

COMPANY NUMBER
1828074

EBI FOODS LIMITED

Report and Financial Statements

31 December 2004



EBI FOODS LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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EBI FOODS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H Friel (Chairman)
D Cregan
B Mehigan

SECRETARY

B Durran

REGISTERED OFFICE

Equinox South
Great Park Road
Bradley Stoke
Bristol
BS32 4QL

BANKERS

National Westminster Bank plc
The Law Courts
217 The Strand
London
WC2R 1AL

SOLICITORS

Legal Department
Kerry Group plc
Prince's Street
Tralee
County Kerry
Ireland

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Bristol

EBI FOODS LIMITED

DIRECTORS' REPORT

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

Principal Activities and Business Review

The company's principal activity is the manufacture and sale of food ingredients. The directors are satisfied with the result for the year and expect to see further progress in the future.

Results and Dividends

The results for the year are shown on page 8. The company's profit for the year after taxation amounted to £3,070,308 (2003: £1,916,181). The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2004 (2003: £nil).

Directors' and Secretary's Interests

The present membership of the board is set out on page 2 of these financial statements.

As at 31 December 2004 and 31 December 2003 the directors held no interest in the shares or debentures of the company or any other group company other than the ultimate parent company.

According to the register of directors' interests, no rights to subscribe for shares or debentures of the company were granted to or exercised by the directors or their immediate family during the year.

The interests of the current directors of the company and those who served during the year, in the share capital of Kerry Group plc, the ultimate parent company, at 31 December 2004 and 31 December 2003 are disclosed within the financial statements of that company.

Research and Development

The company operates research and development programmes to develop existing and new technologies and processes critical to the success and future growth of the company. Expenditure on research and development amounted to £438,404 (2003: £412,537).

Creditor payment policy

It is the company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. Trade creditor days at 31 December 2004 were 34 days (31 December 2003: 36 days).

Auditors

A resolution to reappoint Deloitte & Touche LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:



B. Mehigan, Director

24 October 2005

EBI FOODS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and 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; state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EBI FOODS LIMITED

We have audited the financial statements of EBI Foods Limited for the year ended 31 December 2004 which comprise the Statement of Accounting Policies, the Profit and Loss Account, the Balance Sheet and the related notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Bristol

28 October 2005

EBI FOODS LIMITED

STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The significant accounting policies adopted are described below.

Accounting convention and reporting currency

The financial statements are prepared under the historical cost convention. The 2004 financial statements and the 2003 comparative figures are presented in Sterling.

Research and development

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation. Freehold land is not depreciated. Depreciation on the remaining fixed assets is calculated by equal annual instalments so as to provide for their cost less estimated residual value over the period of their expected useful lives at the following rates:

Buildings	4%
Plant, Machinery and Equipment	10- 30%
Motor Vehicles	25%

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the net book value may not be recoverable.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of stock on hand less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

Deferred tax

Deferred tax is accounted for on a full provision basis. All timing differences that have originated but not reversed at the balance sheet date are provided, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency

Transactions carried out in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or the relevant contracted rate.

Assets and liabilities denominated in foreign currencies are translated into sterling at contract rates where amounts payable or receivable are covered by forward contracts. All other amounts payable and receivable are translated at the rate ruling at the balance sheet date.

All exchange differences are taken into account in arriving at the profit on ordinary activities before taxation.

EBI FOODS LIMITED**STATEMENT OF ACCOUNTING POLICIES (continued)****Pensions**

The company contributes to its employees' individual pension schemes. The costs are charged to the profit and loss account as incurred.

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

EBI FOODS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004**

		2004 £	2003 £
	Note		
Turnover	1	<u>18,757,674</u>	<u>15,088,491</u>
Operating profit	3	4,379,780	2,383,389
Interest receivable and similar income	4	98,007	32,025
Interest payable and similar charges	5	(8,918)	-
Profit on ordinary activities before taxation		<u>4,468,869</u>	<u>2,415,414</u>
Tax charge on profit on ordinary activities	6	(1,398,561)	(499,233)
Retained profit for the financial year	14	<u>3,070,308</u>	<u>1,916,181</u>
Retained profit at beginning of year		7,367,500	5,451,319
Retained profit at end of year	14	<u>10,437,808</u>	<u>7,367,500</u>

Results for the current and the preceding financial year are derived from continuing operations.


There are no material differences between the results reported and those prepared on a historical cost basis.

There were no gains or losses other than those recognised in the profit and loss account so no separate statement of total recognised gains and losses has been presented.

