

REGISTRAR
COPY

Registered No. 3902341

J.S.R. GENETICS LIMITED

FORMERLY JSR NEWSHAM LIMITED

NAME CHANGED 16 MAY 2002

JSR NEWSHAM LIMITED

REPORT AND ACCOUNTS

FOR THE PERIOD

1 OCTOBER 2000 TO 28 SEPTEMBER 2001



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JSR NEWSHAM LIMITED

DIRECTORS

T S Rymer (Chairman)
I R Brisby (Managing Director)

SECRETARY

R J Parker

AUDITORS

Bradbury & Co (Accountants) Limited
Carlton House
Mill Street
Driffield
YO25 6TN

BANKERS

Barclays Bank PLC
10 Market Place
Hull
HU1 1RN

SOLICITORS

Harrowell Shaftoe
1 St. Saviourgate
York
YO1 8ZQ

REGISTERED OFFICE

Southburn Offices
Southburn
Driffield
YO25 9ED

JSR NEWSHAM LIMITED

DIRECTORS' REPORT

The directors present their report and audited financial statements for the period 1 October 2000 to 28 September 2001.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The company commenced trading on 13 November 2000.

On 8 November 2000 the company changed its name from Newsham Genetics Limited to JSR Newsham Limited.

The company's principal activities are those of development and marketing of pig genetics both in the U.K. and overseas.

From 13 November 2000, the company absorbed the pig breeding stock marketing activities in the European Union of JSR Healthbred Limited, a company which owns fifty per cent of JSR Newsham Limited. On the same date, the company acquired all of the pig breeding stock marketing activities of Newsham Hybrid Pigs Limited.

The company's trading results reflect the difficult market conditions experienced during the early part of the accounting period.

On 21 February 2001 an outbreak of Foot and Mouth disease was identified in the United Kingdom. The directors took steps to minimise the risk of infection on its holdings. None of the J.S.R. Farms Limited's group holdings were directly affected by the outbreak of the disease although the controls implemented by the government to minimise the risk of disease have prevented the export of breeding stock until early in 2002. The directors are confident the disease will only represent a short term setback in the recovery from recession in the agricultural industry.

SUBSEQUENT EVENTS AND FUTURE DEVELOPMENTS

The company began the period to 27 September 2002 with expectations that increasing market share and better market conditions would ensure the continued expansion of the company.

RESULTS AND DIVIDENDS

The loss after taxation for the period attributable to shareholders amounts to £24,069 (2000 - nil) and is dealt with as shown in the profit and loss account.

The directors do not recommend the payment of a dividend.

RESEARCH AND DEVELOPMENT

Research and development expenditure of £120,949 (2000 - nil) was incurred during the period through applying and testing new procedures and techniques.

JSR NEWSHAM LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS

The directors of the company who currently serve on the board are those listed on page 1. T S Rymer and I R Brisby were appointed to the board of directors on 8 November 2000 and, in accordance with the Articles of Association, the aforementioned individuals both retire and offer themselves for re-election. London Law Services Limited resigned as a director on 8 November 2000.

DIRECTORS' INTERESTS

According to the register maintained under the Companies Act 1985, the directors' interests in the share capital of the company during the period were as follows:

| | Ordinary shares of £1 each | |
|------------|-------------------------------|--|
| | 28 September 2001 | 1 October 2000 or date of appointment if later |
| I R Brisby | 100,000 | 1 |
| T S Rymer | Nil | Nil |

T S Rymer and I R Brisby are directors of the associated undertaking, J.S.R. Healthbred Limited. J.S.R. Farms Limited is the ultimate holding company of J.S.R. Healthbred Limited and the directors' interests therein are shown in the accounts of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period 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 to 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.

JSR NEWSHAM LIMITED

DIRECTORS' REPORT (continued)

EURO

The company trades within the countries that have adopted the Euro and has prepared itself for any future recognition of the Euro as a preferred currency.

