

COMPLAN FOODS LIMITED

FINANCIAL STATEMENTS

31 JULY 2010

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COMPLAN FOODS LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

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COMPLAN FOODS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

Mrs K Naylor
Mr P Avis
Mr A James
Lord M Saatchi
Mr P Eraut

COMPANY SECRETARY

Mr P Avis

REGISTERED OFFICE

Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

AUDITOR

Menzies LLP
Heathrow Business Centre
65 High Street
Egham
Surrey TW20 9EY

BANKERS

Bank of Scotland Plc
14 - 16 Cockspur Street
London
SW1Y 5BL

SOLICITORS

Lawrence Stephens
Morley House
26 Holborn Viaduct
London
EC1A 2AT

COMPLAN FOODS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

The directors have pleasure in presenting their report and the financial statements of the company for the Period from 26 July 2009 to 31 July 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was as a marketer of nutritional supplements

The company continued to achieve growth in turnover to £6.7m (2009 - £6.6m) in a challenging economic climate. The company also maintained its gross profit margin of 60.8% (2009 - 59.7%) and as a result the Directors are satisfied with the results for the year.

FUTURE DEVELOPMENTS

The directors are continuing to invest in the development of their products and markets and as a result are expecting sales to continue to increase in the forthcoming financial period.

KEY PERFORMANCE INDICATORS

FINANCIAL

	2010	2009
Revenue	£6,709,405	£6,568,458
Gross Profit Margin %	60.8%	59.7%
Operating Profit % (before exceptional items)	24.6%	24.9%

NON-FINANCIAL

The Directors do not consider any non financial key performance indicators at this time.

GOING CONCERN

The company continues to remain profitable, with a strong net asset position and cash resources. As a result, the Directors are confident that the group is a going concern for the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the Period, after taxation, amounted to £1,101,948. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses a variety of financial instruments including cash and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below.

The main risks arising from the company's financial instruments are market risk, cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Market risk

Market risk encompasses three types of risk, being currency risk, fair value interest rate risk and price risk. The company's policies for managing cash flow interest rate risk is set out in the subsection entitled "interest rate risk" below.

Currency risk

The company is not significantly exposed to translation and transaction foreign exchange risk as the main trading currency is sterling.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The company finances its operations through a mixture of retained profits and bank borrowings. Bank borrowings carry both variable and fixed interest rates.

Credit risk

The principal credit risk arises from its trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

COMPLAN FOODS LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

DIRECTORS

The directors who served the company during the Period were as follows

Mrs K Naylor
Mr P Avis
Lord M Saatchi
Mr P Erout
Mr A James

(Appointed 4 November 2009)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office
Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

Signed on behalf of the directors



Mr P Avis

Director

Approved by the directors on 19/11/10.

COMPLAN FOODS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMPLAN FOODS LIMITED

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

We have audited the financial statements of Complan Foods Limited for the Period from 26 July 2009 to 31 July 2010 on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2010 and of its profit for the Period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

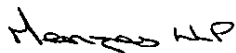
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial Period for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



JULIE ADAMS FCA (Senior
Statutory Auditor)
For and on behalf of
MENZIES LLP
Chartered Accountants
& Statutory Auditor

Heathrow Business Centre
65 High Street
Egham
Surrey TW20 9EY

15/2/10

COMPLAN FOODS LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

	Note	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
TURNOVER	2	6,709,405	6,568,458
Cost of sales		2,627,692	2,645,455
GROSS PROFIT		4,081,713	3,923,003
Distribution costs		202,030	162,178
Administrative expenses		2,231,267	2,126,284
Other operating income	3	–	(114,222)
OPERATING PROFIT	4	1,648,416	1,748,763
Attributable to			
Operating profit before exceptional items		1,648,416	1,634,541
Exceptional items	4	–	114,222
		1,648,416	1,748,763
Cost of restructuring the company	7	–	(156,624)
		1,648,416	1,592,139
Interest receivable and similar income		87,584	23,894
Interest payable and similar charges	8	(238,530)	(308,090)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,497,470	1,307,943
Tax on profit on ordinary activities	9	395,522	366,424
PROFIT FOR THE FINANCIAL PERIOD		1,101,948	941,519

All of the activities of the company are classed as continuing
The company has no recognised gains or losses other than the results for the
period as set out above

The notes on pages 9 to 15 form part of these financial statements.