EBI FOODS LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2004**

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible fixed assets	7	<u>5,959,481</u>	<u>6,381,969</u>
CURRENT ASSETS			
Stocks	8	1,046,828	854,023
Debtors	9	5,597,236	2,557,807
Cash at bank and in hand		585,060	3,479,902
		<u>7,229,124</u>	<u>6,891,732</u>
CREDITORS:			
Amounts falling due within one year	10	<u>(2,145,744)</u>	<u>(3,926,333)</u>
NET CURRENT ASSETS		<u>5,083,380</u>	<u>2,965,399</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,042,861	9,347,368
CREDITORS:			
Amounts falling due after more than one year	11	(817)	(1,853,278)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(540,236)	(62,590)
NET ASSETS		<u><u>10,501,808</u></u>	<u><u>7,431,500</u></u>
CAPITAL AND RESERVES			
Share capital	13	64,000	64,000
Profit and loss account	14	10,437,808	7,367,500
EQUITY SHAREHOLDER'S FUNDS	15	<u><u>10,501,808</u></u>	<u><u>7,431,500</u></u>

The financial statements were approved by the Board of Directors on 24 October 2005 and signed on its behalf by:



B. Mehigan, Director

EBI FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. TURNOVER

Turnover comprises amounts invoiced (excluding value added tax) in the UK for sales and services.

PRINCIPAL ACTIVITIES:	2004 £	2003 £
Food ingredients products	<u>18,757,674</u>	<u>15,088,491</u>

GEOGRAPHICAL ANALYSIS

Sales by destination:

United Kingdom	3,387,083	3,632,566
Other Europe	11,160,389	8,187,021
Rest of world	<u>4,210,202</u>	<u>3,268,904</u>
	<u>18,757,674</u>	<u>15,088,491</u>

2. STAFF NUMBERS AND COSTS

The average number of persons employed by the company was as set out below:

	2004 Number	2003 Number
Administration	11	11
Production and distribution	87	87
Sales	<u>8</u>	<u>7</u>
	<u>106</u>	<u>105</u>

The aggregate payroll costs of these persons were as follows:

	2004 £	2003 £
Wages and salaries	2,543,593	2,366,401
Social security costs	276,249	254,031
Pension costs (note 17)	<u>168,460</u>	<u>190,651</u>
	<u>2,988,302</u>	<u>2,811,083</u>

The directors received no remuneration from EBI Foods Limited in the year ended 31 December 2004 (2003: £Nil). The directors are directors of the ultimate parent company, Kerry Group plc, and their remuneration is disclosed in the financial statements of that company as it is not practical to allocate the directors' remuneration across all of the group companies.

EBI FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004****3. OPERATING PROFIT**

	2004 £	2003 £
Turnover	18,757,674	15,088,491
Less operating costs:		
Change in stocks of finished goods	(114,848)	17,030
Raw materials and consumables	11,398,938	8,406,676
Other external charges	(583,566)	765,346
Staff costs (note 2)	2,988,302	2,811,083
Depreciation	491,048	498,810
Other operating charges	227,672	206,157
Profit on disposal of fixed assets	(29,652)	-
Operating profit	<u>4,379,780</u>	<u>2,383,389</u>

Operating profit is stated after charging:

Research and development costs	438,404	412,537
Auditors' remuneration	40	-
- audit services	2,949	1,000
- other services	168,941	145,889
Operating lease rentals	<u>168,941</u>	<u>145,889</u>
- other		

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Bank interest	<u>98,007</u>	<u>32,025</u>

EBI FOODS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2004 £	2003 £
Other interest payable	8,918	-
	<u>8,918</u>	<u>-</u>

6. TAXATION

	2004 £	2003 £
UK corporation tax charge for the year at 30% (2003: 30%)	383,001	75,037
(Over) / under provision in respect of prior years	(3,101)	188,843
Group relief payable	<u>541,015</u>	<u>709,888</u>
Total current tax	920,915	973,768
Deferred tax	<u>477,646</u>	<u>(474,535)</u>
Tax charge for the year	<u>1,398,561</u>	<u>499,233</u>

Factors affecting current taxation charge for the year

Profit on ordinary activities before taxation	4,468,869	2,415,414
Standard rate of tax in United Kingdom	30.00%	30.00%
Capital allowances greater than depreciation	0.21%	1.13%
Other timing differences	-10.14%	0.71%
Items not deductible for tax purposes	0.61%	0.65%
Adjustments in respect of prior periods	-0.07%	7.82%
Current taxation	<u>20.61%</u>	<u>40.31%</u>

