Company Registration No. 00300375 (England and Wales)

TITHEBARN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2006



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TITHEBARN LIMITED

COMPANY INFORMATION

Directors	J D Melling J Sample (Appointed 31 July 2006) J B Mahan
Secretary	J D Melling
Company number	00300375
Registered office	Road 5 Winsford Industrial Estate Winsford CW7 3PG
Auditors	Macfarlane + Co. Cunard Building Water Street Liverpool L3 1DS
Business address	Road 5 Winsford Industrial Estate Winsford CW7 3PG
Bankers	Barclays Bank Plc Market Street Crewe CW1 2ET Lloyds TSB Plc Lord Street Southport PR8 1AB

TITHEBARN LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 19

TITHEBARN LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2006

The directors present their report and financial statements for the year ended 31 July 2006.

Principal activities and review of the business
The principal activity of the company continued to be that of the manufacture and distribution of animal feedstuff supplements.

Results and dividends
The results for the year are set out on page 5.

Directors
The following directors have held office since 1 August 2005:

J D Melling	
D Shasby	(Resigned 13 July 2006)
J Sample	(Appointed 31 July 2006)
J B Mahan	

Directors' interests
The directors' interests in the shares of the company were as stated below:

	ordinary shares of £ 1 each	
	31 July 2006	1 August 2005
J D Melling	-	-
J Sample	-	-
J B Mahan	-	-

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Macfarlane + Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2006

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:
-select suitable accounting policies and then apply them consistently;
-make judgements and estimates that are reasonable and prudent;
-prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they 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.

On behalf of the board

John Melling

J D Melling
Director
10 October 2006

TITHEBARN LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF TITHEBARN LIMITED

We have audited the financial statements of Tithebarn Limited for the year ended 31 July 2006 set out on pages 5 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF TITHEBARN LIMITED

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 2006 and of its profit for the year then ended and 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.

Macfarlane + Co.

10 October 2006

Chartered Accountants
Registered Auditor

Cunard Building
Water Street
Liverpool
L3 1DS

TITHEBARN LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2006

	Notes	2006 £	2005 £
Turnover	2	6,265,966	6,195,402
Cost of sales		(3,208,341)	(3,096,351)
Gross profit		3,057,625	3,099,051
Distribution costs		(2,134,055)	(2,078,336)
Administrative expenses		(761,042)	(734,364)
Other operating income		13,789	37,618
Operating profit	3	176,317	323,969
Investment income	4	5,289	11,409
Other interest receivable and similar income	4	6,401	8,606
Interest payable and similar charges	5	-	(598)
Profit on ordinary activities before taxation		188,007	343,386
Tax on profit on ordinary activities	6	(66,289)	(110,246)
Profit for the year	16	121,718	233,140

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

TITHEBARN LIMITED

BALANCE SHEET
AS AT 31 JULY 2006

	Notes	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Tangible assets	8		748,016		803,776
Investments	9		317,716		317,716
			1,065,732		1,121,492
Current assets					
Stocks	10	656,355		696,477	
Debtors	11	1,126,916		1,281,979	
Cash at bank and in hand		689,768		229,896	
		2,473,039		2,208,352	
Creditors: amounts falling due within one year	12	(811,557)		(719,447)	
Net current assets			1,661,482		1,488,905
Total assets less current liabilities			2,727,214		2,610,397
Provisions for liabilities	13		(66,707)		(71,608)
			2,660,507		2,538,789
Capital and reserves					
Called up share capital	15		2,709		2,709
Other reserves	16		2,316		2,316
Profit and loss account	16		2,655,482		2,533,764
Shareholders' funds	17		2,660,507		2,538,789

Approved by the Board and authorised for issue on 10 October 2006

J D Melling
Director

J B Mahan
Director

TITHEBARN LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2006

	£	2006 £	£	2005 £
Net cash inflow/(outflow) from operating activities		606,727		(21,718)
Returns on investments and servicing of finance				
Interest received	11,690		20,015	
Interest paid	-		(598)	
Net cash inflow for returns on investments and servicing of finance		11,690		19,417
Taxation		(108,723)		(172,437)
Capital expenditure				
Payments to acquire tangible assets	(54,972)		(51,101)	
Receipts from sales of tangible assets	5,150		13,300	
Net cash outflow for capital expenditure		(49,822)		(37,801)
Equity dividends paid		-		(203,175)
Net cash inflow/(outflow) before management of liquid resources and financing		459,872		(415,714)
Increase/(decrease) in cash in the year		459,872		(415,714)

TITHEBARN LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2006

1 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2006	2005
	£	£
Operating profit	176,317	323,969
Depreciation of tangible assets	106,400	111,930
(Profit)/loss on disposal of tangible assets	(818)	57
Decrease/(increase) in stocks	40,122	(141,183)
Decrease/(increase) in debtors	155,063	(185,726)
Increase/(decrease) in creditors within one year	129,643	(130,765)
Net cash inflow/(outflow) from operating activities	606,727	(21,718)

