Lowesmoor Foods Limited

Directors' report and financial statements

Registered number 03113684

27 May 2006

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 27 May 2006.

Principal activities and business review

The principal activity of the company during the year was poultry processing and distribution.

Dividends and transfers to reserves

A dividend of £40,000 has been paid in the year *(2005: £nil)* and the loss retained for the financial year of £32,000 *(2005: Retained profit £7,000)* will be transferred to reserves.

Directors and directors' interests

The directors during the year were as follows:

J Middleton	
P De Braal	Resigned 31 May 2006
SJ Marlor	Appointed 31 May 2006
CI Oliver	Resigned 21 July 2006

According to the Register of Directors' Interests, no rights to subscribe for shares in or debentures of the company or any other group company incorporated in England and Wales were granted to any of the directors or their immediate families, or exercised by them, during the year.

No director had a beneficial interest in the shares of the company during the year.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Payments to suppliers

It is the policy of the company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payment.

Euro

Since there are no current plans for the UK to adopt the Euro, it is not expected to present any additional problems for the Company which is already capable of transacting business throughout the world in a variety of foreign currencies.

The 'Elective Regime'

At a General Meeting held in 1998, the company adopted a resolution under the terms of Section 379a Companies Act 1985 (as amended) to take advantage of the procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting will be held and the financial statements will not be laid before members.

By order of the board

SJ Marlor
Director

Grandstand Road
Hereford
HR4 9PB

23 February 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 judgments 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; 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 disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP

St Nicholas House

Park Row

Nottingham NG1 6FQ

Report of the independent auditors to the members of Lowesmoor Foods Limited

We have audited the financial statements of Lowesmoor Foods Limited for the year ended 27 May 2006 which comprise the profit and loss account, the balance sheet and the related notes. 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 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

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. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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 judgments 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:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 27 May 2006 and of its profit for the year then ended;
- the financial statements 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.

KPMG LLP

23 February 2007

Chartered Accountants
Registered Auditor

Profit and loss account
for the year ended 27 May 2006

	Note	2006 £000	2005 £000
Turnover	2	**21**	188
Cost of sales		**(12)**	(178)
Gross profit		**9**	10
Administrative expenses		**(1)**	(1)
Operating profit		**8**	9
Other interest receivable and similar income	4	**4**	-
Profit on ordinary activities before taxation		**12**	9
Tax on profit on ordinary activities	5	**(4)**	(2)
Profit on ordinary activities after taxation	10	**8**	7

The company had no recognised gains or losses other than the result for the year.

The company made no acquisitions and had no discontinued activities in the year.

Balance sheet
as at 27 May 2006

	Note	2006 £000	2005 £000
Current assets			
Debtors	7	**42**	74
Creditors: amounts falling due within one year	8	**(3)**	(3)
Net assets		**39**	71
Capital and reserves			
Called up share capital	9	**-**	-
Profit and loss account	10	**39**	71
Equity shareholders' funds	11	**39**	71

These financial statements were approved by the board of directors on 23 February 2007 and were signed on its behalf by:

SJ Marlor

SJ Marlor
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985. Neither FRS 21 nor FRS 25 have resulted in any restatement.

Basis of preparation

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

The company is a member of a group which has published a consolidated cash flow statement. Accordingly the company is exempt from publishing its own cash flow statement.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. As these realised exchange differences arise from trading activities, they are included in administrative expenses. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

Deferred tax is recognised, 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 otherwise required by FRS 19.

Turnover

Turnover, all of which arose from the company's principal activity, represents amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Related party transactions

In accordance with FRS 8, the company is exempt from disclosure of related party transactions with companies whose results are consolidated in the intermediate holding company's report and financial statements. Disclosure is provided of related party transactions with non-UK group companies since the report and financial statements of the ultimate holding company are not widely available.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the company

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Analysis of turnover and profit on ordinary activities before interest and taxation by geographical market

	2006		2005	
	Turnover	**Operating profit**	Turnover	Operating profit
	£000	**£000**	£000	£000
UK	**21**	**8**	188	9

3 Staff numbers and costs

The average number of persons (including directors) employed by the company during the year was three *(2005: two)*. No emoluments were paid during the current or preceding year, either to employees or directors.

4 Other interest receivable and similar income

	2006	2005
	£000	£000
From group undertakings:		
On short term loan	**4**	-

Notes *(continued)*

5 Tax on profit on ordinary activities

	2006	2005
	£000	£000
UK corporation tax at 30% *(2004: 30%)* on the profit for the year on ordinary activities	**4**	3
Prior year adjustment	**-**	(1)
	4	2

Factors affecting the tax charge for the current year

The current tax charge for the year is same as *(2005: lower than)* expectations given the standard rate of corporation tax at 30% *(2005: 30%)*.

	£000	£000
Current tax reconciliation:		
Profit on ordinary activities before tax	**12**	9
Current tax at 30% *(2005: 30%)*	**4**	3
Prior year adjustment	**-**	(1)
Total current tax charge	**4**	2

6 Dividends

	2006	2005
	£000	£000
Dividends paid	**40**	-

7 Debtors

	2006	2005
	£000	£000
Amounts falling due within one year:		
Amounts owed by group undertakings	**42**	74
	42	74

Notes _(continued)_

8 **Creditors:** amounts falling due within one year

	2006	2005
	£000	£000
Corporation tax	**2**	3
Accruals and deferred income	**1**	-
	3	3

9 Called up share capital

	2006	2005
	£	£
Authorised		
1,000 ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
2 ordinary shares of £1 each	**2**	2

10 Profit and loss account

	2006	2005
	£000	£000
At beginning of year	**71**	64
Profit for the year	**8**	7
Dividends paid	**(40)**	-
At end of year	**39**	71

11 Reconciliation of shareholders' funds

	2006	2005
	£000	£000
Profit for the financial year	**8**	7
Dividends paid	**(40)**	-
Net (reduction in)/addition to shareholders' funds	**(32)**	7
Opening shareholders' funds	**71**	64
Closing shareholders' funds	**39**	71

Notes *(continued)*

12 Related party disclosures

The company is controlled by Cargill PLC, the immediate holding company, and is ultimately controlled by Cargill, Incorporated, the ultimate holding company. The results of the company are consolidated in the financial statements of Cargill Holdings, an intermediate holding company, and in accordance with FRS 8, the company is exempt from disclosure of related party transactions with other companies whose results are also consolidated in the financial statements of Cargill Holdings.

The company undertook trade purchases of £nil *(2005: £7,965)* and trade sales of £nil *(2005: £13,293)* during the year with Concordia Foods Limited, a joint venture between Sun Valley Foods Limited, a Cargill group company, and Sadia International Limited.

The ultimate controlling party is Cargill, Incorporated, a company incorporated in the USA. The largest group in which results of the company are consolidated is that headed by Cargill, Incorporated whose financial statements are not available to the public. The smallest group into which the results of the company are consolidated is that headed by Cargill Holdings, a company registered in England and Wales, whose consolidated financial statements are available to the public and may be obtained from the Registrar of Companies, Crown Way, Cardiff.