

Eurilait Limited

Report and Financial Statements

Year Ended

31 December 2004

IBDO
BDO Stoy Hayward
Chartered Accountants



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Directors

H Newmarch
P Bissey
O Pretelat

Secretary and registered office

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

Company number

02667268

Auditors

BDO Stoy Hayward LLP, Park House, 102-108 Above Bar, Southampton, SO14 7NH

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results and dividends

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

The directors recommend the payment of a final dividend of £78.43 per ordinary share. One of the directors, P Bissey, has decided to waive his dividend entitlement in the year. This entitlement totals £78.43.

Principal activities, review of business and future developments

The company's principal activity is the import and distribution of continental cheeses.

The results for the year are set out on page 5. The directors are pleased with the result for the year and expect the current level of activity to be maintained for the foreseeable future.

Directors

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

	Ordinary Shares of £1 each	
	31 December 2004	1 January 2004
H Newmarch	-	-
P Bissey	1	1
O Pretelat	-	-

Directors' responsibilities

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.

Report of the directors for the year ended 31 December 2004 (Continued)

Auditors

BDO Stoy Hayward LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board

E D Humieres



Secretary

Date:

1st July 2005

To the shareholders of Eurilait Limited

We have audited the financial statements of Eurilait Limited for the year ended 31 December 2004 on pages 5 to 17 which have been prepared under the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO ~~STOY~~ HAYWARD LLP

Chartered Accountants

and Registered Auditors

Southampton

Date:

5th July 2005

Profit and loss account for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	2	26,485,975	24,990,215
Cost of sales		23,562,922	22,739,474
Gross profit		2,923,053	2,250,741
Administrative expenses		2,376,504	2,118,562
Operating profit	3	546,549	132,179
Other interest receivable and similar income		5,369	5,617
Interest payable and similar charges	6	(16,261)	(26,419)
Profit on ordinary activities before taxation		535,657	111,377
Taxation on profit on ordinary activities	7	164,190	26,108
Profit on ordinary activities after taxation		371,467	85,269
Dividends	8	392,000	85,000
(Accumulated loss)/retained profit		(20,533)	269
Retained profit brought forward		21,248	20,979
Retained profit carried forward		715	21,248

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.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

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

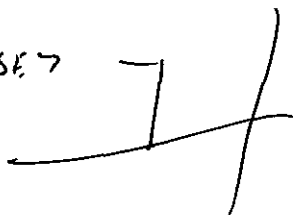
Balance sheet at 31 December 2004

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	9		232,870		285,940
Current assets					
Stocks	10	592,936		855,904	
Debtors	11	5,366,139		5,373,351	
Cash at bank and in hand		654,109		348,027	
		<u>6,613,184</u>		<u>6,577,282</u>	
Creditors: amounts falling due within one year	12	<u>6,840,339</u>		<u>6,836,974</u>	
Net current liabilities			(227,155)		(259,692)
Total assets less current liabilities			<u>5,715</u>		<u>26,248</u>
Capital and reserves					
Called up share capital	13		5,000		5,000
Profit and loss account			715		21,248
Equity shareholders' funds			<u>5,715</u>		<u>26,248</u>

The financial statements were approved by the Board on 1st July 2005

Director

P. BISSET



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

Cash flow statement for the year ended 31 December 2004

	Note	2004 £	2004 £	2003 £	2003 £
Net cash inflow from operating activities	18		895,307		876,922
Returns on investments and servicing of finance					
Interest received		5,369		5,617	
Interest paid: other		(16,261)		(26,419)	
Net cash outflow from returns on investments and servicing of finance			(10,892)		(20,802)
Taxation					
Corporation tax paid			(35,924)		12,649
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(70,919)		(164,218)	
Receipts from sale of tangible fixed assets		-		19,999	
Net cash outflow from capital expenditure and financial investment			(70,919)		(144,219)
Equity dividend paid			-		(85,000)
Increase in cash	19		777,572		639,550

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
Fixtures and fittings	- 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.

2 Turnover

	2004 £	2003 £
Analysis by geographical market:		
United Kingdom	26,048,231	24,595,793
Europe	437,744	394,422
	<hr/>	<hr/>
	26,485,975	24,990,215
	<hr/>	<hr/>

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

3 Operating profit

	2004 £	2003 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	123,989	119,640
Profit on disposal of tangible fixed assets	-	(194)
Hire of other assets - operating leases	167,064	212,315
Audit services	13,000	12,000
Non-audit services	16,877	5,041
Exchange differences	(82,480)	7,275
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2004 £	2003 £
Wages and salaries	1,116,963	1,012,887
Other pension costs	35,154	33,697
	<u> </u>	<u> </u>
	1,152,117	1,046,584
	<u> </u>	<u> </u>

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

	2004 Number	2003 Number
Administration	9	6
Sales & marketing	7	7
Stock handling	30	39
	<u> </u>	<u> </u>
	46	52
	<u> </u>	<u> </u>

5 Directors' remuneration

	2004 £	2003 £
Directors' emoluments	110,150	98,376
Company contributions to money purchase pension schemes	4,125	4,125
	<u> </u>	<u> </u>

There was 1 director in the company's defined contribution pension scheme during the year (2003 - 1).

