

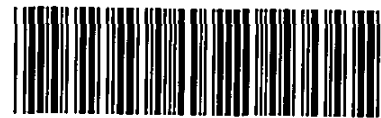
Fallowfield (No1) Limited

Directors' report and financial statements

Registered number 06363142

Year ended 30 April 2011

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Directors' report for the year ended 30 April 2011

The directors present their report and the audited financial statements of Fallowfield (No1) Limited for the year ended 30 April 2011

Principal activities

The principal activity of the company is the provision of dental services

Business review

Review of the development and performance of the company

As with the majority of dental practices in the UK, the company offers a mixture of NHS and private treatment to patients

The directors believe that the company continues to be well positioned to take advantage of further opportunities within the market and that the company will continue to grow in the forthcoming year

Financial review

The majority of the company's revenue was derived from a fixed income contract with the local NHS Primary Care Trust. In addition the company had a variable income stream based on treatments provided to patients under private contract. The fixed income nature of the contract provides the company with stability and visibility over its revenue and profit streams

Turnover for the year was £418,670 (2010 £416,124). Operating profit for the year was £64,729 (2010 £39,506). The profit on ordinary activities after taxation was £68,631 (2010 £39,061).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is the key indicator for the company's stakeholders. In the year EBITDA was £100,297 (2010 £73,358).

Principal risks and uncertainties

The company's risks and uncertainties are integrated with the principal risks and uncertainties of the Group. Accordingly, the principal risks and uncertainties of Pearl Topco Limited, which includes those of the company, are discussed in the Directors' report in the financial statements of Pearl Topco Limited which does not form part of this report.

Key performance indicators

As noted above, one of the key performance indicators ("KPIs") which the directors and other stakeholders monitor is EBITDA. This is reviewed in absolute terms and in relation to budgeted and prior year comparatives.

Other KPIs used by the company include the following:

- Staff retention percentages
- Dentist retention percentages
- NHS activity performance against target

The directors consider these ratios to be commercially sensitive and as a consequence details are not disclosed within this report.

Proposed dividend

The directors do not recommend the payment of a dividend for the year (2010 £Nil).

Directors

The directors who held office during the year and to the date of this report were as follows:

R Ablett	(Appointed 17 June 2010)
C Davies	(Appointed 17 June 2010)
D Hudaly	(Resigned 30 June 2010)
D Robinson	(Resigned 6 May 2011)
J Weir	(Resigned 4 April 2011)

The directors benefitted from qualifying third party indemnification provisions in place during the financial year and to the date of this report.

Directors' report for the year ended 30 April 2011 *(continued)*

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,
- state whether applicable UK 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Political and charitable contributions

The company made no political or charitable contributions during the year (2010: £Nil).

Risk management and financial instruments

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations. The nature of the company's contract with the PCT means that credit risk is minimised for a significant proportion of the company's revenue. The patient's contribution to NHS charges is usually collected before treatment in order to minimise risk to the company. Payment is also requested in advance for major courses of private treatment.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Market risk

Market risk is the risk that changes in foreign exchange rates and interest rates will affect the company's income.

The company has limited currency risk as all operations are carried out in the United Kingdom and all income and expenses are denominated in Sterling. However, as materials are sourced by suppliers internationally, the company is indirectly exposed to currency risk as suppliers adjust their UK price lists for changes in international material prices. This risk is managed through competitive tendering for the Group's significant supply contracts.

Directors' report for the year ended 30 April 2011 *(continued)*

Post balance sheet events

On 11 May 2011, the company's parent, Pearl Topco Limited was acquired by Turnstone Bidco 1 Limited. Turnstone Bidco 1 Limited is an investment vehicle established for the purpose of acquiring Pearl Topco Limited and merging the business with another dental corporate, ADP Healthcare Services Limited. The ultimate shareholders of Turnstone Bidco 1 Limited include The Carlyle Group, Palamon Capital Partners and members of the management team.

Disclosure of information to auditors

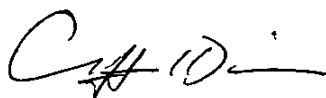
The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This statement is given and should be interpreted in accordance with section 418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting.

