

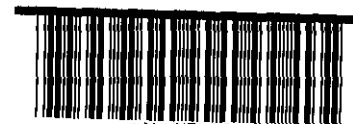
Greencore UK Holdings plc

Directors' Report and Financial Statements

Year Ended 26 September 2003

Registered No: ~~3614349~~

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DIRECTORS AND OTHER INFORMATION

Board of Directors

DW Armour
MBW Bruce
PT Kennedy
CM Bergin
DA Venus

Solicitors

Slaughter & May
35 Basinghall Street
London EC2V 5DB

Secretary and Registered Office

DW Armour
42-46 High Street
Esher
Surrey KT10 9QY

Bankers

National Westminster Bank
PO Box No 34
15 Bishopsgate
London EC2P 2AP

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
George's Quay
Dublin 2

DIRECTORS' REPORT

The directors present herewith the audited financial statements for the year ended 26 September 2003.

Principal activity

The company is an investment holding company and also provides consultancy services to other group companies.

Results

The result for the year is set out in the profit and loss account on page 6.

Review of business and future developments

The performance of the company for the year is in line with expectations. The company will continue to review acquisition opportunities in the coming year.

Directors

The directors of the company during the year were as follows:

DW Armour
MBW Bruce
DA Venus
PT Kennedy
CM Bergin

Directors' interests in shares of the company

Neither the directors nor the company secretary had any beneficial interests, including family interests, in the share capital of the company during the year ended 26 September 2003. DW Armour, MBW Bruce and DA Venus have no beneficial interests, including family interests, in the share capital of the ultimate parent company, Greencore Group plc. The other directors, with the exception of CM Bergin, are also directors of the parent company and their interests are disclosed in the annual report of that company. CM Bergin is the company secretary of Greencore Group plc and her interests are also disclosed in the annual report of that company.

Transactions involving directors

There were no contracts of significance in relation to the company or the group in which the directors had any interest, as defined in the Companies Act 1985, at any time during the year ended 26 September 2003.

Statement of directors' responsibilities

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

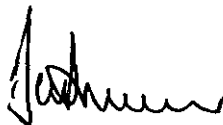
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- disclose and explain any material departures from applicable accounting standards;
- prepare the financial statements on the going concern basis unless it is inappropriate 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 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.

DIRECTORS' REPORT - continued

Auditors

A resolution to re-appoint the auditors, PricewaterhouseCoopers, will be proposed at the Annual General Meeting.

A handwritten signature in black ink, appearing to be 'J. Munn', is written over the text 'On behalf of the board'.

On behalf of the board

3 June 2004

PricewaterhouseCoopers
P.O. Box 1283
George's Quay
Dublin 2
Telephone +353 (0) 1 678 9999
Facsimile +353 (0) 1 704 8600
Internet www.pwc.com/ie

AUDITORS' REPORT: To the members of Greencore UK Holdings plc

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance. 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 United Kingdom Companies Act. 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 director's remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report 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 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 at 26 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

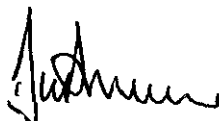
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PROFIT AND LOSS ACCOUNT

Year Ended 26 September 2003

	Notes	2003 £	2002 £
Operating income		9,989,717	10,404,915
Administration expenses		<u>(7,214,910)</u>	<u>(2,832,363)</u>
Operating profit		2,774,807	7,572,552
Exceptional item	2	<u>-</u>	<u>(826,788)</u>
Profit on ordinary activities before interest		2,774,807	6,745,764
Interest payable	3	(28,129,293)	(23,306,339)
Amortisation of issue costs of finance facility		<u>(3,384,341)</u>	<u>(1,797,294)</u>
Loss on ordinary activities before taxation	4	(28,738,827)	(18,357,869)
Taxation credit/(charge) on loss on ordinary activities	5	<u>12,753,613</u>	<u>(1,333,301)</u>
Loss absorbed for the year	13	<u>(15,985,214)</u>	<u>(19,691,170)</u>

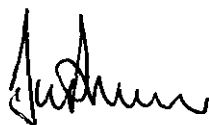
All of the above amounts relate to continuing activities. The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the loss on ordinary activities before taxation and the loss absorbed for the year stated above, and their historical cost equivalents.