6 Interest payable and similar charges

	2004 £	2003 £
Bank loans and overdrafts	12,285	26,308
Loans from group companies	3,976	111
	<u> </u>	<u> </u>
	16,261	26,419
	<u> </u>	<u> </u>

7 Taxation on profit on ordinary activities

	2004 £	2003 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	177,954	35,925
Adjustment in respect of previous periods	(1)	(115)
	<u> </u>	<u> </u>
Total current tax	177,953	35,810
<i>Deferred tax</i>		
Origination and reversal of timing differences	(16,509)	(9,702)
Adjustment in respect of previous periods	2,746	-
	<u> </u>	<u> </u>
Movement in deferred tax provision	(13,763)	(9,702)
	<u> </u>	<u> </u>
Taxation on profit on ordinary activities	164,190	26,108
	<u> </u>	<u> </u>

7 Taxation on profit on ordinary activities (*continued*)

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

	2004 £	2003 £
Profit on ordinary activities before tax	535,657	111,377
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%)	160,697	33,413
Effect of:		
Expenses not deductible for tax purposes	749	996
Capital allowances for period in excess of depreciation	15,069	6,584
Other timing differences	1,440	-
Adjustment to tax charge in respect of previous periods	(2)	(115)
Other	-	(5,068)
	<hr/>	<hr/>
Current tax charge for period	177,953	35,810
	<hr/>	<hr/>

8 Dividends

	2004 £	2003 £
<i>Equity shares</i>		
Ordinary shares		
Final proposed of £78.43 (2003 - £17.00) per share	392,000	85,000
	<hr/>	<hr/>

Two shareholders have decided to waive their dividend entitlement in the year. These entitlements total £156.86.

9 Tangible fixed assets

	Plant and machinery	Motor vehicles	Office equipment	Total
	£	£	£	£
<i>Cost</i>				
At 1 January 2004	365,644	50,091	196,472	612,207
Additions	10,127	17,427	43,365	70,919
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	375,771	67,518	239,837	683,126
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2004	257,341	8,755	60,171	326,267
Provided for the year	60,615	13,975	49,399	123,989
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	317,956	22,730	109,570	450,256
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2004	57,815	44,788	130,267	232,870
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	108,303	41,336	136,301	285,940
	<hr/>	<hr/>	<hr/>	<hr/>

10 Stocks

	2004	2003
	£	£
Finished goods and goods for resale	592,936	855,904
	<hr/>	<hr/>

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

11 Debtors

	2004 £	2003 £
Trade debtors	5,219,441	5,129,303
Other debtors	5,992	95,304
Prepayments and accrued income	52,867	138,099
Other tax debtor	63,431	-
Deferred taxation	24,408	10,645
	<hr/>	<hr/>
	5,366,139	5,373,351
	<hr/>	<hr/>

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

	Deferred taxation £
At 1 January 2004	10,645
Credited to profit and loss account	13,763
	<hr/>
At 31 December 2004	24,408
	<hr/>

Deferred taxation

	2004 £	2003 £
Accelerated capital allowances	22,968	10,645
Sundry timing differences	1,440	-
	<hr/>	<hr/>
	24,408	10,645
	<hr/>	<hr/>

12 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts (secured)	-	471,490
Trade creditors	2,838,837	2,920,494
Amounts owed to group undertakings	1,738,890	1,840,679
Amounts owed to associated undertakings	1,166,556	1,367,955
Corporation tax	177,954	35,925
Other taxation and social security	15,929	-
Other creditors	175,117	34,647
Accruals and deferred income	727,056	165,784
	<u>6,840,339</u>	<u>6,836,974</u>

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

13 Share capital

	2004 £	Authorised 2003 £	Allotted, called up and fully paid 2004 £	2003 £
<i>Equity share capital</i>				
5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

14 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 £35,154 (2003 - £33,697). Contributions amounting to £4,801 (2003 - £4,956) were payable to the fund at 31 December 2004 and are included in creditors.

15 Commitments under operating leases

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

	2004 Land and buildings £	2004 Other £	2003 Land and buildings £	2003 Other £
Operating leases which expire:				
In two to five years	-	12,064	-	3,617
After five years	167,062	-	167,062	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Related party disclosures

Related party transactions and balances

	Purchases from related party 2004 £	Purchases from related party 2003 £	Amounts owed to related party 2004 £	Amounts owed to related party 2003 £
Related party				
Laita SAS	6,692,776	6,726,090	1,738,890	1,840,679
Eurial Poitouaine	4,661,886	4,556,600	1,166,556	1,367,955
	<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 £52,225 (2003: £33,059) was paid to Eurial Poitouaine and £44,771 (2003: £77,136) was paid to Laita SAS in respect of management fees. Total management fees for the period totalled £96,996 (2003: £110,195)

17 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.

18 Reconciliation of operating profit to net cash inflow from operating activities

	2004 £	2003 £
Operating profit	546,549	132,179
Depreciation of tangible fixed assets	123,989	119,640
Profit on sale of tangible fixed assets	-	(194)
Decrease/(increase) in stocks	262,968	(224,278)
Decrease/(increase) in debtors	20,975	(276,053)
(Decrease)/increase in creditors	(59,174)	1,125,628
	<hr/>	<hr/>
Net cash inflow from operating activities	895,307	876,922
	<hr/>	<hr/>

19 Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
Increase in cash	777,572	639,550
	<hr/>	<hr/>
Movement in net debt	777,572	639,550
Opening net debt	(123,463)	(763,013)
	<hr/>	<hr/>
Closing net funds/(debt)	654,109	(123,463)
	<hr/>	<hr/>

20 Analysis of net debt

	At 1 January 2004 £	Cash flow £	At 31 December 2004 £
Cash at bank and in hand	348,027	306,082	654,109
Bank overdrafts	(471,490)	471,490	-
		<hr/>	
		777,572	
	<hr/>	<hr/>	<hr/>
Total	(123,463)	777,572	654,109
	<hr/>	<hr/>	<hr/>