

COMPANY NUMBER
614345

AR PARKIN LIMITED

Report and Financial Statements

31 December 2005



AR PARKIN LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

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AR PARKIN LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H. Friel
D. Cregan
B. Mehigan

SECRETARY

B. Durran

REGISTERED OFFICE

Equinox South
Great Park Road
Bradley Stoke
Bristol
BS32 4QL

BANKERS

NatWest Bank plc
Dudley Castle Street
Dudley
West Midlands
DY1 1YY

SOLICITORS

Legal Department
Kerry Group plc
Prince's Street
Tralee
Co. Kerry
Ireland.

AUDITORS

Deloitte & Touche LLP
Bristol

AR PARKIN LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal Activities and Business Review

The company's principal activities are the blending and supply of spices, seasonings and food ingredient products. The directors are satisfied with the results for the year.

On 1 January 2005 the entire issued share capital of the company was acquired by Kerry Ingredients Holdings (UK) Limited.

On 1 January 2006 the trade and assets of the company were sold to Kerry Ingredients (UK) Limited. The directors do not envisage that the company will trade in the future.

Results and Dividends

The results for the year are shown on page 8. The company's loss for the year after taxation amounted to £776,135 (2004: profit £24,515). The directors do not recommend the payment of a dividend (2004: £nil).

The Directors and Their Interests

The directors of the company who held office at 31 December 2005 and 31 December 2004 were as detailed on page 2.

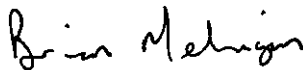
The interests of the current directors of the company and those who served during the year in the share capital of Kerry Group plc, the ultimate parent company, at 31 December 2005 and 31 December 2004 are disclosed in the financial statements of Kerry Group plc.

The directors held no interest in the shares of the company or any other group company other than the ultimate parent company as at 31 December 2005 and 31 December 2004.

Auditors

A resolution to reappoint Deloitte & Touche LLP as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on its behalf by:



B. Mehigan, Director
11 August 2006

AR PARKIN LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and the profit or loss of the company for that year.

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;
- state whether applicable 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 which 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 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AR PARKIN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF A R PARKIN LIMITED

We have audited the financial statements of AR Parkin Limited for the year ended 31 December 2005 which comprise the statement of accounting policies, the profit and loss account, the balance sheet and the related notes 1 to 25. 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 directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant framework and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.

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 December 2005 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors
Bristol
United Kingdom*

29 August 2006

AR PARKIN LIMITED

STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention and are denominated in Sterling.

Turnover

Turnover represents the value of sales to third party customers net of discounts, allowances, volume and promotional rebates and excludes VAT. Turnover is recognised when the significant risks and rewards of ownership are transferred to the customer, which is usually upon shipment.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation on the fixed assets is calculated so as to provide for their cost less estimated residual value over the period of their expected useful lives at the following rates:

Leasehold Property	2% straight line
Plant, Machinery and Equipment	10 – 25% straight line
Motor Vehicles	25% reducing balance
Fixtures & Fittings	12.5% straight line

The carrying value of tangible fixed assets is reviewed for impairment if events or changes in circumstances indicate that the net book value may not be recoverable.

Stocks

Stocks are valued at the lower of weighted average cost and estimated net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of stock on hand less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

Deferred taxation

Deferred tax is accounted for on a full provision basis. All timing differences that have originated but not reversed at the balance sheet date are provided, except as otherwise required by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

AR PARKIN LIMITED

STATEMENT OF ACCOUNTING POLICIES (continued)

Pensions

The company makes contributions into the personal pension plans for two employees. Amounts are charged to the profit and loss account as they become payable.

Foreign currency

Transactions carried out in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction or the relevant contracted rate.

Assets and liabilities denominated in foreign currencies are translated into sterling at contract rates where amounts payable or receivable are covered by forward contracts. All other amounts payable and receivable are translated at the rate ruling at the balance sheet date.