On behalf of the board

BALANCE SHEET
 26 September 2003

	Notes	£	2003 £	£	2002 £
Fixed assets					
Financial assets	6		396,477,931		396,477,931
Current assets					
Debtors	7	122,053,284		132,470,096	
Bank balance		<u>46,062,750</u>		<u>21,100,000</u>	
		168,116,034		153,570,096	
Current liabilities					
Creditors - amounts falling due within one year	9	<u>(88,146,487)</u>		<u>(72,108,077)</u>	
Net current assets			<u>79,969,547</u>		<u>81,462,019</u>
					477,939,950
Creditors - amounts falling due after one year	10		<u>(471,581,686)</u>		<u>(457,088,944)</u>
Net (liabilities)/assets			<u>4,865,792</u>		<u>20,851,006</u>
Capital and reserves					
Called up share capital	11		2,885,977		2,885,977
Share premium	12		62,375,208		62,375,208
Profit and loss account	13		<u>(60,395,393)</u>		<u>(44,410,179)</u>
Shareholders' funds - equity interests	14		<u>4,865,792</u>		<u>20,851,006</u>



On behalf of the board

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The significant accounting policies adopted by the company are as follows:

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in the United Kingdom and United Kingdom statute comprising the Companies Acts, 1985. Accounting standards generally accepted in the United Kingdom in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in England and Wales and issued by the Accounting Standards Board.

Basis of accounting

These financial statements are prepared under the historical cost accounting convention in accordance with applicable accounting standards in the United Kingdom.

Investments

Investments are stated at the lower of cost or directors' valuation.

2 Exceptional item

The exceptional item in the prior year relates to a loss on disposal of the investment held in William Rodgers (Foods) Limited.

3 Interest payable

	2003 £	2002 £
Intergroup interest	22,648,329	19,394,923
On loans repayable within 5 years	<u>5,480,964</u>	<u>3,911,416</u>
	<u>28,129,293</u>	<u>23,306,339</u>

4 Loss on ordinary activities before taxation

	2003 £	2002 £
Loss on ordinary activities before taxation is stated after charging:		
Directors' emoluments	-	-
Auditors' remuneration	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Taxation (charge)/credit	2003	2002
	£	£
<i>Current tax</i>		
UK corporation tax at 30% (2002: 30%) on profits for the year	6,464,423	-
Adjustments in respect of prior years	<u>231,608</u>	<u>(1,333,301)</u>
	6,696,031	(1,333,301)
<i>Deferred tax</i>		
Origination and reversal of timing differences	<u>6,057,582</u>	<u>-</u>
	<u>6,057,582</u>	<u>-</u>
Tax credit/(charge) on losses from ordinary activities	<u>12,753,613</u>	<u>(1,333,301)</u>

The effective rate of tax for the year is greater than the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	2003	2002
	£	£
Loss on ordinary activities before taxation	<u>(28,738,827)</u>	<u>(18,357,869)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	8,621,648	5,507,361
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(21,706)	(562)
Non-taxable UK dividends	8,400	237,647
Other timing differences	(2,143,919)	(4,593,479)
Accounting loss on disposal of investment in excess of capital loss arising	-	(248,036)
Losses created in the year	-	(902,931)
Adjustments in respect of prior years	<u>231,608</u>	<u>(1,333,301)</u>
Current tax credit for the year	<u>6,696,031</u>	<u>(1,333,301)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

6 Fixed financial assets	2003 £	2002 £
Shares held in group undertakings	<u>396,477,931</u>	<u>396,477,931</u>

Fixed financial assets represent shares held in the following group undertakings:

Name of subsidiary	Nature of business	Percentage of share capital owned	Registered Office
Armer Machinery Limited	Agricultural machinery	100%	42-46 High Street, Esher, Surrey KT10 9RT
Clarendon Agricare Limited	Agrichemicals	100%	Unit 23, Seagoe Industrial Estate, Portadown, Co Armagh BTG3 5QD
J & J Peden Agencies Limited	Wholesalers	100%	Knockmore Industrial Estate, Moira Road, Lisburn, Co Antrim
Ryebrook Foods Limited	Food distributors	100%	42-46 High Street, Esher, Surrey KT10 9RT
William McKinney (1975) Limited	Sugar wholesalers	70%	Knockmore Industrial Estate, Moira Road, Lisburn, Co Antrim
Knockmore Limited	Property management	100%	Knockmore Industrial Estate, Moira Road, Lisburn, Co Antrim
Greencore Sugars Limited	Non-trading	100%	42-46 High Street, Esher, Surrey, KT10 9RT
Odlum Group (UK) Limited	Non-trading	100%	42-46 High Street, Esher, Surrey KT10 9RT
Kear Family Limited	Bakers	100%	Claremont, Yorkley, Gloucestershire GL15 5DX
Pauls Malt Limited	Maltsters	100%	PO Box 54, Kentford, Newmarket, Suffolk CB8 7QU
Duntah Limited	Fertilisers	100%	89 Royal Avenue Belfast
Paramount Foods plc	Food processors	100%	49 Parkway, Deesite Industrial Park, Deeside, Flintshire CH5 2US
Sugar Distributors (Holdings) Limited	Holding company	100%	Athy Road, Carlow
The Robert's Group Limited	Food processors	100%	Midland Road, Hunslet, Leeds, LS10 2RJ
Hazlewood Foods Limited	Food processors	100%	Hampton Court, Manor Park, Runcorn, Cheshire WAT 1TT

