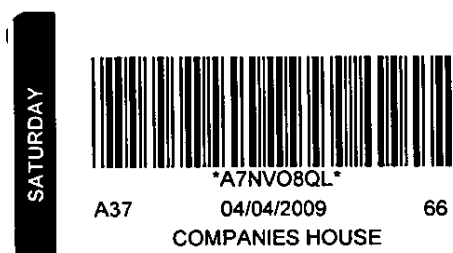




Financial statements Kier Baker Holdings Limited

For the Year Ended 31 July 2008



Company No. 02340201

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 July 2008.

Principal activities and business review

The principal activity of the company during the year was that of a holding company.

Results and dividends

The profit for the year amounted to £2,645 (2007 - £250,964 loss). The directors have not recommended a dividend.

Financial risk management objectives and policies

As Kier Baker Holdings Limited is a holding company, the primary risks and uncertainties of trading are borne by the subsidiary undertaking, Supreme Petfoods Limited.

Directors

The directors who served the company during the year were as follows:

R E Baker
M T R Betley
C Childs
M B Crabtree
M S Heyworth
T H Kier
R A S Skinner
P J Whittle

M S Heyworth retired as a director on 8 July 2008.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

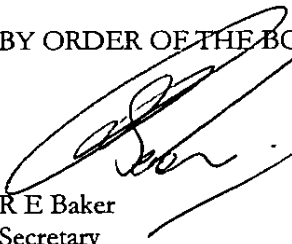
In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP were appointed as auditors on 15 July 2008 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. In accordance with s485(4) of the Companies Act 2006 a written resolution to reappoint Grant Thornton UK LLP as auditors has been sent out with these financial statements.

BY ORDER OF THE BOARD



R E Baker
Secretary

20 March 2009



Report of the independent auditor to the members of Kier Baker Holdings Limited

We have audited the financial statements of Kier Baker Holdings Limited for the year ended 31 July 2008 which comprise the accounting policies, profit and loss account, balance sheet and notes 1 to 19. 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 of 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 auditor's 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 auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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).

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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with 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.

Report of the independent auditor to the members of Kier Baker Holdings Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 July 2008 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 Report of the Directors is consistent with the financial statements.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

IPSWICH

20 March 2009

Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Going concern

The financial statements have been prepared on the going concern basis due to the continued support of a related company, K105 Limited, which has undertaken to provide such support as necessary for the group to continue trading and discharge its debts as they fall due, for a period of at least 12 months from the date of approval of these financial statements.

Consolidation

The directors have taken the exemptions available from preparing consolidated accounts on the basis that the company's results have been consolidated into the parent company's accounts and those consolidated accounts are publicly available.

Cash flow statement

In accordance with FRS 1 (Revised), the company has not prepared a statement of cash flows for the current year as it was a wholly owned subsidiary of Supreme Pet Food Holdings Limited, which publishes consolidated financial statements including a consolidated cash flow statement.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property - 3% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Pension costs

The company makes payments to a group personal pension scheme for certain of its directors. Contributions are charged to the profit and loss account as incurred.

Prior year adjustments

The prior year adjustments relate to the two following adjustments:

Interest charged on inter company loans: Interest amounting to £104,136 is now shown as interest receivable from Supreme Petfoods Limited and payable to K105 Limited and Mr T H Kier. The outstanding amounts as at 31 July 2007 have also been reclassified to reflect this. As a result of this reclassification, the directors believe the accounts record the true substance of the transaction to which this relates. These reclassifications have not resulted in a change to the shareholders' funds nor the losses for the prior period.

Purchasing of own shares: During 2007 the company purchased back its preference shares of £206,000. This transaction was financed by proceeds from an issue of ordinary shares. As a result, the corresponding entry should have been made against the shareholder's loan account rather than the Capital Redemption Reserve. The net effect of this adjustment has been to decrease the net funds of the company from £759,738 to £553,738.

