

# Hain Celestial UK Limited

Directors' Report and Financial Statements

for the Year Ended 30 June 2010

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## Hain Celestial UK Limited Company Information

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<b>Directors</b>	I J Lamel I D Simon
<b>Secretary</b>	A G Hunter
<b>Registered Office</b>	Masters House 107 Hammersmith Road London W14 0QH
<b>Solicitors</b>	Keystone Law 53 Davies Street London W1K 5JH
<b>Bankers</b>	HSBC Bank plc Metropolitan House CBX3 321 Avebury Boulevard Milton Keynes MK9 2GA
<b>Auditors</b>	Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU

**Directors' Report for the Year Ended 30 June 2010**

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The directors present their report and the audited financial statements for the year ended 30 June 2010

**Statement of 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 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 judgments and accounting 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, and
- 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 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 to 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**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 group'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.

**Principle activity**

For the period under review, the principle activity of the company was the production of sandwiches.

**Business Review****Fair review of the business**

The company is a wholly owned subsidiary of Hain Holdings UK Limited, which in turn is a wholly owned subsidiary of The Hain Celestial Group Inc, a listed company in the US.

The company was incorporated in April 2006 to acquire the trade and assets of the H J Heinz Company's fresh prepared foods business based in Luton, and provided The Hain Celestial Group with a strong foothold and a full infrastructure in the UK.

**Directors' Report for the Year Ended 30 June 2010**

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*Continued*

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**Fair review of the business continued**

Sales were dampened in the year as consumers sought out cheaper sandwich alternatives with the downturn in the economy and the loss of the Marks and Spencer business which was moved from three suppliers to two during the financial year. During this year production of sandwiches for the UK was centralized at the Luton premises resulting in a number of one off costs that will not be incurred again. All existing customers are now receiving the same service provided by Covent Garden from the Luton site.

After consideration of the two Hain sandwich businesses in the UK it was decided subsequent to the yearend that the Hain Celestial UK Limited trade and assets would be transferred to Daily Bread Limited reflecting the strong brand that the company has in the UK market.

**Principle risks and uncertainties**

The loss of the Marks and Spencer business and the creation and maintenance of other customers has reduced the risk of reliance on one major customer that was previously the case but created gaps in production that has been filled with the combination of the two Hain UK sandwich businesses.

The company operates through group funding and therefore the company's exposure to liquidity risk and interest rate movements is considered to be low.

For the period under review, the principle activity of the company continued to be that of sandwich manufacturer and has recently added new sandwich customers to the facility. After the balance sheet date Hain consolidated its UK sandwich production into its Luton facility.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future based on the continued support of the ultimate parent undertaking. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

**Development and performance of the business**

	Year ended 30 June 2010 £000s	Year ended 30 June 2009 £000s
Turnover	10,291	25,831
Gross (loss)/profit	(1,404)	5,515
Loss before tax	(6,792)	(501)

**Results and dividend**

The results for the company are set out in the financial statements. The directors do not recommend the payment of a dividend (2009 £345,000).

**Research and development**

The company will continue its policy of investment in research and development in order to retain a competitive position in the market.

Directors' Report for the Year Ended 30 June 2010

*Continued*

**Employment policies**

The company has a policy of providing information about the business by regular communication between the management and employees. Employees are encouraged to present their suggestions and view on the company's performance through their elected representatives and line managers.

The company is committed both to providing an environment in which everyone feels valued, respected and able to contribute to the business and to employing a workforce that recognises the diversity of the areas that we are based in.

**Directors**

The directors who held office during the year were as follows

- I J Lamel
- I D Simon
- P McPhillips (Resigned 20 September 2010)

**Re-appointment of auditors**

In accordance with s 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

This report was approved by the Board and signed on its behalf by



I J Lamel

Director

Date

29 MARCH 2011

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# Independent Auditors' Report to the Members of Hain Celestial UK Limited

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We have audited the financial statements of Hain Celestial UK Limited for the year ended 30 June 2010 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 18. 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 auditors

As explained more fully in the Directors' Responsibilities Statement on page 2, 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 the 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 30 June 2010 and of its loss 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 Directors' Report for the financial year 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.



