

Company no: 02667268

Registrar

Eurilait Limited

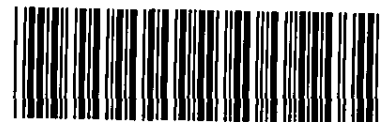
Report and Financial Statements

Year Ended

31 December 2007

IBDO
BDO Stoy Hayward
Chartered Accountants

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Eurilait Limited

Annual report and financial statements for the year ended 31 December 2007

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Directors

H Newmarch
P Bissey
O Pretelat

Secretary and registered office

E D Hummeres, Leighton Lane Industrial Estate, Evercreech, Shepton Mallet, Somerset,
BA4 6LQ

Company number

02667268

Auditors

BDO Stoy Hayward LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton,
SO14 3TL

Eurilait Limited

Report of the directors for the year ended 31 December 2007

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year

The directors have approved the payment of a dividend of £71.63 per ordinary share

Principal activities, review of business and future developments

The company is engaged in the import, packing and distribution of continental cheese to retailers, food manufacturers and wholesalers across the UK and Ireland. There have been no changes in the company's activities in the year under review.

The profit and loss account, which is set out on page 5, shows turnover for the year of £42,154,817 (2006: £34,916,316) and profit before taxation for the year of £511,736 (2006: £425,973).

Turnover has increased by 20.7% and, based on the first half results and sales forecasts for the remainder of the current year, the directors believe that the rate of increase will be similar in 2008. 40.5% of the increase in 2007 was due to having a full year of turnover for two companies who became new customers mid way through 2006.

The increase in profit in 2007 was 20.1%, which was mainly due to increased operating profit margin (1.53% compared with 1.30%). A reduction in the gross profit margin to 11.06% from 11.42% was more than offset by the relative reduction in the administrative expenses.

The continuing decline in the Sterling to Euro exchange rate and the volatility of milk prices since the balance sheet date has required prices to be increased to customers to ensure continued profitability.

Principal risks and uncertainties

The market for the continental cheese remains highly competitive. The company seeks to manage the risk of losing customers to key competitors by the provision of added value services to customers, improving response times for the supply of products and the handling of customer queries and by maintaining strong relationships with key customers.

The company purchases some cheese from Europe in Euros. The company is therefore exposed to movements in the Euro to Sterling exchange rate. The Financial Controller monitors the net exposure and takes out forward contracts to fix the exchange rate for up to twelve months.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers. The company also uses a credit insurer to protect against the default of those debts.

The company has a loan facility for £3,000,000 with Barclays Bank at a variable rate of 1.25% above base rate. £2,374,665 of the facility was unutilised at the year-end.

The company monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a regular basis and ensures that appropriate facilities are available to be drawn down as necessary.

Eurilait Limited

Report of the directors for the year ended 31 December 2007 (Continued)

Directors

The directors of the company during the year were

H Newmarch
P Bissey
O Pretelat

Directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, 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 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

E D Humieres

Secretary

Date 18/06/08

Eurilait Limited

Independent auditor's report

To the shareholders of Eurilait Limited

We have audited the financial statements of Eurilait Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

Eurilait Limited

Independent auditor's report (Continued)

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



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Southampton*

Date 2nd October 2008

Eurilait Limited**Profit and loss account for the year ended 31 December 2007**

	Note	2007 £	2006 £
Turnover	2	42,154,817	34,916,316
Cost of sales		37,491,423	30,929,059
		<hr/>	<hr/>
Gross profit		4,663,394	3,987,257
Administrative expenses		4,085,189	3,532,722
		<hr/>	<hr/>
Operating profit	3	578,205	454,535
Other interest receivable and similar income		2,966	1,809
Interest payable and similar charges	6	(69,435)	(30,371)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		511,736	425,973
Taxation on profit on ordinary activities	7	161,909	129,703
		<hr/>	<hr/>
Profit on ordinary activities after taxation		349,827	296,270
		<hr/>	<hr/>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

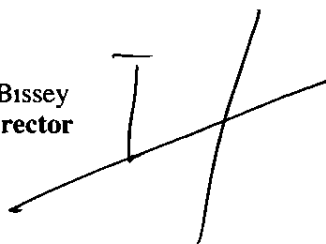
Eurilait Limited

Balance sheet at 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	9		330,521		421,263
Current assets					
Stocks	10	1,446,959		890,463	
Debtors	11	8,725,166		8,181,972	
Cash at bank and in hand		1,626		4,174	
		10,173,751		9,076,609	
Creditors: amounts falling due within one year	12	10,146,438		9,194,865	
Net current assets/(liabilities)			27,313		(118,256)
Total assets less current liabilities			357,834		303,007
Capital and reserves					
Called up share capital	13		5,000		5,000
Profit and loss account	14		352,834		298,007
Shareholders' funds	15		357,834		303,007

