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Wellness Foods Limited  
Annual report and financial statements  
for the 13 month period ended 31 December 2006

Registered number 5290486



# **Wellness Foods Limited**

## **Annual report and financial statements for the 13 month period ended 31 December 2006**

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# **Wellness Foods Limited**

## **Directors and advisers**

### **Directors**

Philip Stephen O'Connor  
Ned O'Callaghan  
John Francis Toomey  
Eamon McElroy  
Gavin Charles

### **Secretary and registered office**

Jon Hather  
Suite 201  
The Chambers  
Chelsea Harbour  
London  
SW10 0XF

### **Bankers**

Bank of Ireland  
Corporate Banking  
Lwr Baggot St  
Dublin 2  
Ireland

Allied Irish Bank (GB)  
City Corporate Office  
10 Angel Court  
London  
EC2R 7AB

### **Registered auditors**

PricewaterhouseCoopers LLP  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

# **Wellness Foods Limited**

## **Directors' report for the 13 month period ended 31 December 2006**

The directors present their report and the audited financial statements for the 13 month period ended 31 December 2006

### **Principal activity**

The principal activity of the group is the production and distribution of natural, organic and healthy food products. The principal activity of the company is that of an investment holding company.

### **Review of business and future developments**

Wellness Foods Limited (Wellness) is the parent company for a young acquisitive group specialising in the supply of healthy foods. Customers are UK based and are predominantly in the retail sector.

The group comprised the following trading businesses at 31 December 2006

- Assistlight, acquired in December 2005, supplies prepared fresh fruit salads and freshly squeezed drinks
- Rowse, acquired in September 2006, supplies honey, maple syrup and dessert sauces

In early 2007 Wellness acquired Grove Fresh Limited and 80% of Streamfoods Limited. Further details of these post balance sheet events can be found in note 28.

The results for the group show a pre-tax loss of £1,544,000 (2005: loss of £14,000) for the period and sales of £95,156,000 (2005: £nil).

The company has net debt of £113,682,000 (2005: £14,000).

The profit and loss account for the period is set out on page 7.

### **Future outlook**

We believe the outlook for Wellness is positive with continued growth in the natural, organic and healthy food sector. All of our businesses are growing and we consider that our strong pipeline of innovation will ensure this continues to happen. We expect the turnover and earnings before interest, taxation, depreciation and amortisation of the group to continue to grow.

### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks.

It is a key element of our business strategy to acquire high growth businesses in our sector and as a consequence we are highly geared. However the directors feel that as a profitable and growing business we are able to fund the costs of this gearing, now and in the future, with considerable headroom in our cashflow projections.

Product demand is impacted by the weather but we currently have a natural hedge as Rowse demand increases during poor weather and Assistlight demand increases during good weather.

Like most businesses we are also exposed to risks relating to competitor performance and product availability.

# **Wellness Foods Limited**

## **Directors' report for the 13 month period ended 31 December 2006 (continued)**

### **Key performance indicators ("KPIs")**

Given the straightforward nature of the businesses within the group, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

### **Results and dividends**

The group's loss for the period is £2,337,000 (2005 loss of £14,000) The directors do not propose the payment of a dividend (2005 £nil)

### **Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and the appropriate training is arranged It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

Consultation with employees or their representatives occurs at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the group as a whole Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report

### **Directors**

The directors of the company at 31 December 2006, together with changes during and subsequent to the period end, were as follows

|                         |   |
|-------------------------|---|
| HK Nominees Limited     | (appointed 13 July 2005, resigned 20 December 2005) |
| HK Registrars Limited   | (appointed 13 July 2005, resigned 20 December 2005) |
| Philip Stephen O'Connor | (appointed 1 September 2005)                        |
| Ned O'Callaghan         | (appointed 20 December 2005)                        |
| John Francis Toomey     | (appointed 20 December 2005)                        |
| Eamon McElroy           | (appointed 14 December 2006)                        |
| Gavin Charles           | (appointed 15 March 2007)                           |

### **Charitable donations**

During the period donations totalling £2,000 were made to various charitable organisations (2005 £nil)

### **Research and development**

We continue to invest in developing new products across all our businesses The directors regard innovation as integral to the continuing success of the business and the ongoing growth of all our businesses

# **Wellness Foods Limited**

## **Directors' report for the 13 month period ended 31 December 2006 (continued)**

### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group and the company will continue in business.

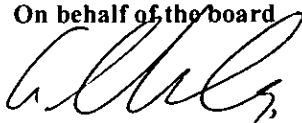
The directors confirm that suitable accounting policies have been used and applied consistently in the preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors and disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

On behalf of the board  
  
Director  
19 July 2007

## **Independent auditors' report to the members of Wellness Foods Limited**

We have audited the group and parent company financial statements (the "financial statements") of Wellness Foods Limited for the period ended 31 December 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions 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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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.

## **Independent auditors' report to the members of Wellness Foods Limited (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 group's and the parent company's affairs as at 31 December 2006 and of the group's loss and cash flows for the period 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

A handwritten signature in black ink, reading "PricewaterhouseCoopers LLP", with a long horizontal line extending to the right.

