

EURILAIT LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

Company Registration No. 02667268 (England and Wales)



EURILAIT LIMITED

COMPANY INFORMATION

Directors

P Bissey
J M Spencer
M Bouessel Du Bourg

Secretary

E D Humieres

Company number

02667268

Registered office

The Conifers
Filton Road
Hambrook
Bristol
BS16 1QG

Auditors

Houghton Stone
The Conifers
Filton Road
Hambrook
Bristol
BS16 1QG

Bankers

Lloyds Bank plc
64 Fore Street
Trowbridge
Wiltshire

EURILAIT LIMITED

CONTENTS

	Page
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 - 14

EURILAIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the year ended 31 December 2001.

Principal activities and review of the business

The principal activity of the company continued to be the wholesale of French soft cheeses.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

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

Directors

The following directors have held office since 1 January 2001:

P Bissey
J M Spencer
M Bouessel Du Bourg

Directors' interests

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

	Ordinary Shares of £ 1 each	
	31 December 2001	1 January 2001
P Bissey	1	1
J M Spencer	-	-
M Bouessel Du Bourg	-	-

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 2001

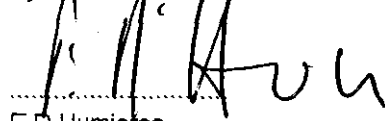
Directors' responsibilities

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;
- 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

EURILAIT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF EURILAIT LIMITED

We have audited the financial statements of Eurilait Limited on pages 4 to 14 for the year ended 31 December 2001. 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.

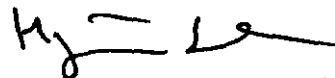
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2001 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



13/1/03

The Conifers
Filton Road
Hambrook
Bristol
BS16 1QG

EURILAIT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
Turnover	2	16,162,788	13,148,329
Cost of sales		(14,502,735)	(11,878,470)
Gross profit		1,660,053	1,269,859
Administrative expenses		(1,490,340)	(1,100,101)
Other operating income		12,669	15,762
Operating profit	3	182,382	185,520
Interest payable and similar charges	4	(15,080)	(5,483)
Profit on ordinary activities before taxation		167,302	180,037
Tax on profit on ordinary activities	5	(25,930)	(44,437)
Profit on ordinary activities after taxation		141,372	135,600
Dividends	6	(115,000)	(130,000)
Retained profit for the year	13	26,372	5,600

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 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	7		213,655		126,865
Current assets					
Stocks	8	314,819		363,638	
Debtors	9	4,452,430		3,784,705	
Cash at bank and in hand		307,899		89,791	
		5,075,148		4,238,134	
Creditors: amounts falling due within one year	10	(5,245,010)		(4,347,922)	
Net current liabilities			(169,862)		(109,788)
Total assets less current liabilities			43,793		17,077
Provisions for liabilities and charges			(344)		-
			43,449		17,077
Capital and reserves					
Called up share capital	12		5,000		5,000
Profit and loss account	13		38,449		12,077
Shareholders' funds - equity interests	14		43,449		17,077

The financial statements were approved by the Board on 6/1/03

P Bissey
Director

EURILAIT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

	2001		2000	
	£	£	£	£
Net cash inflow from operating activities		849,014		81,742
Returns on investments and servicing of finance				
Interest paid	(15,080)		(5,483)	
Net cash outflow for returns on investments and servicing of finance		(15,080)		(5,483)
Taxation		(44,539)		(119,762)
Capital expenditure				
Payments to acquire tangible assets	(178,268)		(139,905)	
Net cash outflow for capital expenditure		(178,268)		(139,905)
Equity dividends paid		(224,000)		-
Net cash inflow/(outflow) before management of liquid resources and financing		387,127		(183,408)
Increase/(decrease) in cash in the year		387,127		(183,408)

EURILAIT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2001

1	Reconciliation of operating profit to net cash inflow from operating activities	2001		2000	
		£		£	
	Operating profit	182,382		185,520	
	Depreciation of tangible assets	91,478		42,289	
	Decrease/(increase) in stocks	48,819		(350,596)	
	(Increase)/decrease in debtors	(667,725)		31,670	
	Increase in creditors within one year	1,194,060		172,859	
	Net cash inflow from operating activities	<u>849,014</u>		<u>81,742</u>	
2	Analysis of net funds/(debt)	1 January 2001	Cash flow	Other non-cash changes	31 December 2001
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	89,791	218,108	-	307,899
	Bank overdrafts	(436,286)	169,019	-	(267,267)
		<u>(346,495)</u>	<u>387,127</u>	<u>-</u>	<u>40,632</u>
	Net (debt)/funds	<u>(346,495)</u>	<u>387,127</u>	<u>-</u>	<u>40,632</u>
3	Reconciliation of net cash flow to movement in net funds/(debt)	2001		2000	
		£		£	
	Increase/(decrease) in cash in the year	387,127		(183,408)	
	Movement in net funds/(debt) in the year	<u>387,127</u>		<u>(183,408)</u>	
	Opening net debt	(346,495)		(163,087)	
	Closing net funds/(debt)	<u>40,632</u>		<u>(346,495)</u>	

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

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

1.3 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

1.4 Leasing

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

1.5 Stock

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

1.6 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.

