Registered No. 05183743

Ella's Kitchen (Brands) Limited

Report and Financial Statements

For the year ended 30 June 2015

Contents of the financial statements

Company information

for the year ended 30 June 2015

Directors
DM Faltischek
JB Carroll
P Conte
JR Meiers
PJ Lindley

Secretary
N Keen

Auditors
Ernst & Young LLP
400 Capability Green
Luton
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Ella's Barn
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Strategic report

for the year ended 30 June 2015

REVIEW OF THE BUSINESS

Company turnover increased by 10% over the previous year, with UK sales increasing by 12% and International sales increasing by 6%.

The brand continued to increase its market share in the UK market during the year; growing its share of the wet baby food market to 30%, from 26% the previous year.

UK growth has been achieved both through increased rate of sale and distribution of existing product ranges and launching new products to market. Ella's Kitchen has taken share in the snacking area of the baby aisle and extended its range of pouch products for baby. International growth has been achieved by growth in new markets such as Benelux, Iceland and the Middle East. Prior year comparatives in International sales are impacted by the loss of Australian sales at the end of financial year ended 30th June 2014.

The continued growth of the company has been enabled by increased investment in headcount, marketing support and IT infrastructure – inline with company strategy to grow the brand and increase operational efficiency.

Ella's Kitchen continues to work to a global target of 1,000 million Tiny Tummy Touch points and in the year sales of Ella's Kitchen (Brands) Ltd contributed an equivalent of 110 million Tiny Tummy Touch points to achieving the target.

KEY PERFORMANCE INDICATORS

The directors track growth in turnover, maintenance of gross profit margin and achievement of profit before tax against budget, forecast and prior year.

Non financial key performance indicators include market share in each of the key markets, level of customer complaints and customer delivery metrics.

PRINCIPAL RISKS & UNCERTAINTIES

The directors believe the principal risks facing the business to be:

Brand reputation. The directors seek to mitigate the risk to the reputation of the company's brands by investing in an enhanced quality control programme, external support, additional team resources and the continued refining of a crisis management team and protocol.

Exposure to foreign currency movements. A significant proportion of the company's cost of sales is denominated in Euros, whilst a significant proportion of revenues are denominated in sterling. The directors seek to mitigate the currency risk inherent in this situation by having hedging facilities established and operating where deemed necessary, together with a strategic focus on export into Europe to enhance the Euro revenue stream.

Competitive threat from new entrants to the baby food market. During recent years there has been significant consolidation in the global baby food market. This may result in an increase in competition in the baby food market. Directors have sought to mitigate this threat through the transaction with Hain Celestial Group, Inc and through continued innovation and new product development.

ON BEHALF OF THE BOARD

Mr P J Lindley – Director

Date: 16 March 2016

Directors' report

for the year ended 30 June 2015

The directors present their report and financial statements for the year ended 30 June 2015.

RESULTS AND DIVIDENDS

The results for the company are set out in the financial statements. The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company was that of manufacture and distribution of children's and baby food.

DIRECTORS

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

DM Faltischek
JB Carroll
P Conte
JR Meiers
PJ Lindley

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives, details of its financial instruments and its exposure to competitive, credit and foreign currency risk are described in the business review on page 3.

The company has considerable financial resources and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

Directors' report (continued)

for the year ended 30 June 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

ON BEHALF OF THE BOARD

Paul Lindley

Mr P J Lindley – Director

Date: 16 March 2016

Independent auditors' report

to the members of Ella's Kitchen (Brands) Limited

We have audited the financial statements of Ella's Kitchen Brands Limited for the year ended 30 June 2015 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 22. 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 members, 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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 and express an opinion on 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 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 the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 30 June 2015 and of its profit for the year 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 matter prescribed by the Companies Act 2006

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

Independent auditors' report (continued)

to the members of Ella's Kitchen (Brands) Limited

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.