**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
East Midlands  
20 July 2007



# Wellness Foods Limited

## Consolidated profit and loss account for the 13 month period ended 31 December 2006

|   | Notes | Continuing operations                           |   | Total   |  |
|---|-------|---|---|---|--|
|   |       | Acquisitions                                    |   | 13 month<br>period ended<br>31 December<br>2006 | 6 month<br>period ended<br>30 November<br>2005 |
|   |       | 13 month<br>period ended<br>31 December<br>2006 | 13 month<br>period ended<br>31 December<br>2006 |   |  |
|   |       | £'000   | £'000   | £'000   | £'000  |
| <b>Turnover</b>   | 2     | 95,156  | -   | 95,156  | -  |
| Cost of sales   |       | (75,905)  | -   | (75,905)  | -  |
| <b>Gross profit</b>   |       | 19,251  | -   | 19,251  | -  |
| Administrative expenses (includes goodwill<br>amortisation of £2,345,000 (2005 £nil)) |       | (11,930)  | (200)   | (12,130)  | (15)   |
| Distribution costs  |       | (2,965)   | -   | (2,965)   | -  |
| Other operating income  |       | 12  | -   | 12  | -  |
| <b>Operating profit/(loss)</b>  |       | 4,368   | (200)   | 4,168   | (15)   |
| Interest receivable and similar<br>income   |       |   |   | 192   | 1  |
| Interest payable and similar charges<br>– recurring                                   | 5     |   |   | (5,001)   | -  |
| Interest payable and similar charges<br>– exceptional                                 | 5     |   |   | (903)   | -  |
| <b>Loss on ordinary activities before<br/>taxation</b>                                | 6     |   |   | (1,544)   | (14)   |
| Tax on loss on ordinary activities  | 7     |   |   | (789)   | -  |
| <b>Result for the period</b>  | 19    |   |   | (2,333)   | (14)   |

All activities are in respect of continuing operations

The group had no recognised gains or losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented

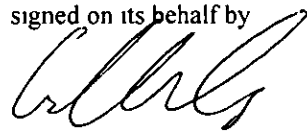
There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above, and their historical cost equivalents

# Wellness Foods Limited

## Balance sheets as at 31 December 2006

|  |       | Group                           |                                 | Company                         |                                 |
|--|-------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | Notes | 31<br>December<br>2006<br>£'000 | 30<br>November<br>2005<br>£'000 | 31<br>December<br>2006<br>£'000 | 30<br>November<br>2005<br>£'000 |
| <b>Fixed assets</b>  |       |                                 |                                 |                                 |                                 |
| Goodwill   | 9     | 83,280                          | -                               | -                               | -                               |
| Tangible assets  | 10    | 22,359                          | -                               | -                               | -                               |
| Investments  | 11    | -                               | -                               | 110,488                         | -                               |
|  |       | 105,639                         | -                               | 110,488                         | -                               |
| <b>Current assets</b>  |       |                                 |                                 |                                 |                                 |
| Stocks   | 12    | 9,740                           | -                               | -                               | -                               |
| Debtors  | 13    | 15,034                          | 2                               | 5,142                           | 2                               |
| Cash at bank and in hand                                       |       | 1,894                           | 330                             | 157                             | 330                             |
|  |       | 26,668                          | 332                             | 5,299                           | 332                             |
| <b>Creditors: amounts falling due within one year</b>          | 14    | (22,005)                        | (346)                           | (9,695)                         | (346)                           |
| <b>Net current assets/(liabilities)</b>                        |       | 4,663                           | (14)                            | (4,396)                         | (14)                            |
| <b>Total assets less current liabilities</b>                   |       | 110,302                         | (14)                            | 106,092                         | (14)                            |
| <b>Creditors: amounts falling due after more than one year</b> | 15    | (111,717)                       | -                               | (110,554)                       | -                               |
| <b>Provisions for liabilities and charges</b>                  | 16    | (932)                           | -                               | -                               | -                               |
| <b>Net liabilities</b>   |       | (2,347)                         | (14)                            | (4,462)                         | (14)                            |
| <b>Capital and reserves</b>                                    |       |                                 |                                 |                                 |                                 |
| Called up share capital  | 18    | -                               | -                               | -                               | -                               |
| Profit and loss account  | 19    | (2,347)                         | (14)                            | (4,462)                         | (14)                            |
| <b>Total shareholders' deficit</b>                             | 20    | (2,347)                         | (14)                            | (4,462)                         | (14)                            |

The financial statements on pages 7 to 33 were approved by the board of directors on 19 July 2007 and were signed on its behalf by



Director

# Wellness Foods Limited

## Consolidated cash flow statement for the 13 month period ended 31 December 2006

|  | Notes | 13 month<br>period ended<br>31 December<br>2006<br>£'000 | 6 month<br>period ended<br>30 November<br>2005<br>£'000 |
|--|-------|--|---|
| <b>Net cash inflow/(outflow) from continuing operating activities</b><br>(reconciliation to operating profit on page 10) |       | <b>13,096</b>  | <b>(17)</b>   |
| <b>Returns on investments and servicing of finance</b>   |       |  |   |
| Interest received  |       | 192  | 1   |
| Interest paid (including £903,000 relating to exceptional interest)  |       | (3,686)  | -   |
| Interest paid on finance leases  |       | (140)  | -   |
| Issue costs on new bank and other loans  |       | (1,302)  | -   |
| <b>Net cash outflow from returns on investments and servicing of finance</b>   |       | <b>(4,936)</b>   | <b>1</b>  |
| <b>Taxation</b>  |       |  |   |
| UK corporation tax received  |       | 139  | -   |
| <b>Capital expenditure</b>   |       |  |   |
| Purchase of tangible fixed assets  |       | (4,341)  | -   |
| Sale of tangible fixed assets  |       | 132  | -   |
| <b>Net cash outflow from capital expenditure</b>   |       | <b>(4,209)</b>   | <b>-</b>  |
| <b>Acquisitions and disposals</b>  |       |  |   |
| Purchase of subsidiary undertakings  |       | (108,297)  | -   |
| Purchase of business   |       | (1,200)  | -   |
| Net cash acquired with subsidiaries  |       | 1,580  | -   |
| <b>Net cash outflow from acquisitions and disposals</b>  |       | <b>(107,917)</b>   | <b>-</b>  |
| <b>Cash outflow before financing</b>   |       | <b>(103,827)</b>   | <b>(16)</b>   |
| <b>Financing</b>   |       |  |   |
| Repayment of principal under finance leases  |       | (792)  | -   |
| Repayment of bank and other loans  |       | (37,129)   | -   |
| Receipt of bank and other loans  |       | 143,312  | 346   |
| <b>Net cash inflow from financing</b>  |       | <b>105,391</b>   | <b>346</b>  |
| <b>Increase in cash in the period</b>  | 22    | <b>1,564</b>   | <b>330</b>  |