2 Analysis of net funds

	1 August 2005	Cash flow	Other non-cash changes	31 July 2006
	£	£	£	£
Net cash:				
Cash at bank and in hand	229,896	459,872	-	689,768
Bank deposits	-	-	-	-
Net funds	229,896	459,872	-	689,768

3 Reconciliation of net cash flow to movement in net funds

	2006	2005
	£	£
Increase/(decrease) in cash in the year	459,872	(415,714)
Movement in net funds in the year	459,872	(415,714)
Opening net funds	229,896	645,610
Closing net funds	689,768	229,896

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

1 Accounting policies

1.1 Accounting convention
The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards
The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover
Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Research and development
Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	over 50 years
Plant and machinery	over 4 to 10 years
Fixtures, fittings & equipment	over 3 to 10 years
Motor vehicles	over 4 years

1.6 Leasing
Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments
Fixed asset investments are stated at cost less provision for diminution in value.

1.8 Stock
Stock and work in progress are valued at the lower of cost and net realisable value.

1.9 Pensions
The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

1.10 Deferred taxation
Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1 Accounting policies (continued)

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.12 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Turnover

Geographical market

	Turnover 2006 £	2005 £
Home market	3,884,652	3,829,706
Export market	2,381,314	2,365,696
	6,265,966	6,195,402

3 Operating profit

	2006 £	2005 £
Operating profit is stated after charging:		
Depreciation of tangible assets	106,400	111,930
Loss on disposal of tangible assets	-	57
Loss on foreign exchange transactions	6,545	165
Auditors' remuneration	23,000	22,000
and after crediting:		
Profit on disposal of tangible assets	(818)	-

4 Investment income

	2006 £	2005 £
Income from shares in group undertakings	5,289	11,409
Bank interest	5,533	8,606
Other interest	868	-
	11,690	20,015

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2006

5 Interest payable	2006 £	2005 £
On overdue tax	-	598

6 Taxation	2006 £	2005 £
Domestic current year tax		
U.K. corporation tax	71,190	116,223
Adjustment for prior years	-	(604)
Current tax charge	71,190	115,619
Deferred tax		
Deferred tax charge/credit current year	(4,901)	(5,373)
	66,289	110,246
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	188,007	343,386
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	56,402	103,016
Effects of:		
Non deductible expenses	7,749	5,980
Depreciation add back	31,672	33,596
Capital allowances	(24,633)	(26,369)
Adjustments to previous periods	-	(604)
	14,788	12,603
Current tax charge	71,190	115,619

7 Dividends	2006 £	2005 £
Ordinary interims paid	-	203,175

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2006

8 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 August 2005	993,738	2,284,508	254,928	100,662	3,633,836
Additions	6,579	21,898	6,598	19,897	54,972
Disposals	-	(15,495)	(42,296)	(17,329)	(75,120)
At 31 July 2006	1,000,317	2,290,911	219,230	103,230	3,613,688
Depreciation					
At 1 August 2005	388,564	2,148,376	242,720	50,400	2,830,060
On disposals	-	(15,495)	(42,296)	(12,997)	(70,788)
Charge for the year	24,230	49,374	7,306	25,490	106,400
At 31 July 2006	412,794	2,182,255	207,730	62,893	2,865,672
Net book value					
At 31 July 2006	587,523	108,656	11,500	40,337	748,016
At 31 July 2005	605,174	136,132	12,208	50,262	803,776

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 August 2005 & at 31 July 2006	349,401
Provisions for diminution in value	
At 1 August 2005 & at 31 July 2006	31,685
Net book value	
At 31 July 2006	317,716
At 31 July 2005	317,716

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Belmin Limited (dormant)	England	ordinary	100.00
Taylings Limited (dormant)	England	ordinary	100.00
Probiotics International Limited	England	ordinary	100.00
Participating interests			
Country Tithebarn S.A.	Spain	ordinary	50.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2006 £	Profit for the year 2006 £
Belmin Limited (dormant)	Dormant	181,652	-
Taylings Limited (dormant)	Dormant	74,501	-
Probiotics International Limited	Man.& distn.of probiotic products	1,122,047	321,197
Country Tithebarn S.A.		-	-

Audited financial statements are not available in respect of Country Tithebarn S.A. As such, details are not included in the above note.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2006

10 Stocks

	2006 £	2005 £
Raw materials and consumables	294,967	309,248
Finished goods and goods for resale	361,388	387,229
	656,355	696,477

11 Debtors

	2006 £	2005 £
Trade debtors	1,008,270	970,207
Amounts owed by subsidiary undertakings	-	211,586
Other debtors	27,160	30,823
Prepayments and accrued income	91,486	69,363
	1,126,916	1,281,979

12 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	368,026	215,600
Amounts owed to subsidiary undertakings	256,152	256,152
Corporation tax	11,190	48,723
Other taxes and social security costs	37,499	36,076
Accruals and deferred income	138,690	162,896
	811,557	719,447

13 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 August 2005	71,608
Profit and loss account	(4,901)
Balance at 31 July 2006	66,707

The deferred tax liability is made up as follows:

	2006 £	2005 £
Accelerated capital allowances	66,707	71,608

14 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £10,945 (2005 - £8,750). There were no contributions outstanding at the year end.

