

**PIG IMPROVEMENT COMPANY UK LIMITED**

**(Registered number: 716304)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**30 JUNE 2003**



# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003**

The directors present their report and the audited financial statements for the year ended 30 June 2003.

### **PRINCIPAL ACTIVITY**

The principal activities of the company are the sale of breeding pigs and the receipt of royalty income from licensing the use of its intellectual property, trade marks and patents.

### **REVIEW OF THE BUSINESS**

Trading conditions, whilst significantly improved on the previous year, remained difficult, due to continued, though less severe, reductions in the UK sow herd. The restructuring and downsizing of the Sales, Administration and Transport functions during the prior year more than achieved the targeted reduction in the overhead base and contributed to a significant improvement in the trading result of the UK breeding activities.

A revision to the methodology used in the computation of management services income resulted in a charge for the year due to credits being raised in respect of previous years' income.

A summary of the main performance indicators is given below:

	<u>2003</u> £'000	<u>2002</u> £'000
Turnover	12,883	15,706
Loss before taxation	(1,122)	(52)

Continuous research is undertaken into the development of the company's products as part of the day-to-day business activities.

### **RESULTS AND DIVIDENDS**

The results for the year are set out on page 6.

The directors do not recommend the payment of a dividend (2002: £Nil) which results in a transfer from reserves of £890,000 (2002: transfer to reserves of £338,000).

## **PIG IMPROVEMENT COMPANY UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

#### **DIRECTORS AND DIRECTORS' INTERESTS**

The directors who served on the Board during the year were as follows:

Dr J H Anderson	(resigned 04 October 2004)
S A R P Crichton	
S Dunstan	(resigned 30 May 2003)
P L Harbour	(resigned 31 July 2003)
B Verret	

The directors' interests in the shares of the ultimate parent company, Sygen International PLC were as follows:

	Ordinary shares of £1 each in Sygen International PLC at the year end	
	<u>2003</u>	<u>2002</u>
Dr J H Anderson	*	*
S A R P Crichton	***	***
P L Harbour	***	***
B Verret	**	**

\* Dr J H Anderson is a director of Sygen International PLC, the company's ultimate parent undertaking, and his interests in Sygen International PLC, are shown in the financial statements of that company.

\*\* B Verret is a director of PIC Fyfield Limited the company's intermediate parent undertaking and his interests in Sygen International PLC are shown in the financial statements of that company.

\*\*\* S A R P Crichton and P L Harbour are directors of Pig Improvement Group Limited, the company's immediate parent undertaking, and their interests in Sygen International PLC, are shown in the financial statements of that company.

None of the directors held any interests in the share capital of the company during the year.

## **PIG IMPROVEMENT COMPANY UK LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

#### **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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

#### **EMPLOYEES AND COMPANY AFFAIRS**

The company operates a non-discriminatory employment policy and makes every reasonable effort to provide disabled people with equal opportunities for employment, training and development, having regard to their particular aptitudes and abilities.

#### **PAYMENTS TO SUPPLIERS**

The company has a variety of payment terms with its suppliers. For the year ending 30 June 2003, the payment terms for its business transactions have been settled when agreeing the other terms negotiated with its suppliers. Payment has been made in line with these agreed terms, subject to the terms and conditions being met by the suppliers.

The number of days that the company takes to pay its suppliers is on average 24 (2002: 24).

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

### **AUDITORS**

A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting.

By Order of the Board



Pigtales Limited (formerly Fyfield Group Services Limited)

Secretary

2 Kingston Business Park,

Kingston Bagpuize,

Oxfordshire,

OX13 5AS

22 November 2004

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PIG IMPROVEMENT COMPANY UK LIMITED**

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 is not disclosed.