By order of the Board



C Davies

Director

30 January 2012

Europa House
Stoneclough Road
Kearsley
Manchester
M26 1GG

Independent auditors' report to the members of Fallowfield (No1) Limited

We have audited the financial statements of Fallowfield (No1) Limited for the year ended 30 April 2011 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 2 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 Directors' report 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 report.

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 April 2011 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.

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.



Martin Heath (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

30 January 2012

Profit and loss account
for the year ended 30 April 2011

	<i>Note</i>	30 April 2011 £	30 April 2010 £
Turnover		418,670	416,124
Cost of sales		(202,312)	(219,666)
Gross profit		216,358	196,458
Administrative expenses		(151,629)	(156,952)
Operating profit	3	64,729	39,506
Tax on profit on ordinary activities	6	3,902	(445)
Profit for the financial year	15	68,631	39,061

All activities are derived from continuing operations

The company has no material recognised gains and losses during the current year, or prior year, other than those stated above and therefore no separate statement of total recognised gains and losses has been presented

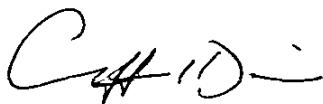
There were no differences between the historical cost profit and losses and the figures noted in the profit and loss account

Balance sheet
at 30 April 2011

	Note	2011	2010
		£	£
Fixed assets			
Intangible assets	7	336,974	357,397
Tangible assets	8	90,589	86,767
		<u>427,563</u>	<u>444,164</u>
Current assets			
Stocks	9	5,301	4,726
Debtors	10	248,750	169,483
		<u>254,051</u>	<u>174,209</u>
Creditors: amounts falling due within one year	11	<u>(20,711)</u>	<u>(22,927)</u>
Net current assets		<u>233,340</u>	<u>151,282</u>
Total assets less current liabilities		<u>660,903</u>	<u>595,446</u>
Creditors: amounts falling due after more than one year	12	<u>(443,548)</u>	<u>(443,548)</u>
Provisions for liabilities	13	<u>-</u>	<u>(3,174)</u>
Net assets		<u>217,355</u>	<u>148,724</u>
Capital and reserves			
Called up share capital	14	2	2
Profit and loss reserve	15	217,353	148,722
Total shareholders' funds	16	<u>217,355</u>	<u>148,724</u>

The notes on pages 7 to 14 form part of these financial statements

These financial statements were approved by the board of directors on 30 January 2012 and were signed on its behalf by



C Davies
Director

Notes to the financial statements *(forming part of the financial statements)*

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the Companies Act 2006

The company is a wholly owned subsidiary of Pearl Topco Limited and is included in the consolidated financial statements of Pearl Topco Limited, which are publicly available

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of paragraph 3(c) of FRS 8 'Related Party Disclosure' from disclosing related party transactions with entities that are part of the Pearl Topco Limited group of companies

A summary of the more important accounting policies, which have been applied on a consistent basis with the prior year, is set out below

Turnover

Turnover represents the income received in the ordinary course of business for dentistry goods or services provided to the extent that the company has obtained the right to consideration. NHS turnover is recognised based on the volume of dental activity delivered in the contract period. Turnover from private dental work is recognised on the completion of each piece of treatment carried out, with the exception of orthodontic treatment which is recognised based on the stage of the completion reached during the course of treatment

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration and associated costs over the fair value of the separable net assets acquired) arising in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life, which is 20 years. The company evaluates the carrying value of goodwill when there is an indicator of impairment. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

On the subsequent disposal or termination of a business acquired, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset less expected residual value over its expected useful life as follows:

Fittings and equipment	4-10 years
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Impairments of fixed assets and goodwill

Impairment write downs are recognised in the profit and loss account when the book value of the asset is higher than the higher of the net realisable value of the asset or the value in use.

The value in use of assets is calculated using discounted forecast cash flows linked to the asset or income generating unit.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Notes to the financial statements (continued)

Stock

Stock is stated at the lower of cost and net realisable value. In the case of raw materials and consumables, cost includes purchase price less trade discounts, transport and handling costs, calculated on an average price basis over the financial year. Provision is made for obsolete, slow moving and defective stock.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 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.