Profit and loss account

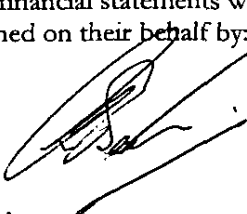
		Year to 31 Jul 08	Period from 1 Jan 07 to 31 Jul 07 (restated)
	Note	£	£
Turnover		—	—
Other operating charges	1	268,867	101,749
Other operating income	2	(271,512)	—
Operating profit/(loss)	3	2,645	(101,749)
Amounts written off investments	6	—	(149,215)
Interest receivable and similar income	7	(114,793)	(104,136)
Interest payable and similar charges	7	114,793	104,136
Profit/(loss) on ordinary activities before taxation		2,645	(250,964)
Tax on profit/(loss) on ordinary activities		—	—
Profit/(loss) for the financial year	16	2,645	(250,964)

All of the activities of the company are classed as continuing.

Balance sheet

	Note	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 (restated) £
Fixed assets			
Tangible assets	8	434,961	439,473
Investments	9	1,014,606	15,606
		<u>1,449,567</u>	<u>455,079</u>
Current assets			
Debtors	10	770,152	1,647,201
Creditors: amounts falling due within one year	12	412,124	157,230
Net current assets		<u>358,028</u>	<u>1,489,971</u>
Total assets less current liabilities		<u>1,807,595</u>	<u>1,945,050</u>
Creditors: amounts falling due after more than one year	13	1,251,312	1,391,312
		<u>556,283</u>	<u>553,738</u>
Capital and reserves			
Called-up equity share capital	15	1,225,456	1,225,556
Share premium account	16	450,465	450,465
Revaluation reserve	16	125,342	126,642
Profit and loss account	16	(1,244,980)	(1,248,925)
Shareholders' funds	17	<u>556,283</u>	<u>553,738</u>

These financial statements were approved by the directors and authorised for issue on 20/3/2009, and are signed on their behalf by:


R E Baker
Director

Statement of recognised gains and losses

Statement of recognised gains and losses

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Profit/(loss) for the financial period	<u>2,645</u>	<u>(250,964)</u>
Total recognised gains and losses for the year	<u>2,645</u>	<u>(250,964)</u>
Prior year adjustment	<u>(206,000)</u>	<u>-</u>
Total gains and losses recognised since the last financial statements	<u><u>(203,355)</u></u>	<u><u>(250,964)</u></u>

Notes to the financial statements

1 Other operating charges

	Year to 31 Jul 08	Period from 1 Jan 07 to 31 Jul 07
	£	£
Administrative expenses	<u>268,867</u>	<u>101,749</u>

2 Other operating income

	Year to 31 Jul 08	Period from 1 Jan 07 to 31 Jul 07
	£	£
Management charges	<u>271,512</u>	<u>-</u>

3 Operating profit

Operating profit is stated after charging:

	Year to 31 Jul 08	Period from 1 Jan 07 to 31 Jul 07
	£	£
Depreciation of owned fixed assets	<u>4,512</u>	<u>-</u>

Audit fees have been settled by Supreme Petfoods Limited.

Limited Liability Agreement with the auditor

The directors propose that the company enter into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 July 2008. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and will be proposed for approval at the forthcoming Annual General Meeting.

4 Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	Year to 31 Jul 08 No	Period from 1 Jan 07 to 31 Jul 07 No
Number of management staff	<u>6</u>	<u>6</u>

The aggregate payroll costs of the above were:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Wages and salaries	214,906	123,359
Social security costs	22,312	13,922
Pension costs	15,707	10,323
	<u>252,925</u>	<u>147,604</u>

5 Directors

Remuneration in respect of directors was as follows:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Emoluments receivable	214,906	123,359
Value of company pension contributions to money purchase schemes	15,707	10,323
	<u>230,613</u>	<u>133,682</u>

Emoluments of highest paid director:

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Total emoluments (excluding pension contributions)	103,663	70,287
Value of company pension contributions to money purchase schemes	7,714	5,067
	<u>111,377</u>	<u>75,354</u>

Directors (continued)

The number of directors who accrued benefits under company pension schemes was as follows:

	Year to 31 Jul 08 No	Period from 1 Jan 07 to 31 Jul 07 No
Money purchase schemes	<u>2</u>	<u>2</u>