## Wellness Foods Limited

### Reconciliation of operating profit to net cash inflow from operating activities for the 13 month period ended 31 December 2006

|   | 13 month<br>period ended<br>31 December<br>2006 | 6 month<br>period ended<br>30 November<br>2005 |
|---|---|--|
|   | £'000   | £'000  |
| <b>Continuing operating activities</b>                                |   |  |
| Operating profit  | 4,168   | (15)   |
| Amortisation of goodwill  | 2,346   | -  |
| Depreciation on tangible fixed assets                                 | 2,323   | -  |
| Loss on disposal of tangible fixed assets                             | 10  | -  |
| Increase in stocks  | (318)   | -  |
| Decrease / (increase) in trade debtors, other debtors and prepayments | 1,699   | (2)  |
| Increase in trade creditors, other creditors, accruals and provisions | 2,868   | -  |
| <b>Net cash inflow from continuing operating activities</b>           | <b>13,096</b>                                   | <b>(17)</b>                                    |

# **Wellness Foods Limited**

## **Notes to the financial statements for the 13 month period ended 31 December 2006**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, are set out below.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost accounting rules.

#### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2006. Intra group sales and profits are eliminated fully on consolidation.

#### **Goodwill**

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries is amortised through the profit and loss account over its estimated useful economic life.

Purchased goodwill arising on the acquisition of unincorporated businesses represents the fair value of the consideration given over the fair value of the identifiable net assets acquired. Purchased goodwill is amortised through the profit and loss account over its estimated useful economic life.

#### **Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are -

|                       |                 |
|-----------------------|-----------------|
| Freehold buildings    | 50 years        |
| Leasehold property    | Period of lease |
| Plant and machinery   | 3 - 7 years     |
| Fixtures and fittings | 3 - 5 years     |
| Motor vehicles        | 4 years         |

Freehold land and assets under construction are not depreciated.

# **Wellness Foods Limited**

## **Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)**

### **1 Principal accounting policies (continued)**

#### **Investments in group undertakings**

Investments in group undertakings are stated at cost less any provisions for impairment

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### **Finance and operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing arrangements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

#### **Deferred taxation**

Deferred tax 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.

An asset is recognised to the extent that the transfer of economic benefit is certain. Deferred tax assets and liabilities have not been discounted.

Deferred tax assets in respect of trading losses have been recognised to the extent they are expected to be recoverable. Assets relating to accelerated capital allowances are recognised where recoverability is assessed having regard to the ability to obtain relief by reference to group relief between group companies or the reduction in anticipated future tax liabilities.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **Capital instruments**

Debt is initially recorded at the fair value of the consideration received net of costs incurred directly in connection with the issue of the debt. These costs are amortised as part of the interest expense over the period for which the directors expect the loan to be outstanding. This period is determined by reference to the scheduled repayments of the loan and the likelihood of early repayment.

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 1 Principal accounting policies (continued)

#### Pension costs

The group operates several defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. Contributions are charged to the profit and loss account as they fall due.

#### Research and development

Research and development costs are written off to the profit and loss account as they are incurred.

#### Government grants

Grants attributable to capital expenditure are credited to deferred income and released to the profit and loss account over the expected useful life of the assets. Grants in relation to revenue expenditure are recognised in the profit and loss account on a received basis.

### 2 Turnover

Turnover, which is stated net of value added tax, trade discounts and rebates, relates to the sale of healthy food products and arises solely within the United Kingdom. Revenue is recognised on receipt of goods by customers.

### 3 Directors' emoluments

|   | <b>13 month<br/>period ended<br/>31 December<br/>2006</b> | <b>6 month<br/>period ended<br/>30 November<br/>2005</b> |
|---|---|--|
|   | <b>£'000</b>  | <b>£'000</b>   |
| Emoluments                                      | <b>418</b>  | -  |
| Pension contributions to money purchase schemes | <b>9</b>  | -  |

Benefits were accruing to one director (2005: none) under a money purchase pension scheme.

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 3 Directors' emoluments (continued)

Emoluments payable to the highest paid director are as follows

|   | <b>13 month<br/>period ended<br/>31 December<br/>2006</b> | <b>6 month<br/>period ended<br/>30 November<br/>2005</b> |
|---|---|--|
|   | <b>£'000</b>  | <b>£'000</b>   |
| Aggregate emoluments                            | <b>209</b>  | -  |
| Pension contributions to money purchase schemes | <b>9</b>  | -  |

### 4 Employee information

The average monthly number of persons (including executive directors) employed by the group during the period, was -

|                               | <b>13 month<br/>period ended<br/>31 December<br/>2006</b> | <b>6 month<br/>period ended<br/>30 November<br/>2005</b> |
|-------------------------------|---|--|
|                               | <b>Number</b>   | <b>Number</b>  |
| <b>By activity</b>            |   |  |
| Production                    | <b>591</b>  | -  |
| Management and administrative | <b>135</b>  | -  |
|                               | <b>726</b>  | -  |



# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 4 Employee information (continued)

|  | 13 month<br>period ended<br>31 December<br>2006 | 6 month<br>period ended<br>30 November<br>2005 |
|--|---|--|
|  | £'000   | £'000  |
| <b>Staff costs (for the above persons)</b> |   |  |
| Wages and salaries                         | 16,945  | -  |
| Social security costs                      | 1,568   | -  |
| Other pension costs (note 17)              | 229   | -  |
|  | <b>18,742</b>                                   | -  |