EBI FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

7. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Plant, Machinery and Equipment £	Motor Vehicles £	Total £
COST				
Beginning of year	7,861,989	2,808,668	194,320	10,864,977
Additions	-	88,928	-	88,928
Disposals	-	(9,850)	(125,439)	(135,289)
End of year	<u>7,861,989</u>	<u>2,887,746</u>	<u>68,881</u>	<u>10,818,616</u>

ACCUMULATED DEPRECIATION

Beginning of year	2,165,204	2,183,304	134,500	4,483,008
Charge during year	269,577	191,837	29,634	491,048
Disposals	-	(7,039)	(107,882)	(114,921)
End of year	<u>2,434,781</u>	<u>2,368,102</u>	<u>56,252</u>	<u>4,859,135</u>

NET BOOK VALUE

End of year	<u>5,427,208</u>	<u>519,644</u>	<u>12,629</u>	<u>5,959,481</u>
Beginning of year	<u>5,696,785</u>	<u>625,364</u>	<u>59,820</u>	<u>6,381,969</u>

Included in Land and Buildings is land of £971,602 that is not depreciated.

8. STOCKS

	2004 £	2003 £
Raw materials and consumables	705,234	627,277
Finished goods	<u>341,594</u>	<u>226,746</u>
	<u>1,046,828</u>	<u>854,023</u>

EBI FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

9. DEBTORS

	2004 £	2003 £
Trade debtors	2,878,393	2,320,482
Prepayments and accrued income	284,158	237,325
Amounts due from group companies	2,434,685	-
	<u>5,597,236</u>	<u>2,557,807</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	1,117,107	913,037
Amounts owed to group undertakings	-	451,323
Corporation tax	573,024	667,112
Other taxes and social security	66,044	61,370
Accruals and deferred income	389,569	1,833,491
	<u>2,145,744</u>	<u>3,926,333</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Amounts due to group undertakings	-	1,850,000
Other creditors	817	3,278
	<u>817</u>	<u>1,853,278</u>

The company's amounts owed to group undertakings are unsecured.

12. PROVISION FOR LIABILITIES AND CHARGES

	2004 £	2003 £
Deferred Tax		
At beginning of year	62,590	537,125
Charged/ (credited) to the profit and loss account	477,646	(474,535)
At end of year	<u>540,236</u>	<u>62,590</u>

The deferred tax provision consists of the following amounts:

Accelerated capital allowances	578,173	551,693
Provisioning	(37,937)	(479,909)
Pensions	-	(9,194)
Deferred tax provision at end of year	<u>540,236</u>	<u>62,590</u>

EBI FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

13. SHARE CAPITAL

	2004 £	2003 £
Authorised:		
64,000 £1 Ordinary shares	<u>64,000</u>	<u>64,000</u>
Allotted, issued and fully paid:		
64,000 £1 Ordinary shares	<u>64,000</u>	<u>64,000</u>

14. RESERVES

	2004 Profit & Loss Account £
At beginning of year	7,367,500
Retained profit for the financial year	<u>3,070,308</u>
At end of year	<u>10,437,808</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2004 £	2003 £
Opening shareholder's funds	7,431,500	5,515,319
Profit for the financial year	3,070,308	1,916,181
Closing shareholder's funds	<u>10,501,808</u>	<u>7,431,500</u>

16. OPERATING LEASE COMMITMENTS

At the balance sheet date the company had annual commitments under non cancellable operating leases which expire as follows:

	Land and Buildings 2004 £	Other 2004 £	Land and Buildings 2003 £	Other 2003 £
Within two to five years	<u>145,000</u>	<u>37,206</u>	<u>145,000</u>	<u>10,668</u>

EBI FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

17. PENSION COSTS

The company contributes to individual pension schemes. The charge for the year was £168,460 (2003: £190,651).

18. CASH FLOW STATEMENT

A cash flow statement has not been prepared for the company as its ultimate parent company, Kerry Group plc, has prepared a consolidated cash flow statement dealing with the cash flows of the Group.

19. RELATED PARTY TRANSACTIONS

The company, a wholly owned subsidiary of Kerry Group plc, has taken advantage of the exemption contained in FRS 8 from the requirement to disclose related party transactions within the group.

20. PARENT COMPANY AND CONTROLLING PARTY

The company's parent company is Kerry Ingredients Holdings (UK) Limited, a company registered in England and Wales.

In the opinion of the directors, the company's ultimate parent undertaking and controlling party is Kerry Group plc, a company incorporated in the Republic of Ireland. The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared is Kerry Group plc. Copies of these financial statements can be obtained from Prince's Street, Tralee, County Kerry, Ireland.