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. 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.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

1.8 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 2001

3 Operating profit	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	91,478	42,289
(Profit)/loss on foreign currency	(1,041)	1,591
Operating lease rentals	8,918	-
Auditors' remuneration	6,000	5,500
	<hr/>	<hr/>
and after crediting:		
Interest receivable	12,669	15,762
	<hr/>	<hr/>
4 Interest payable	2001	2000
	£	£
On amounts payable to parent company	15,080	5,483
	<hr/>	<hr/>
5 Taxation	2001	2000
	£	£
Domestic current year tax		
U.K. corporation tax	25,586	44,539
Adjustment for prior years	-	(102)
	<hr/>	<hr/>
Current tax charge	25,586	44,437
Deferred tax		
Deferred tax charge/credit current year	344	-
	<hr/>	<hr/>
	25,930	44,437
	<hr/>	<hr/>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	167,302	180,037
	<hr/>	<hr/>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.78% (2000 : 25.38%)	39,784	45,693
	<hr/>	<hr/>
Effects of:		
Non deductible expenses	1,645	3,449
Depreciation	21,755	10,731
Capital allowances	(18,637)	(15,334)
Adjustments to previous periods	-	(102)
Other tax adjustments	(18,961)	-
	<hr/>	<hr/>
	(14,198)	(1,256)
	<hr/>	<hr/>
Current tax charge	25,586	44,437

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

5 Taxation (FRS 16) (continued)

6 Dividends	2001 £	2000 £
Ordinary final proposed	115,000	130,000

7 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2001	125,791	21,153	41,855	188,799
Additions	142,306	33,877	2,085	178,268
At 31 December 2001	268,097	55,030	43,940	367,067
Depreciation				
At 1 January 2001	31,448	13,010	17,476	61,934
Charge for the year	67,024	13,469	10,985	91,478
At 31 December 2001	98,472	26,479	28,461	153,412
Net book value				
At 31 December 2001	169,625	28,551	15,479	213,655
At 31 December 2000	94,343	8,143	24,379	126,865

8 Stocks	2001 £	2000 £
Finished goods and goods for resale	314,819	363,638

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

9 Debtors	2001 £	2000 £
Trade debtors	2,733,541	3,466,064
Other debtors	30,682	64,587
Prepayments and accrued income	1,688,207	254,054
	<u>4,452,430</u>	<u>3,784,705</u>

10 Creditors: amounts falling due within one year	2001 £	2000 £
Bank loans and overdrafts	267,267	436,286
Trade creditors	1,202,952	1,119,684
Amounts owed to parent and fellow subsidiary undertakings	2,018,283	1,459,910
Amounts owed to associated company	1,270,605	633,610
Corporation tax	25,586	44,539
Other taxes and social security costs	11,580	8,791
Other creditors	-	743
Accruals and deferred income	333,737	420,359
Dividends payable	115,000	224,000
	<u>5,245,010</u>	<u>4,347,922</u>

Included within amounts owed to parent company is an amount of £2,018,283 (2000: £1,459,910) which is owed to Laita S.A, the company's ultimate controlling party.

Included within amounts owed to associated company is an amount of £1,270,605 (2000: £633,610), owed to Eurial Poitouaine.

Western Phoenix Limited, of which J Spencer is a director, was owed the following: included within trade creditors is an amount of £240,025 (2000: £247,585) and accruals includes £134,746 (2000: £105,150).

11 Pension costs

Defined contribution

	2001 £	2000 £
Contributions payable by the company for the year	<u>9,490</u>	<u>7,831</u>

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

12 Share capital	2001	2000
	£	£
Authorised		
5,000 Ordinary Shares of £ 1 each	5,000	5,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
5,000 Ordinary Shares of £ 1 each	5,000	5,000
	<u> </u>	<u> </u>
13 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 January 2001		12,077
Retained profit for the year		26,372
		<u> </u>
Balance at 31 December 2001		38,449
		<u> </u>
14 Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Profit for the financial year	141,372	135,600
Dividends	(115,000)	(130,000)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	26,372	5,600
Opening shareholders' funds	17,077	11,477
	<u> </u>	<u> </u>
Closing shareholders' funds	43,449	17,077
	<u> </u>	<u> </u>

15 Contingent liabilities

The company has amounts included in debtors of £123,457 which the directors believe are entirely recoverable. At the time of signing these financial statements any bad debt was contingent upon third parties and therefore it was not possible to establish whether there was any liability.

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

16 Financial commitments

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			
	2001	2000	2001	Other 2000
	£	£	£	£
Expiry date:				
Within one year	66,350	-	13,650	-
Between two and five years	265,400	-	54,600	-
In over five years	298,575	-	61,425	-
	<u>630,325</u>	<u>-</u>	<u>129,675</u>	<u>-</u>

17 Transactions with directors

During the year the company employed the services of Western Phoenix Limited on normal commercial terms. J M Spencer is a director of Western Phoenix Limited and all director's remuneration is paid through Western Phoenix Limited.

18 Employees

Number of employees

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

	2001 Number	2000 Number
Administration	5	2
Sales and marketing	4	5
Stock handling	8	4
	<u>17</u>	<u>11</u>

Employment costs

	£	£
Wages and salaries	510,670	223,929
Other pension costs	9,490	7,831
	<u>520,160</u>	<u>231,760</u>

19 Control

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

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2001

20 Related party transactions

During the year the following expenditure was generated through transactions with the following related parties: Laita SA £4,145,312 (2000: £3,825,484); Eurial Poitouaine £2,652,941 (2000: £1,776,065); Western Phoenix Limited £1,242,308 (2000: £1,166,755). Sales during the year to Laita SA amounted to £37,178 (2000: £0) and to Eurial Poitouaine £26,515 (2000: £0). J Spencer is a Director of Western Phoenix Limited. During the year Laita SA, as the company's parent undertaking, advanced £600,000 (2000: £0) as a loan and at the year end the balance owing was £558,387 (2000: £0). Eurial Poitouaine, which is an associated company, advanced £149,992 (2000: £0) as a loan and the balance at the year end was £149,992.