6 Amounts written off investments

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 £
Amount written off investments	<u>-</u>	<u>149,215</u>

7 Interest

	Year to 31 Jul 08 £	Period from 1 Jan 07 to 31 Jul 07 (restated) £
Interest receivable from group undertakings	<u>114,793</u>	<u>104,136</u>
Interest payable to related undertakings	<u>114,793</u>	<u>104,136</u>

8 Tangible fixed assets

	Freehold Property £
Cost or valuation At 1 August 2007 and 31 July 2008	<u>451,127</u>
Depreciation At 1 August 2007	11,654
Charge for the year	<u>4,512</u>
At 31 July 2008	<u>16,166</u>
Net book value At 31 July 2008	<u>434,961</u>
At 31 July 2007	<u>439,473</u>

8 Tangible fixed assets (continued)

The freehold property was revalued in 1997 by professional valuers at an open market value for existing use basis at £451,127. Transitional provisions of FRS 15 have been adopted and as such revaluations have not been updated. The carrying value of freehold property is considered by the directors not to be materially different from its current value.

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	NBV of revalued tangible fixed assets £
Cost	321,127
Accumulated depreciation	11,507
Net book amount at 31 July 2008	<u>309,620</u>
Net book amount at 31 July 2007	<u>312,831</u>

9 Investments

Investment in group undertakings

	£
Cost	
At 1 August 2007	15,606
Additions	999,000
At 31 July 2008	<u>1,014,606</u>
Net book value	
At 31 July 2008	<u>1,014,606</u>
At 31 July 2007	<u>15,606</u>

Name of company	Country of incorporation	Class of shares held	Nature of business
Supreme Petfoods Limited	England and Wales	£1 ordinary	Pet food manufacturers
Supreme Nutrition Limited	England and Wales	£1 ordinary	Dormant
Supreme Petfoods Inc	USA	\$1 ordinary	Pet food distributors
Supreme Petfoods BV	The Netherlands	€1 ordinary	Pet food distributors

Kier Baker Holdings owns 100% of the ordinary share capital of all the above companies.

The results of Kier Baker Holdings Limited and of all its subsidiaries have been included in the consolidated financial statements of Supreme Pet Food Holdings Limited.

During the previous period, an investment cost amounting to £149,215 was written off in respect of M. B Contracts Limited, a company which was struck off in August 2007.

10 Debtors

	2008	2007 (restated)
	£	£
Amounts owed by group undertakings	763,217	1,640,266
Deferred taxation (note 11)	6,935	6,935
	<u>770,152</u>	<u>1,647,201</u>

11 Deferred taxation

The deferred tax included in the Balance sheet is as follows:

	Year to 31 Jul 08	Period from 1 Jan 07 to 31 Jul 07
	£	£
Included in debtors (note 10)	<u>6,935</u>	<u>6,935</u>

The balance of the deferred taxation account throughout the year was £6,935.

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008	2007
	£	£
Excess of depreciation over taxation allowances	6,138	6,138
Tax losses available	797	797
	<u>6,935</u>	<u>6,935</u>

12 Creditors: amounts falling due within one year

	2008	2007 (restated)
	£	£
Amounts owed to related undertakings	353,909	102,287
Other creditors	53,094	53,094
Accruals	5,121	1,849
	<u>412,124</u>	<u>157,230</u>

13 Creditors: amounts falling due after more than one year

	2008	2007 (restated)
	£	£
Amounts owed to related undertakings	<u>1,251,312</u>	<u>1,391,312</u>

Included within amounts owed to related undertakings are two convertible debenture loans amounting to £1,251,312 (2007 (restated) - £1,391,312). The lender for these loans could elect to convert any amounts not paid into fully paid ordinary shares in Kier Baker Holdings Limited. The rate of conversion was dependent on the amount outstanding at that point and the valuation of the company.

The convertible loans are secured by way of charges over the freehold land and buildings at Stone Street Farm, Stone Street, Hadleigh, and by way of a fixed and floating charge over all of the assets of the company.

As part of its continued support of the group, K105 Limited has now agreed to repayment of the £1,391,312 over a five year period.