Ernst + Young LLP

Juliet Thomas (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Luton
21 March 2016

Profit and loss account

for the year ended 30 June 2015

	Notes	2015 £	2014 £
Turnover	2	51,202,546	46,356,101
Cost of sales		(32,822,934)	(31,559,899)
Gross Profit		18,379,612	14,796,202
Administrative expenses		(12,477,935)	(12,047,821)
Exceptional costs	5	-	(4,312,191)
		5,901,677	(1,563,810)
Other Operating income		34,103	53,750
Operating profit/(loss)	6	5,935,780	(1,510,060)
Interest receivable and similar income	7	61,441	60,099
Interest payable and similar charges	8	(85,528)	(38,951)
Profit/(loss) on ordinary activities before taxation		5,911,693	(1,488,912)
Tax on profit/(loss) on ordinary activities	9	(1,242,604)	(628,868)
Profit/(loss) for the financial year		4,669,089	(2,117,780)

Continuing Operations

There is no difference between the company's results as reported and on a historical basis.

The turnover and profits were all derived from continuing activities.

Total Recognised Gains and Losses

The company has no recognised gains or losses other than the loss for the current year or profit in the previous period.

Balance sheet
at 30 June 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	10	497,539	335,359
Current assets			
Stock	11	3,678,767	3,059,099
Debtors	12	19,234,306	11,946,502
Cash at bank and in hand		4,449,817	4,877,008
		27,362,890	19,882,609
Creditors: amounts falling due within one year	13	(15,638,903)	(12,665,531)
Net current assets		11,723,987	7,217,078
Net assets		12,221,526	7,552,437
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account	18	12,221,426	7,552,337
Shareholders' funds	22	12,221,526	7,552,437

The financial statements were approved by the Board of Directors on 16 March 2016 and were signed on its behalf by:

Mr P J Lindley – Director

Notes to the financial statements

at 30 June 2015

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles. The accounting policies remain unchanged from the previous year and are included below.

Cash Flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the ultimate parent company, The Hain Celestial Group, Inc. includes the subsidiary in its published financial statements.

Going concern

The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. The directors have made themselves aware of all relevant information and have prepared appropriate forecasts and on this basis are comfortable that there are no material uncertainties.

Turnover

Turnover, which is stated net of value added tax, is defined as the amount invoiced to external customers during the year. This includes gross sales net of trade discounts, customer allowances, returns and promotions. Turnover is recognised at the time that the risks and rewards of ownership of the products are transferred to the customer.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	-	33% on cost
Fixtures and fittings	-	25% on cost
Computer equipment	-	33% on cost
Building	-	33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a first in first out (FIFO) basis.

Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the profit and loss account in the line which most appropriately reflects the nature of the item or transaction.

Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

Contributions made by the company into employee personal pension plans are charged to the profit and loss account as incurred.

Notes to the financial statements

at 30 June 2015

1. Accounting policies (continued)

Equity-settled share-based payments

Prior to the acquisition by The Hain Celestial Group, Inc., the company issued equity-settled share-based payments to certain employees. These options were cancelled and settled by Hain as part of the acquisition.

Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of the grant. The fair value so determined has been expensed on a straight line basis over the vesting period, based on the company's estimate of the number of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured using a Black-Scholes-Merton option pricing model. The key assumptions used in the model have been adjusted where appropriate, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Taxation

The tax charge comprises current tax payable and deferred tax.

The current tax charge represents an estimate of the amounts payable to tax authorities in respect of the company's taxable profits and is based on an interpretation of existing tax laws.

Deferred taxation

Deferred taxation is recognised, without discounting, 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 right to pay less or to receive more, tax, except as required by FRS19.

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.

Invoice discounting charges

The charges for Confidential Invoice Discounting are charged to the profit and loss account as they are charged by the lender except arrangement fees and transaction costs which are amortised over the term of the agreement.

Related party disclosures

The company has taken advantage of the exemption under paragraph 3(c) of FRS8 and has not disclosed intra-group transactions.

Exceptional items

Exceptional items are items which due to their size, incidence and non-recurring nature have been classified separately in order to draw them to the attention to the reader of the accounts and, in management's judgement, to show more accurately the underlying profits of the group. Such items are included within the income statement caption to which they relate, and separately disclosed either in the notes to the consolidated financial statements or on the face of the consolidated income statement.

