CARGILL FINANCIAL MARKETS PLC

FINANCIAL STATEMENTS

YEAR ENDED 31 May 2005

Registered Number 2496185

CARGILL FINANCIAL MARKETS PLC
FINANCIAL STATEMENTS
31 May 2005

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OFFICERS AND PROFESSIONAL ADVISORS

Directors
R G Ward
R D Thurston

Secretary
R D Thurston

Auditor
KPMG Audit Plc
1 Canada Square
London E14 5AG

Registered Office
Knowle Hill Park
Fairmile Lane
Cobham
Surrey KT11 2PD

DIRECTORS' REPORT

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by law 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 of the profit or loss for that year.

The directors confirm that appropriate accounting policies have been agreed and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 May 2005. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared in the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUSINESS REVIEW

The company's principal activity continued to be the proprietary trading of fixed income and equity securities and related financial instruments. The company has had a successful year and has recorded a profit for the financial year of $50,655,000 (2004: $42,083,000).

On 28 September 2004, the Company was deregulated from the Financial Securities Authority.

DIVIDENDS

An interim dividend of $15,800,000 was paid (2004: $44,995,116). The directors do not recommend the payment of a final dividend (2004: $Nil).

SHARE CAPITAL

On 28 September 2004, the company obtained a court approval for the reduction of share capital. The company had surplus capital as a result of the transfer of a significant portion of the business to multi-strategy hedge funds. In addition, the company was deregulated from the FSA, further reducing the requirement to maintain significant surplus amounts of capital. See Note 15, in the notes to the financial statements for further details.

AUDITORS

KPMG Audit Plc have expressed their willingness to continue in office as auditors. In accordance with Section 385 of the Companies Act 1985, a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

SUPPLIERS

The company aims to pay all of its creditors promptly. It is the company's policy to agree the terms of the payment at the start of business with that supplier, ensure that suppliers are aware of the terms of payment, and to pay in accordance with contractual and other legal obligations.

The company had 30 days purchases outstanding as 31 May 2005 (2004: 20 days) based on the average difference between invoice date and payment date during the year.

DIRECTORS' REPORT
Continued

DIRECTORS AND DIRECTORS' INTERESTS
The directors throughout the year and as at the date of this report are as follows:

	Appointed	Resigned
D P L Corridan	30 April 1990	25 February 2005
J K Llewelyn	1 June 1998	3 September 2004
R G Ward	1 February 1999	-
C J Kempenaar	30 November 2000	1 July 2004
J R A Brice	8 November 2002	25 February 2005
J R Minshull	8 November 2002	1 July 2004
H L D Sarteau	8 November 2002	25 February 2005
R D Thurston	25 February 2005	-

According to the register of director's interest, no director has a beneficial interest in the shares of the company nor of any group companies during the year.

By Order of the Board

R G Ward
Director
12 September 2005

Knowle Hill Park
Fairmile Lane, Cobham
Surrey KT11 2PD

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CARGILL FINANCIAL MARKETS PLC

We have audited the financial statements on pages 5 to 13.

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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 with the company is not disclosed.

Basis of audit opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Boards. 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 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

12 September 2005

PROFIT AND LOSS ACCOUNT
for the year ended 31 May 2005

	Notes	2005 $000	2004 $000
Net trading income	2	**80,036**	84,098
Administrative expenses		**(26,413)**	(30,728)
Other operating income		**17,786**	5,933
Profit on ordinary activities before taxation	3	**71,409**	59,303
Taxation on profit on ordinary activities	8	**(20,754)**	(17,220)
Profit for the financial year	16	**50,655**	42,083
Dividend paid	16	**(15,800)**	(44,995)
Retained profit/(loss) for the financial year		**34,855**	(2,912)

The above income and expenditure has been derived from continuing activities.

There were no recognised gains or losses other than the profit attributable to the shareholders of the company for the year ended 31 May 2005. Consequently no statement of recognised gains or losses has been prepared.

The notes on pages 7 to 13 form an integral part of these financial statements.

BALANCE SHEET
at 31 May 2005

	Notes	2005 $000	2004 $000
Fixed Assets			
Investments	9	**116**	10,310
Current assets			
Debtors	10	**59,153**	230,768
Investments	12	**213,049**	157,408
Cash at bank and in hand		**-**	6,258
		272,202	394,434
Creditors: amounts falling due within one year	13	**(80,258)**	(91,600)
Net current assets		**191,944**	302,834
Total assets less current liabilities		**192,060**	313,144
Creditors: amounts falling due after one year	14	**(7,797)**	(9,736)
Net Assets		**184,263**	303,408
Capital and reserves			
Called up share capital	15	**107,325**	261,325
Profit and loss account	16	**76,938**	42,083
Equity shareholders' funds	16	**184,263**	303,408

The notes on pages 7 to 13 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf on 12 September 2005.