AUDITORS

The auditors, Bradbury & Co (Accountants) Limited will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By order of the Board



R J Parker
Secretary

25 January 2002

REPORT OF THE AUDITORS

TO THE MEMBERS OF JSR NEWSHAM LIMITED

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 28 September 2001 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Bradbury & Co (Accountants) Limited

Bradbury & Co (Accountants) Limited
Chartered Accountants
and Registered Auditors
Driffield

15 February 2002

JSR NEWSHAM LIMITED**PROFIT AND LOSS ACCOUNT****1 OCTOBER 2000 TO 28 SEPTEMBER 2001**

| | Note | Period to 28 September 2001 £ | Period to 30 September 2000 £ |
|--|------|--|--|
| TURNOVER | 2 | 4,103,813 | - |
| Cost of sales | | (2,991,777) | - |
| GROSS PROFIT | | 1,112,036 | - |
| Distribution costs | | (696,069) | - |
| Administrative expenses | | (503,033) | - |
| Other operating income | 6 | 70,815 | - |
| OPERATING LOSS | 3(b) | (16,251) | - |
| Interest payable and similar charges | 7 | (7,218) | - |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (23,469) | - |
| Tax on loss on ordinary activities | 8 | (600) | - |
| LOSS FOR THE FINANCIAL PERIOD | | (24,069) | - |
| RETAINED PROFIT BROUGHT FORWARD | | - | - |
| DEFICIT CARRIED FORWARD | | (£24,069) | £- |

The company has no recognised gains or losses other than the loss for the above financial period to 28 September 2001. All of the company's operating activities commenced on 13 November 2000.

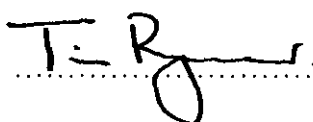
JSR NEWSHAM LIMITED


BALANCE SHEET

AS AT 28 SEPTEMBER 2001

| | Note | 2001 £ | 2000 £ |
|--|------|----------------------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | 18,907 | - |
| CURRENT ASSETS | | | |
| Stocks | 10 | 116,883 | - |
| Debtors | 11 | 781,911 | - |
| Cash at bank and in hand | 12 | 200 | 1 |
| CREDITORS - amounts falling due within one year | 13 | 898,994 (741,370) | 1 - |
| NET CURRENT ASSETS | | 157,624 | 1 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 176,531 | 1 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 14 | (600) | - |
| | | £175,931 | £1 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 200,000 | 1 |
| Profit and loss account | | (24,069) | - |
| SHAREHOLDERS' FUNDS | 16 | £175,931 | £1 |

The financial statements on pages 6 to 17 were approved by the Board of Directors on 25 January 2002 and signed on its behalf by

 T S Rymer

 I R Brisby

JSR NEWSHAM LIMITED

CASH FLOW STATEMENT

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

| | Note | Period to 28 September 2001 £ | Period to 30 September 2000 £ |
|--|------|--|--|
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | 3(a) | (361,701) | - |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest paid | | (7,218) | - |
| CAPITAL EXPENDITURE | | | |
| Receipts from sales of tangible fixed assets | | 3,440 | - |
| Payments to acquire tangible fixed assets | | (25,573) | - |
| | | (22,133) | - |
| NET CASH OUTFLOW BEFORE FINANCING | | (391,052) | - |
| FINANCING | | | |
| Receipts from issue of ordinary share capital | | 199,999 | 1 |
| DECREASE IN CASH | 12 | (£191,053) | £1 |
| RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT | | | |
| Decrease in cash | 12 | (191,053) | 1 |
| MOVEMENT IN NET DEBT | 12 | (191,053) | 1 |
| NET DEBT BROUGHT FORWARD | 12 | 1 | - |
| NET DEBT CARRIED FORWARD | 12 | (£191,052) | £1 |

JSR NEWSHAM LIMITED

NOTES TO THE ACCOUNTS

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

1 ACCOUNTING POLICIES

(a) Accounting convention

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

On 21 February 2001 an outbreak of Foot and Mouth disease was identified in the United Kingdom. The directors took steps to minimise the risk of infection on its holdings. None of the J.S.R. Farms Limited's group holdings were directly affected by the outbreak of the disease although the controls implemented by the government to minimise the risk of disease have prevented the export of breeding stock until early in 2002. The directors are confident the disease will only represent a short term setback in the recovery from the recession in the agricultural industry.

