

DANONE HOLDINGS (UK)

(Registered Number 2255846)

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 2007

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DANONE HOLDINGS (UK)

REPORT AND FINANCIAL STATEMENTS

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DANONE HOLDINGS (UK)

REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

C Bombled
M Eikenboom
N Krzyzaniak
J-F Payen
P A M G Preudhomme
L Sauquet

SECRETARY

Stephen Page

REGISTERED OFFICE

Northumberland House, Aldbridge Suite
230 High Street
Bromley
Kent
BR1 1PQ

BANKERS

HSBC Bank plc
Regional Service Centre Europe
PO Box 61004
62-76 Park Street 2nd Floor
London
SE1 9RX

AUDITORS

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

DANONE HOLDINGS (UK)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the audited accounts of the company for the year ended 31 December 2007.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a holding company, and through its undertakings is engaged in food processing and related activities. The profit after tax for the year ended 31 December 2007 amounted to £9,664k (31 December 2006: £7,461k).

STRATEGY

The strategy of the company's subsidiary undertakings is to improve their strong market positions within the food and beverages industries through innovation and increased distribution.

FUTURE OUTLOOK

The company expects to continue its businesses in the same manner as before and to remain profitable in the future primarily based on income derived from investments in subsidiary undertakings. The future prospects of the company are largely dependant on the activities of its subsidiary undertakings.

PRINCIPAL RISKS AND UNCERTAINTY

Proactive identification and management of risk is central to the company's operations. The senior management team and Board play a key role in setting the parameters and processes for understanding and managing business risks. The company actively manages the main risk i.e. operational risk. This is the risk that losses will arise as a consequence of inadequate internal processes, people or systems, or from external events. The Board is responsible for the safeguarding of company assets and for ensuring that fraud or other irregularities is prevented or detected. The company's internal controls are consistent with Groupe Danone's policies and monitored by senior management to ensure that they continue to be appropriate to the risks and challenges faced by the company.

KEY PERFORMANCE INDICATORS

Profit before tax in the year ended 31 December 2007 amounts to £9,947k (31 December 2006 £7,530k). The net assets of the company at 31 December 2007 amounted to £33,618k (31 December 2006: £23,954k).

RESULTS AND DIVIDENDS

Profit on ordinary activities after taxation for the year ended 31 December 2007 was £9,664k (31 December 2006: £7,461k). No dividends were paid during 2007 (2006: £6,654k).

DANONE HOLDINGS (UK)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

DIRECTORS

The directors who held office at the year end were as follows:

C D Bombled (appointed 3 December 2007)
M Eikenboom
N Krzyzaniak
P A M G Preudhomme
F-X Roger
L Sauquet
F Temime

None of the directors had any beneficial interest in the shares of the company during the year.

J-C Horen resigned as a director on 3 December 2007.

Subsequent to the year-end, Ms F Temime resigned as a director on 26 June 2008 and F-X Roger resigned as a director on 29 August 2008. J-F Payen was appointed as a director on 4 August 2008.

DIRECTORS INDEMNITY

The company's articles of association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities in relating to the defence of any proceedings brought against them which relate to anything done or omitted or alleged to have been done or omitted by them as officers or employees of the company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the company's directors.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have taken all the necessary steps to make ~~us~~ aware, as directors, of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware.

DANONE HOLDINGS (UK)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

STATEMENT OF 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.

Approved by the Board of Directors on 15 December 2008
and signed on behalf of the Board



L. SAUQUET
Director

15 December 2008

DANONE HOLDINGS (UK)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF DANONE HOLDINGS (UK)

We have audited the financial statements of Danone Holdings (UK) for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet, and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it 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 member 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, whether the financial statements are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 misstatement.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

DANONE HOLDINGS (UK)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF DANONE HOLDINGS (UK)
(CONTINUED)**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Mazars LLP

Mazars LLP
Chartered Accountants
and Registered Auditors
Tower Bridge House
ST Katharine's Way
London
E1W 1DD

19 December 2008

DANONE HOLDINGS (UK)**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007**

		2007	2006
	Note	£'000	£'000
Administrative expenses		(379)	(44)
Other operating income / (expenses)		669	(225)
OPERATING PROFIT (LOSS)	2	290	(269)
Income from shares in group undertakings		8,338	6,832
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		8,628	6,563
Net Interest Receivable	4	1,319	967
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		9,947	7,530
Taxation	5	(283)	(69)
PROFIT FOR THE FINANCIAL YEAR		9,664	7,461

None of the company's activities was acquired or discontinued during the above financial periods. The company had no recognised gains and losses other than the losses above. There is no difference between the results on an unmodified historical cost basis and the results stated above.

