

**EURILAIT LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2003**

Company Registration No. 02667268 (England and Wales)



# EURILAIT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	H Newmarch	(Appointed 3 March 2003)
	P Bissey	
	O Pretelat	(Appointed 12 December 2003)
<b>Secretary</b>	E D Humieres	
<b>Company number</b>	02667268	
<b>Registered office</b>	Leighton Lane Industrial Estate Evercreech Shepton Mallet Somerset BA4 6LQ	
<b>Auditors</b>	Houghton Stone The Conifers Filton Road Hambrook Bristol BS16 1QG	
<b>Bankers</b>	Lloyds Bank plc 64 Fore Street Trowbridge Wiltshire	

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# EURILAIT LIMITED

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 15

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# EURILAIT LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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The directors present their report and financial statements for the year ended 31 December 2003.

### Principal activities and review of the business

The principal activity of the company continued to be that of importers and distributors of continental cheeses.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

The company intends to pursue future growth through creating innovative solutions to its customers' cheese requirements, investing in new packing facilities and formats and sees new business deriving from the need for products in convenient presentations.

### Results and dividends

The results for the year are set out on page 4.

### Directors

The following directors have held office since 1 January 2003:

H Newmarch	(Appointed 3 March 2003)
P Bissey	
J M Spencer	(Resigned 31 March 2003)
M Bouessel Du Bourg	(Resigned 12 December 2003)
O Pretelat	(Appointed 12 December 2003)

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 December 2003	1 January 2003
P Bissey	1	1
H Newmarch	-	-
O Pretelat	-	-

Charitable donations	2003	2002
	£	£

During the year the company made the following payments:

Charitable donations	490	240
	-	-

### Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies Act 1985. Therefore, the auditors, Houghton Stone, will be deemed to be reappointed for each succeeding financial year.

# EURILAIT LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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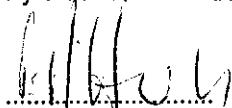
### Directors' responsibilities

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 period. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

By order of the board



E D Humieres

Secretary

9/8/04

# EURILAIT LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS OF EURILAIT LIMITED

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We have audited the financial statements of Eurilait Limited on pages 4 to 15 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

### Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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.

### Basis of 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.

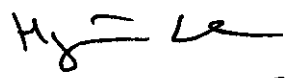
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Houghton Stone

Registered Auditors

  
..... 28/10/04

The Conifers  
Filton Road  
Hambrook  
Bristol  
BS16 1QG

# EURILAIT LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	24,990,215	19,803,444
Cost of sales		(22,739,474)	(17,839,677)
		-	-
<b>Gross profit</b>		2,250,741	1,963,767
Administrative expenses		(2,118,562)	(1,913,403)
Other operating income		5,617	9,284
		-	-
<b>Operating profit</b>	3	137,796	59,648
Interest payable and similar charges	4	(26,419)	(78,405)
		-	-
<b>Profit/(loss) on ordinary activities before taxation</b>		111,377	(18,757)
Tax on profit/(loss) on ordinary activities	5	(26,108)	1,287
		-	-
<b>Profit/(loss) on ordinary activities after taxation</b>		85,269	(17,470)
Dividends	6	(85,000)	-
		-	-
<b>Retained profit/(loss) for the year</b>	14	269	(17,470)
		-	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# EURILAIT LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	7		285,940		261,167
<b>Current assets</b>					
Stocks	8	855,904		631,626	
Debtors	9	5,373,351		5,100,130	
Cash at bank and in hand		348,027		213	
		-		-	
		6,577,282		5,731,969	
<b>Creditors: amounts falling due within one year</b>	10	(6,836,974)		(5,967,157)	
		-		-	
<b>Net current liabilities</b>			(259,692)		(235,188)
			-		-
<b>Total assets less current liabilities</b>			26,248		25,979
			-		-
			26,248		25,979
			-		-
<b>Capital and reserves</b>					
Called up share capital	13		5,000		5,000
Profit and loss account	14		21,248		20,979
			-		-
<b>Shareholders' funds - equity interests</b>	15		26,248		25,979
			-		-

