

**CARGILL FINANCIAL MARKETS PLC**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 May 2006**



Registered Number 2496185

**CARGILL FINANCIAL MARKETS PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 May 2006**

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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 2006.

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### **PRINCIPAL ACTIVITIES & BUSINESS REVIEW**

The Company's principal activity has continued to be the proprietary trading of fixed income and equity securities and related financial instruments. There has been no significant change in the company's principal activities compared to previous years, however there are plans to move a significant portion of the proprietary business currently carried out within the company into a new asset management venture during 2007. This will result in a significant reduction in the activities carried out in Cargill Financial Markets Plc.

The principal uncertainties facing the company in the coming year include the unpredictable nature of the general business and economic environment, as well as the effect the asset management venture will have, and the timing thereof. The principal risk of the company is market risk, to which all financial instruments are subject. Market risk is the potential change in value caused by changes in credit spreads, liquidity, or foreign exchange rates. Taking market risk is fundamental to the trading business. The company's trading and risk management personnel seek to identify all such risks in the portfolio, so that those risks, which are not hedged, are the result of deliberate trading decisions. The risk management group operates independently of the trading groups and reports to Cargill's global Financial Risk Committee, which is based at the Cargill headquarters in Minneapolis.

Credit risk is the risk of loss due to non-performance by issuers, trading counterparties and other obligors. Credit risk is monitored against established strategy limits. Counterparty exposure is mitigated by performing know-your-client checks on counterparties or by passing the risk back to the counterparty as a result of ensuring relevant controls are performed during the closing process.

Liquidity risk is the risk that the company is unable or limited to liquidate certain of its trading and investment positions. Liquidity risk is assessed at the point of trade execution and monitored during the holding period of the asset.

Foreign exchange rate risk arises from trading instruments denominated in a number of emerging and developed market currencies. Where taking currency exposure is not part of the motivation for a trade, that exposure will be hedged by using forward FX transactions or by funding in the underlying currency of the assets involved. At times the company may enter trades specifically to take on currency exposure to hedge potential future profits.

The Company also manages valuation risk with regard to the various investments that it holds. Some prices are not readily available from independent sources, and therefore, controls and measures have been put in place to mitigate any risks caused by this inability to easily acquire independent prices (see "Valuation of current asset investments" under the Principal Accounting Policies).

The Company has had a successful year and has recorded a profit for the financial year of \$49,569,000 (2005: \$50,655,000)

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### **DIVIDENDS**

The directors do not recommend the payment of a dividend (2005: \$15,800,000).

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### **POLICY & PRACTICE ON PAYMENT OF CREDITORS**

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 9 days purchases outstanding at 31 May 2006 (2005: 30 days) based on the average difference between invoice date and payment date during the year.

## DIRECTORS' REPORT

### DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the year were:

	<u>Appointed</u>	<u>Resigned</u>
R G Ward	1 February 1999	-
R D Thurston	25 February 2005	-

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them during the year.

None of the directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

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### POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political contributions during the year (2005: \$Nil).

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### DISCLOSURE OF INFORMATION TO AUDITORS

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

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### AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



R G Ward  
Director  
10 November 2006

Knowle Hill Park  
Fairmile Lane, Cobham  
Surrey KT11 2PD

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARGILL FINANCIAL MARKETS PLC**

We have audited the financial statements of Cargill Financial Markets Plc for the year ended 31 May 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider whether it is consistent with the audited financial statements. We 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

**10 November 2006**

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 May 2006

	<u>Notes</u>	<b>2006</b> <b>\$000</b>	2005 \$000
<b>Net trading income</b>	2	<b>78,400</b>	80,036
Administrative expenses		<b>(31,502)</b>	(26,413)
Other operating income		<b>23,625</b>	17,786
<b>Profit on ordinary activities before taxation</b>	3	<b>70,523</b>	71,409
Taxation on profit on ordinary activities	7	<b>(20,954)</b>	(20,754)
<b>Profit for the financial year</b>	15	<b>49,569</b>	50,655
Dividend paid	15	-	(15,800)
<b>Retained profit for the financial year</b>		<b>49,569</b>	34,855

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 2006. Consequently no statement of recognised gains or losses has been prepared.

The notes on pages 8 to 16 form an integral part of these financial statements.

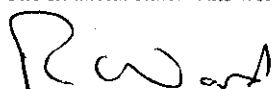


**BALANCE SHEET**  
at 31 May 2006

	<u>Notes</u>	<u>2006</u> <u>\$000</u>	<u>2005</u> <u>\$000</u>
<b>Fixed Assets</b>			
Investments	8	92	116
<b>Current assets</b>			
Debtors	9	82,624	59,153
Investments	11	<u>478,368</u>	<u>213,049</u>
		<u>560,992</u>	<u>272,202</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(317,785)</u>	<u>(80,258)</u>
<b>Net current assets</b>		<u>243,207</u>	<u>191,944</u>
<b>Total assets less current liabilities</b>		<u>243,299</u>	<u>192,060</u>
<b>Creditors: amounts falling due after one year</b>	13	<u>(9,467)</u>	<u>(7,797)</u>
<b>Net Assets</b>		<u><u>233,832</u></u>	<u><u>184,263</u></u>
<b>Capital and reserves</b>			
Called up share capital	14	107,325	107,325
Profit and loss account	15	<u>126,507</u>	<u>76,938</u>
<b>Shareholders' funds</b>	15	<u><u>233,832</u></u>	<u><u>184,263</u></u>

The notes on pages 8 to 16 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf on 10 November 2006.