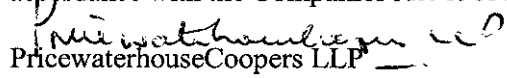
### **Basis of audit opinion**

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 30 June 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
31 Great George Street  
Bristol BS1 5QD

22 November 2004

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2003**

	<u>Note</u>	<u>2003</u> £'000	<u>2002</u> £'000
<b>CONTINUING OPERATIONS</b>			
<b>TURNOVER</b>	2	12,883	15,706
Changes in stock of finished goods and work in progress		82	184
Other operating income		236	415
Raw materials and consumables		(3,543)	(4,182)
Other external charges		(5,028)	(6,177)
Staff costs	7	(3,093)	(3,482)
Depreciation and other amounts written off fixed assets	4	(819)	(922)
Group management charges	3	<u>(2,183)</u>	<u>(1,271)</u>
<b>OPERATING (LOSS)/PROFIT BEFORE INTEREST, TAX AND EXCEPTIONAL ITEM</b>			
- Normal operations	4	(1,465)	903
- Exceptional items (included above)	4a	<u>-</u>	<u>(632)</u>
		(1,465)	271
Restructuring and termination of operations	5	-	21
Profit on disposal of fixed assets		317	5
Income from other fixed asset investments		14	-
Other interest receivable and similar income	6	284	624
Amounts written off investments	12	-	(642)
Interest payable and similar charges	6	<u>(272)</u>	<u>(331)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(1,122)	(52)
Tax on loss on ordinary activities	9	<u>232</u>	<u>390</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND (LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u>(890)</u>	<u>338</u>

The movement on reserves is set out in note 20 to these financial statements.

The notes on pages 9 to 22 form part of these financial statements.

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2003**

	<u>2003</u> £'000	<u>2002</u> £'000
Reported loss on ordinary activities before taxation	(1,122)	(52)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>(5)</u>	<u>(6)</u>
Historical cost loss on ordinary activities before taxation	<u>(1,127)</u>	<u>(58)</u>
Historical cost (loss)/profit for the financial year retained after taxation and dividends	<u>(895)</u>	<u>332</u>

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>Note</u>	<u>2003</u> £'000	<u>2002</u> £'000
(Loss)/profit for the financial year		(890)	338
Revaluation reserve realised on disposal		13	339
		<u>—</u>	<u>—</u>
Total (losses)/gains recognised in the year		(877)	677
Prior year adjustment- FRS 19	9	-	446
		<u>—</u>	<u>—</u>
Total (losses)/gains recognised since the last annual report		<u>(877)</u>	<u>1,123</u>

The notes on pages 9 to 22 form part of these financial statements.



# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **BALANCE SHEET AT 30 JUNE 2003**

	Note	30 June 2003		30 June 2002	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	10		1,779		2,011
Tangible assets	11		1,150		2,198
Investments	12		<u>5,343</u>		<u>5,343</u>
			8,272		9,552
<b>CURRENT ASSETS</b>					
Stocks	13	98		102	
Debtors	14	29,531		33,370	
Asset held for resale		903		-	
Cash at bank and in hand		<u>692</u>		<u>599</u>	
		31,224		34,071	
<b>CREDITORS DUE WITHIN ONE YEAR</b>					
Borrowings	15	-		(298)	
Other Creditors	16	<u>(23,896)</u>		<u>(25,662)</u>	
		(23,896)		(25,960)	
<b>NET CURRENT ASSETS</b>			<u>7,328</u>		<u>8,111</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			15,600		17,663
<b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>					
Borrowings	15	-		(1,383)	
Other Creditors	17	<u>(31,080)</u>		<u>(30,870)</u>	
			<u>(31,080)</u>		<u>(32,253)</u>
<b>NET LIABILITIES</b>			(15,480)		(14,590)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		186		186
Share premium account	20		8		8
Revaluation reserve	20		85		72
Other reserves	20		23		23
Profit and loss account	20		<u>(15,782)</u>		<u>(14,879)</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	21		<u>(15,480)</u>		<u>(14,590)</u>

Approved by the Board and signed on its behalf on 22 November 2004 by:

B VERRET  
DIRECTOR



The notes on pages 9 to 22 form part of these financial statements.

# PIG IMPROVEMENT COMPANY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003

### 1 ACCOUNTING POLICIES

#### (1) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The financial statements have been prepared on the going concern basis due to the intention of the parent undertaking to provide resources to enable liabilities to be met as they fall due.

#### (2) Consolidation

The profit and loss account and balance sheet are those of the company. Consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Sygen International PLC, a company incorporated in the United Kingdom. (see note 24).

#### (3) Turnover

Turnover comprises the gross amount of sales when the company acts as principal and the commission amount where the company acts as agent, and excludes Value Added Tax. Turnover is recognised on despatch of stock to customers, including animals used by multipliers and those sold direct to slaughter houses. Turnover also includes royalty income which is recognised on an accruals basis having regard to the terms of the company's royalty contracts and licence agreements.

