance Act 2012 was enacted in July 2012 and included legislation to reduce the main rate of corporation tax from 26% to 24% effective 1 April 2012. This reduction superceded the reduction to 25% which had been previously enacted as part of the Finance Act 2011. The current tax rate for the period is therefore 25%. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012.

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system have been announced. Further reductions to the main rate were announced in the 2012 Autumn Statement and the March 2013 Budget Statement to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012 (continued)

### 8 Dividends

	2012	2011
	£'000	£'000
Dividends paid of £459,000 (2011: £nil) per ordinary share	91,800	-

On 30 August 2012 the company declared and paid a dividend to NBTY, Inc. of £50,000,000. A further £15,800,000 was declared and paid on 31 August 2012 and a further £26,000,000 was declared and paid on 25 September 2012.

### 9 Investments

	Equity	Total
	£'000	£'000
Cost and net book value		
At 1 October 2011 and 30 September 2012	305,247	305,247

# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012 (continued)

### 9 Investments (continued)

The principal trading subsidiary undertakings incorporated in England and Wales are as follows:

Name	Principal activity	Percentage of ordinary shares held
Health & Diet Centres Limited	Retailer of health food and related products	100%
Holland & Barrett Holdings Limited	Intermediate holding company	100%
Holland & Barrett Retail Limited	Retailer of health food and related products	100%
Nutrition Warehouse Limited	Provision of retirement benefits under legacy pension arrangements	100%
Good 'N' Natural Limited	Intermediate holding company	100%
Vitamin World Limited (*)	Retailer of health food and related products	100%
Health & Diet Group Limited	Intermediate holding company	100%

(\*) – Directly held by NBTY Europe Limited.

The principal trading subsidiary undertakings incorporated in Eire are as follows:

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
Nature's Way Limited	Retailer of health food and related products	100%

The principal trading subsidiary undertakings incorporated in the Netherlands are as follows:

Subsidiary undertakings	Principal activity	Percentage of ordinary shares held
De Tuinen B.V. (*)	Retailer of health, lifestyle and giftware products	100%

(\*) – directly held by NBTY Europe Limited.

The directors believe that the carrying value of the investments is supported by the recoverable amount of the investees and their subsidiary businesses.

# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012 (continued)

### 10 Debtors

	2012	2011
	£'000	£'000
Amounts owed by group undertakings	416,377	324,577

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is not charged on these amounts.

### 11 Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Amounts owed to group undertakings	460,221	361,991
Unsecured loan notes	200,000	-
	660,221	361,991

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is not charged on these amounts.

Loan note interest accrues at a floating rate of 6 months LIBOR + 2.0% set biannually, with interest being payable at six-monthly intervals in arrears. All borrowings are denominated in Sterling. The directors are of the opinion that the fair value of the loan notes is materially consistent to the book value (2011: £177,000,000). The fair value of the loan notes is calculated by discounting future cash flows at prevailing rates.

The loan notes were issued on 30 September 2008 and replace the notes of an equivalent value which were settled on 30 September 2008. They were listed on the Channel Islands Stock Exchange on 6 October 2008 and are repayable on 30 September 2013.

Financial instruments and risks are managed as part of the overall group funding. The loan notes are long term in nature and carry interest at floating rates in accordance with the group funding requirements.

Susequent to the year end, on 5 April 2013 the loan notes were refinanced by means of settling the notes facility that was due to mature on 30 September 2013, and replacing it with £200,000,000 of floating rate unsecured notes which are repayable on 30 September 2018.

### 12 Creditors: amounts falling due after more than one year

	2012	2011
	£'000	£'000
Unsecured loan notes	-	200,000

An analysis of the maturity of the loan notes is given below:

	2012	2011
	£'000	£'000
Due in more than two, but not more than five, years	-	200,000



# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012 (continued)

### 13 Called up share capital

	2012	2011
	£'000	£'000
Allotted and fully paid		
200 (2011: 200) ordinary shares of £1 each	-	-

### 14 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 October 2011	83,652	(15,819)
Profit for the financial year	-	85,370
Dividends paid (note 8)	-	(91,800)
Capital reduction	(83,652)	83,652
At 30 September 2012	-	61,403

On 22 August 2012 the directors, after satisfying certain legal requirements, voted to reduce the share premium of the company by £83,652,000. This reduced the share premium account to £nil and increased the profit and loss account reserve by £83,652,000.

### 15 Reconciliation of movements in total shareholders' funds

	2012	2011
	£'000	£'000
Profit/(loss) for the financial year	85,370	(18,202)
Dividends paid (note 8)	(91,800)	-
Net reduction in shareholders' funds	(6,430)	(18,202)
Opening total shareholders' funds	67,833	86,035
Closing total shareholders' funds	61,403	67,833

### 16 Related party transactions

The company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with other companies in the NBTY, Inc. group.

# NBTY Europe Limited

## Notes to the financial statements for the year ended 30 September 2012 (continued)

### 17 Immediate and ultimate parent undertaking and controlling party

The immediate parent undertaking is NBTY, Inc., a company incorporated in the United States of America.

The company's ultimate parent undertaking and controlling party is The Carlyle Group, a company incorporated in the United States of America.

The largest and only group in which the results of the company are consolidated is that headed by NBTY, Inc.

Copies of NBTY, Inc.'s consolidated financial statements may be obtained from NBTY, Inc., 2100 Smithtown Avenue, Ronkonkoma, New York 11779.