### 5 Interest payable and similar charges

|                                    | 13 month<br>period ended<br>31 December<br>2006 | 6 month<br>period ended<br>30 November<br>2005 |
|------------------------------------|---|--|
|                                    | £'000   | £'000  |
| Bank and other loans – recurring   | 3,552   | -  |
| Interest paid to parent company    | 1,286   | -  |
| Unwinding of issue costs           | 23  | -  |
| On finance leases                  | 140   | -  |
|                                    | <b>5,001</b>                                    | -  |
| Bank and other loans - exceptional | 903   | -  |
|                                    | <b>5,904</b>                                    | -  |

Exceptional costs relate to early repayment penalties and the expensing of previously capitalised arrangement fees on a loan with the Bank of Scotland which was established and repaid during the period

Included within recurring interest on bank loans are amounts payable to related parties (note 25)

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 6 Loss on ordinary activities before taxation

|  | 13 month<br>period ended<br>31 December<br>2006 | 6 month<br>period ended<br>30 November<br>2005 |
|--|---|--|
|  | £'000   | £'000  |
| Loss on ordinary activities before taxation is stated after charging/(crediting) |   |  |
| Loss on disposal of tangible fixed assets  | 10  | -  |
| Depreciation charge for the period   |   |  |
| Tangible owned fixed assets  | 1,931   | -  |
| Tangible fixed assets held under finance leases                                  | 392   | -  |
| Goodwill amortisation  | 2,346   | -  |
| Auditors' remuneration   |   |  |
| Audit (company £3,000, 2005 £nil)  | 44  | -  |
| Audit of the company's associates  | 8   | -  |
| Other services relating to taxation  | 15  | -  |
| All other services   | 17  | -  |
| Operating leases – land and buildings  | 475   | -  |
| Operating leases – other   | 240   | -  |
| Short term hire of plant and machinery   | 283   | -  |
| Research and development costs   | 676   | -  |
| Other operating income – amortisation of government grants                       | (12)  | -  |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 7 Tax on loss on ordinary activities

|  | 13 month<br>period ended<br>31 December<br>2006<br>£'000 | 6 month<br>period ended<br>30 November<br>2005<br>£'000 |
|--|--|---|
| <b>Current tax:</b>                            |  |   |
| UK corporation tax on profits                  | -  | -   |
| <b>Deferred tax:</b>                           |  |   |
| Origination and reversal of timing differences | (789)  | -   |
| <b>Total tax</b>                               | <b>(789)</b>   | <b>-</b>  |

The tax for the period is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

|  | 13 month<br>period ended<br>31 December<br>2006<br>£'000 | 6 month<br>period ended<br>30 November<br>2005<br>£'000 |
|--|--|---|
| <b>Loss on ordinary activities before tax</b>                                    | <b>(1,544)</b>   | <b>(14)</b>   |
| Loss on ordinary activities multiplied by standard rate in the UK 30% (2005 30%) | (463)  | (3)   |
| Effects of   |  |   |
| Expenses not deductible for tax purposes   | 723  | -   |
| Losses carried forward   | 529  | 3   |
| Accelerated capital allowances and other timing differences                      | (789)  | -   |
| <b>Current tax charge</b>  | <b>-</b>   | <b>-</b>  |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 8 Loss for the financial period

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The company made a loss for the period of £4,448,000 (2005 loss of £14,092)

### 9 Goodwill

|                            | £'000         |
|----------------------------|---------------|
| <b>Cost</b>                |               |
| At 1 December 2005         | -             |
| Additions (note 26)        | 85,626        |
| <b>At 31 December 2006</b> | <b>85,626</b> |
| <b>Amortisation</b>        |               |
| At 1 December 2005         | -             |
| Charge for the period      | 2,346         |
| <b>At 31 December 2006</b> | <b>2,346</b>  |
| <b>Net book value</b>      |               |
| <b>At 31 December 2006</b> | <b>83,280</b> |
| At 30 November 2005        | -             |

Goodwill arising on the acquisitions of Assistlight Limited and Rowse Honey Limited is being amortised on a straight-line basis over 20 years. The directors consider that this is the period over which the values of the underlying businesses acquired are expected to exceed the value of the underlying assets.

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 10 Tangible fixed assets

| Group                      | Assets<br>under<br>con-<br>struction | Freehold<br>property | Leasehold<br>property | Plant &<br>machinery | Fixtures<br>& fittings | Motor<br>vehicles | Total         |
|----------------------------|--------------------------------------|----------------------|-----------------------|----------------------|------------------------|-------------------|---------------|
|                            | £'000                                | £'000                | £'000                 | £'000                | £'000                  | £'000             | £'000         |
| <b>Cost</b>                |                                      |                      |                       |                      |                        |                   |               |
| At 1 December 2005         | -                                    | -                    | -                     | -                    | -                      | -                 | -             |
| Acquisitions (note 26)     | 705                                  | 7,822                | 3,517                 | 7,854                | 312                    | 179               | 20,389        |
| Additions                  | 1,213                                | 57                   | 640                   | 2,296                | 141                    | 88                | 4,435         |
| Disposals                  | -                                    | -                    | (95)                  | (126)                | (15)                   | (60)              | (296)         |
| Transfers                  | (402)                                | -                    | (6)                   | 408                  | -                      | -                 | -             |
| <b>At 31 December 2006</b> | <b>1,516</b>                         | <b>7,879</b>         | <b>4,056</b>          | <b>10,432</b>        | <b>438</b>             | <b>207</b>        | <b>24,528</b> |
| <b>Depreciation</b>        |                                      |                      |                       |                      |                        |                   |               |
| At 1 December 2005         | -                                    | -                    | -                     | -                    | -                      | -                 | -             |
| Charge for the period      | -                                    | 114                  | 342                   | 1,729                | 106                    | 32                | 2,323         |
| Disposals                  | -                                    | -                    | (95)                  | (48)                 | (1)                    | (10)              | (154)         |
| <b>At 31 December 2006</b> | <b>-</b>                             | <b>114</b>           | <b>247</b>            | <b>1,681</b>         | <b>105</b>             | <b>22</b>         | <b>2,169</b>  |
| <b>Net book value</b>      |                                      |                      |                       |                      |                        |                   |               |
| <b>At 31 December 2006</b> | <b>1,516</b>                         | <b>7,765</b>         | <b>3,809</b>          | <b>8,751</b>         | <b>333</b>             | <b>185</b>        | <b>22,359</b> |
| At 30 November 2005        | -                                    | -                    | -                     | -                    | -                      | -                 | -             |