R G Ward (Director)

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied in the preparation of these accounts.

(a) Basis of preparation:

(i) The accounts have been prepared under the historical cost convention, except as noted in (b) below, and in accordance with applicable accounting standards.

(ii) Turnover, cost of sales and gross profit (as prescribed in the Companies Act 1985) do not have any meaningful equivalent in a financial markets business and are therefore not included.

(iii) Trading income comprises the net profit arising from positions held in securities, net interest and net dividends earned by those securities after charging funding costs.

(iv) The directors consider that the functional currency of the company is the US dollar. The financial statements have therefore been prepared in that currency.

(v) The company has taken advantage of the exemption granted under Section 228 of the Companies Act 1985, which permits the company not to prepare group accounts, as the company is a wholly-owed subsidiary of Cargill Holdings, a UK company which produces consolidated financial statements.

(b) Valuation of current asset investments:

Current asset investments are accounted for on a trade date basis and are valued at the market price ruling at the balance sheet date; resultant profits or losses are taken to the profit and loss account. Where independent prices are not available, market values may be determined by discounting the expected future cash flows using an appropriate interest rate adjusted for the credit risk of the counterparty. In addition, adjustments are made for illiquid positions where appropriate.

This policy for recognising profits and losses is at variance with the requirements of the Companies Act 1985 for all amounts to be stated in the balance sheet at the lower of cost and net realisable value. However, the directors consider that this policy is necessary to satisfy the overriding requirement that the accounts show a true and fair view of the results of the company, since decisions are taken continually about whether to hold or sell these at the current fair value, and hence the economic measure of performance in any period is properly made by reference to fair values. It is not practicable to quantify the effect on the accounts of these departures, since information on original cost, being of no continuing relevance to the business, is not readily available.

(c) Fixed Asset Investments:

Investments in subsidiary undertakings are carried at cost less impairment for a permanent diminution in value.

(d) Interest income and expense:

Interest income and expense are recognised on an accruals basis.

(e) Other operating income:

Other operating income comprises management recharges, which is recognised on an accruals basis.

(f) Foreign exchange:

Transactions denominated in foreign currencies are translated into US dollars and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in foreign currencies are translated into US dollars at the exchange rates ruling at the balance sheet date. Forward foreign exchange contracts, other than those relating to loans and deposits, are valued at market foreign exchange rates applicable to their respective maturities at the balance sheet date. Forward foreign exchange contracts relating to loans and deposits are valued at market interest rates applicable to their respective maturities at the balance sheet date. Unrealised exchange gains and losses are taken to the profit and loss account for the reasons set out in (b) above. Exchange gains and losses are not separately identified since they are an intrinsic component of net trading income and such disclosure would be meaningless.

(g) *Deferred taxation:*

Provision is made for deferred taxation, using the liability method, on all timing differences that have originated but not reversed by the balance sheet date. A deferred tax asset is recognised to the extent it is regarded as recoverable.

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(h) Pensions:

The charge to the profit and loss account in respect of pension and post retirement medical expenses is determined independently by actuarial valuation and spreads the cost over the service lives of the employees. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is included in the balance sheet as an asset or liability.

(i) Deferred compensation:

Performance related compensation is accrued in respect of the year of service to which it relates.

(j) Cash flow statement:

The company has not prepared a cash flow statement as it is included in the consolidated accounts of Cargill Holdings, a company registered in England and Wales and which publishes a consolidated cash flow statement in its own financial statements.

(k) Operating leases:

Rentals paid under operating leases are charged to the profit and loss account as they fall due.

2. NET TRADING INCOME

	2005	2004
	$000	$000
Trading gains	**78,265**	69,630
Interest receivable and similar income	**4,241**	22,429
Interest payable and similar charges	**(2,470)**	(7,961)
Net trading income	**80,036**	84,098

Interest receivable and similar income includes interest receivable from group undertakings of $299,349 (2004: $1,267,049).

Interest payable on other loans includes interest payable to group undertakings of $1,385,189 (2004: $4,121,746).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005	2004
	$000	$000
The profit on ordinary activities before taxation is stated after charging:		
Auditor's Remuneration		
Audit work	**38**	**27**
Rentals under operating leases		
Motor vehicles	**32**	**39**
Directors' emoluments	**1,836**	**4,691**
Directors' long term incentive scheme	**1,055**	**3,221**
Company contribution to directors' pension scheme invested in a money purchase scheme	**-**	**40**

4. STAFF NUMBERS AND COSTS

	2005 $000	2004 $000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	**19,464**	21,808
Social security costs	**2,012**	2,699
Other pension costs	**802**	800
	22,278	25,307

The average number of persons employed by the company during the year was 37 (2004:53).