#### (4) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation except for certain freehold land and buildings which are stated at valuation less accumulated depreciation. The company has followed the transitional provisions in FRS 15, Tangible Fixed Assets, to retain the book value of land and buildings, certain of which were revalued in 1996, without updating the valuations.

Freehold land is not depreciated. Freehold buildings are depreciated by equal annual instalments over their estimated useful lives up to a maximum period of 50 years. Plant and equipment is depreciated over periods which range from 4 to 10 years and which do not exceed their anticipated useful lives. Breeding stock is depreciated by equal annual instalments over its estimated useful life of up to 2 years.

# PIG IMPROVEMENT COMPANY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)

### 1 ACCOUNTING POLICIES (continued)

#### (5) Intangible fixed assets

During the year ended 30 June 2001 the company acquired the trademarks, intellectual property and contract rights of Agricola Genetico Porcina Ltda, the former PIC franchisee in Chile. This intangible asset is being amortised over the directors' estimate of useful life of 10 years.

#### (6) Interest

Interest receivable and payable is credited or charged to the profit and loss account on an accruals basis.

#### (7) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### (8) Breeding stock

Breeding animals in genetic nucleus, daughter nucleus and production nucleus herds that are classified as Maiden Gilts, In-Pig or Empty Sows and Stock Boars are held for breeding purposes on the company's farms. These breeding animals are classified as fixed assets and are depreciated over their estimated useful lives.

#### (9) Stocks

Commodities, merchandise and livestock, excluding breeding animals included in fixed assets, are valued at the lower of cost and net realisable value. In the case of livestock on farms, cost includes direct costs and certain attributable overheads.

#### (10) Research and development

Research and development expenditure is written off in the year in which it is incurred.

# PIG IMPROVEMENT COMPANY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)

### 1 ACCOUNTING POLICIES (continued)

#### (11) Foreign currency

Profit and loss items in overseas currencies are translated at average exchange rates. Foreign currency denominated assets and liabilities are translated at rates ruling at the balance sheet date. Monetary exchange gains and losses are taken to the profit and loss account.

#### (12) Investments

Investments are stated at the lower of costs and net realisable value.

#### (13) Operating lease agreements

Assets held under operating leases are not capitalised. Rentals applicable to operating leases, under which substantially all benefits and risk of ownership remain with the lessor, are charged to the profit and loss account on an accruals basis.

#### (14) Pension costs

The company is a member of the Dalgety Pension Fund which provides benefits based on final pensionable salary. Contributions to the scheme, as assessed by an independent actuary, are based on a comparison of the scheme's assets, projected investment returns and projected future liabilities and are charged to the profit and loss account in the period for which they become payable. Details of the Dalgety Pension Fund are fully described in the accounts of Sygen International PLC.

#### (15) Cashflow statement

The company has taken advantage of paragraph 5 of FRS 1 (revised) and accordingly these financial statements do not include a cashflow statement.

### 2 TURNOVER

	2003 £'000	2002 £'000
Sales to group undertakings	6,496	8,728
External sales	6,387	6,978
	<u>12,883</u>	<u>15,706</u>

All turnover derives from trading activities originating in the United Kingdom and France.

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)**

### **2 TURNOVER (continued)**

The turnover and profit before taxation are attributable to the company's principal activities. External sales are split by geographical destination as follows:

	2003 £'000	2002 £'000
United Kingdom	5,058	6,624
Rest of Europe	218	398
Americas	-	(450)
Other	947	406
	<u>6,387</u>	<u>6,978</u>

### **3 GROUP MANAGEMENT CHARGES**

	2003 £'000	2002 £'000
Net (charge)/income from management services	(74)	647
Expenditure on contract farming services	(2,109)	(1,918)
	<u>(2,183)</u>	<u>(1,271)</u>

The charge in the year from the provision of management services arises due to credits raised in respect of previous years' income following a revision to the methodology used in the computation of the management services income for those years.