Included within freehold buildings is land of £376,000 (2005 £nil) which is not subject to depreciation

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 10 Tangible fixed assets (continued)

Included above are assets held under finance leases as follows -

|                       | 2006         | 2005     |
|-----------------------|--------------|----------|
|                       | £'000        | £'000    |
| <b>Net book value</b> |              |          |
| Freehold property     | 232          | -        |
| Plant and machinery   | 2,350        | -        |
| Motor vehicles        | 121          | -        |
|                       | <b>2,703</b> | <b>-</b> |

The company has no tangible fixed assets

### 11 Investments

#### Company

|                            | Interests in<br>group<br>under-<br>takings |
|----------------------------|--|
| Cost                       | £'000                                      |
| At 1 December 2005         | -  |
| Additions (note 26)        | 110,488                                    |
| <b>At 31 December 2006</b> | <b>110,488</b>                             |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 11 Investments (continued)

#### Interests in group undertakings

| Name of undertaking            | Description of shares held   | Principal activity         | Country of incorporation | Holding |
|--------------------------------|--|----------------------------|--------------------------|---------|
| <i>Direct holdings</i>         |  |                            |                          |         |
| Assistlight Limited            | Ordinary shares of 10p each  | Investment holding company | England and Wales        | 100%    |
| Rowse Honey Limited            | 'A' Ordinary shares of £1 each, 'B' ordinary shares of £1 each, 'C' ordinary shares of £1 each, new ordinary shares of £1 each | Honey products             | England and Wales        | 100%    |
| <i>Indirect holdings</i>       |  |                            |                          |         |
| Orchard House Holdings Limited | 'A' Ordinary shares of £1 each   | Dormant                    | England and Wales        | 100%    |
| Orchard House Foods Limited    | 'A' Ordinary shares of £1 each   | Fresh fruit products       | England and Wales        | 100%    |
| I Am Fresh Limited             | 'A' Ordinary shares of £1 each   | Dormant                    | England and Wales        | 100%    |
| Paradise Foods Limited         | 'A' Ordinary shares of £1 each, ordinary shares of £1 each and £1 cumulative redeemable preference shares                      | Fresh fruit products       | England and Wales        | 100%    |
| Patisserie One Limited         | Ordinary share of £1 each  | Dessert products           | England and Wales        | 100%    |
| Rowse EBT Limited              | Ordinary shares of £1 each   | Employment services        | England and Wales        | 100%    |
| London Food Traders            | Ordinary shares of £1 each   | Dormant                    | England and Wales        | 100%    |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 12 Stocks

|                | Group |       | Company |       |
|----------------|-------|-------|---------|-------|
|                | 2006  | 2005  | 2006    | 2005  |
|                | £'000 | £'000 | £'000   | £'000 |
| Raw materials  | 7,920 | -     | -       | -     |
| Finished goods | 1,820 | -     | -       | -     |
|                | 9,740 | -     | -       | -     |

### 13 Debtors

|                                    | Group  |       | Company |       |
|------------------------------------|--------|-------|---------|-------|
|                                    | 2006   | 2005  | 2006    | 2005  |
|                                    | £'000  | £'000 | £'000   | £'000 |
| Trade debtors                      | 12,153 | -     | -       | -     |
| Amounts owed by group undertakings | -      | -     | 4,713   | -     |
| Other debtors                      | 266    | -     | 10      | -     |
| Corporation tax recoverable        | 854    | -     | -       | -     |
| Prepayments and accrued income     | 1,523  | 2     | 419     | 2     |
| Deferred tax asset (note 16)       | 238    | -     | -       | -     |
|                                    | 15,034 | 2     | 5,142   | 2     |



# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 14 Creditors: amounts falling due within one year

|  | Group  |       | Company |       |
|--|--------|-------|---------|-------|
|  | 2006   | 2005  | 2006    | 2005  |
|  | £'000  | £'000 | £'000   | £'000 |
| Bank and other loans (note 15)             | 3,636  | 344   | 3,636   | 344   |
| Obligations under finance leases (note 15) | 510    | -     | -       | -     |
| Trade creditors                            | 14,221 | -     | -       | -     |
| Amounts owed to group undertakings         | -      | -     | 5,535   | -     |
| Corporation tax                            | 28     | -     | -       | -     |
| Other taxation and social security         | 1,785  | -     | -       | -     |
| Other creditors                            | 281    | -     | -       | -     |
| Accruals and deferred income               | 1,544  | 2     | 524     | 2     |
|  | 22,005 | 346   | 9,695   | 346   |