Creditors include finance capital which is due for repayment as follows:

	2008	2007 (restated)
	£	£
Amounts payable:		
In one year or less or in demand	353,909	102,287
In more than one year but not more than two years	240,000	1,391,312
In more than two years but not more than five years	1,011,312	-
	<u>1,605,221</u>	<u>1,493,599</u>

14 Related party transactions

The company is exempt from disclosing transactions between it and other group members as it is more than 90% owned within the group and the results will be consolidated into the immediate parent company's financial statements.

Included within accruals and amounts due to related undertakings are amounts due to K105 Limited of £1,605,221 (2007 (restated) - £1,493,599). Interest was charged on this loan amounting to £111,622 (2007 (restated) - £102,287). K105 Limited was the company's immediate controlling related party until 23 August 2007, when it sold its majority shareholding to Supreme Pet Food Holdings Limited, the new immediate parent undertaking.

Included within other creditors and accruals is an amount of £58,114 (2007 (restated) - £54,944) payable to T Kier. Interest was charged on this loan amounting to £3,170 (2007 (restated) - £1,849). The directors believe T Kier to be the company's ultimate controlling related party.

15 Share capital

Authorised share capital:

	2008 £	2007 £
1,749,800 Ordinary shares of £1 each	1,749,800	1,749,800
100 Ordinary A shares of £1 each	100	100
1,000 Ordinary B shares of £0.10 each	100	100
500,000 Preference shares of £1 each	500,000	500,000
	<u>2,250,000</u>	<u>2,250,000</u>

Allotted and called up:

	2008 No	£	2007 No	£
Ordinary shares fully paid of £1 each	1,225,456	1,225,456	1,225,456	1,225,456
Ordinary A shares fully paid of £1 each	-	-	100	100
	<u>1,225,456</u>	<u>1,225,456</u>	<u>1,225,556</u>	<u>1,225,556</u>

16 Reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £
Original balance at 1 August 2007	450,465	126,642	(1,248,925)
Profit for the year	-	-	2,645
Transfer	-	(1,300)	1,300
At 31 July 2008	<u>450,465</u>	<u>125,342</u>	<u>(1,244,980)</u>

17 Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit/(Loss) for the financial year	2,645	(250,964)
New equity share capital subscribed	–	750,000
Premium on new share capital subscribed	–	450,465
Purchase of own ordinary shares	(100)	(206,000)
Transfer from revaluation reserve	1,300	758
Transfer to profit and loss account	(1,300)	(758)
Net addition to shareholders' funds/(deficit)	2,545	743,501
Opening shareholders' funds/(deficit)	553,738	(189,763)
Closing shareholders' funds	556,283	553,738

18 Ultimate parent company

At 1 August 2007, the immediate parent of Kier Baker Holdings Limited was K105 Limited, a company registered in the British Virgin Islands, by virtue of its majority shareholding.

During the year Kier Baker Holdings Limited was sold to Supreme Pet Food Holdings Limited, a company registered in England and Wales. As a result Supreme Pet Food Holdings Limited is now the parent undertaking. Supreme Pet Food Holdings Limited is the largest and smallest group into which the results of Kier Baker Holdings Limited are consolidated. The consolidated statements of the entity are publicly available from the following address.

Supreme Pet Food Holdings Limited
Stone Street
Hadleigh
Ipswich
Suffolk
IP7 6DN

The directors believe that the immediate parent of Supreme Pet Food Holdings Limited is the Trust Corporation of the Channel Islands Limited, a company registered in the British Virgin Islands, by virtue of its 100% ownership. This company holds the shares on behalf of the K105 settlement trust, of which Mr T H Kier and his family are the main beneficiary. The directors consider Mr T H Kier to be the ultimate controlling related party.

19 Contingent liabilities

Supreme Petfoods Limited's overdraft facility is secured by a multilateral guarantee and debenture with Kier Baker Holdings Limited. The total overdraft of the two companies at 31 July 2008 was £nil. Kier Baker Holdings Limited has also provided an unlimited guarantee to its bank in respect of Supreme Petfoods Limited. There were no other contingent liabilities as at 31 July 2008 (2007 - £nil).