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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Government grants

Grants received to assist with the purchase of tangible fixed assets are credited to deferred income and are amortised over a period to match the life of the asset acquired. Revenue grants are recognised in the profit and loss account in the period in which they are received.

2 Turnover

Turnover relates to the company's principal activity of the operation of a dental practice. All services are provided in the United Kingdom.

Notes to the financial statements *(continued)*

3 Operating profit

	30 April 2011 £	30 April 2010 £
<i>Operating profit is stated after charging</i>		
Depreciation – owned assets	15,145	13,429
Amortisation of goodwill	20,423	20,423
Operating leases – land and buildings	10,500	10,500
<i>Auditors' remuneration</i>		
Amounts receivable by the auditors and their associates in respect of Fees payable for the audit	<u>1,800</u>	<u>2,100</u>

4 Employees

The average number of persons employed by the company (excluding directors), during the year was made up as follows

	30 April 2011 No of employees	30 April 2010 No of employees
Surgery staff	4	4
Administration staff	2	2
	<u>6</u>	<u>6</u>

The aggregate payroll costs of these persons were as follows

	30 April 2011 £	30 April 2010 £
Wages and salaries	54,414	52,198
Social security costs	3,162	3,276
	<u>57,576</u>	<u>55,474</u>

5 Directors' remuneration

The directors received no emoluments from the company for their services. The emoluments received as a director of the holding company are disclosed in the consolidated financial statements of Pearl Topco Limited for D Hudaly. The emoluments received as directors of a group trading company are disclosed in the financial statements of Petrie Tucker and Partners Limited for D Robinson, R Ablett, C Davies and J Weir.

Notes to the financial statements (continued)

6 Taxation on profit on ordinary activities

a) Analysis of (credit)/charge for the year

	30 April 2011 £	30 April 2010 £
Current tax		
Corporation tax at 27.84% (2010: 28%)	-	-
Adjustment relating to the prior year	-	-
Total current tax charge for the year (note 6(b))	-	-
Deferred tax		
Deferred tax (credit)/ charge in the year	(3,807)	597
Effect of change in tax rate	(237)	-
Adjustment relating to the prior year	142	(152)
Total deferred tax (credit)/ charge for the year	(3,902)	445
Tax on profit on ordinary activities	(3,902)	445

b) Factors affecting the tax charge for the year

The current tax charge for the year is lower (2010: lower) than the standard rate of corporation tax in the UK for the year ended 30 April 2011 of 27.84% (2010: 28%). The differences are explained below:

	30 April 2011 £	30 April 2010 £
Profit on ordinary activities before taxation	64,729	39,506
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.84% (2010: 28%)	18,021	11,062
Effects of		
Expenses not deductible for tax purposes	697	891
Capital allowances in excess of depreciation and amortisation	4,076	(597)
Goodwill amortisation	5,686	5,718
Group relief claimed for nil consideration	(28,480)	(17,074)
Current tax charge for the year (note 6(a))	-	-

The standard rate of Corporation Tax in the UK changed from 28% to 26% with effect from 1 April 2011. Accordingly the company's profits for this accounting period are taxed at an effective rate of 27.84% and will be taxed at 26% in the future.

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was substantively enacted on 5 July 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements. The effect of this is not deemed to have a material effect on the deferred tax position at the end of the financial period.

Notes to the financial statements *(continued)*

7 Intangible fixed assets

	Goodwill £
<i>Cost</i>	
At 1 May 2010	408,454
At 30 April 2011	408,454
<i>Accumulated amortisation</i>	
At 1 May 2010	51,057
Charge for the year	20,423
At 30 April 2011	71,480
<i>Net book value</i>	
At 30 April 2011	336,974
At 30 April 2010	357,397

8 Tangible fixed assets

	Fittings and equipment £
<i>Cost</i>	
At 1 May 2010	112,390
Additions	18,967
At 30 April 2011	131,357
<i>Accumulated depreciation</i>	
At 1 May 2010	25,623
Charge for the year	15,145
At 30 April 2011	40,768
<i>Net book value</i>	
At 30 April 2011	90,589
At 30 April 2010	86,767