### 15 Creditors: amounts falling due after more than one year

|                                    | Group   |       | Company |       |
|------------------------------------|---------|-------|---------|-------|
|                                    | 2006    | 2005  | 2006    | 2005  |
|                                    | £'000   | £'000 | £'000   | £'000 |
| Bank and other loans               | 97,804  | -     | 97,804  | -     |
| Amounts owed to parent undertaking | 12,750  | -     | 12,750  | -     |
| Obligations under finance leases   | 876     | -     | -       | -     |
| Accruals and deferred income       | 287     | -     | -       | -     |
|                                    | 111,717 | -     | 110,554 | -     |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 15 Creditors: amounts falling due after more than one year (continued)

The group has the following loan agreements in force at 31 December 2006

- Senior debt of £74,000,000 jointly from the Bank of Ireland and Allied Irish Bank which falls due according to the following profile

|                         |             |
|-------------------------|-------------|
| Within one year         | £1,461,000  |
| Within one to two years | £6,271,783  |
| Within two to five year | £27,193,189 |
| Over five years         | £39,073,628 |

The loan carries interest at LIBOR plus between two to five percent and is secured by a fixed and floating charge over the assets of the group

- Unsecured term loan of £26,069,000 from Roundwood (Finance) Limited, a company also owned by this group's ultimate parent, Lydian Capital LP. This loan may not be repaid until the Bank of Ireland/Allied Irish Bank senior debt has been fully repaid. Following such repayment, this loan becomes repayable on demand at 30 days notice. The loan carries interest of 15% per annum.
- Unsecured non interest bearing loan of £12,750,000 from Erbium Holdings Limited, the group's immediate parent company. This amount is not repayable within one year. At 30 November 2005 an amount of £344,000 was payable to Erbium Holdings Limited.
- Loan of £2,191,000 to the vendors of the Assistlight Group. This amount is unsecured and carries interest of LIBOR plus 0.5%. This loan is repayable within one year.

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 15 Creditors: amounts falling due after more than one year (continued)

|  | Group          |          | Company        |          |
|--|----------------|----------|----------------|----------|
|  | 2006           | 2005     | 2006           | 2005     |
|  | £'000          | £'000    | £'000          | £'000    |
| <b>Bank loans and overdrafts</b>                   |                |          |                |          |
| Repayable as follows -                             |                |          |                |          |
| In one year or less                                | 3,652          | -        | 3,652          | -        |
| Between one and two years                          | 19,022         | -        | 19,022         | -        |
| Between two and five years                         | 27,193         | -        | 27,193         | -        |
| Over five years                                    | 65,143         | -        | 65,143         | -        |
|  | <b>115,010</b> | <b>-</b> | <b>115,010</b> | <b>-</b> |
| Directly attributable fees and other finance costs | (820)          | -        | (820)          | -        |
|  | <b>114,190</b> | <b>-</b> | <b>114,190</b> | <b>-</b> |

The above table sets out the maturity of debt as at 31 December 2006, grossed up to reflect directly attributable fees and other finance costs which remain capitalised within the debt at the period end. These have then been removed to arrive at the outstanding net creditor balance as shown in notes 14 and 15.

The net finance lease obligations to which the group is committed are

|                            | 2006         | 2005     |
|----------------------------|--------------|----------|
|                            | £'000        | £'000    |
| In one year or less        | 510          | -        |
| Between two and five years | 876          | -        |
|                            | <b>1,386</b> | <b>-</b> |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 16 Provisions for liabilities and charges

The group has the following provisions for liabilities and charges

|                            | <b>Dilapidations</b> | <b>Rent-free periods</b> | <b>Deferred tax</b> | <b>Total</b> |
|----------------------------|----------------------|--------------------------|---------------------|--------------|
|                            | <b>£'000</b>         | <b>£'000</b>             | <b>£'000</b>        | <b>£'000</b> |
| At 1 December 2005         | -                    | -                        | -                   | -            |
| Acquired (note 26)         | 255                  | 183                      | 411                 | 849          |
| Profit and loss account    | -                    | 15                       | 104                 | 119          |
| Utilised                   | -                    | (36)                     | -                   | (36)         |
| <b>At 31 December 2006</b> | <b>255</b>           | <b>162</b>               | <b>515</b>          | <b>932</b>   |

#### Dilapidations

The dilapidations provision represents the group's obligation in respect of dilapidation costs on a property vacated in 2005

#### Rent-free periods

The provision for rent-free periods relates to the recognition of costs on property leases on a straight line basis over the lease term in accordance with UITF28. The current provision is being released over four years

#### Deferred taxation

|  | <b>£'000</b> |
|--|--------------|
| At 1 December 2005                         | -            |
| Acquired – deferred tax asset              | 923          |
| – deferred tax provision                   | (411)        |
| Profit and loss account (note 7)           | (789)        |
| <b>At 31 December 2006 (net liability)</b> | <b>(277)</b> |
| Recognised as                              |              |
| Deferred tax asset (note 13)               | 238          |
| Deferred tax liability                     | (515)        |
| <b>At 31 December 2006</b>                 | <b>(277)</b> |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 16 Provisions for liabilities and charges (continued)

#### Deferred taxation (continued)

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, is as follows

|  | Amount provided |       | Amount unprovided |       |
|--|-----------------|-------|-------------------|-------|
|  | 2006            | 2005  | 2006              | 2005  |
|  | £'000           | £'000 | £'000             | £'000 |
| <b>Tax effect of timing differences:</b>   |                 |       |                   |       |
| Excess of tax allowances over depreciation | (412)           | -     | -                 | -     |
| Other timing differences                   | 109             | -     | -                 | -     |
| Trading losses                             | 26              | -     | 532               | 3     |
| Deferred tax (liability)/asset             | (277)           | -     | 532               | 3     |

#### Company

The company has no deferred tax balance provided at 31 December 2006 (2005 £nil) The unprovided deferred tax asset of £532,000 (2005 £3,000) relates to losses carried forward

