

FARNSWORTH INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2006

REGISTERED NO. 2475724



FARNSWORTH INVESTMENTS LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

I A Ellis (resigned 19 May 2006)

G M Reid (resigned 30 June 2006)

C Williams

J Lill (appointed 19 May 2006)

S Henderson (appointed 30 June 2006)

SECRETARY

C Williams

INDEPENDENT AUDITORS

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

1 City Square

Leeds

LS1 2AL

REGISTERED OFFICE

2180 Century Way

Thorpe Park

Leeds

LS15 8ZB

FARNSWORTH INVESTMENTS LIMITED

DIRECTORS' REPORT

The directors present their Annual report and audited financial statements for the year ended 30 April 2006.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company is a wholly owned subsidiary of Northern Foods plc.

The company operates as a divisional holding company within the Northern Foods plc group.

The result for the period, as disclosed in the company's profit & loss account on page 6, is a loss and is principally due to group interest payable on intercompany loans.

Principal risks and uncertainties

The company is financed by inter group loans from its parent company and therefore has no interest rate exposure.

Group risks are discussed in the group's Annual report which does not form part of this report.

Environment

The Northern Foods plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damages that might be caused by the group's activities. The company operates in accordance with group policies, which are described in the group's Annual report which does not form part of this report.

Employees

The company is committed to equality of opportunity amongst its employees. Recruitment, pay and conditions, training and career development policies are based solely on ability, without regard to gender, race, age, disablement, marital status or religion.

The company uses a variety of methods to enable all its employees to understand the performance of the group and of their own operating company. These include briefing groups, meetings with employee representatives and company newspapers. Employees are consulted on a wide range of issues affecting their current and future interests, and particularly on changes affecting their company.

Future Prospects

The directors have considered the future prospects of the company to be satisfactory.

RESULTS AND DIVIDENDS

The loss for the year attributable to shareholders amounts to £88,028 (2004/05: profit £819) and is dealt with as shown in the profit and loss account. No interim dividend was paid in the year (2004/05: £2,000,000). The directors do not recommend the payment of a final dividend (2004/05: £nil).

FARNSWORTH INVESTMENTS LIMITED

DIRECTORS AND THEIR INTERESTS

The directors of the company who served during the year ended 30 April 2006 and up to the date of signing the financial statements were those listed on page 1.

According to the register maintained as required under the Companies Act 1985, none of the directors held any beneficial interest in the shares of the company during the year.

The interests of the directors in the ordinary shares of 25p each of the ultimate parent undertaking, Northern Foods plc, were as follows:

	<i>At 30 April 2006</i>	<i>At 30 April 2005</i>
I A Ellis	10,771	21,562
G M Reid	-	7,969
C Williams	37,204	19,177

The executive options over ordinary shares of Northern Foods plc granted to or exercised by the directors during the year ended 30 April 2005 were as follows:

	<i>Options granted in the year</i>	<i>Options exercised in the year</i>
I A Ellis	40,000	-
G M Reid	-	-
C Williams	20,000	11,291

FARNSWORTH INVESTMENTS 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 at the end of the financial year and of 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 the company will continue in business.

The directors confirm that the financial statements comply with the above requirements.

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.

CHARITABLE AND POLITICAL CONTRIBUTIONS

Donations to charitable organisations amounted to £nil (2004/05: £nil). There were no political contributions (2004/05: £nil).

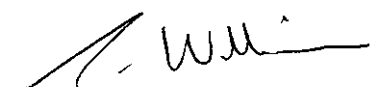
AUDITORS

In the case of each of the persons who are directors of the company at the date when this report was approved;

- So far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- Each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



C Williams
Secretary

23 October 2006

FARNSWORTH INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARNSWORTH INVESTMENTS LIMITED

We have audited the financial statements of Farnsworth Investments Limited for the year ended 30 April 2006 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes 1 to 12. 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 law and United Kingdom Accounting Standards (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 financial reporting 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 other transactions 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 30 April 2006 and of its loss 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.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Leeds

23 October 2006

FARNSWORTH INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT *for the year ended 30 April 2006*

	Notes	2006 £	2005 £
Interest payable to group undertakings		(111,443)	(2,205)
Bank interest receivable		2,895	3,216
(Loss)/profit on ordinary activities before taxation		(108,548)	1,011
Taxation on (loss)/profit on ordinary activities	3	20,520	(192)
(Loss)/profit on ordinary activities after taxation		(88,028)	819
(Loss)/profit for the financial year	9	(88,028)	819

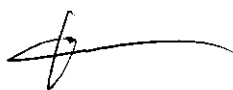
All results derive from continuing operations.

There were no recognised gains and losses in either year other than the (loss)/profit for that year.