5. DIRECTORS' EMOLUMENTS

The aggregate of emoluments and amounts receivable under the long term incentive scheme of the highest paid director was $2,784,206 (2004:$5,016,821). He is a member of the defined benefit pension scheme. The accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end was $17,211 (2004: $70,083).

	Number of Directors 2005	2004
Retirement benefits are accruing to the following number of directors under defined benefit only schemes	3	4
Retirement benefits are accruing to the following number of directors under both defined benefit schemes and defined contributions schemes	-	1

6. SEGMENTAL ANALYSIS

No segmental analysis is provided as the company has only one distinguishable class of business and operates in a market which is not limited by geographical bounds.

7. OPERATING LEASES

Annual commitments under non-cancellable operating leases for motor vehicles and computer equipment are as follows:

	2005 $000	2004 $000
Operating leases which expire:		
Within one year	**6**	-
In the second to fifth years inclusive	**4**	27
	10	27

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of tax charge

	2005 $000	2004 $000
United Kingdom corporation tax at 30% (2004:30%)		
Current year	**19,704**	16,237
Adjustments in respect of prior years	**2,318**	180
Current tax [note 8 (b)]	**22,022**	16,417
Origination and reversal of timing differences		
Current year	**1,062**	803
Adjustments in respect of prior years	**(2,330)**	-
Deferred taxation	**(1,268)**	803
Total tax charge	**20,754**	17,220

b) Factors affecting tax charge

The tax assessed for the year is higher than (2004: lower than) the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2005 $000	2004 $000
Profit on ordinary activities before taxation	**71,409**	59,303
Taxation on profit on ordinary activities before taxation at a standard rate of 30% (2004 : 30%)	**21,423**	17,791
Capital allowances	**(42)**	(55)
Timing differences	**(789)**	(478)
Dividend received	**(888)**	(1,021)
Adjustments in respect of prior years	**2,318**	180
Current tax charge for the year	**22,022**	16,417

9. FIXED ASSET INVESTMENTS

	2005 $000	2004 $000
Investments in subsidiary undertaking (Cargill Finance Limited: wholly-owned subsidiary)	**116**	10,310

10. DEBTORS

	2005 $000	2004 $000
Amounts falling due within one year		
Trade debtors	**4,124**	12,175
Securities purchased with agreement to resale	**6,639**	6,543
Amounts owed by group undertakings	**42,856**	205,484
Other debtors	**372**	1,903
Prepayments and accrued income	**698**	1,466
Deferred tax asset (Note 11)	**78**	60
	54,767	227,631
Amounts falling due after more than one year		
Deferred tax asset (Note 11)	**4,386**	3,137
	59,153	230,768

11. DEFERRED TAX ASSET

	2005 $000	2004 $000
Decelerated capital allowances	**125**	166
Short-term timing differences	**78**	60
Long term incentive schemes	**4,262**	2,971
	4,465	3,197
Balance brought forward	**3,197**	4,000
Credit/(charge) to profit and loss account	**1,268**	(803)
Balance carried forward	**4,465**	3,197

12. CURRENT ASSET INVESTMENTS

	2005 $000	2004 $000
Convertible bonds	**6,319**	1,476
Corporate bonds	**105,307**	54,028
Derivatives	**-**	517
Other corporate debt	**78,439**	98,197
Equity shares	**22,984**	3,190
	213,049	157,408

At 31 May 2005, assets, excluding cash, with a market value, including interest, of $Nil (2004: $Nil) were pledged as collateral for securities sold with agreement to repurchase. Assets with a market value including interest of $18,396,401 (2004: $19,324,192) had been deposited with third parties as collateral for securities borrowed.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 $000	2004 $000
Bank loans	**161**	-
Trading securities sold short	**6,693**	8,401
Securities sold under agreement to repurchase	**14,715**	17,824
Trade creditors	**22,756**	29,228
Amounts owed to group undertakings	**6,510**	9,102
Corporation tax payable	**9,587**	5,873
Other creditors	**2,341**	1,139
Accruals and deferred income	**17,495**	20,033
	80,258	91,600

14. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2005 $000	2004 $000
Accruals and deferred income	**7,797**	9,736

15. CALLED UP SHARE CAPITAL

	2005 $000	2004 $000
Authorised:		
50,000 ordinary shares of £1 each	**76**	76
171,000,000 ordinary shares of US$1 each (2004: 250,000,000 ordinary shares of US$1 each)	**171,000**	250,000
175,000,000 ordinary shares of US$1 each (2004: 250,000,000 ordinary shares of US$1 each)	**175,000**	250,000
	346,076	500,076