Defined benefit

The company also operates a funded pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The scheme also covers employees of Probiotics International Limited, a subsidiary. Neither company is able to identify its share of the underlying assets or liabilities and accordingly the figures below represent the scheme in total. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. Under this method, the current service cost will increase as the members of the scheme approach retirement. The most recent valuation was at 5 April 2004.

The main financial assumptions are as follows:

- future pension payment increase 3.5%
- future salary inflation 5%
- valuation rate of interest:
  before retirement 6.5%
  after retirement 6%

The pension charge for the year was £98,367 (2005 - £69,825). The charge is based on company contributions at a rate of 5.75% of pensionable salaries up to 5 April 2005 and then 11.5% from 6 April 2005.

The actuarial valuation showed that the market value of the scheme's assets as at 5 April 2004 was £9,503,846 (excluding separately invested AVC funds). At 5 April 2004 the valuation indicates that the Scheme is 103% (2001 - 115%) funded on an ongoing basis, based on salaries projected to Normal Retirement Date. The calculated excess on this basis is £236,600 (2001 - £1,339,000). The actuary recommended an increase in company contributions from 5.75% to 15.95%.

The fair value of the scheme assets totalled £9,624,032 at 5 April 2004 and can be broken down as follows:

Index-linked funds £824,816
Fixed interest funds £2,437,592
Managed funds £3,795,764
Corporate bond fund £2,282,959
Cash at bank and held on deposit £156,686
Separately invested AVC funds £120,186
Other £6,029

The estimated investment returns were 7.9% (2003 - 2.2% negative)

Accounts for the scheme have been prepared for the year ended 5 April 2005. However, an updated actuarial valuation is unavailable at this date. The next valuation is due on 5 April 2007. The net assets of the scheme as at 5 April 2006 are £11,121,725.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2006

15 Share capital	2006 £	2005 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
2,709 ordinary shares of £1 each	2,709	2,709

16 Statement of movements on reserves	Other reserves (see below) £	Profit and loss account £
Balance at 1 August 2005	2,316	2,533,764
Profit for the year	-	121,718
Balance at 31 July 2006	2,316	2,655,482

Other reserves	
Capital redemption reserve	
Balance at 1 August 2005 & at 31 July 2006	2,316

17 Reconciliation of movements in shareholders' funds	2006 £	2005 £
Profit for the financial year	121,718	233,140
Dividends	-	(203,175)
Net addition to shareholders' funds	121,718	29,965
Opening shareholders' funds	2,538,789	2,508,824
Closing shareholders' funds	2,660,507	2,538,789

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2006

18 Financial commitments

At 31 July 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 July 2007:

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	16,710	32,980
Between two and five years	-	-	136,239	102,175
In over five years	17,660	17,660	-	-
	17,660	17,660	152,949	135,155

19 Capital commitments

	2006	2005
	£	£
At 31 July 2006 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	65,300	-

Of the total amount included above £21,542 has been included in prepayments at the year end.

20 Directors' emoluments

	2006	2005
	£	£
Emoluments for qualifying services	183,831	229,636
Company pension contributions to money purchase schemes	23,770	16,243
Pensions to former directors	6,234	5,799
Compensation for loss of office	56,238	-
	270,073	251,678

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2005 - 3).
The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 2 (2005 - 2).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2006

21 Employees

Number of employees
The average monthly number of employees (including directors) during the year was:

	2006 Number	2005 Number
Sales, manufacturing and administration	75	75
Directors	3	3
	78	78

Employment costs

	£	£
Wages and salaries	1,638,726	1,608,989
Social security costs	160,894	161,857
Other pension costs	113,350	86,214
	1,912,970	1,857,060

22 Control

The ultimate parent company is Interior Design Limited, a company registered in Jersey.

23 Related party transactions

During the year the company entered into a number of transactions with group undertakings relating to the provision of goods and services, all of which were carried out in the normal course of business. These included:

Expenses recharged to Probiotics International Limited (including management charge and asset rental) £46,560 (2005 - £38,462)
Purchases from Probiotics International Limited £42,600 (2005 - £46,872)

At 31 July 2006, the company had the following loan balances due (to)/from group undertakings:

Probiotics International Limited £nil (2005 - £211,586)
Belmin Limited £(181,652) (2005 - £(181,652))
Taylings Limited £(74,501) (2005 - £(74,501))

Interest charged during the year on the loan to Probiotics International Limited totalled £5,289 (2005 - £11,409).