Bank borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Notes to the financial statements
at 30 June 2015

2. Turnover

The turnover and loss before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2015	2014
	£	£
United Kingdom	40,483,057	36,207,465
Overseas	10,719,489	10,148,636
	51,202,546	46,356,101

3. Staff Costs

	2015	2014
	£	£
Wages and salaries	3,600,189	3,307,071
Social security costs	463,570	422,786
Other pension costs	111,415	120,446
	4,175,174	3,850,303

The average monthly number of employees during the year was as follows:

	2015	2014
	£	£
Administration	10	11
Operations	41	39
Management	4	6
	55	56

Notes to the financial statements
at 30 June 2015

4. Directors' Emoluments

	2015	2014
	£	£
Directors' remuneration	200,096	301,285
Directors' pension contributions to money purchase schemes	10,692	20,000

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

Information regarding the highest paid director is as follows:

	2015	2014
	£	£
Remuneration	200,096	301,285
Pension contributions to money purchase schemes	10,692	20,000

5. Exceptional costs

	2015	2014
	£	£
Exceptional costs	-	4,312,191

During the year there were no exceptional costs (2014: £4,312,191).

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2015	2014
	£	£
Hire of equipment	1,034	805
Operating leases – land & buildings	83,785	80,156
Operating leases – other	24,916	24,442
Depreciation - owned assets	254,795	342,053
Loss on disposal of fixed assets	11,102	22,420
Audit fee	28,000	27,000
Foreign exchange differences	266,676	558,738

Notes to the financial statements

at 30 June 2015

7. Interest receivable and similar income

	2015 £	2014 £
Other interest received	11,859	-
Deposit account interest	-	21
Interest on intercompany loans	49,582	60,078
	61,441	60,099

8. Interest payable and similar charges

	2015 £	2014 £
Bank interest	708	-
Other interest	60	-
Factoring charges	-	30,618
Loan interest	-	8,333
Interest on intercompany loans	84,760	-
	85,528	38,951

9. Tax

(a) Analysis of tax charge/(credit)

The tax charge on the profit on ordinary activities for the year was as follows:

	2015 £	2014 £
Current tax:		
UK Corporation tax	1,238,413	540,358
Carry back of tax losses arising on exercise of share options	-	-
Total Current Tax	1,238,413	540,358
Deferred tax:		
Origination and reversal of timing differences	4,191	88,510
Tax on profit/(loss) on ordinary activities	1,242,604	628,868

UK corporation tax has been charged at 20.75% (2014 – 22.5%)

Notes to the financial statements

at 30 June 2015

9. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below:

	2015	2014
	£	£
Profit/(loss) on ordinary activities before tax	5,911,693	(1,488,912)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 – 22.5%)	1,226,676	(335,005)
Effects of:		
Expenses not deductible for tax purposes	3,113	2,558
Depreciation in excess of capital allowance	(14,168)	26,301
Carry forward of tax losses arising on exercise of share options	-	(123,739)
Intercompany debt restructuring	-	970,243
Adjustment in respect of prior year	22,792	-
Current tax for the year (note 9(a))	1,238,413	540,358

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

Notes to the financial statements

at 30 June 2015

10. Fixed assets

	Plant and Machinery	Fixtures and fittings	Computer equipment	Land & Buildings	Totals
	£	£	£	£	£
COSTS					
At 1 July 2014	403,553	128,654	408,518	-	940,725
Additions	294,813	29,215	117,072	6,599	447,699
Disposals	(362,793)	(45,051)	(246,851)	-	(654,695)
At 30 June 2015	335,573	112,818	278,739	6,599	733,729
DEPRECIATION					
At 1 July 2014	(216,314)	(86,448)	(302,604)	-	(605,366)
Charge for the year	(178,347)	(23,797)	(52,651)	-	(254,795)
Eliminated on disposal	338,674	42,898	242,399	-	623,971
At 30 June 2015	(55,987)	(67,347)	(112,856)	-	(236,190)
NET BOOK VALUE					
At 30 June 2015	279,586	45,471	165,883	6,599	497,539
At 30 June 2014	187,239	42,206	105,914	-	335,359