15. CALLED UP SHARE CAPITAL (continued)

	2005 $000	2004 $000
Allotted:		
50,000 ordinary shares of £1 each	**76**	76
107,305,000 ordinary shares of US$1 each (2004: 186,305,000 ordinary shares of US$1 each)	**107,305**	186,305
Nil redeemable preferred ordinary shares of US$1 each (2004: 75,000,000 redeemable preferred ordinary shares of US$1 each)	-	75,000
	107,381	261,381
Called up and paid:		
50,000 ordinary shares of £1 each, 25 pence paid	**20**	20
107,305,000 ordinary shares of US$1 each (2004: 186,305,000 ordinary shares of US$1 each)	**107,305**	186,305
Nil redeemable preferred ordinary shares of US$1 each (2004: 75,000,000 redeemable preferred ordinary shares of US$1 each)	-	75,000
	107,325	261,325

On 28 September 2004, the Company obtained a court approval for the reduction of the share capital. The Company has surplus capital as a result of the transfer of a significant portion of the business to multi-strategy hedge funds. In addition, the company was deregulated, further reducing the requirement to maintain significant surplus amounts of capital.

The Company reduced its share capital by cancelling and repaying the 79,000,000 issued ordinary shares of US$1 each, and 75,000,000 issued preferred ordinary shares of US$1 each.

The shares were repurchased at their nominal value. The shares repurchased represent 42% of the called-up ordinary shares of US$1 and 100% of the called-up redeemable preferred ordinary shares.

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share Capital $000	Profit and loss account $000	Total $000
Brought forward at 1 June 2004	261,325	42,083	**303,408**
Shares repurchased during the year	(154,000)	-	**(154,000)**
Profit for the financial year	-	50,655	**50,655**
Dividend paid	-	(15,800)	**(15,800)**
Carried forward at 31 May 2005	107,325	76,938	**184,263**

17. PENSIONS

The company is a member of the Cargill Pension Plan, a funded defined benefit pension scheme for the benefit of employees within the Cargill Holdings group. The assets of the scheme are held in separate trustee administered funds. Particulars of the actuarial valuation of the Cargill Pension Plan are contained within the financial statements of Cargill Holdings.

The charge to the profit and loss account is based on providing for the cost of pensions on a systematic basis over the periods benefiting from the scheme members' services and amounts to $688,956 (2004: $368,304). No prepayment or accrual has been included in the balance sheet relating to the Cargill Pension Plan, as it is increasingly difficult to calculate the adjustment on a reasonable basis for the Company as an individual (2004: prepayment of $165,919).

FRS 17 Retirement benefits:
Whilst the company continues to account for pensions costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pensions Costs', under the Financial Reporting Standard: FRS 17 'Retirement benefits' transitional disclosures are required. The full transitional disclosures are included within the financial statements of the company's immediate parent Cargill Holdings.

As the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 when the standard is fully adopted, the scheme will be accounted for as if it were a defined contribution scheme.

Based on the latest actuarial indications, there exists a deficit on the scheme of $127,852,000 (2003: $106,397,000). The group has no plans to recover any part of this deficit directly from the company, although contribution rates are likely to be reviewed.

The group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 5 April 2003 and updated to 31 May 2004 by a qualified independent actuary. The major assumptions used by the actuary were as follows (in nominal terms)

	2005	2004
Rate of increase in salaries	3.00%	3.25%
Rate of increase of pensions in payment	2.75%	3.00%
Discount rate	5.10%	5.80%
Inflation assumption	2.75%	3.00%

18. COMMITMENTS

At 31 May 2005, the company had entered in the normal course of its business into forward contracts for the purchase and sale of foreign currencies and securities.

19. RELATED PARTY TRANSACTIONS

FRS 8 grants a partial exemption to subsidiary undertakings from its requirements, provided that 90% or more of the voting rights of the company are controlled within the group, and the subsidiary is included in publicly available consolidated financial statements.

The directors of the company have taken advantage of this exemption which permits non-disclosure of transactions with entities that are part of the Cargill Incorporated group, as it is a wholly owned subsidiary of Cargill Holdings, another company in the group, which produces publicly available consolidated financial statements.

20. ULTIMATE HOLDING COMPANY AND PARENT UNDERTAKING

The company's immediate parent is Cargill Holdings and its ultimate parent is Cargill Incorporated, a company incorporated in the USA. The largest group in which the results of the company are consolidated is that headed by Cargill Incorporated whose consolidated financial statements are not available to the public. The smallest group in which the results of the company are consolidated is that headed by Cargill Holdings 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.