### **4 OPERATING (LOSS)/PROFIT**

The following have been charged before arriving at operating (loss)/profit before interest, tax and exceptional item:	2003 £'000	2002 £'000
Auditor's remuneration: Audit fees	12	20
Non audit fees	35	20
Hire of plant and machinery	281	645
Other operating lease costs	81	132
Depreciation of fixed assets		
- Owned tangible assets	587	628
- Owned intangible assets	232	232
- Impairment of tangible fixed assets	-	62
Exceptional Item (note a)		
- Transport restructuring	-	420
- Administration and Sales restructuring	-	212
Research and development	4,241	4,414
	<u>4,241</u>	<u>4,414</u>

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)**

### **4 OPERATING (LOSS)/PROFIT (continued)**

#### a) Exceptional Item: Restructuring of operations

The charge included in the prior year operating profit before interest, tax and exceptional item comprises of the costs of contract terminations, fixed asset write downs and staff redundancy costs due to downsizing of the company's operations in response to the reduced size of the UK pig industry.

	2003 £'000	2002 £'000
Redundancy and other staff costs	-	246
Impairment of tangible fixed assets	-	62
Operating lease rentals	-	184
Other external costs	-	140
	<u>-</u>	<u>632</u>
	<u>-</u>	<u>632</u>

### **5 EXCEPTIONAL ITEM**

#### Restructuring and termination of operations

Owned Farms	-	(21)
	<u>-</u>	<u>(21)</u>

The credits in the prior year are in respect of the release of provisions in respect of the owned farms disposal program which are no longer required.

### **6 INTEREST**

	2003 £'000	2002 £'000
Other interest receivable and similar income:		
Receivable from group undertakings	185	283
Other interest receivable	99	341
	<u>284</u>	<u>624</u>
	<u>284</u>	<u>624</u>
Interest payable and similar charges		
Payable to group undertakings	244	184
Other interest payable	28	147
	<u>272</u>	<u>331</u>
	<u>272</u>	<u>331</u>

# PIG IMPROVEMENT COMPANY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)

### 6 INTEREST (continued)

Included in interest receivable and similar income from group undertakings are exchange gains of £ 81,000 (2002 : £1,000) arising on the translation at year end of monetary assets and liabilities denominated in foreign currency and crystallised foreign exchange gains on foreign currency denominated transactions during the period.

Included in other interest receivable and similar income are exchange gains of £83,000 (2002 : £112,000) arising on the translation at year end of monetary assets and liabilities denominated in foreign currency and crystallised foreign exchange gains on foreign currency denominated transactions during the period.

Included in interest payable and similar charges to group undertakings are exchange losses of £ 107,000 (2002 : £31,000) arising on the translation at year end of monetary assets and liabilities denominated in foreign currency and crystallised foreign exchange losses on foreign currency denominated transactions during the period.

Included in other interest payable are exchange losses of £ 16,000 (2002 : £2,000) arising on the translation at year end of monetary assets and liabilities denominated in foreign currency and crystallised foreign exchange losses on foreign currency denominated transactions during the period.

Other interest payable is in respect of borrowings taken out to purchase the Intangible assets of Agricola Genetico Porcina Limitada, the former PIC franchisee in Chile.

### 7 EMPLOYEES

	2003 £'000	2002 £'000
Wages and salaries	2,622	3,075
Social security costs	253	262
Pension costs	218	145
	<u>3,093</u>	<u>3,482</u>

The average number of persons employed by the company throughout the year was 80 (2002: 101).

Contributions to the company's defined benefit pension scheme recommenced from 01 January 2002 in accordance with the recommendations of the scheme actuary.

# PIG IMPROVEMENT COMPANY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)

### 8 DIRECTORS

The emoluments of the directors (excluding pension contributions) were as follows:

	2003 £'000	2002 £'000
Remuneration for managerial services	395	464

The emoluments (excluding pension contributions) of the highest paid director were £171,000 (2002: £211,000) and the amount of his accrued pension at the end of the year was £24,315 per annum (2002: £23,490).

There are two directors for whom retirement benefits are accruing under the Dalgety Pension Fund.