The financial statements were approved by the board of directors and authorised for issue on 18th June 2008

P Bissey
Director



The notes on pages 8 to 17 form part of these financial statements

Cash flow statement for the year ended 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
Net cash inflow/(outflow) from operating activities	17		950,027		(222,762)
Returns on investments and servicing of finance					
Interest received		2,966		1,809	
Interest paid other		(69,435)		(30,371)	
Net cash outflow from returns on investments and servicing of finance			(66,469)		(28,562)
Taxation					
Corporation tax paid		(142,804)		(225,576)	
Corporation tax refund		2,565		-	
Net cash outflow from taxation			(140,239)		(225,576)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(100,905)		(212,652)	
Receipts from sale of tangible fixed assets		5,000		9,050	
Net cash outflow from capital expenditure and financial investment			(95,905)		(203,602)
Dividend paid			(653,000)		-
Decrease in cash	18		(5,586)		(680,502)

The notes on pages 8 to 17 form part of these financial statements

1 Accounting policies

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

The following principal accounting policies have been applied

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates

Plant & machinery	- 25% per annum
Motor vehicles	- 25% per annum
Office equipment	- 25% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences
- deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met

Deferred tax balances are not discounted

1 Accounting policies (*continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2 Turnover

	2007 £	2006 £
Analysis by geographical market		
United Kingdom	41,677,789	34,508,261
Europe	477,028	408,055
	<hr/>	<hr/>
	42,154,817	34,916,316
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the company.

Eurilait Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****3 Operating profit**

	2007 £	2006 £
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	183,576	183,422
Hire of other assets - operating leases	282,191	279,634
Audit services	14,950	13,500
Non-audit services	8,722	12,353
Exchange differences	(143,445)	(133,018)
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of

	2007 £	2006 £
Wages and salaries	1,793,018	1,598,609
Social security costs	191,597	155,186
Other pension costs	74,479	58,062
	<u> </u>	<u> </u>
	2,059,094	1,811,857
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows

	2007 Number	2006 Number
Administration	11	11
Sales and marketing	11	12
Stock handling	59	48
	<u> </u>	<u> </u>
	81	71
	<u> </u>	<u> </u>

5 Directors' remuneration

	2007 £	2006 £
Directors' emoluments	104,120	103,310
Company contributions to money purchase pension schemes	10,925	9,180
	<u> </u>	<u> </u>

There was 1 director in the company's defined contribution pension scheme during the year (2006 - 1)

6 Interest payable and similar charges

	2007 £	2006 £
Bank loans and overdrafts	69,435	30,371

7 Taxation on profit on ordinary activities

	2007 £	2006 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	174,730	137,606
Adjustment in respect of previous periods	2,089	(5,175)
Total current tax	176,819	132,431
<i>Deferred tax</i>		
Origination and reversal of timing differences	(14,910)	(7,903)
Adjustment in respect of previous periods	-	5,175
Movement in deferred tax provision	(14,910)	(2,728)
Taxation on profit on ordinary activities	161,909	129,703

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	511,736	425,973
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2006 - 30%)	153,521	127,792
Effect of		
Expenses not deductible for tax purposes	2,995	1,911
Other timing differences	3,192	(1,230)
Fixed asset timing differences	11,717	9,133
Adjustment to tax charge in respect of previous periods	2,089	(5,175)
Effect of variable tax rates on deferred tax	3,305	-
Current tax charge for period	176,819	132,431

8 Dividends

	2007 £	2006 £
Ordinary shares		
Final paid re 2006 of £90 26 (2006 - Final re 2005 approved but not paid at the year end £71 63) per share	295,000	358,000

The final dividend for the year ended 31 December 2006 of £90 26 per share was approved by the shareholders on 22 June 2007 and was paid on 30 November 2007

Two shareholders waived their dividend entitlement in the year These entitlements total £180 51 One shareholder waived part of their dividend entitlement in the year This entitlement totals £156,099 49

9 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
<i>Cost</i>				
At 1 January 2007	730,027	99,940	277,939	1,107,906
Additions	33,110	45,348	22,447	100,905
Disposals	-	(15,495)	-	(15,495)
At 31 December 2007	763,137	129,793	300,386	1,193,316
<i>Depreciation</i>				
At 1 January 2007	465,742	36,473	184,428	686,643
Provided for the year	101,150	26,632	55,794	183,576
Disposals	-	(7,424)	-	(7,424)
At 31 December 2007	566,892	55,681	240,222	862,795
<i>Net book value</i>				
At 31 December 2007	196,245	74,112	60,164	330,521
At 31 December 2006	264,285	63,467	93,511	421,263

Eurilait Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****10 Stocks**

	2007 £	2006 £
Finished goods and goods for resale	1,446,959	890,463

There is no material difference between the replacement cost of stocks and the amounts stated above