(b) Depreciation

The cost of tangible fixed assets is written off over the expected useful life of the asset using the straight line method as follows:

| | |
|------------------------------|--------------|
| Equipment and motor vehicles | 1.5-10 years |
|------------------------------|--------------|

(c) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

(d) Research and development

Expenditure on research and development is charged against profit in the period in which it is incurred.

(e) Pension costs

The company, through JSR Farms Limited, operates a defined benefit pension scheme covering the majority of employees. The scheme is funded by contributions partly from the employees and partly from the company at rates determined by independent actuaries based on regular valuations. Such contributions are held in trustee administered funds completely independent of the company's finances.

(f) Foreign currency translations

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the date of the transaction. Foreign currency monetary assets and liabilities in the balance sheet are translated into sterling at the rates of exchange ruling at the year end. Resulting exchange gains and losses are taken to the profit and loss account.

JSR NEWSHAM LIMITED**NOTES TO THE ACCOUNTS (continued)****1 OCTOBER 2000 TO 28 SEPTEMBER 2001****1 ACCOUNTING POLICIES (continued)****(g) Leasing commitments**

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

(h) Turnover

Turnover comprises the invoice value of sales and services supplied exclusive of value added tax and is all derived from the principal activities of the company.

(i) Deferred taxation

Deferred taxation is provided only on those timing differences that, in the opinion of the directors, will give rise to a liability in the foreseeable future. The provision is calculated on the liability method at corporation tax rates ruling at the balance sheet date.

2 TURNOVER

Turnover has not been analysed by geographical markets as, in the directors' opinion, the disclosure would be seriously prejudicial to the company's interests.

3 OPERATING LOSS**(a) Reconciliation of operating loss to net cash outflow from operating activities:**

| | 2001 £ | 2000 £ |
|--|------------|-----------|
| Operating loss | (16,251) | - |
| Depreciation | 2,916 | - |
| Loss on sale of tangible fixed assets | 310 | - |
| (Increase) in stocks | (116,883) | - |
| (Increase) in debtors | (781,911) | - |
| Increase in creditors | 550,118 | - |
| | <hr/> | <hr/> |
| Net cash outflow from operating activities | (£361,701) | £- |

(b) Operating loss is stated after charging:

| | 2001 £ | 2000 £ |
|--------------------------------|-----------|-----------|
| Auditors' remuneration | 8,000 | - |
| Operating lease rentals | 46,751 | - |
| Research and development costs | 120,949 | - |
| Depreciation - owned assets | 2,916 | - |
| | <hr/> | <hr/> |

JSR NEWSHAM LIMITED

NOTES TO THE ACCOUNTS (continued)

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

4 STAFF INFORMATION

| | 2001 £ | 2000 £ |
|--|-----------|-----------|
| Wages and salaries | 693,340 | - |
| Social security costs | 52,583 | - |
| Other pension costs (defined benefit scheme) | 13,156 | - |
| | <hr/> | <hr/> |
| | £759,079 | £- |
| | <hr/> | <hr/> |

The average number of persons employed by the company, including directors, during the period was as follows:

| | 2001 | 2000 |
|----------------|-------|-------|
| Management | 5 | - |
| Production | 8 | - |
| Administration | 9 | - |
| Distribution | 11 | - |
| | <hr/> | <hr/> |
| | 33 | - |
| | <hr/> | <hr/> |

5 EMOLUMENTS OF DIRECTORS

| | 2001 | 2000 |
|---|---------|-------|
| Remuneration and estimated benefits in kind | £65,513 | £- |
| | <hr/> | <hr/> |
| Pension contributions | £- | £- |
| | <hr/> | <hr/> |
| Aggregate | £65,513 | £- |
| | <hr/> | <hr/> |

