

EURILAIT LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

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

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EURILAIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

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 2000:

P Bissey
J M Spencer
M Bouessel Du Bourg

Directors' interests

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

	Ordinary Shares of £ 1 each	
	31 December 2000	1 January 2000
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 2000

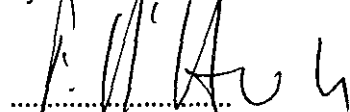
Directors' responsibilities

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

.....19/10/01.....

EURILAIT LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF EURILAIT LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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.

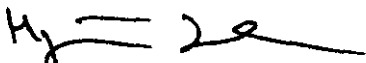
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2000 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


..... 19/10/01

The Conifers
Filton Road
Hambrook
Bristol
BS16 1QG

EURILAIT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Turnover	2	13,148,329	11,490,584
Cost of sales		(11,878,470)	(10,360,746)
Gross profit		1,269,859	1,129,838
Administrative expenses		(1,100,101)	(903,216)
Other operating income		15,762	11,291
Operating profit	3	185,520	237,913
Interest payable and similar charges	4	(5,483)	(21,673)
Profit on ordinary activities before taxation		180,037	216,240
Tax on profit on ordinary activities	5	(44,437)	(121,229)
Profit on ordinary activities after taxation		135,600	95,011
Dividends	6	(130,000)	(94,000)
Retained profit for the year	13	5,600	1,011

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 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	7		126,865		29,249
Current assets					
Stocks	8	363,638		13,042	
Debtors	9	3,784,705		3,816,375	
Cash at bank and in hand		89,791		658	
		<u>4,238,134</u>		<u>3,830,075</u>	
Creditors: amounts falling due within one year	10	<u>(4,347,922)</u>		<u>(3,847,847)</u>	
Net current liabilities			<u>(109,788)</u>		<u>(17,772)</u>
Total assets less current liabilities			<u>17,077</u>		<u>11,477</u>
Capital and reserves					
Called up share capital	12		5,000		5,000
Profit and loss account	13		12,077		6,477
Shareholders' funds - equity interests	14		<u>17,077</u>		<u>11,477</u>

The financial statements were approved by the Board on 19th OCTOBER 2001

.....
P Bissey
Director

EURILAIT LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

	2000 £	1999 £
Net cash inflow/(outflow) from operating activities	81,742	(260,322)
Returns on investments and servicing of finance		
Interest paid	<u>(5,483)</u>	<u>(21,673)</u>
Net cash outflow for returns on investments and servicing of finance	(5,483)	(21,673)
Taxation	(119,762)	(19,482)
Capital expenditure		
Payments to acquire tangible assets	<u>(139,905)</u>	<u>(18,329)</u>
Net cash outflow for capital expenditure	(139,905)	(18,329)
Equity dividends paid	<u>-</u>	<u>(35,000)</u>
Net cash outflow before management of liquid resources and financing	(183,408)	(354,806)
Decrease in cash in the year	<u>(183,408)</u>	<u>(354,806)</u>

EURILAIT LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2000

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2000	1999
		£	£
	Operating profit	185,520	237,913
	Depreciation of tangible assets	42,289	9,015
	Increase in stocks	(350,596)	(12,147)
	Decrease/(increase) in debtors	31,670	(365,351)
	Increase/(decrease) in creditors within one year	172,859	(129,752)
	Net cash inflow/(outflow) from operating activities	81,742	(260,322)

2	Analysis of net debt	1 January 2000	Cash flow	Other non-cash changes	31 December 2000
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	658	89,133	-	89,791
	Bank overdrafts	(163,745)	(272,541)	-	(436,286)
		(163,087)	(183,408)	-	(346,495)
	Net debt	(163,087)	(183,408)	-	(346,495)

3	Reconciliation of net cash flow to movement in net debt	2000	1999
		£	£
	Decrease in cash in the year	(183,408)	(354,806)
	Movement in net debt in the year	(183,408)	(354,806)
	Opening net (debt)/funds	(163,087)	191,719
	Closing net debt	(346,495)	(163,087)

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2000

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% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

1.4 Stock

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

1.5 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.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 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.