The company is exempt from preparing consolidated financial statements under the provisions of the Companies Act, 1985.

NOTES TO THE FINANCIAL STATEMENTS - continued

7 Debtors	2003 £	2002 £
<i>Amounts falling due within one year:</i>		
Amounts owed by subsidiary undertakings	57,720,620	24,806,496
Other debtors	181,102	236,549
Corporation tax – group relief receivable	6,464,423	-
Deferred tax asset (note 8)	6,057,582	-
	<u>70,423,727</u>	<u>25,043,045</u>
<i>Amounts falling due after one year:</i>		
Amounts owed by subsidiary undertakings	<u>51,629,557</u>	<u>107,427,051</u>
8 Deferred tax asset	2003 £	2002 £
Deferred tax asset at beginning of year	-	-
Credit for the year	<u>6,057,582</u>	<u>-</u>
	<u>6,057,582</u>	<u>-</u>
An analysis of the asset is set out below:		
Other timing differences	<u>6,057,582</u>	<u>-</u>
Deferred tax asset	<u>6,057,582</u>	<u>-</u>
9 Creditors - amounts falling due within one year	2003 £	2002 £
Bank overdraft	-	24,399
Loan notes	-	-
Value added tax	739,001	326,539
Amounts due to parent and fellow subsidiary undertaking	82,520,270	67,826,814
Amounts due to associate undertaking	533,334	533,334
Other creditors	<u>4,353,882</u>	<u>3,396,991</u>
	<u>88,146,487</u>	<u>72,108,077</u>
10 Creditors - amounts falling due after one year	2003 £	2002 £
Loan notes	7,029,690	7,029,690
Amounts due to fellow subsidiary undertakings	<u>464,551,996</u>	<u>450,059,254</u>
	<u>471,581,686</u>	<u>457,088,944</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Called up share capital	2003 £	2002 £
Authorised:		
Ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
Ordinary shares of £1 each	<u>2,885,977</u>	<u>2,885,977</u>
12 Share premium account	2003 £	2002 £
At 28 September 2002	62,375,208	47,078,034
Premium on issue of shares during the year	<u>-</u>	<u>15,297,174</u>
At 26 September 2003	<u>62,375,208</u>	<u>62,375,208</u>
13 Profit and loss account	2003 £	2002 £
At beginning of year	(44,410,179)	(24,719,009)
Loss absorbed for the year	<u>(15,985,214)</u>	<u>(19,691,170)</u>
At end of year	<u>60,395,393</u>	<u>(44,410,179)</u>
14 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Opening shareholders' funds	20,851,006	24,742,176
Loss absorbed for financial year	(15,985,214)	(19,691,170)
Issue of new shares	-	502,826
Share premium	<u>-</u>	<u>15,297,174</u>
Closing shareholders' funds	<u>4,865,792</u>	<u>20,851,006</u>

15 Related party transactions

The company has availed of the exemption contained in Financial Reporting Standard No 8, paragraph 3, in respect of disclosure of related party transactions.

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Holding company

The company regards Greencore Group plc, a company incorporated in the Republic of Ireland, as its ultimate holding company. The largest and smallest group in which the results of the company are consolidated is that headed by Greencore Group plc. Copies of the group financial statements of Greencore Group plc are available at St Stephen's Green House, Earlsfort Terrace, Dublin 2, Republic of Ireland.

17 Reporting currency

The currency used in these financial statements is the Pound Sterling denoted by the symbol £.

18 Approval of financial statements

The financial statements were approved by the board of directors on 3 June 2004.