### 9 TAXATION

Taxation comprises:

	2003 £'000	2002 £'000
<b>Current taxation:</b>		
Current year UK corporation tax at 30% (2002: 30%)	(312)	114
Foreign Taxation	80	78
Adjustment in respect of previous years	-	(674)
	<u>(232)</u>	<u>(482)</u>
<b>Deferred taxation:</b>		
Current year	-	92
	<u>(232)</u>	<u>(390)</u>



# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2002 (continued)**

### **9 TAXATION (continued)**

#### **Factors affecting tax charge for the period**

	2003 £'000	2002 £'000
Loss on ordinary activities before tax	(1,122)	(52)
UK corporation tax at 30% (2001: 30%)	(337)	(16)
Effects of		
Adjustments in respect of prior periods	-	(674)
Permanent differences	105	300
Capital allowances in excess of depreciation	-	(92)
Current tax on income for the period	(232)	(482)

### **10 INTANGIBLE FIXED ASSETS**

	Goodwill £'000
<b>COST</b>	
At 30 June 2003 and 30 June 2002	2,318
<b>AMORTISATION</b>	
30 June 2002	307
Charge for the year	<u>232</u>
30 June 2003	539
<b>NET BOOK AMOUNT</b>	
30 June 2003	<u>1,779</u>
30 June 2002	<u>2,011</u>

The goodwill relates to the acquisition of the trademarks, intellectual property and contract rights of Agricola Genetico Porcina Ltda, the former PIC franchisee in Chile.

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)**

### **11 TANGIBLE FIXED ASSETS**

	<u>Freehold land and buildings</u> £'000	<u>Plant and Equipment</u> £'000	<u>Breeding Stock</u> £'000	<u>Total</u> £'000
<b>COST OR VALUATION</b>				
30 June 2002	1,623	5,173	381	7,177
Additions	-	26	364	390
Disposals	(988)	(247)	(301)	(1,536)
	<hr/>	<hr/>	<hr/>	<hr/>
30 June 2003	635	4,952	444	6,031
	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>				
30 June 2002	286	4,503	190	4,979
Charge for the year	59	170	358	587
Disposals	(157)	(228)	(300)	(685)
	<hr/>	<hr/>	<hr/>	<hr/>
30 June 2003	188	4,445	248	4,881
	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK AMOUNT</b>				
30 June 2003	447	507	196	1,150
	<hr/>	<hr/>	<hr/>	<hr/>
30 June 2002	1,337	670	191	2,198
	<hr/>	<hr/>	<hr/>	<hr/>

In the opinion of the directors, the aggregate value of tangible fixed assets is not less than the aggregate amount at which those assets are stated in the balance sheet.

### **FUTURE CAPITAL EXPENDITURE:**

	2003 £'000	2002 £'000
Contracted for but not provided	-	69
	<hr/>	<hr/>

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)**

### **12 FIXED ASSET INVESTMENTS**

	Shares in subsidiary undertakings £'000	Other Investments £'000	Total £'000
<b>COST</b>			
30 June 2003 and 30 June 2002	20,224	508	20,732
	<hr/>	<hr/>	<hr/>
<b>PROVISIONS</b>			
30 June 2003 and 30 June 2002	(15,249)	(140)	(15,389)
	<hr/>	<hr/>	<hr/>
<b>NET BOOK AMOUNT</b>			
30 June 2003 and 30 June 2002	4,975	368	5,343
	<hr/>	<hr/>	<hr/>

#### **Subsidiary undertakings**

The company's subsidiary undertakings at 30 June 2003 are as follows:

	Class of shares and <u>nominal value</u>	Percentage of nominal value of <u>Issued shares held</u>	Nature of <u>business</u>
National Pig Development Company Limited (incorporated in the United Kingdom)	Ordinary £31,768	100%	Receipt of rental income
	Non-voting ordinary £11,034	100%	
PIC Polska (incorporated in Poland)	Ordinary 13.748 million zloties	100%	Pig breeding

#### **Other investments**

The company holds £350,000 of non-voting preference shares in Greenway Farms Limited and various other trade investments in Agricultural and Research Companies.

In the opinion of the directors, the aggregate recoverable value of the investment in the company's subsidiary undertakings and other investments is not less than the aggregate amount at which those assets are stated in the balance sheet.

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)**

### **13 STOCK**

	2003 £'000	2002 £'000
Livestock	10	18
Consumables	88	84
	<hr/>	<hr/>
	98	102
	<hr/>	<hr/>

In the opinion of the directors, there is no material difference between the book value of stocks and their replacement cost at 30 June 2003.