3 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	42,289	9,015
Auditors' remuneration	5,500	4,500
	<u> </u>	<u> </u>
and after crediting:		
Interest receivable	15,762	11,291
	<u> </u>	<u> </u>

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

4	Interest payable	2000	1999
		£	£
	On amounts payable to group companies	5,483	21,673
		<u> </u>	<u> </u>
5	Taxation	2000	1999
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 20% (1999 - 20%)	44,539	90,119
	Prior years		
	U.K. corporation tax	(102)	31,110
		<u> </u>	<u> </u>
		44,437	121,229
		<u> </u>	<u> </u>
6	Dividends	2000	1999
		£	£
	Ordinary final proposed	130,000	94,000
		<u> </u>	<u> </u>

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2000	-	18,954	29,940	48,894
Additions	125,791	2,199	11,915	139,905
	<u>125,791</u>	<u>21,153</u>	<u>41,855</u>	<u>188,799</u>
At 31 December 2000	125,791	21,153	41,855	188,799
Depreciation				
At 1 January 2000	-	10,296	9,349	19,645
Charge for the year	31,448	2,714	8,127	42,289
	<u>31,448</u>	<u>13,010</u>	<u>17,476</u>	<u>61,934</u>
At 31 December 2000	31,448	13,010	17,476	61,934
Net book value				
At 31 December 2000	<u>94,343</u>	<u>8,143</u>	<u>24,379</u>	<u>126,865</u>
At 31 December 1999	<u>-</u>	<u>8,658</u>	<u>20,591</u>	<u>29,249</u>

8 Stocks

	2000	1999
	£	£
Finished goods and goods for resale	<u>363,638</u>	<u>13,042</u>

9 Debtors

	2000	1999
	£	£
Trade debtors	3,466,064	3,767,044
Other debtors	<u>318,641</u>	<u>49,331</u>
	<u>3,784,705</u>	<u>3,816,375</u>

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

10 Creditors: amounts falling due within one year	2000 £	1999 £
Bank loans and overdrafts	436,286	163,745
Trade creditors	1,753,294	1,298,440
Amounts owed to parent and fellow subsidiary undertakings	1,459,910	1,165,685
Corporation tax	44,539	119,864
Other taxes and social security costs	8,791	4,142
Other creditors	743	-
Accruals and deferred income	420,359	1,001,971
Dividends payable	224,000	94,000
	<u>4,347,922</u>	<u>3,847,847</u>

Included within amounts owed to group undertakings is an amount of £1,459,910 (1999 £1,165,685) which is owed to Laita S.A, the company's ultimate parent undertaking. Included within trade creditors is an amount of £633,610 (1999 £321,207), owed to Eurial Poitouaine which is an associated company. Also included in trade creditors is an amount of £247,585 (1999 £176,563), owed to Western Phoenix Limited of which J Spencer is a director.

11 Pension costs

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 and amounted to £7,831 (1999 - £6,394). Contributions totalling £0 (1999 - £0) were payable to the fund at the year end and are included in creditors.

12 Share capital	2000 £	1999 £
Authorised		
5,000 Ordinary Shares of £ 1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
5,000 Ordinary Shares of £ 1 each	<u>5,000</u>	<u>5,000</u>

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2000	6,477
Retained profit for the year	<u>5,600</u>
Balance at 31 December 2000	<u>12,077</u>

EURILAIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2000

14 Reconciliation of movements in shareholders' funds	2000 £	1999 £
Profit for the financial year	135,600	95,011
Dividends	(130,000)	(94,000)
Net addition to shareholders' funds	5,600	1,011
Opening shareholders' funds	11,477	10,466
Closing shareholders' funds	17,077	11,477

15 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.

16 Employees

Number of employees

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

	2000 Number	1999 Number
Administration	2	2
Sales and marketing	5	4
	7	6

Employment costs

	£	£
Wages and salaries	223,929	139,029
Other pension costs	7,831	6,394
	231,760	145,423

17 Control

The company's ultimate parent undertaking 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 2000

18 Related party transactions

During the year the following expenditure was generated through transactions with the following related parties: Laita SA £3,825,484 (1999: £3,306,001); Eurial Poitouaine £1,776,065 (1999: £1,156,461); Western Phoenix Limited £1,166,755 (1999: £906,676). Laita SA is the company's parent undertaking. Eurial Poitouaine is an associated company. J Spencer is a director of Western Phoenix Limited.

19 Post balance sheet events

Eurilait Limited moved to new leased premises on 17 May 2001 at Leighton Lane Industrial Estate, Leighton Lane, Evercreech, Somerset. New plant and machinery was needed to equip the new premises and at the date the balance sheet was signed the amount spent was £87,077.