11 Debtors

	2007 £	2006 £
Trade debtors	8,460,514	7,765,666
Other debtors	41,478	23,164
Prepayments and accrued income	98,483	276,265
Other tax debtor	78,411	85,507
Deferred taxation	46,280	31,370
	<u>8,725,166</u>	<u>8,181,972</u>

All amounts shown under debtors fall due for payment within one year

		Deferred taxation £
At 1 January 2007		31,370
Credited to profit and loss account		14,910
		<hr/>
At 31 December 2007		46,280
		<hr/>
<i>Deferred taxation</i>		
	2007 £	2006 £
Accelerated capital allowances	38,817	27,099
Sundry timing differences	7,463	4,271
	<hr/>	<hr/>
	46,280	31,370

Eurilait Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****12 Creditors: amounts falling due within one year**

	2007 £	2006 £
Bank loans and overdrafts (secured)	682,583	679,545
Trade creditors	5,102,431	4,067,785
Amounts owed to group undertakings	2,210,134	2,255,780
Amounts owed to associated undertakings	1,309,489	1,270,753
Corporation tax	107,817	71,237
Other taxation and social security	71,350	65,373
Other creditors	98,519	399,085
Accruals and deferred income	564,115	385,307
	<hr/>	<hr/>
	10,146,438	9,194,865
	<hr/>	<hr/>

Bank loans and overdrafts are secured by unlimited debentures over all of the company's assets

13 Share capital

	2007 £	Authorised 2006 £	Allotted, called up and fully paid 2007 £	2006 £
5,000 ordinary shares of £1 each	5,000	5,000	5,000	5,000
	<hr/>	<hr/>	<hr/>	<hr/>

14 Reserves

	Profit and loss account £
At 1 January 2007	298,007
Profit for the year	349,827
Dividends	(295,000)
	<hr/>
At 31 December 2007	352,834
	<hr/>

15 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the year	349,827	296,270
Dividends	(295,000)	(358,000)
	<hr/>	<hr/>
Net additions to/(deductions from) shareholders' funds	54,827	(61,730)
Opening shareholders' funds	303,007	364,737
	<hr/>	<hr/>
Closing shareholders' funds	357,834	303,007
	<hr/>	<hr/>

16 Pensions

The company operates a defined contribution pension scheme and makes payments to employees' individual pension plans. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £74,479 (2006 - £58,062). Contributions amounting to £12,650 (2006 - £10,327) were payable to the fund at 31 December 2007 and are included in accruals in note 12.

17 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2007 £	2006 £
Operating profit	578,205	454,535
Depreciation of tangible fixed assets	183,576	183,422
Loss on sale of tangible fixed assets	3,071	4,491
Increase in stocks	(556,496)	(125,046)
Increase in debtors	(528,284)	(2,707,213)
Increase in creditors	1,269,955	1,967,049
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	950,027	(222,762)
	<hr/>	<hr/>

Eurilait Limited**Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)****18 Reconciliation of net cash flow to movement in net debt**

	2007 £	2006 £
Decrease in cash	(5,586)	(680,502)
Movement in net debt	(5,586)	(680,502)
Opening net (debt)/funds	(675,371)	5,131
Closing net debt	(680,957)	(675,371)

19 Analysis of net debt

	At 1 January 2007 £	Cash flow £	At 31 December 2007 £
Cash at bank and in hand	4,174	(2,548)	1,626
Bank overdrafts	(679,545)	(3,038)	(682,583)
		(5,586)	
Total	(675,371)	(5,586)	(680,957)

Eurilait Limited

Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

20 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	2007 Land and buildings £	2007 Other £	2006 Land and buildings £	2006 Other £
Operating leases which expire				
Within one year	63,905	-	63,905	-
In two to five years	189,598	23,943	189,598	23,943
	<u>253,503</u>	<u>23,943</u>	<u>253,503</u>	<u>23,943</u>

21 Related party disclosures

Related party transactions and balances

	Purchases from related party 2007 £	Purchases from related party 2006 £	Amounts owed to related party 2007 £	Amounts owed to related party 2006 £
Related party				
Laita SAS	9,719,572	9,448,798	2,210,135	2,255,780
Eurial Poitouaine	6,268,403	5,529,566	1,309,489	1,270,753
	<u></u>	<u></u>	<u></u>	<u></u>

Laita SAS is the parent undertaking, holding 70% of the company's shares. Eurial Poitouaine is an associated company, holding 30% of the company's shares.

During the year £29,100 (2006: £29,099) was paid to Eurial Poitouaine and £68,000 (2006: £67,897) was paid to Laita SAS in respect of management fees.

22 Ultimate parent company and parent undertaking of larger group

The largest and smallest group in which the results of the company are consolidated is that headed by Laita SAS, incorporated in France. No other group accounts include the results of the company.