No assets are held under finance leases or hire purchase contracts

9 Stock

	2011 £	2010 £
Raw materials	5,301	4,726

Notes to the financial statements *(continued)*

10 Debtors

	2011	2010
	£	£
Trade debtors	669	-
Deferred tax	728	-
Amounts owed by group undertakings	213,992	137,696
Prepayments and accrued income	33,361	31,787
	<u>248,750</u>	<u>169,483</u>

Amounts owed by group undertakings are unsecured and are not subject to an interest charge

Deferred tax

The elements of deferred taxation are as follows

	2011	2010
	£	£
Accelerated capital allowances	<u>728</u>	<u>(3,174)</u>

11 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	3,725	2,749
Accruals and deferred income	16,986	20,178
	<u>20,711</u>	<u>22,927</u>

12 Creditors: amounts falling after more than one year

	2011	2010
	£	£
Amounts owed to group undertakings	<u>443,548</u>	<u>443,548</u>

Amounts owed to group undertakings are unsecured and are subject to no interest charge

Notes to the financial statements *(continued)*

13 Provisions for liabilities

	Deferred tax £
At 1 May 2010	3,174
Transferred to debtors (note 10)	728
Charged to the profit and loss account for the financial year	
Effect of change in tax rate	(237)
Adjustment in respect of prior periods	142
Accelerated capital allowances	(3,807)
At 30 April 2011	-

14 Called up share capital

	2011 £	2010 £
<i>Authorised</i>		
50,000,000 Ordinary shares of £0.00002 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called up and fully paid</i>		
100,000 Ordinary shares of £0.00002 each	<u>2</u>	<u>2</u>

15 Profit and loss reserve

	Profit and loss account 2011 £	Profit and loss account 2010 £
At beginning of the financial year	148,722	109,661
Profit for the financial year	<u>68,631</u>	<u>39,061</u>
At end of the financial year	<u>217,353</u>	<u>148,722</u>

16 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	<u>68,631</u>	<u>39,061</u>
Net increase in shareholders' funds	<u>68,631</u>	<u>39,061</u>
Opening shareholders' funds	<u>148,724</u>	<u>109,663</u>
Closing shareholders' funds	<u>217,355</u>	<u>148,724</u>

Notes to the financial statements *(continued)*

17 Contingent liabilities

Commitments under operating leases

At 30 April 2011, the company had annual commitments under non-cancellable operating leases as follows

	2011 £	2010 £
Land and buildings		
Expiring after five years	<u>10,500</u>	<u>10,500</u>

18 Contingent liabilities

Bank guarantee

The company is a member of a group banking arrangement and has given an unlimited cross guarantee on the bank overdraft facilities and term loan for the Group. At 30 April 2011 this amounted to £247,067,000 (2010 £218,047,000). In May 2011, these facilities were repaid and replaced by a new group borrowing arrangement.

19 Controlling party

The immediate parent undertaking is Integrated Dental Holdings Limited.

The results of the company are consolidated in the financial statements of Pearl Topco Limited, a company incorporated in England. The consolidated financial statements of Pearl Topco Limited are publicly available and may be obtained from Pearl Topco Limited, Europa House, Stoneclough Road, Kearsley, Manchester, M26 1GG.

Pearl Topco Limited is the parent undertaking of the smallest and largest group to consolidate these financial statements.

At year end, the immediate parent undertaking of Pearl Topco Limited was Pearl Cayman 2 Limited, a company registered in the Cayman Islands.

Until 11 May 2011 the ultimate controlling party was considered by the Directors to be Bank of America Corporation. Bank of America Merrill Lynch Capital Partners was the controlling party of Pearl Cayman 1 Limited, the parent undertaking of Pearl Cayman 2 Limited.

From 11 May 2011 and following the acquisition of Pearl Topco Limited by Turnstone Bidco 1 Limited, the ultimate controlling party is considered by the Directors to be The Carlyle Group. The Carlyle Group is the controlling party of Turnstone Equityco 1 Limited, the parent undertaking of Turnstone Bidco 1 Limited.