COMPLAN FOODS LIMITED

BALANCE SHEET

31 JULY 2010

	Note	31 Jul 10 £	£	25 Jul 09 £	£
FIXED ASSETS					
Intangible assets	10		4,531,270		4,908,874
CURRENT ASSETS					
Stocks	11	573,725		398,480	
Debtors	12	1,536,645		1,111,880	
Cash at bank		816,140		1,576,002	
		<u>2,926,510</u>		<u>3,086,362</u>	
CREDITORS: Amounts falling due within one year	13	<u>2,002,239</u>		<u>2,775,584</u>	
NET CURRENT ASSETS			924,271		310,778
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,455,541</u>		<u>5,219,652</u>
CREDITORS: Amounts falling due after more than one year	14		3,088,500		3,963,346
			<u>2,367,041</u>		<u>1,256,306</u>
CAPITAL AND RESERVES					
Called-up equity share capital	18		980,000		980,000
Share options reserve	19		8,787		-
Profit and loss account	19		1,378,254		276,306
SHAREHOLDERS' FUNDS	20		<u>2,367,041</u>		<u>1,256,306</u>

These financial statements were approved by the directors and authorised for issue on 19/11/10, and are signed on their behalf by

Mr P Ayis

Mr P Erant

Company Registration Number 04418784

The notes on pages 9 to 15 form part of these financial statements.

COMPLAN FOODS LIMITED

CASH FLOW STATEMENT

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

	Period from 26 Jul 09 to 31 Jul 10 £	£	Period from 27 Jul 08 to 25 Jul 09 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,296,104		1,714,535
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	87,584		23,894	
Interest paid	(216,074)		(302,983)	
Other finance charges	(22,456)		(5,107)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(150,946)		(284,196)
TAXATION		(209,137)		-
CASH INFLOW BEFORE FINANCING		936,021		1,430,339
FINANCING				
Repayment of debenture loans	(1,018,330)		(311,347)	
Repayment of bank loans	(677,544)		(169,894)	
NET CASH OUTFLOW FROM FINANCING		(1,695,874)		(481,241)
(DECREASE)/INCREASE IN CASH		(759,853)		949,098

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Period from 26 Jul 09 to 31 Jul 10 £	£	Period from 27 Jul 08 to 25 Jul 09 £	£
Operating profit	1,648,416		1,748,763	
Amortisation	377,604		377,604	
(Increase)/decrease in stocks	(175,245)		39,984	
(Increase)/decrease in debtors	(424,765)		2,538	
Decrease in creditors	(138,693)		(297,730)	
Re-organisation costs	-		(156,624)	
Equity-settled share-based payments	8,787		-	
Net cash inflow from operating activities	1,296,104		1,714,535	

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	31 Jul 10 £	£	25 Jul 09 £	£
(Decrease)/increase in cash in the period	(759,853)		949,098	
Net cash outflow from debenture loans	1,018,330		311,347	
Net cash outflow from bank loans	677,544		169,894	
		936,021		1,430,339
Change in net debt		936,021		1,430,339
Net debt at 26 July 2009		(3,887,955)		(5,318,294)
Net debt at 31 July 2010		(2,951,934)		(3,887,955)

COMPLAN FOODS LIMITED

CASH FLOW STATEMENT

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

ANALYSIS OF CHANGES IN NET DEBT

	At 26 Jul 2009 £	Cash flows £	At 31 Jul 2010 £
Net cash			
Cash in hand and at bank	1,576,002	(759,862)	816,140
Overdrafts	(9)	9	-
	<u>1,575,993</u>	<u>(759,853)</u>	<u>816,140</u>
Debt			
Debt due within 1 year	(1,500,602)	821,028	(679,574)
Debt due after 1 year	(3,963,346)	874,846	(3,088,500)
	<u>(5,463,948)</u>	<u>1,695,874</u>	<u>(3,768,074)</u>
Net debt	<u>(3,887,955)</u>	<u>936,021</u>	<u>(2,951,934)</u>

COMPLAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts and is recognised upon receipt of goods by customers

Amortisation

Amortisation 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

Brands - 20 years straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

COMPLAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

1 ACCOUNTING POLICIES *(continued)*

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 classified as an equity instrument. Dividend and distributions relating to equity instruments are debited directly to equity.

Income and expenditure arising on loan notes is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

2. TURNOVER

The turnover and loss before tax are attributable to principle activity of the company. No segmental information has been disclosed as, in the opinion of the directors, this would be prejudicial to the interests of the company.

3. OTHER OPERATING INCOME

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Exceptional other operating income	–	114,222

During the period ended 25 July 2009 the company reviewed its logistics and operational requirements. The early termination of a specific service contract resulted in a one-off payment to the company of £114,222 (2010: £nil).