### 17 Pension obligations

The group operate several defined contribution pension schemes The assets of these schemes are held separately from those of the group in independently administered funds The group's pension cost for the period was £229,000 (2005 £nil) Included in creditors is £51,000 (2005 £nil) in respect of contributions payable to the scheme

### 18 Called up share capital

|   | 2006   | 2005   |
|---|--------|--------|
|   | £'000  | £'000  |
| <b>Authorised</b>                         |        |        |
| 10,000,000 ordinary shares of £1 each     | 12,750 | 10,000 |
| <b>Allotted, called up and fully paid</b> |        |        |
| 1 ordinary share of £1 each               | 1      | 1      |

On 7 September 2006 the authorised share capital was increased by 2,750,000 ordinary shares of £1 each

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 19 Profit and loss account

#### Group

|                     | £000    |
|---------------------|---------|
| At 1 December 2005  | (14)    |
| Loss for the period | (2,333) |
| At 31 December 2006 | (2,347) |

#### Company

|                     | £'000   |
|---------------------|---------|
| At 1 December 2005  | (14)    |
| Loss for the period | (4,448) |
| At 31 December 2006 | (4,462) |

### 20 Reconciliation of movements in shareholders' deficit

|                                       | Group   |  | Company   |  |
|---------------------------------------|---|--|---|--|
|                                       | 13 month<br>period ended<br>31 December<br>2006 | 6 month<br>period ended<br>30 November<br>2005 | 13 month<br>period ended<br>31 December<br>2006 | 6 month<br>period ended<br>30 November<br>2005 |
|                                       | £'000   | £'000  | £'000   | £'000  |
| Loss for the financial period         | (2,333)   | (14)   | (4,448)   | (14)   |
| Dividends                             | -   | -  | -   | -  |
| Net increase in shareholders' deficit | (2,333)   | (14)   | (4,448)   | (14)   |
| Opening shareholders' deficit         | (14)  | -  | (14)  | -  |
| Closing shareholders' deficit         | (2,347)   | (14)   | (4,462)   | (14)   |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 21 Reconciliation of net cash flow to movement in net debt

|  | 13 month<br>period ended<br>31 December<br>2006 | 6 month<br>period ended<br>30 November<br>2005 |
|--|---|--|
|  | £'000   | £'000  |
| <b>Increase in cash in the period</b>                          | <b>1,564</b>                                    | <b>330</b>                                     |
| Cash inflow from increase in debt                              | (104,089)                                       | (346)  |
| Change in net debt resulting from cash flows                   | (102,525)                                       | (16)   |
| Other non cash items   |   |  |
| New finance leases   | (94)  | -  |
| Issue costs amortised  | (482)   | -  |
| Issue of vendor loan notes on acquisitions                     | (2,191)   | -  |
| Interest payable rolled into loan balances                     | (1,207)   | -  |
| Loans and finance leases acquired with subsidiary undertakings | (7,169)   | -  |
| <b>Movement in net debt in the period</b>                      | <b>(113,668)</b>                                | <b>(16)</b>                                    |
| Opening net debt   | (14)  | -  |
| <b>Closing net debt</b>  | <b>(113,682)</b>                                | <b>(16)</b>                                    |

### 22 Analysis of net debt

|                                   | At 1<br>November<br>2005 | Acquisitions<br>(excluding cash<br>and overdrafts) | Cash flows | Non<br>cash<br>movements | At 31<br>December<br>2006 |
|-----------------------------------|--------------------------|--|------------|--------------------------|---------------------------|
|                                   | £'000                    | £'000  | £'000      | £'000                    | £'000                     |
| Cash at bank and in hand          | 330                      | -  | 1,564      | -                        | 1,894                     |
| Debts due within one year         | (344)                    | (1,601)  | 500        | (2,191)                  | (3,636)                   |
| Debt due after more than one year | -                        | (3,484)  | (105,381)  | (1,689)                  | (110,554)                 |
| Finance leases                    | -                        | (2,084)  | 792        | (94)                     | (1,386)                   |
|                                   | (14)                     | (7,169)  | (102,525)  | (3,974)                  | (113,682)                 |

The non cash movements relate to the inception of finance leases, unwinding of issue costs and interest charges rolled into loan balances together with the issue of vendor loan notes as part of the consideration for acquisitions (note 26)

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 23 Capital commitments

The group had unprovided capital commitments of £1,676,000 at 31 December 2006 (2005 £nil). The company had no capital commitments at either 31 December 2006 or 30 November 2005.

### 24 Financial commitments

At 31 December 2006 the group had annual commitments under non-cancellable operating leases which expire as follows:

|                                      | 31 December 2006      |       | 30 November 2005      |       |
|--------------------------------------|-----------------------|-------|-----------------------|-------|
|                                      | Land and<br>buildings | Other | Land and<br>buildings | Other |
|                                      | £'000                 | £'000 | £'000                 | £'000 |
| Within one year                      | 32                    | 36    | -                     | -     |
| Between two and five years inclusive | 30                    | 190   | -                     | -     |
| After five years                     | 337                   | -     | -                     | -     |
|                                      | 399                   | 226   | -                     | -     |

The company had no commitments under non-cancellable operating leases.

The group had unfulfilled purchase commitments of £7,005,000 at 31 December 2006 (2005 £nil).

### 25 Related party disclosures

The company has not disclosed transactions with other group companies where the group shareholding is above 90% in accordance with the exemption under the terms of Financial Reporting Standard No. 8.

The company's immediate parent is Erbium Holdings Limited, a company registered in Jersey. During the period the company paid interest of £1,286,000 on interest bearing loan finance which had been fully repaid by the period end. At the period end an amount of £12,750,000 is due to Erbium Holdings Limited.