6 OTHER OPERATING INCOME

| | 2001 | 2000 |
|----------------|---------|-------|
| Technical fees | £70,815 | £- |
| | <hr/> | <hr/> |

JSR NEWSHAM LIMITED

NOTES TO THE ACCOUNTS (continued)

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

7 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2001 | 2000 |
|----------------|--------|-------|
| Bank overdraft | £7,218 | £- |
| | <hr/> | <hr/> |

8 TAX ON LOSS ON ORDINARY ACTIVITIES

| | 2001 | 2000 |
|---|-------|-------|
| Deferred taxation: Charge for the period (note 14) | £600 | £- |
| | <hr/> | <hr/> |

9 TANGIBLE FIXED ASSETS

| | Equipment £ | Motor vehicles £ | Total £ |
|-----------------------|----------------|------------------------|------------|
| COST | | | |
| Brought forward | - | - | - |
| Additions | 9,323 | 16,250 | 25,573 |
| Disposals | - | (3,750) | (3,750) |
| | <hr/> | <hr/> | <hr/> |
| Carried forward | 9,323 | 12,500 | 21,823 |
| | <hr/> | <hr/> | <hr/> |
| DEPRECIATION | | | |
| Brought forward | - | - | - |
| Charge | 833 | 2,083 | 2,916 |
| Disposals | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Carried forward | 833 | 2,083 | 2,916 |
| | <hr/> | <hr/> | <hr/> |
| NET BOOK VALUE | | | |
| Carried forward | £8,490 | £10,417 | £18,907 |
| | <hr/> | <hr/> | <hr/> |
| Brought forward | £- | £- | £- |
| | <hr/> | <hr/> | <hr/> |

JSR NEWSHAM LIMITED

NOTES TO THE ACCOUNTS (continued)

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

10 STOCKS

| | 2001 £ | 2000 £ |
|-------------------------------|----------------|-----------|
| Raw materials and consumables | 50,448 | - |
| Production stock | 66,435 | - |
| | <hr/> £116,883 | <hr/> £- |

11 DEBTORS

| | 2001 £ | 2000 £ |
|--------------------------------|----------------|-----------|
| Trade debtors | 735,281 | - |
| Other debtors | 32,034 | - |
| Prepayments and accrued income | 14,596 | - |
| | <hr/> £781,911 | <hr/> £- |

12 CASH FLOW STATEMENT NOTE

Analysis of net debt

| | 2000 £ | Cashflow £ | 2001 £ |
|--------------------------|-----------|------------------|------------------|
| Cash at bank and in hand | 1 | 199 | 200 |
| Bank overdraft | - | (191,252) | (191,252) |
| | <hr/> £1 | <hr/> (£191,053) | <hr/> (£191,052) |

13 CREDITORS - amounts falling due within one year

| | 2001 £ | 2000 £ |
|---|----------------|-----------|
| Bank overdraft | 191,252 | - |
| Trade creditors | 496,947 | - |
| Amounts owed to associated undertakings (note 19) | 16,348 | - |
| Social security and other taxes | 19,488 | - |
| Other creditors | 7,301 | - |
| Accruals | 10,034 | - |
| | <hr/> £741,370 | <hr/> £- |

JSR NEWSHAM LIMITED

NOTES TO THE ACCOUNTS (continued)

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

13 CREDITORS - amounts falling due within one year (continued)

Creditors include accrued pension costs of £4,989 (2000 - nil) payable under a defined benefit pension scheme.