### **14 DEBTORS**

	2003 £'000	2002 £'000
Trade debtors	527	467
Amounts due from parent and fellow subsidiary undertakings	27,368	31,265
Amounts due from subsidiary undertakings	829	810
Other debtors	7	259
Prepayments and accrued income	446	215
Deferred tax asset (see note 18)	354	354
	<hr/>	<hr/>
	29,531	33,370
	<hr/>	<hr/>

### **15 BORROWINGS**

	2003 £'000	2002 £'000
Total amount due	-	1,681
	<hr/>	<hr/>
<b><u>Of which due</u></b>		
Within one year	-	298
Between two and five years	-	1,383
	<hr/>	<hr/>
	-	1,681
	<hr/>	<hr/>

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)**

### **15 BORROWINGS (continued)**

The borrowings relate to amounts due to Agricola Genetico Porcina Ltda in respect of the purchase of its Intangible assets and attract interest at an 8.5% fixed rate. The borrowings were repaid in full during the period.

### **16 CREDITORS: Amounts falling due within one year**

	2003 £'000	2002 £'000
Trade creditors	543	359
Amounts due to parent and fellow subsidiary undertakings	20,333	21,536
Amounts due to subsidiary undertakings	1,180	1,237
Corporation Tax	341	371
Other taxation and social security	118	138
Other creditors	187	770
Accruals and deferred income	1,194	1,251
	<hr/>	<hr/>
	23,896	25,662
	<hr/>	<hr/>

### **17 CREDITORS: Amounts falling due after more than one year**

	2003 £'000	2002 £'000
Amounts owed to parent undertakings	31,080	30,870
	<hr/>	<hr/>

### **18 DEFERRED TAXATION ASSET**

	2003 £'000	Provided 2002 £'000
Accelerated capital allowances	(227)	(227)
Short term timing differences	(127)	(127)
	<hr/>	<hr/>
	(354)	(354)
	<hr/>	<hr/>

# **PIG IMPROVEMENT COMPANY UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)**

### **19 SHARE CAPITAL**

	2003 £'000	2002 £'000
<b>Authorised:</b>		
2 million ordinary shares of 10p each	200	200
	<u>      </u>	<u>      </u>
<b>Allotted, issued, called up and fully paid:</b>		
1,857,164 ordinary shares of 10p each	186	186
	<u>      </u>	<u>      </u>

### **20 MOVEMENT ON RESERVES**

	<u>Share premium</u> £'000	<u>Revaluation Reserve</u> £'000	<u>Other Reserves</u> £'000	<u>Profit and loss account</u> £'000
30 June 2002	8	72	23	(14,879)
Transfer from revaluation reserve	-	13	-	(13)
Retained profit for the year	-	-	-	(890)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
30 June 2003	8	85	23	(15,782)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

### **21 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2003 £'000	2002 £'000
(Loss)/profit for the financial year after taxation and net increase in shareholders' funds	(890)	338
Opening shareholders' funds as previously reported	(14,590)	(15,374)
Prior year adjustment- FRS 19	-	446
Opening shareholders' funds as restated	<u>(14,590)</u>	<u>(14,928)</u>
Closing shareholders' funds	<u>(15,480)</u>	<u>(14,590)</u>

# PIG IMPROVEMENT COMPANY UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2003 (continued)

### 22 LEASE OBLIGATIONS

	<u>Land and buildings</u>		<u>Plant and machinery</u>	
	2003	2002	2003	2002
	£'000	£'000	£'000	£'000
<b>Operating leases</b>				
Annual commitments which expire:				
Within one year	48	45	170	15
Between one and five years	-	34	79	339
After five years	10	10	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	58	89	249	354
	<hr/>	<hr/>	<hr/>	<hr/>

### 23 RELATED PARTY TRANSACTIONS

#### Group companies

The company has not disclosed transactions with any group members on the grounds that 90% or more of the voting rights are controlled in the group, and that the consolidated accounts in which the company is included are publicly available.

### 24 PARENT UNDERTAKING

The company's immediate parent undertaking is Pig Improvement Group Limited, which is registered in England.

The company's ultimate controlling party and parent undertaking is Sygen International PLC, which is registered in England and which is the smallest and largest undertaking for which group financial statements, which include these financial statements, are prepared. Copies of the group financial statements of Sygen International PLC may be obtained at the following address:

Sygen International PLC  
2 Kingston Business Park,  
Kingston Bagpuize,  
Oxfordshire  
OX13 5FE

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