The financial statements were approved by the Board on 9/8/04

P Bissey  
Director

# EURILAIT LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

	2003		2002	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		882,539		(429,709)
<b>Returns on investments and servicing of finance</b>				
Interest paid	(26,419)		(78,405)	
	-		-	
Net cash outflow for returns on investments and servicing of finance		(26,419)		(78,405)
Taxation		12,649		(38,120)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(164,218)		(146,611)	
Receipts from sales of tangible assets	19,999		4,200	
	-		-	
Net cash outflow for capital expenditure		(144,219)		(142,411)
Equity dividends paid		(85,000)		(115,000)
		-		-
Net cash inflow/(outflow) before management of liquid resources and financing		639,550		(803,645)
		-		-
Increase/(decrease) in cash in the year		639,550		(803,645)
		-		-

# EURILAIT LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2003 £	2002 £
	Operating profit	137,796	59,648
	Depreciation of tangible assets	119,640	96,568
	Profit on disposal of tangible assets	(194)	(1,669)
	Increase in stocks	(224,278)	(316,807)
	Increase in debtors	(276,053)	(634,223)
	Increase in creditors within one year	1,125,628	366,774
		-	-
	<b>Net cash inflow/(outflow) from operating activities</b>	<b>882,539</b>	<b>(429,709)</b>
		-	-

2	Analysis of net debt	1 January 2003 £	Cash flow £	Other non-cash changes £	31 December 2003 £
	Net cash:				
	Cash at bank and in hand	213	347,814	-	348,027
	Bank overdrafts	(763,226)	291,736	-	(471,490)
		-	-	-	-
		(763,013)	639,550	-	(123,463)
		-	-	-	-
		-	-	-	-
	<b>Net debt</b>	<b>(763,013)</b>	<b>639,550</b>	<b>-</b>	<b>(123,463)</b>
		-	-	-	-

3	Reconciliation of net cash flow to movement in net debt	2003 £	2002 £
	Increase/(decrease) in cash in the year	639,550	(803,645)
		-	-
	<b>Movement in net debt in the year</b>	<b>639,550</b>	<b>(803,645)</b>
	Opening net (debt)/funds	(763,013)	40,632
		-	-
	<b>Closing net debt</b>	<b>(123,463)</b>	<b>(763,013)</b>
		-	-

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line
Motor vehicles	25% straight line

#### 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

#### 1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

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<b>3</b>	<b>Operating profit</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Depreciation of tangible assets	119,640	96,568
	Loss on foreign exchange transactions	7,275	26,823
	Operating lease rentals	212,315	132,122
	Auditors' remuneration	12,000	8,000
	Accountancy fees	5,041	3,398
	and after crediting:		
	Profit on disposal of tangible assets	(194)	(1,669)
		-	-
<b>4</b>	<b>Interest payable</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	On amounts payable to group companies	111	78,405
	On bank loans and overdrafts	26,308	-
		-	-
		26,419	78,405
		-	-

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

5	Taxation	2003 £	2002 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	35,925	-
	Adjustment for prior years	(115)	-
		-	-
	<b>Current tax charge</b>	35,810	-
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(9,702)	(1,287)
		-	-
		26,108	(1,287)
		-	-
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	111,377	(18,757)
		-	-
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 25.45 % (2002 : 0.00 %)	28,345	-
		-	-
	Effects of:		
	Non deductible expenses	996	-
	Depreciation add back	30,392	-
	Capital allowances	(23,808)	-
	Adjustments to previous periods	(115)	-
		-	-
		7,465	-
		-	-
	<b>Current tax charge</b>	35,810	-
		-	-
6	<b>Dividends</b>	2003 £	2002 £
	Ordinary interim paid	85,000	-
		-	-
		85,000	-
		-	-

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2003	327,487	105,911	50,340	483,738
Additions	38,157	90,561	35,500	164,218
Disposals	-	-	(35,749)	(35,749)
	-	-	-	-
At 31 December 2003	365,644	196,472	50,091	612,207
	-	-	-	-
<b>Depreciation</b>				
At 1 January 2003	170,134	37,688	14,749	222,571
On disposals	-	-	(15,944)	(15,944)
Charge for the year	87,207	22,483	9,950	119,640
	-	-	-	-
At 31 December 2003	257,341	60,171	8,755	326,267
	-	-	-	-
<b>Net book value</b>				
At 31 December 2003	108,303	136,301	41,336	285,940
	-	-	-	-
At 31 December 2002	157,353	68,223	35,591	261,167
	-	-	-	-

### 8 Stocks

	2003 £	2002 £
Finished goods and goods for resale	855,904	631,626
	-	-

### 9 Debtors

	2003 £	2002 £
Trade debtors	5,129,303	4,645,022
Corporation tax	-	12,534
Other debtors	95,304	178,132
Prepayments and accrued income	138,099	263,499
Deferred tax asset (see note 11 )	10,645	943
	-	-
	5,373,351	5,100,130
	-	-

Included in other debtors is an amount of £28,036 (2002: £48,036) in respect of a repayment of management fees from Western Phoenix Limited

J Spencer, a former director of Eurilait Limited, is a Director of Western Phoenix Limited.