R G Ward (Director)

## NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

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

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

- FRS 21 'Events after balance sheet date'
- FRS 28 'Corresponding amounts'

FRS21 'Events after balance sheet date' has had no material effect as there were no post balance sheet events which fall within the requirement of FRS21 during the year under review.

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

#### (a) Basis of preparation:

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

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Cargill Holdings and 100% of the Company's voting rights are controlled within the group headed by Cargill Holdings, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Cargill Holdings, within which this Company is included, can be obtained from Company's House.

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.

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.

The directors consider that the functional currency of the Company is the US dollar. The financial statements have therefore been prepared in that currency.

#### (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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Continued**

**(e) Other operating income:**

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

**(f) Foreign currencies:**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**(g) Leases:**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

**(h) Post-retirement benefits:**

The Company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reliable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**(i) Taxation:**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting; in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. A deferred tax asset is recognised to the extent it is regarded as recoverable.

**(j) Deferred compensation:**

Performance related compensation is earned in respect of the year under which it is shown but is not paid until future years, thence is accrued in respect of the year of service to which it relates.

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 2. NET TRADING INCOME

	2006 \$000	2005 \$000
Trading gains	76,859	78,265
Interest receivable and similar income	5,500	4,241
Interest payable and similar charges	(3,959)	(2,470)
<b>Net trading income</b>	<b>78,400</b>	<b>80,036</b>

Interest receivable and similar income includes interest receivable from group undertakings of \$413,397 (2005: \$299,349).

Interest payable on other loans includes interest payable to group undertakings of \$2,597,493 (2005: \$1,385,189).

## 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2006 \$000	2005 \$000
The profit on ordinary activities before taxation is stated after charging:		
Auditor's Remuneration	59	38
Rentals under operating leases	25	32

## 4. DIRECTORS' EMOLUMENTS

The aggregate of emoluments and amounts receivable under the long term incentive scheme of the highest paid director was \$50,445 (2005: \$2,784,206). 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 \$3,866 (2005: \$17,211).

	Number of Directors	
	2006	2005
Retirement benefits are accruing to the following number of directors under defined benefit only schemes	1	3
Directors' emoluments	50	1,836
Directors' long term incentive scheme	-	1,055
in a money purchase scheme	50	2,891

No directors benefited from qualifying third party indemnity provisions.

## 5. STAFF NUMBERS AND COSTS

	2006 \$000	2005 \$000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	24,289	19,464
Social security costs	2,985	2,012
Other pension costs	506	802
	<b>27,781</b>	<b>22,279</b>

The average number of persons employed by the company during the year was 40 (2005: 37).

## 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.

NOTES TO THE FINANCIAL STATEMENTS  
Continued

**7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

**a) Analysis of charge in period**

	2006 \$000	2005 \$000
UK corporation tax at 30% (2005: 30%)		
Current tax on income for the period	21,657	19,704
Adjustments in respect of prior periods	(203)	2,318
<b>Total current tax [note 7(b)]</b>	<b>21,453</b>	<b>22,022</b>
Deferred tax [note 7(b)]		
Origination/ reversal of timing differences		
Current year	(500)	1,062
Adjustments in respect of previous years	-	(2,330)
<b>Total deferred tax</b>	<b>(500)</b>	<b>(1,268)</b>
<b>Tax on profit on ordinary activities</b>	<b>20,954</b>	<b>20,754</b>

**b) Factors affecting the tax charge for the current period**

The tax assessed for the year is higher than (2005: higher than) the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2006 \$000	2005 \$000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	70,523	71,409
Current tax at 30% (2005: 30%)	21,157	21,423
<i>Effects of:</i>		
Capital allowances	(31)	(42)
Timing differences	530	(789)
Dividend received	-	(888)
Adjustments in respect of prior years	(203)	2,318
<b>Total current tax charge (see above)</b>	<b>21,453</b>	<b>22,022</b>

**8. FIXED ASSET INVESTMENTS**

	2006 \$000	2005 \$000
<i>Participating interests</i>		
At 1st June	116	116
Impairment due to subsidiary's annual loss	(24)	-
<b>Net book value at 31 May 2006</b>	<b>92</b>	<b>116</b>

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<b>Subsidiary undertakings:</b>			
Cargill Finance Limited: wholly-owned subsidiary	UK	Proprietary trading	100%

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 9. DEBTORS

	2006 \$000	2005 \$000
<b>Amounts falling due within one year</b>		
Trade debtors	45,791	4,124
Securities purchased with agreement to resale	-	6,639
Amounts owed by group undertakings	29,068	42,856
Other debtors	1,054	372
Prepayments and accrued income	1,747	698
Deferred tax asset (Note 10)	-	78
	<u>77,660</u>	<u>54,767</u>
<b>Amounts falling due after more than one year</b>		
Deferred tax asset (Note 10)	<u>4,964</u>	<u>4,386</u>
	<u>82,624</u>	<u>59,153</u>