All exchange differences are taken into account in arriving at the profit on ordinary activities before taxation.

Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term.

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Further instalments under such finance leases, net of finance charges, are included in creditors.

Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

AR PARKIN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		Year ended 31 Dec 2005 £	15 month Period Ended 31 Dec 2004 £
	Note		
Turnover	1	<u>3,193,374</u>	<u>4,454,846</u>
Operating profit	4	87,991	107,410
Loss on closure of business	5	(1,160,738)	-
Interest receivable and similar income	6	-	502
Interest payable and similar charges	7	(19,287)	(11,556)
(Loss) / profit on ordinary activities before taxation		<u>(1,092,034)</u>	<u>96,356</u>
Tax on loss on ordinary activities	8	315,899	(71,841)
(Loss) / profit on ordinary activities after taxation for the financial year	19	<u>(776,135)</u>	<u>24,515</u>

Results for the current and the preceding financial year are derived from discontinued operations.

There are no material differences between the results reported and those prepared on a historical cost basis.

There were no gains or losses other than those recognised in the profit and loss account therefore no separate statement of total recognised gains and losses has been prepared.

AR PARKIN LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	9	-	264,007
CURRENT ASSETS			
Stocks	10	212,394	226,471
Debtors	11	711,278	547,783
Cash at bank and in hand		433	-
		<u>924,105</u>	<u>774,254</u>
CREDITORS:			
Amounts falling due within one year	13	(588,993)	(818,398)
NET CURRENT ASSETS / (LIABILITIES)		<u>335,112</u>	<u>(44,144)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		335,112	219,863
CREDITORS:			
Amounts falling due after more than one year	14	(6,992)	(28,430)
Provisions for liabilities and charges	16	(924,351)	(4,162)
Deferred Income	17	-	(7,367)
NET (LIABILITIES) / ASSETS		<u>(596,231)</u>	<u>179,904</u>
CAPITAL AND RESERVES			
Share capital	18	1,581	1,581
Capital reserves	19	1,519	1,519
Profit and loss account	19	(599,331)	176,804
TOTAL SHAREHOLDER'S (DEFICIT) / FUNDS	20	<u>(596,231)</u>	<u>179,904</u>

The financial statements were approved by the Board of Directors on 11 August 2006 and signed on its behalf by:



B. Mehigan, Director

AR PARKIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1. TURNOVER

Turnover comprises amounts invoiced (excluding value added tax) in the UK for sales and services.

	Year ended 31 Dec 2005 £	15 month Period ended 31 Dec 2004 £
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PRINCIPAL ACTIVITIES

Food ingredients products	<u>3,193,374</u>	<u>4,454,846</u>
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GEOGRAPHICAL ANALYSIS

Ireland (including Northern Ireland)	402,908	764,512
Great Britain and Rest of Europe	2,790,466	3,690,334
	<u>3,193,374</u>	<u>4,454,846</u>

2. STAFF NUMBERS AND COSTS

The average number of persons employed by the company was as set out below:

	Year ended 31 Dec 2005 No.	15 month Period ended 31 Dec 2004 No.
Administration	6	6
Production	25	24
Sales	3	3
	<u>34</u>	<u>33</u>

The aggregate payroll costs of these persons were as follows:

	£ 31 Dec 2004 £	£ 31 Dec 2004 £
Salaries	391,350	600,942
Other Costs	-	-
Wages	263,395	303,380
Wages and salaries	654,745	904,322
Social security costs	60,131	94,289
Pension costs (note 22)	3,668	5,333
	<u>718,544</u>	<u>1,003,944</u>

3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	Year ended 31 Dec 2005 £	15 month Period ended 31 Dec 2004 £
Emoluments receivable	-	177,125

The current directors are directors of Kerry Group plc and their remuneration is disclosed in the financial statements of that company as it is not practicable to allocate the directors' remuneration across all of the group companies.