11. Stocks

	2015	2014
	£	£
Raw materials and packaging	47	82,495
Finished goods	3,678,720	2,976,604
	3,678,767	3,059,099

Notes to the financial statements
at 30 June 2015

12. Debtors: Amounts falling due within one year

	2015	2014
	£	£
Amounts falling due within one year:		
Trade debtors	9,347,642	9,057,604
Amounts owed by group undertakings	9,293,224	2,149,108
Other debtors	222,928	218,523
Prepayments & accrued income	137,481	129,551
Corporation tax repayable	-	183,811
VAT	227,157	200,082
Deferred tax asset (see note 16)	-	1,948
	19,228,432	11,940,627
Amounts falling due after more than one year:		
Other debtors	5,874	5,875
Aggregate amounts	19,234,306	11,946,502

13. Creditors: amounts falling due within one year

	2015	2014
	£	£
Bank loans and overdrafts (see note 14)	-	1,628
Trade creditors	3,858,461	3,313,160
Amounts owed to group undertakings	4,795,171	3,900,282
Social security and other taxes	156,064	85,440
Corporation tax	777,970	-
Deferred tax liability (see note 16)	2,243	-
Other creditors	5,709	19,828
Deferred income	11,000	22,000
Accrued expenses	6,032,285	5,323,193
	15,638,903	12,665,531

14. Loans

An analysis of the maturity of loans is given below:

	2015	2014
	£	£
Amounts falling due within one year or on demand:		
Bank loans	-	1,628

There are no bank loans outstanding at the year ended 30 June 2015 (2014: £1,628).

Notes to the financial statements

at 30 June 2015

15. Operating lease commitments

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases	
	2015	2014	2015	2014
	£	£	£	£
Expiring:				
Within one year	76,250	-	336	11,600
Between one and five years	8,500	74,250	9,160	7,148
	84,750	74,250	9,496	18,748

16. Deferred tax

	2015	2014
	£	£
Deferred tax (liability)/asset		
Accelerated capital allowances	(4,191)	1,948
Tax losses carried forward	-	-
	(4,191)	1,948

	Deferred Tax (liability)/ asset
	£
Balance at 1 July 2014	1,948
Charge to profit and loss account during year	(4,191)
Balance at 30 June 2015	(2,243)

17. Called up share capital

		2015		2014
Allotted, issued and fully paid	No.	£	No.	£
Ordinary 'A' shares of £1 each	100	100	100	100

Notes to the financial statements

at 30 June 2015

18. Reserves

	Profit and loss account £
At 1 July 2014	7,552,337
Profit for the year	4,669,089
Dividends paid	-
At 30 June 2015	12,221,426

19. Related party transactions

The company has taken advantage of the exemption available under FRS 8 para 3c not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

20. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Ella's Kitchen Group Limited, a company incorporated in the United Kingdom.

The directors consider the ultimate parent undertaking and controlling party to be The Hain Celestial Group, Inc.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is The Hain Celestial Group, Inc. Copies of the financial statements can be obtained from 1111 Marcus Ave, Lake Success, NY 11042.

21. Contingent Liabilities

Co-packer and packaging suppliers for Ella's Kitchen group companies hold stocks of branded packaging for use in the manufacturing process. Ella's Kitchen group companies have a possible liability to purchase this stock should the co-packer not meet its contractual duties. It is considered that this would only arise if the company unexpectedly discontinued a large number of product lines at short notice. The directors consider the likelihood of this outcome as remote.

At 30 June 2015 the maximum obligation was of £1,793,655 (2014: £3,123,447).

22. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Profit/(loss) for the financial year	4,669,089	(2,117,780)
Employee share option charge	-	-
Dividend paid	-	(300,000)
Net addition/(decrease) to shareholders' funds	4,669,089	(2,417,780)
Opening shareholder's funds	7,552,437	9,970,217
Closing shareholders' funds	12,221,526	7,552,437