## 10. DEFERRED TAX ASSET

	2006 \$000	2005 \$000
Decelerated capital allowances	93	125
Short-term timing differences	-	78
Long term incentive schemes	4,871	4,262
	<u>4,964</u>	<u>4,465</u>
Balance brought forward	4,465	3,197
Credit to profit and loss account	<u>499</u>	<u>1,268</u>
Balance carried forward	<u>4,964</u>	<u>4,465</u>

## 11. INVESTMENTS (HELD AS CURRENT ASSETS)

	2006 \$000	2005 \$000
Convertible bonds	4,126	6,319
Corporate bonds	159,223	105,307
Other corporate debt	205,268	78,439
Equity shares	109,750	22,984
Derivatives	1	-
	<u>478,368</u>	<u>213,049</u>

Assets with a market value including interest of \$Nil (2005: \$18,396,401) had been deposited with third parties as collateral for securities borrowed.

	2006 \$000	2005 \$000
Listed investments	244,253	97,585
Other investments	<u>234,115</u>	<u>115,464</u>
	<u>478,368</u>	<u>213,049</u>

At 31 May 2006 the market value of the listed investments was \$244,252,748 (2005: \$97,585,000).

# NOTES TO THE FINANCIAL STATEMENTS

Continued

## 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 \$000	2005 \$000
Bank loans	-	161
Trading securities sold short	-	6,693
Securities sold under agreement to repurchase	15,967	14,715
Trade creditors	92,325	22,756
Amounts owed to group undertakings	181,742	6,510
Corporation tax payable	5,631	9,587
Other creditors	251	2,341
Accruals and deferred income	21,869	17,495
	<u>317,785</u>	<u>80,258</u>

## 13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2006 \$000	2005 \$000
Accruals and deferred income	<u>9,467</u>	<u>7,797</u>

## 14. CALLED UP SHARE CAPITAL

	2006 \$000	2005 \$000
<b>Authorised:</b>		
50,000 ordinary shares of £1 each	76	76
171,000,000 ordinary shares of US\$1 each (2005: 171,000,000 ordinary shares of US\$1 each)	171,000	171,000
175,000,000 ordinary shares of US\$1 each (2005: 175,000,000 ordinary shares of US\$1 each)	175,000	175,000
	<u>346,076</u>	<u>346,076</u>
<b>Allotted:</b>		
50,000 ordinary shares of £1 each	76	76
107,305,000 ordinary shares of US\$1 each (2005: 107,305,000 ordinary shares of US\$1 each)	107,305	107,305
	<u>107,381</u>	<u>107,381</u>
<b>Called up and paid:</b>		
50,000 ordinary shares of £1 each, 25 pence paid	20	20
107,305,000 ordinary shares of US\$1 each (2005: 107,305,000 ordinary shares of US\$1 each)	107,305	107,305
	<u>107,325</u>	<u>107,325</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
Continued

**15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share Capital \$000	Profit and loss account \$000	Total \$000
Brought forward at 31 May 2005	107,325	76,938	184,263
Profit for the financial year	-	49,569	49,569
Carried forward at 31 May 2006	<u>107,325</u>	<u>126,507</u>	<u>233,832</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
Continued

**16. COMMITMENTS**

(a) At 31 May 2006, the Company had entered in the normal course of its business into forward contracts for the purchase and sale of foreign currencies and securities.

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

	2006 \$000	2005 \$000
Operating leases which expire:		
Within one year	8	6
In the second to fifth years inclusive	16	4
	<u>24</u>	<u>10</u>

(c) There were no capital commitments at the end of the financial year for which no provision has been made (2005: \$Nil).

**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.

As the company is unable to identify its share of the scheme's assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits', the company has accounted for the scheme, in these financial statements as if it were a defined contribution scheme.

The latest full actuarial valuation is being carried out as at 5 April 2006 and updated to 31 May 2006 by a qualified independent actuary. As at 31 May 2006 the market value of the assets of the scheme was US\$610.4 million (2005: US\$ 465.1 million). Based on the latest actuarial indications, there exists a deficit in the scheme of US\$201.7 million (2005 Restated: US\$213.8 million). The actuarial value of the assets of the scheme plan at that date represented 75 percent (2005: 69 percent) of the value of potential benefits accrued to its members.

The contribution for the year was US\$ 656,000 (2005 Restated: US\$ 802,000). It has been agreed that an employer contribution rate of 12.8% of pensionable pay will apply in future years.

The major assumptions used in this valuation were:

	2006	2005	2004
Rate of increase in salaries	4.00%	3.00%	3.25%
Rate of increase of pensions in payment	3.00%	2.75%	3.00%
Discount rate	5.00%	5.10%	5.80%
Inflation assumption	3.00%	2.75%	3.00%

**NOTES TO THE FINANCIAL STATEMENTS**  
Continued

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**18. 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.

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**19. 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.