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

14 PROVISIONS FOR LIABILITIES AND CHARGES

| | |
|--------------------------------|-------|
| Deferred taxation | £ |
| Charge for the period (note 8) | 600 |
| | <hr/> |
| Carried forward | £600 |
| | <hr/> |

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

| | Provided | | Not provided | |
|--------------------------------|----------|-------|--------------|-------|
| | 2001 | 2000 | 2001 | 2000 |
| Accelerated capital allowances | £600 | £- | £- | £- |
| | <hr/> | <hr/> | <hr/> | <hr/> |

15 SHARE CAPITAL

Ordinary shares of £1 each

| | |
|--------------------------------------|------------|
| Authorised: | £ |
| Brought forward | 100 |
| Increase in authorised share capital | 999,900 |
| | <hr/> |
| Carried forward | £1,000,000 |
| | <hr/> |

JSR NEWSHAM LIMITED

NOTES TO THE ACCOUNTS (continued)

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

15 SHARE CAPITAL (continued)

Ordinary shares of £1 each

Allotted, called up and fully paid:

| | £ |
|------------------------------------|-----------------|
| Brought forward | 1 |
| Share capital issued in the period | 199,999 |
| Carried forward | <u>£200,000</u> |

199,999 ordinary shares of £1 each were issued during the period for a consideration of £199,999.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2001 £ | 2000 £ |
|---|-----------------|-----------|
| Loss for the financial period | (24,069) | - |
| Opening shareholders' funds | 1 | - |
| Ordinary share capital issued during the period | 199,999 | 1 |
| Closing shareholders' funds | <u>£175,931</u> | <u>£1</u> |

17 COMMITMENTS

(a) Capital commitments

At 28 September 2001 the directors had not contracted for any future capital expenditure (2000 - nil).

(b) Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

| | 2001 | 2000 |
|--------------------------------|---------|------|
| Operating leases which expire: | | |
| Within one year: | | |
| Other operating leases | £27,589 | £- |
| Within two to five years: | | |
| Land and buildings | £14,700 | £- |
| Other operating leases | £30,130 | £- |

JSR NEWSHAM LIMITED

NOTES TO THE ACCOUNTS (continued)

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

17 COMMITMENTS (continued)

(c) Pension commitments

The company, through J.S.R. Farms Limited operates a defined benefit pension scheme for full time employees.

The assets of the scheme are separate from those of the company and are held in a trustee administered fund. The contributions to the scheme are determined by an independent qualified actuary using the projected unit method and the most recent actuarial valuation, which was carried out as at 30 September 2001. Following the actuarial valuation the group agreed to continue to pay 5.5% of scheme salaries.

Full details of the actuarial valuation of the group scheme are disclosed in the accounts of J.S.R. Farms Limited.

18 COMPARATIVES

The comparatives are in respect of the period 5 January 2000 to 30 September 2000.

19 TRANSACTIONS WITH RELATED PARTIES

JSR Newsham Limited is held under the equal control of its director I R Brisby and J.S.R. Healthbred Limited. J.S.R. Healthbred Limited is a wholly owned subsidiary of J.S.R. Farms Limited.

The Potgate Pig Partnership is a participating interest of J.S.R. Farms Limited and J.S.R. Farms Limited, J.S.R. Partnership and Porkwell Limited are held under the common control of the Executors of J S Rymer (deceased) and T S Rymer. I R Brisby holds a 50% stake in Wildpork Limited.

At the period end the following balances were due to/(from) the company in respect of the above related parties:

| | 2001 | 2000 |
|---------------------------|-----------|-------|
| Potgate Pig Partnership | £691 | £- |
| J.S.R. Healthbred Limited | (£16,348) | £- |
| J.S.R. Farms Limited | (£55,979) | £- |
| J.S.R. Partnership | £1,721 | £- |
| Porkwell Limited | £1,628 | £- |
| | <hr/> | <hr/> |

JSR NEWSHAM LIMITED

NOTES TO THE ACCOUNTS (continued)

1 OCTOBER 2000 TO 28 SEPTEMBER 2001

19 TRANSACTIONS WITH RELATED PARTIES (continued)

During the period the company entered into the following transactions with the above related parties:

| | 2001 | 2000 |
|-----------------------|------------|------|
| Purchases | £1,116,299 | £- |
| Sales | £250,358 | £- |
| Asset rental | £46,914 | £- |
| Fixed asset purchases | £21,960 | £- |
| Corporate recharges | £79,135 | £- |