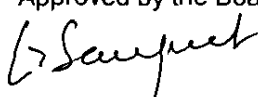
The notes on pages 10 to 15 form part of these accounts.

DANONE HOLDINGS (UK)

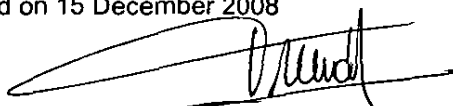
BALANCE SHEET AS AT 31 DECEMBER 2007

		2007	2006
	Note	£'000	£'000
FIXED ASSETS			
Investments	7	8,612	8,936
Tangible Fixed Assets	8	-	525
		8,612	9,461
CURRENT ASSETS			
Debtors	9	27,373	21,531
Cash at bank and in hand		28	2
		27,401	21,533
CREDITORS: Amounts falling due within one year	10	(95)	(540)
NET CURRENT ASSETS		27,306	20,993
PROVISIONS FOR LIABILITIES	11	(2,300)	(6,500)
NET ASSETS		33,618	23,954
CAPITAL AND RESERVES			
Called up share capital	12	13,980	13,980
Profit and loss account	13	19,638	9,974
EQUITY SHAREHOLDERS' FUNDS	14	33,618	23,954

Approved by the Board on 15 December 2008



L. SAUQUET
Director



P A M G PREUDHOMME
Director

The notes on pages 10 to 15 form part of these accounts.

DANONE HOLDINGS (UK)

NOTES TO THE ACCOUNTS - 31 DECEMBER 2007

1 ACCOUNTING POLICIES

a. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards. The principal accounting policies are set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year.

b. Income from subsidiary undertakings

Income is derived from shares in group undertaking and is recognised in the period when the dividend is proposed by the subsidiary.

c. Investments

Investments are stated at the lower of cost and, if permanently lower, directors' valuation.

d. Tangible Fixed Assets

Tangible fixed assets comprise of a building which is recorded at historical cost. Depreciation is provided on a straight line basis, to write off the cost of the tangible fixed asset over its economic useful life, which is 50 years.

No depreciation is charged in the year of acquisition. Impairment reviews are undertaken if there are indications that the carrying values may not be recoverable.

The building was sold by the company in March 2007.

e. Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Differences arising on translation and on the conversion of foreign currency transactions during the year are dealt with in the Profit and Loss account.

f. Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Groupe Danone SA and is included in the consolidated accounts of Groupe Danone SA that are publicly available. Consequently, the company has taken advantage of the exemption from preparing a Cash Flow Statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Groupe Danone SA group or investees of the Groupe Danone SA group.

g. Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

h. Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured at the average tax rate that is expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted

DANONE HOLDINGS (UK)

NOTES TO THE ACCOUNTS - 31 DECEMBER 2007 (CONTINUED)

or substantively enacted by the balance sheet date. Deferred tax assets and liabilities recognised have not been discounted.

i. Onerous leases

Provisions for onerous leases are recognised and measured based on the company's best estimate of the present obligation under the contract.

2 OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after crediting / (charging):

	2007	2006
	£'000	£'000
Audit Fees		
- audit services	(12)	(15)
- non-audit services	(43)	(32)
Impairment	(324)	-
Release of unutilised provision (refer to note 11)	600	-
	<u>600</u>	<u>-</u>

3 STAFF COSTS

There were no employees in the year and the directors received no remuneration in the year.

4 NET INTEREST RECEIVABLE

	2007	2006
	£'000	£'000
Group Interest Receivable	1,319	967
	<u>1,319</u>	<u>967</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	£'000	£'000
a) Analysis of charge in period		
Current tax:		
UK Corporation tax on profits for the period	283	209
Prior Year Corporation tax	-	(140)
Current tax charge for period (see (b) below)	<u>283</u>	<u>69</u>

DANONE HOLDINGS (UK)**NOTES TO THE ACCOUNTS - 31 DECEMBER 2007 (CONTINUED)****b) Factors affecting tax charge for period**

Tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%).
The differences are explained below:

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	9,947	7,530
Profit on ordinary activities before tax multiplied by standard rate in the UK 30% (2006 : 30%)	2,984	2,259
Effects of:		
Group dividends not taxed	(2,501)	(2,050)
Non-tax deductible expenses	(200)	-
Prior years	-	(140)
Current tax charge for the period	283	69

6 DIVIDENDS.

	2007 £'000	2006 £'000
Amounts recognised as distributions to equity holders in the period:		
2006 final dividend paid	-	6,654
2007 final dividend paid	-	-
	-	6,654

7 INVESTMENTS

	2007 £'000	2006 £'000
Shares in group undertakings		
Cost		
At 1 January	8,936	8,936
Impairment	(324)	-
At 31 December	8,612	8,936

On 21st February 2008 the investment in B.E. International (H.K.) Limited was sold for £71,071.