FARNSWORTH INVESTMENTS LIMITED

BALANCE SHEET
as at 30 April 2006

	Notes	2006 £	2005 £
Fixed assets			
Investments	5	6,369	6,369
Current assets			
Debtors: amounts falling due within one year	6	7,486,491	7,466,163
Debtors: amounts falling due after more than one year	6	42,551	42,551
Cash at bank		131,410	128,515
		7,660,452	7,637,229
Creditors: amounts falling due within one year	7	(2,377,135)	(2,377,328)
Net current assets		5,283,317	5,259,901
Total assets less current liabilities		5,289,686	5,266,270
Creditors: amounts falling due after more than one year	7	(2,163,649)	(2,052,205)
Net assets		3,126,037	3,214,065
Capital and reserves			
Called up share capital	8	2,500,000	2,500,000
Profit and loss account	9	626,037	714,065
Equity shareholders' funds	10	3,126,037	3,214,065



S Henderson
Director

23 October 2006

FARNSWORTH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006

1. ACCOUNTING POLICIES

Basis of accounting

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

A summary of the more important accounting policies is set out below. These have been applied consistently, with the exception of FRS 25 'Financial instruments: disclosure and presentation' which was adopted in the current year.

Cash flow statement

The company is exempt from the requirement of FRS 1 to present a cash flow statement since it is a wholly owned subsidiary undertaking of Northern Foods plc, in whose financial statements a cash flow statement is presented.

Fixed assets

Fixed assets including investments are valued at cost, less any provision for impairment.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Classification of financial instruments issued by the company

FRS 25 has been adopted for the first time in this financial period. Following this adoption, 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, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Dividends 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 authorised at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2. EMOLUMENTS OF DIRECTORS AND AUDITORS' REMUNERATION

There are no employees of the company other than the directors. None of the directors received any remuneration from the company during the year (2004/05: £nil). In both the current and prior year, auditors' remuneration was borne by another group company.

FARNSWORTH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006

3. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2006 £	2005 £
Corporation tax at 19%	(20,520)	192
	(20,520)	192

The corporation tax (credit)/charge is below the standard UK corporation tax rate for small companies of 19% (2004/05: 19%). The calculation is shown below:

	2006 £	2005 £
(Loss)/profit on ordinary activities before taxation	(108,548)	1,011
Taxation on (loss)/profit on ordinary activities at the standard UK Corporation tax rate of 19%	(20,624)	192
Factors affecting the (credit)/charge:		
Other	104	-
Corporation tax (credit)/charge for the year	(20,520)	192

4. EQUITY DIVIDENDS

	2006 £	2005 £
Interim equity dividends paid on ordinary shares	-	2,000,000

5. FIXED ASSET INVESTMENTS

	£
Investment in group undertakings at cost:	
At start and at end of year	6,369

Details of the investment in group undertakings is as follows:

Name of company	Country of registration	Shares	Proportion of shares held	Nature of Business
Northern Foods Services	England and Wales	Ordinary	7.67%	Investment

The remaining 92.33% of the shares of Northern Foods Services are held by a fellow subsidiary undertaking.

In the opinion of the directors the value of the share of the company's investment in group undertakings is not less than the amount at which it is stated in the balance sheet.

FARNSWORTH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006

6. DEBTORS

	2006 £	2005 £
Amounts falling due within one year:		
Amounts due from group undertakings	7,465,909	7,466,101
Other debtors	62	62
Corporation tax	20,520	-
	7,486,491	7,466,163
Amounts falling due after more than one year:		
Amounts due from group undertakings	42,551	42,551

7. CREDITORS

	2006 £	2005 £
Amounts falling due within one year:		
Bank overdraft	2,377,135	2,377,136
Corporation tax	-	192
	2,377,135	2,377,328
Amounts falling due after more than one year:		
Amounts due to group undertaking	2,163,649	2,052,205

8. CALLED UP SHARE CAPITAL

	2006 £	2005 £
Authorised:		
10,000,000 ordinary shares at £1 each	10,000,000	10,000,000
Allotted, called up and fully paid:		
2,500,000 ordinary shares at £1 each	2,500,000	2,500,000

9. PROFIT AND LOSS ACCOUNT

	£
At start of the year	714,065
Loss for the year	(88,028)
Dividends on shares classified in shareholders' funds	-
At end of the year	626,037

10. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2006 £	2005 £
(Loss)/profit for the year	(88,028)	819
Equity dividends on shares classified in shareholders' funds	-	(2,000,000)
Movement in equity shareholders' funds	(88,028)	(1,999,181)
Opening equity shareholders' funds	3,214,065	5,213,246
Closing equity shareholders' funds	3,126,037	3,214,065

FARNSWORTH INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 2006

11. CONTINGENT LIABILITIES

The company, together with Northern Foods plc and certain fellow subsidiary undertakings, has entered into a guarantee with HSBC Bank plc in respect of the net overdrafts due by the other group companies, which are parties to the guarantee. At 30 April 2006 the company's contingent liabilities under the guarantee amounted to £nil (2004/05 £nil).

12. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Northern Foods plc, registered in England and Wales. Northern Foods plc is also the company's immediate and ultimate parent undertaking. Copies of Northern Foods plc's financial statements can be obtained from 2180 Century Way, Thorpe Park, Leeds, LS15 8ZB or from the company's website at www.northernfoods.com.

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are part of the Northern Foods plc group.