At 31 December 2006, the company has a loan payable of £26,069,000 due to Roundwood (Finance) Limited, a company also owned by this company's ultimate parent, Lydian Capital Partners LP. Interest of £338,000 was charged on this loan during the period.



# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 26 Acquisitions

On 22 December 2005 the company entered into an agreement to purchase the shares of Assistlight Limited. The principal activity of the Assistlight group is the production and distribution of fresh fruit based drinks, chilled fresh fruit based products and patisseries. Twelve months trading results for Assistlight Limited and its subsidiaries are included within these financial statements.

On 7 September 2006 the company entered into an agreement to purchase Rowse Honey Limited. The principal activity of Rowse Honey Limited is the blending and bottling of honey, maple syrup, luxury spreads and desert sauces. Four months trading results for Rowse Honey Limited are included within these financial statements.

On 30 October 2006, Rowse Honey Limited acquired the trade and certain assets of Healthy Food Brands Limited, a company engaged in the blending and bottling of honey.

The assets and liabilities acquired are set out below -

|  | Book values   | Accounting<br>policy<br>adjustments | Fair<br>value<br>adjustments | Final fair<br>values |
|--|---------------|-------------------------------------|------------------------------|----------------------|
|  | £'000         | £'000                               | £'000                        | £'000                |
| Tangible fixed assets                  | 20,524        | -                                   | (135)                        | 20,389               |
| Stock                                  | 9,422         | -                                   | -                            | 9,422                |
| Debtors                                | 16,327        | -                                   | 1,200                        | 17,527               |
| Cash                                   | 1,580         | -                                   | -                            | 1,580                |
| Creditors due within one year          | (17,120)      | -                                   | -                            | (17,120)             |
| Creditors due after more than one year | (4,887)       | -                                   | -                            | (4,887)              |
| Provisions                             | (1,252)       | -                                   | 403                          | (849)                |
| <b>Net assets</b>                      | <b>24,594</b> | <b>-</b>                            | <b>1,468</b>                 | <b>26,062</b>        |

#### Purchase consideration

##### Acquisition of subsidiaries

|                             |         |
|-----------------------------|---------|
| Cash                        | 107,731 |
| Deferred consideration      | 2,191   |
| Direct costs of acquisition | 566     |

##### Acquisition of business

|      |                |
|------|----------------|
| Cash | 1,200          |
|      | <b>111,688</b> |

|                                |               |
|--------------------------------|---------------|
| <b>Goodwill on acquisition</b> | <b>85,626</b> |
|--------------------------------|---------------|

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 26 Acquisitions (continued)

The book value of assets and liabilities have been taken from the management accounts of the acquired businesses at the dates of acquisition **Fair value adjustments**

Revaluation adjustments in respect of tangible fixed assets comprise the valuations of certain freehold properties and an adjustment to the value of acquired plant and machinery

Dilapidation provisions on a leasehold property has been adjusted to reflect the final agreed values

The remaining adjustments relate to corporate and deferred taxation

The directors consider that the fair value adjustments are final

**The pre acquisition results of the Assistlight group are as follows:**

|                               | Unaudited<br>4 months<br>ended 31<br>December<br>2005<br>£'000 | Audited<br>12 months<br>ended 30<br>September<br>2005<br>£'000 |
|-------------------------------|--|--|
| Turnover                      | 17,543   | 63,540   |
| Operating (loss)/profit       | (697)  | 1,829  |
| (Loss)/profit before taxation | (866)  | 1,307  |
| Taxation                      | 794  | (459)  |
| Profit after taxation         | (72)   | 848  |

There were no other gains or losses for the periods presented above

**The pre acquisition results of the Rowse Honey are as follows:**

|                               | Unaudited<br>11 months<br>ended 31<br>August<br>2006<br>£'000 | Audited<br>12 months<br>ended 30<br>September<br>2005<br>£'000 |
|-------------------------------|---|--|
| Turnover                      | 36,424  | 35,647   |
| Operating (loss)/profit       | (4,572)   | 6,107  |
| (Loss)/profit before taxation | (4,370)   | 6,206  |
| Taxation                      | 1,291   | (1,901)  |
| (Loss)/profit after taxation  | (3,079)   | 4,305  |

# Wellness Foods Limited

## Notes to the financial statements for the 13 month period ended 31 December 2006 (continued)

### 26 Acquisitions (continued)

The post acquisition results of the two acquired businesses are as follows -

|                  | <b>Assistlight<br/>12 months<br/>ended 31<br/>December<br/>2006<br/><br/>£'000</b> | <b>Rowse<br/>3 months<br/>ended 31<br/>December<br/>2006<br/><br/>£'000</b> |
|------------------|--|---|
| Turnover         | 81,849   | 13,306  |
| Operating profit | 2,533  | 1,509   |

The impact of acquisitions on the cashflow statement for the 13 month period ended 31 December 2006 is a net cash inflow from operating activities of £13,303,000, cash inflow from returns on investment and servicing of finance of £2,000, taxation received of £139,000 and net capital expenditure outflow of £4,209,000

### 27 Parent company and controlling party

The immediate parent company is Erbium Holdings Limited, a company registered in Jersey

The ultimate parent undertaking and controlling party is Lydian Capital Partners LP, a limited partnership registered in Jersey, which wholly owns the company. There is no overall controlling party.

### 28 Subsequent events

On 28 February 2007 Wellness Foods Ltd set up a new 100% owned subsidiary undertaking, Streamfoods Holdings Limited, which acquired 80% of the share capital of Streamfoods Limited based in Wisbech, Cambridgeshire. Streamfoods supply natural and healthy fruit snacks under the Fruit Bowl brand to the UK market.

On 30th March 2007 Wellness Foods Ltd acquired 100% of the share capital of Grove Fresh Limited based in Horley, Surrey. Grove Fresh supply organic juices to the UK market.