DANONE HOLDINGS (UK)

NOTES TO THE ACCOUNTS - 31 DECEMBER 2007 (CONTINUED)

The company holds more than 10% of the following undertakings, all of which are registered in England and Wales:

<u>Name of subsidiary undertaking</u>	<u>Class of share</u>	<u>Proportion held</u>	<u>Principal activity</u>
DAFC Limited (formerly Lea & Perrins International Limited)	Ordinary £1 each	100%	Holding Company.
Danone Limited	Ordinary £1 each	100%	Importers & distributors of dairy and other food products.
Danone Waters (UK & Ireland) Limited	Ordinary £1 each	53.5%	Importer, distributor and producer of mineral water.
B.E. International (H.K.) Limited	Ordinary HK\$1 each	55%	Importer & distributor of sauces and condiments.

The directors believe that full disclosure of subsidiaries would be excessively lengthy and have used exemptions under Section 5 of the Companies Act 1985 to only disclose the undertakings whose results or financial position principally affect the figures shown in the company's annual accounts. A full list will be attached to the annual return.

In accordance with Section 228 of the Companies Act 1985, the company has not prepared consolidated accounts as its results are included in the consolidated accounts of its ultimate parent company, Groupe Danone SA, a company incorporated in France (See Note 15). Accordingly, financial information is presented about the company as an individual undertaking.

In the opinion of the directors, the carrying values of the subsidiary undertakings are not less than their book values.

8 TANGIBLE FIXED ASSETS

	Land and Buildings £'000
At 1 January 2007	525
Disposal	(525)
At 31 December 2007	-

DANONE HOLDINGS (UK)**NOTES TO THE ACCOUNTS - 31 DECEMBER 2007 (CONTINUED)****9 DEBTORS**

	2007 £'000	2006 £'000
Amounts owed by group undertakings	27,373	21,531

10 CREDITORS: Amounts falling due within one year

	2007 £'000	2006 £'000
Amounts owed to group undertakings	--	58
Other creditors	12	222
Corporation tax	68	198
Accruals and deferred income	15	62
	95	540

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

11 PROVISIONS FOR LIABILITIES

	£'000
At January 2007 as restated	6,500
Provision utilised in the year	(3,600)
Provision released to the Profit & Loss Account	(600)
	2,300

During the year, the onerous commitment on Unit 68 Suttons Business Park was settled. The remaining provision relates to the onerous property lease on Worton Grange. The amount recognised above is the company's best estimate of the present obligation.

12 SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised:		
Ordinary shares of £1 each	175,000	175,000
Redeemable shares of £1 each	175,000	175,000
	350,000	350,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	13,980	13,980
	13,980	13,980

DANONE HOLDINGS (UK)**NOTES TO THE ACCOUNTS - 31 DECEMBER 2007 (CONTINUED)****13 RESERVES**

	Profit and Loss Account £'000
At 1 January 2007	9,974
Profit for the year	9,664
Dividends	-
At 31 December 2007	<u>19,638</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£'000	£'000
Profit for the year	9,664	7,461
Dividends paid	-	(6,654)
Net addition / (reduction) to Shareholders' Funds	<u>9,664</u>	<u>807</u>
Opening Shareholders' Funds	23,954	23,147
Closing Shareholders' Funds	<u>33,618</u>	<u>23,954</u>

15 ULTIMATE PARENT UNDERTAKING

The immediate parent company of Danone Holdings UK is Produits Laitiers Frais Nord Europe which is incorporated in France. The ultimate controlling party and parent undertaking is Groupe Danone SA, a company incorporated in France. Groupe Danone SA, is the only company preparing consolidated accounts including the results of the company.

Group accounts may be obtained from:

Groupe Danone SA
17 Boulevard Haussmann
75439 Paris
France