AR PARKIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

4. OPERATING PROFIT

	Year ended 31 Dec 2005 £	15 month Period ended 31 Dec 2004 £
Turnover	3,193,374	4,454,846
Less operating costs:		
Change in stocks of finished goods and work in progress	24,158	(7,100)
Raw materials and consumables	1,716,865	2,505,228
Other external charges	603,289	676,050
Staff costs (note 2)	718,544	1,003,944
Depreciation - Assets held under Finance Lease	28,296	38,045
Depreciation - Other Assets	21,598	33,594
Grant Amortisation (note 17)	(7,367)	(12,259)
Other operating charges	-	109,934
Operating profit	<u>87,991</u>	<u>107,410</u>
Operating profit is stated after charging:		
Auditors' remuneration - audit services	6,600	5,500
Auditors' remuneration - other services	1,300	1,000
Operating lease rentals - plant and machinery	4,926	7,022
Operating lease rentals - other	<u>32,647</u>	<u>37,778</u>

5. EXCEPTIONAL ITEM

The exceptional item of £1,160,738 relates to site closure costs due to cost rationalisation following the integration of recent acquisitions.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 Dec 2005 £	15 month Period ended 31 Dec 2004 £
Other interest receivable and similar income	<u>-</u>	<u>502</u>

AR PARKIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)****7. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 31 Dec 2005 £	15 month Period ended 31 Dec 2004 £
Interest on bank loans and overdrafts	14,062	3,189
Finance lease interest	4,441	8,367
Other finance costs	784	-
Net interest payable	<u>19,287</u>	<u>11,556</u>

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 Dec 2005 £	15 month Period ended 31 Dec 2004 £
Analysis of tax (credit) / charge for the year		
United Kingdom corporation tax at 30%	59,768	67,679
Under provision in respect of prior periods	1,209	-
Tax on exceptional items	(311,000)	-
Total current tax	<u>(250,023)</u>	<u>67,679</u>
Deferred taxation (notes 12 and 16)	(65,876)	4,162
Tax (credit) / charge for the year	<u>(315,899)</u>	<u>71,841</u>

Factors affecting current taxation (credit) / charge for the year

(Loss) / profit on ordinary activities before taxation	(1,092,034)	96,356
Standard rate of tax in the United Kingdom	30.0%	30.0%
Capital allowances greater than depreciation	(6.0%)	(4.4%)
Items not deductible for tax purposes	(0.3%)	44.6%
Adjustments in respect of prior periods	(0.1%)	0.0%
Other differences	(0.7%)	-
Current taxation	<u>22.9%</u>	<u>70.2%</u>

AR PARKIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant, Machinery Equipment, Fixtures and Fittings £	Motor Vehicles £	Total £
COST				
At beginning of year	89,712	635,863	19,394	744,969
Additions	-	22,274	-	22,274
At end of year	<u>89,712</u>	<u>658,137</u>	<u>19,394</u>	<u>767,243</u>
ACCUMULATED DEPRECIATION				
At beginning of year	89,712	380,224	11,026	480,962
Charge during year	-	47,806	2,088	49,894
Provision for impairment	-	230,107	6,280	236,387
At end of year	<u>89,712</u>	<u>658,137</u>	<u>19,394</u>	<u>767,243</u>
NET BOOK VALUE				
At end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At beginning of year	<u>-</u>	<u>255,639</u>	<u>8,368</u>	<u>264,007</u>

Included in the fixed assets are assets held under finance leases with a net book value of £nil (2004: £90,928).