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Amortisation of intangible assets	377,604	377,604
Auditor's remuneration		
- as auditor	12,750	10,200
Operating lease costs		
- Other	37,716	40,454
Net profit on foreign currency translation	–	(1,364)
Exceptional other operating income	–	(114,222)

COMPLAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

5. PARTICULARS OF EMPLOYEES

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

	Period from 26 Jul 09 to 31 Jul 10 No	Period from 27 Jul 08 to 25 Jul 09 No
Number of administrative staff	3	2
Number of sales staff	5	3
	<u>8</u>	<u>5</u>

The aggregate payroll costs of the above were

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Wages and salaries	633,368	528,940
Social security costs	73,793	46,218
Equity-settled share-based payments	8,787	-
	<u>715,948</u>	<u>575,158</u>

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Aggregate remuneration	<u>383,984</u>	<u>233,536</u>

Remuneration of highest paid director:

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Total remuneration (excluding pension contributions)	<u>181,869</u>	<u>213,960</u>

A amount of £8,175 (2009 £45,905) was paid to third parties for services of directors

7. COST OF REORGANISATION OR RESTRUCTURING

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Exceptional item	<u>-</u>	<u>156,624</u>

During the period ended 25 July 2009 the company reviewed its future logistics and operational requirements. This project had progressed and culminated in the appointment of new providers for these services. Total costs incurred in the period were £156,624 (2010 £nil)

COMPLAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

8. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Interest payable on bank borrowing	76,131	140,314
Interest on other loans	139,943	162,669
Other finance charges	22,456	5,107
	<u>238,530</u>	<u>308,090</u>

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the Period

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Current tax		
In respect of the Period		
UK Corporation tax based on the results for the Period at 28% (2009 - 28%)	423,485	237,100
Over/under provision in prior year	(27,963)	-
Total current tax	<u>395,522</u>	<u>237,100</u>
Deferred tax		
Origination and reversal of timing differences		
Other	-	129,324
Tax on profit on ordinary activities	<u>395,522</u>	<u>366,424</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the Period is lower than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	Period from 26 Jul 09 to 31 Jul 10 £	Period from 27 Jul 08 to 25 Jul 09 £
Profit on ordinary activities before taxation	<u>1,497,470</u>	<u>1,307,943</u>
Profit on ordinary activities by rate of tax	419,292	366,224
Expenses not deductible for tax purposes	4,193	16,852
Utilisation of tax losses	-	(161,524)
Adjustments to tax charge in respect of previous periods	(27,963)	-
Marginal rate tax relief	-	(12,403)
Over provision in connection with current period	-	27,951
Total current tax (note 9(a))	<u>395,522</u>	<u>237,100</u>

COMPLAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

10. INTANGIBLE FIXED ASSETS

	Brands £
COST	
At 26 July 2009 and 31 July 2010	<u>9,170,404</u>
AMORTISATION	
At 26 July 2009	4,261,530
Charge for the Period	377,604
At 31 July 2010	<u>4,639,134</u>
NET BOOK VALUE	
At 31 July 2010	<u>4,531,270</u>
At 25 July 2009	<u>4,908,874</u>

11. STOCKS

	31 Jul 10 £	25 Jul 09 £
Finished goods	<u>573,725</u>	<u>398,480</u>

12. DEBTORS

	31 Jul 10 £	25 Jul 09 £
Trade debtors	1,263,699	985,557
VAT recoverable	52,209	47,295
Other debtors	90,818	79,028
Prepayments and accrued income	129,919	–
	<u>1,536,645</u>	<u>1,111,880</u>

13. CREDITORS. Amounts falling due within one year

	31 Jul 10 £	25 Jul 09 £
Subordinated Loan	–	821,028
Bank loans and overdrafts	679,574	679,583
Trade creditors	440,981	350,309
Corporation tax	423,485	237,100
PAYE and social security	22,673	15,870
Other creditors	81,248	73,159
Accruals and deferred income	354,278	598,535
	<u>2,002,239</u>	<u>2,775,584</u>

14. CREDITORS: Amounts falling due after more than one year

	31 Jul 10 £	25 Jul 09 £
Loan notes	1,902,323	2,099,625
Bank loans	1,186,177	1,863,721
	<u>3,088,500</u>	<u>3,963,346</u>

The bank loan is secured by a first charge over the company's assets. These borrowings above are stated net of related issue costs of £59,249. A charge of £22,456 (2009: £5,107) was taken to the profit and loss account during the year in relation to the related issue costs.

COMPLAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

15 SHARE-BASED PAYMENTS

Equity-settled share-based payments

On 13 June 2006, 70,000 share options were granted by the company to certain employees (including directors) Options are exercisable at a price of £1.25 per share There are no performance conditions attached to these options The options can be exercised if there is a change of control of the company Options are forfeited if the employee leaves the company before the options vest

On 25 February 2010, 141,832 share options were granted by the company to certain employees (including directors) Options are exercisable at a price of £1.70 per share The options can be exercised if the company achieves an audited EBITDA of at least £2m for two consecutive years, or if there is a change of control of the company, whichever is the earliest Options are forfeited if the employee leaves the company before the options vest

On 25 February 2010, 45,910 share options were granted by the company to certain employees (including directors) Options are exercisable at a price of £2.50 per share The options can be exercised if the company achieves an audited EBITDA of at least £2m for two consecutive years, or if there is a change of control of the company, whichever is the earliest Options are forfeited if the employee leaves the company before the options vest

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows

	31 Jul 10		25 Jul 09	
	No	WAEP £	No	WAEP £
Outstanding at the beginning of the year	70,000 00	1.25	70,000 00	1.25
Granted during the year	187,742 00	1.90	-	-
Forfeited during the year	(50,000 00)	1.25	-	-
Outstanding at the end of the year	207,742 00	1.76	70,000 00	1.25
Exercisable at the end of the year	-	-	-	-

The fair values were calculated using the Black-Scholes valuation method The inputs into the model were as follows

	31 Jul 10	25 Jul 09
Weighted average share price - £	1.29	0.20
Expected volatility - %	20.00-25.00	20.00
Expected life - years	2.50-7.00	7.00
Risk free rate - %	3.24-4.58	4.58

The company recognised total expenses of £8,787 (2009: £nil) related to equity-settled share-based payment transactions during the year

16. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2010 the company had annual commitments under non-cancellable operating leases as set out below

	31 Jul 10		25 Jul 09	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire				
Within 1 year	24,225	-	-	-
Within 2 to 5 years	-	24,901	24,225	-
	24,225	24,901	24,225	-

COMPLAN FOODS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 26 JULY 2009 TO 31 JULY 2010

17. RELATED PARTY TRANSACTIONS

Included within other debtors is an amount of £81,248 (2009 £76,248) which represents an unsecured interest bearing loan to Complan Foods Limited Employee Benefit Trust to facilitate the acquisition of shares in the company from previous shareholders

Included within other creditors falling due within one year is an amount of £81,248 (2009 £76,248) which represents an unsecured interest bearing loan received from certain shareholders for the sole purpose of onward lending to the Complan Foods Limited Employee Benefit Trust

Loan notes included within other creditors due after more than one year comprise 10% fixed rate unsecured notes issued to certain shareholders. The holders of the loan notes have given an undertaking to the Bank of Scotland that the loan notes will not be redeemed until the bank loan is fully repaid. The balance at the year end is £1,902,323 (2009 £2,099,625)

During the year the company paid KN Consulting, a company in which Mrs K Naylor is a director and shareholder, £8,175 (2009 £45,905) for services of directors

18. SHARE CAPITAL

Allotted, called up and fully paid:

	31 Jul 10		25 Jul 09	
	No	£	No	£
678,207 Ordinary 'A' shares of £1 each	678,207	678,207	678,207	678,207
214,793 Ordinary 'C1' shares of £1 each	214,793	214,793	214,793	214,793
47,000 Ordinary 'C2' shares of £1 each	47,000	47,000	47,000	47,000
40,000 Ordinary 'C3' shares of £1 each	40,000	40,000	40,000	40,000
	<u>980,000</u>	<u>980,000</u>	<u>980,000</u>	<u>980,000</u>

19. RESERVES

	Share options reserve £	Profit and loss account £
Balance brought forward	-	276,306
Profit for the Period	-	1,101,948
Recognition of equity-settled share-based payments in the year	8,787	-
Balance carried forward	<u>8,787</u>	<u>1,378,254</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 Jul 10 £	25 Jul 09 £
Profit for the financial Period	1,101,948	941,519
Recognition of equity-settled share-based payments in the year	8,787	-
Net addition to shareholders' funds	<u>1,110,735</u>	<u>941,519</u>
Opening shareholders' funds	1,256,306	314,787
Closing shareholders' funds	<u>2,367,041</u>	<u>1,256,306</u>

21. ULTIMATE CONTROLLING RELATED PARTY

The ultimate controlling related parties are considered to be the individual holders of the ordinary 'A' shares by virtue of a shareholders' agreement requiring them and certain holders of the ordinary 'C' shares to vote en bloc