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

10 Creditors: amounts falling due within one year	2003 £	2002 £
Bank loans and overdrafts	471,490	763,226
Trade creditors	2,920,494	1,439,979
Amounts owed to parent and fellow subsidiary undertakings	1,840,679	1,888,631
Amounts owed to participating interests	1,367,955	1,454,835
Corporation tax	35,925	-
Other taxes and social security costs	32,971	23,306
Other creditors	1,676	-
Accruals and deferred income	165,784	397,180
	-	-
	6,836,974	5,967,157
	-	-

Included within amounts owed to parent company is an amount of £1,840,679 (2002: £1,888,632) which is owed to Laita SAS, the company's ultimate controlling party.

Included within amounts owed to associated company is an amount of £1,367,955 (2002: £1,454,835), owed to Eurial Poitouaine SAS.

The bank overdraft of £471,490 (2002: £763,226) is secured by a debenture dated 2 September 2002, which details a fixed and floating charge over the assets and book debts of the company.

### 11 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 9 ) is made up as follows:

	2003 £	2002 £
Balance at 1 January 2003	(943)	
Profit and loss account	(9,702)	
	-	
Balance at 31 December 2003	(10,645)	
	-	
	2003 £	2002 £
Accelerated capital allowances	(10,645)	(943)
	-	-

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 12 Pension costs

#### Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2003 £	2002 £
Contributions payable by the company for the year	33,697	16,039
	-	-

### 13 Share capital

	2003 £	2002 £
<b>Authorised</b>		
5,000 Ordinary Shares of £ 1 each	5,000	5,000
	-	-
<b>Allotted, called up and fully paid</b>		
5,000 Ordinary Shares of £ 1 each	5,000	5,000
	-	-

### 14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2003	20,979
Retained profit for the year	269
	-
Balance at 31 December 2003	21,248
	-

### 15 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit/(Loss) for the financial year	85,269	(17,470)
Dividends	(85,000)	-
	-	-
Net addition to/(depletion in) shareholders' funds	269	(17,470)
Opening shareholders' funds	25,979	43,449
	-	-
Closing shareholders' funds	26,248	25,979
	-	-

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 16 Financial commitments

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			
	2003	2002	2003	Other 2002
	£	£	£	£
Expiry date:				
Between two and five years	-	-	3,617	-
In over five years	167,062	167,062	-	-
	-	-	-	-
	167,062	167,062	3,617	-
	-	-	-	-

### 17 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	98,376	-
	-	-

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2002 - 0 ).

In the previous year all directors remuneration for J M Spencer was paid through Western Phoenix Limited.

### 18 Transactions with directors

During the year the company employed the services of Western Phoenix Limited on normal commercial terms. J M Spencer, a former director of Eurilait Limited, is a director of Western Phoenix Limited.

During the year H Newmarch acquired a motor vehicle from the company for £16,853.

# EURILAIT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

### 19 Employees

#### Number of employees

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

	2003 Number	2002 Number
Administration	6	4
Sales and marketing	7	4
Stock handling	39	27
	-	-
	52	35
	-	-

#### Employment costs

	£	£
Wages and salaries	1,012,887	711,339
Other pension costs	33,697	16,039
	-	-
	1,046,584	727,378
	-	-

### 20 Control

The company's ultimate controlling party at the balance sheet date was Laita SAS, a company incorporated in France.

### 21 Related party transactions

During the year the following expenditure was generated through transactions with the following related parties: Laita SAS £6,726,090 (2002: £5,350,164); Eurial Poitouaine SAS £4,556,600 (2002: £4,984,827); Western Phoenix Limited £317,815 (2002: £1,478,476).

J Spencer, a former director of Eurilait Limited, is a director of Western Phoenix Limited.

Laita SAS is the parent undertaking.

Eurial Poitouaine SAS is an associated company.