10. STOCKS

	2005	2004
	£	£
Raw materials and consumables	174,077	163,996
Finished goods	38,317	62,475
	<u>212,394</u>	<u>226,471</u>

AR PARKIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

11. DEBTORS	2005	2004
	£	£
Trade debtors	374,016	492,415
Other debtors and prepayments	58,945	55,368
Taxation and social security	216,603	-
Deferred tax asset	61,714	-
	<u>711,278</u>	<u>547,783</u>
12. DEFERRED TAX ASSET	2005	2004
	£	£
Depreciation in excess of capital allowances	57,897	-
Short term timing differences	3,817	-
	<u>61,714</u>	<u>-</u>
13. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR	2005	2004
	£	£
Bank loans and overdrafts	173,447	378,549
Amounts owed to group companies	158,128	-
Obligations under finance leases	21,435	32,176
Trade creditors	198,591	296,348
Taxation and social security	-	95,652
Accruals	37,392	15,673
	<u>588,993</u>	<u>818,398</u>
14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2005	2004
	£	£
Obligations under finance leases (due within two to five years)	<u>6,992</u>	<u>28,430</u>

Finance lease creditors are secured on the assets concerned.

AR PARKIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

15. BORROWINGS	2005	2004
	£	£
Amounts falling due:		
Within one year	194,882	410,725
After more than one year	6,992	28,430
	<u>201,874</u>	<u>439,155</u>
 16. PROVISIONS FOR LIABILITIES AND CHARGES	 2005	 2004
	£	£
Deferred tax		
At beginning of year	4,162	-
Provided in the year - ordinary activities	(4,162)	4,162
At end of year	<u>-</u>	<u>4,162</u>
The deferred tax provision consists of the following amounts:		
Accelerated capital allowances	<u>-</u>	<u>4,162</u>
Provision for rationalisation		
Provided in the year and at end of year	<u>924,351</u>	<u>-</u>
 17. DEFERRED INCOME	 2005	 2004
	£	£
Deferred grant		
At beginning of year	7,367	19,626
Released to profit & loss account	(7,367)	(12,259)
At end of year	<u>-</u>	<u>7,367</u>
 18. SHARE CAPITAL	 2005	 2004
	£	£
Authorised		
3,500 ordinary shares of £1 each	<u>3,500</u>	<u>3,500</u>
 Allotted, issued and fully paid:		
1,581 ordinary shares of £1 each	<u>1,581</u>	<u>1,581</u>

AR PARKIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

19. RESERVES

	Capital Reserves £	Profit and Loss Account £	Total £
At beginning of year	1,519	176,804	178,323
Retained loss for the year	-	(776,135)	(776,135)
At end of year	<u>1,519</u>	<u>(599,331)</u>	<u>(597,812)</u>

20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S (DEFICIT) / FUNDS

	2005 £	2004 £
At beginning of year	179,904	155,389
Retained (loss) / profit for the year	(776,135)	24,515
At end of year	<u>(596,231)</u>	<u>179,904</u>

21. OPERATING LEASE COMMITMENTS

At the balance sheet date the company had annual commitments under non cancellable operating leases which expire as follows:

	Land and Buildings 2005 £	Other 2005 £	Land and Buildings 2004 £	Other 2004 £
Within one year	-	6,489	-	-
Within two to five years	<u>126,540</u>	<u>12,918</u>	<u>90,622</u>	<u>34,707</u>
	<u>126,540</u>	<u>19,407</u>	<u>90,622</u>	<u>34,707</u>

The lease commitment is included in the rationalisation provision (see note 16) on the basis that the leases are onerous.

AR PARKIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005 (continued)

22. PENSION COMMITMENTS

The company makes contributions into the personal pension plans of two employees. Amounts are charged to the profit and loss account as they become payable.

23. CASH FLOW STATEMENT

A cash flow statement has not been prepared for the company as its ultimate parent company, Kerry Group plc, has prepared a consolidated cash flow statement dealing with the cash flows of the Group.

24. RELATED PARTY TRANSACTIONS

The company, a wholly owned subsidiary of Kerry Group plc, has taken advantage of the exemption contained in FRS 8 from the requirement to disclose related party transactions within the group.

25. PARENT COMPANY AND CONTROLLING PARTY

In the opinion of the directors, the company's ultimate parent undertaking and controlling party is Kerry Group plc, a company incorporated in the Republic of Ireland. The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared is Kerry Group plc. Copies of these financial statements can be obtained from Prince's Street, Tralee, County Kerry, Ireland.