Fraser Bull (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Luton

Date 31 March 2011

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## Hain Celestial UK Limited

### Profit and Loss Account for the Year Ended 30 June 2010

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	Note	Year ended 30 June 2010 £000s	Year ended 30 June 2009 £000s
Turnover		10,291	25,831
Cost of sales		(11,695)	(20,316)
<b>Gross (loss)/profit</b>		(1,404)	5,515
Distribution expenses		(592)	(1,845)
Administrative expenses		(4,744)	(4,178)
<b>Operating loss</b>	2	(6,740)	(508)
Other interest receivable and similar income		(52)	7
<b>Loss on ordinary activities before taxation</b>		(6,792)	(501)
Tax on profit on ordinary activities	5	–	7
<b>Loss on ordinary activities after taxation</b>	13	(6,792)	(494)

Turnover and operating loss derive wholly from discontinuing operations

The company has no recognised gains or losses for the year other than the results above

The notes on pages 8 to 19 form an integral part of these financial statements

# Hain Celestial UK Limited

## Balance Sheet as at 30 June 2010

	Note	30 June 2010		30 June 2009	
		£000s	£000s	£000s	£000s
<b>Fixed assets</b>					
Intangible assets	7		-		-
Tangible assets	8		250		1,099
			250		1,099
<b>Current assets</b>					
Stocks	9		-		225
Debtors	10		10,654		7,833
Cash at bank and in hand			6,394		3,318
			17,048		11,376
<b>Creditors Amounts falling due within one year</b>	11		(19,288)		(7,704)
			(2,240)		3,672
<b>Net current (liabilities)/assets</b>			(2,240)		3,672
<b>Net (liabilities)/assets</b>			(1,990)		4,771
<b>Capital and reserves</b>					
Called up share capital	12		-		-
Profit and loss account	13		(1,990)		4,771
			(1,990)		4,771
<b>Shareholders' funds</b>	14		(1,990)		4,771

Approved by the Board on *29 March 2011* and signed on its behalf by



I J Lâmel

Director

The notes on pages 8 to 19 form an integral part of these financial statements



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# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

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### 1 Accounting policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

#### Cash flow statement

In accordance with FRS 1 (revised) the company has not prepared a cash flow statement as it is a wholly owned subsidiary of Hain Holdings UK Limited, with the ultimate parent undertaking being The Hain Celestial Group Inc, the consolidated accounts of which are publically available

#### Going concern

The company is dependent upon continuing finance being made available by its ultimate parent company to enable it to meet its liabilities as they fall due. The ultimate parent company, The Hain Celestial Group Inc, has expressed its willingness to provide financial support to Hain Celestial UK Limited in order to assist the company in meeting its liabilities as they fall due and is not seeking repayment of the existing funding loan, until the company has the necessary funds to do so.

Accordingly, given such support, the directors have prepared these accounts on a going concern basis.

#### Related party transactions

As at the balance sheet date the company was a wholly owned subsidiary of Hain Holdings UK Limited, with the ultimate parent undertaking being The Hain Celestial Group Inc, the consolidated accounts of which are publicly available.

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of The Hain Celestial Group Inc.

#### Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the sale of goods and services to customers. All turnover arises in the UK.

#### Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer, which usually occurs on the dispatch of goods.

#### Goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is recognized as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### Amortisation

Amortisation is provided on intangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Goodwill	3 years straight line basis
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# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

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### 1 Accounting policies (continued)

#### Fixed Assets

All fixed assets are initially recorded at cost. The carrying values of tangible fixed assets are reviewed for impairment in the period if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Plant and machinery	4 years straight line basis
Fixtures and fittings	4 years straight line basis
Land and buildings	over the life of the lease

#### Research and development expenditure

Research and development expenditure is written off as incurred.

#### Stock

Stock is valued at the lower of cost and net realizable value, after due regard for obsolete and slow moving stocks. Net realisation value is based on selling price less anticipated costs to completion and selling costs.

#### Deferred taxation

Deferred tax is recognized, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, 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.

#### Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated in sterling at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

### 1 Accounting policies (continued)

#### Share based payments

The cost of equity settled transactions with employees is measured by reference to their fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which relevant employees become fully entitled to award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of shares of the company (market conditions). No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing cancelled or settled award, the cost based in the original award term continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed to the profit and loss account.

### 2 Operating profit

Operating profit is stated after charging

	Year ended 30 June 2010		Year ended 30 June 2009	
	£000s	£000s	£000s	£000s
Hire of plant and machinery – operating leases		19		19
Hire of other assets – operating leases		278		278
Auditors' remuneration				
The audit of the company's annual account	46		41	
Taxation services	15	61	5	46
Depreciation of owned assets		950		1,146
Amortisation		-		207
Exceptional costs - restructuring		1,211		-

During the year the business lost its major customer resulting in a restructuring of the business. As part of the restructuring the trade of Hain Celestial UK Limited was transferred to Daily Bread Limited on 1 July 2010.

# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

### 3 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Year ended 30 June 2010 No	Year ended 30 June 2009 No
Production	224	315
Distribution	6	8
Administration	21	28
	<hr/>	<hr/>
	251	351
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows

	Year ended 30 June 2010 £000s	Year ended 30 June 2009 £000s
Wages and salaries	5,796	7,654
Social security costs	423	621
Pensions	88	155
	<hr/>	<hr/>
	6,307	8,430
	<hr/> <hr/>	<hr/> <hr/>

### 4 Directors' emoluments

The directors' emoluments for the year were as follows

	Year ended 30 June 2010 £000s	Year ended 30 June 2009 £000s
Directors remuneration (including benefits in kind)	191	224
Directors' pension contributions	-	-
	<hr/>	<hr/>
	191	224
	<hr/> <hr/>	<hr/> <hr/>

Directors remuneration shown above relates to services for all four UK companies

# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

#### 4 Directors' emoluments (continued)

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £191,000 (30 June 2009 - £224,000), and company pension contributions of £nil (30 June 2009 - £nil) were made to a money purchase scheme on their behalf

Emoluments for two of the directors have been borne by other group companies as they are also directors or officers of a number of the companies within the group. The directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company.

#### 5 Taxation

##### Analysis of current period tax (credit)/charge

	Year ended 30 June 2010 £000s	Year ended 30 June 2009 £000s
<b>Current tax</b>		
(Over) provision in previous year	-	(69)
UK Corporation Tax	-	(69)
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	62
Total deferred tax	-	62
Tax on profit on ordinary activities	-	(7)

##### Factors affecting current period tax (credit)/charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 28% (2009 28%)

The differences are reconciled below

	Year ended 30 June 2010 £000s	Year ended 30 June 2009 £000s
Loss on ordinary activities before taxation	(6,792)	(501)
Standard rate corporation tax	(1,902)	(140)
Expenses not deductible for tax purposes	41	60
Accelerated capital allowances	234	115
Group relief relieved for nil payment	242	(35)
Unrelieved tax losses carried forward	1,385	-
Adjustment in respect of prior year	-	(69)
Total current tax for the year	-	(69)

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Hain Celestial UK Limited  
Notes to the Financial Statements for the Year Ended 30  
June 2010

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<b>6</b>	<b>Dividends</b>		
		<b>Year ended 30 June 2010 £000s</b>	<b>Year ended 30 June 2009 £000s</b>
	Dividends paid	-	345
		<hr/> <hr/>	<hr/> <hr/>
<b>7</b>	<b>Intangible fixed assets</b>		
			<b>Goodwill £000s</b>
	<b>Cost</b> As at 1 July 2009 and 30 June 2010		620
			<hr/> <hr/>
	<b>Amortisation</b> As at 1 July 2009 and 30 June 2010		620
			<hr/> <hr/>
	<b>Net book value</b> As at 30 June 2010		-
			<hr/> <hr/>
	As at 30 June 2009		-
			<hr/> <hr/>

# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

### 8 Tangible fixed assets

	Short leasehold land and buildings £000s	Plant and machinery £000s	Fixtures and Fittings £000s	Total £000s
<b>Cost</b>				
As at 1 July 2009	1,123	2,865	255	4,243
Additions	11	92	-	103
Transferred in	-	(3)	-	(3)
<b>As at 30 June 2010</b>	<b>1,134</b>	<b>2,954</b>	<b>255</b>	<b>4,343</b>
<b>Depreciation</b>				
As at 1 July 2009	854	2,109	181	3,144
Charge for the year	230	663	57	950
Disposals	-	(1)	-	(1)
<b>As at 30 June 2010</b>	<b>1,084</b>	<b>2,771</b>	<b>238</b>	<b>4,093</b>
<b>Net book value</b>				
As at 30 June 2010	50	183	17	250
As at 30 June 2009	269	756	74	1,099

### 9 Stocks and work in progress

	30 June 2010 £000s	30 June 2009 £000s
Raw materials	-	225

### 10 Debtors

	30 June 2010 £000s	30 June 2009 £000s
Trade debtors	77	1,381
Amounts owed by group undertakings	10,337	5,769
Other debtors	63	109
Corporation tax	-	372
Prepayments and accrued income	177	202
<b>Total</b>	<b>10,654</b>	<b>7,833</b>

# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

<b>11</b>	<b>Creditors Amounts falling due within one year</b>	<b>30 June 2010</b> <b>£000s</b>	<b>30 June 2009</b> <b>£000s</b>
	Trade creditors	1,020	2,136
	Amounts owed to group undertakings	17,500	3,885
	Taxation and social security	137	222
	Other creditors	159	170
	Accruals and deferred income	472	1,291
		19,288	7,704
		19,288	7,704
 <b>12</b>	 <b>Share capital</b>	 <b>Year ended</b> <b>30 June 2010</b> <b>£</b>	 <b>Year ended</b> <b>30 June 2009</b> <b>£</b>
	<b>Authorised Equity</b>		
	100 Ordinary shares of £1 each	100	100
		100	100
	<b>Allotted, called up and fully paid</b>	<b>1</b>	<b>1</b>
		<b>1</b>	<b>1</b>



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Hain Celestial UK Limited  
Notes to the Financial Statements for the Year Ended 30  
June 2010

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13 Reserves

	Profit and loss account £000s
As at 1 July 2009	4,771
Transfer from profit and loss account for the year	(6,792)
Share based payment reserve adjustment	31
	<hr/>
Balance at 30 June 2010	(1,990)
	<hr/> <hr/>

14 Reconciliation of movements in shareholders' funds

	Year ended 30 June 2010 £000s	Year ended 30 June 2009 £000s
Opening shareholders' funds	4,771	5,605
Loss attributable to members of the company	(6,792)	(494)
Dividends paid	-	(345)
Share based payment reserve adjustment	31	5
	<hr/>	<hr/>
Closing shareholders' funds	(1,990)	4,771
	<hr/> <hr/>	<hr/> <hr/>

# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

### 15 Operating lease commitments

As at 30 June 2010 the company had annual commitments under non-cancellable operating leases as follows

Operating leases which expire

	Land and Buildings		Other	
	30 June 2010 £000s	30 June 2009 £000s	30 June 2010 £000s	30 June 2009 £000s
Within one year	-	-	3	-
Within two and five years	-	278	5	8
Over five years	-	-	11	11
	<u>-</u>	<u>278</u>	<u>19</u>	<u>19</u>

### 16 Pension scheme

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £88,000 (30 June 2009 - £155,000)

Contributions totaling £1,000 (30 June 2009 - £4,000) were payable to the scheme at the end of the period and are included in creditors

# Hain Celestial UK Limited

## Notes to the Financial Statements for the Year Ended 30 June 2010

### 17 Share based payments

#### Employee and Director stock incentive plans

Hain Celestial Group Inc maintains an employee and director stock based compensation plan. During the year employees of Hain Celestial UK Limited were granted restricted shares in the group scheme.

The fair value of stock based compensation awards is recognised as an expense over the vesting period of the award, using the straight line method. The fair value of the employee stock options are determined on the date of grant using the Black-Scholes option pricing model. The Group has used historical volatility in its estimate of expected volatility. The expected life represents the period of time (in years) for which the options granted are expected to be outstanding. The risk free interest rate is based on the US Treasury yield curve. Restricted stock awards are valued at the market value of common stock on the date of the grant and recognised as an expense over the vesting period of the awards using the straight line method.

The company recognises stock based compensation for the value of the portion of awards that are expected to vest. Therefore, estimated forfeiture rates are applied that are derived from historical employee termination activity to reduce the amount of compensation expense recognised. If actual forfeitures differ from the estimate, additional adjustments to compensation expense may be required in future periods.

Accordingly the company has applied FRS20 with a stock based compensation charge to the profit and loss account of £31,000 in the year (prior year £5,000).

#### Awards activity

##### Restricted stock

	<i>Restricted stock</i>	<i>Value at Grant</i>	<i>Remaining contractual life (in months)</i>
As at 30 June 2009	5,000	\$11.76	20
Granted	5,636	\$18.20	41
Exercised	-	-	-

Outstanding at 30 June 2010

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**Hain Celestial UK Limited**  
**Notes to the Financial Statements for the Year Ended 30**  
**June 2010**

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**18 Parent undertaking and controlling party**

The company's immediate parent company is Hain Holdings UK Limited

In the directors' opinion, the company's ultimate parent undertaking and controlling party at the balance sheet date was The Hain Celestial Group, Inc incorporated in the United States of America. The parent undertaking of the largest and only 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 its group financial statements, which include those of the company, are available on request from The Hain Celestial Group, Inc 58 South Road, Melville, New York, NY 11747-2342 12