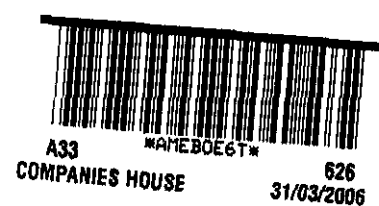


Corinth Meat Limited

**Directors' report and financial
statements**

Registered number 3117717

31 May 2005



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Directors and appointments

Directors: Alfred J Duncan
Iain M Imray

Secretaries: Iain Smith & Co

Registered Office: Talgarrek House
Victoria Business Park
Roche
St Austell
Cornwall
PL26 8LX

Auditors: KPMG LLP
37 Albyn Place
Aberdeen
AB10 1JB

Bankers: Bank of Scotland
New Ueberior House
11 Earl Grey Street
Edinburgh
EH3 9BN

Directors' report

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

Principal activities

The principal activity of the company during the year was that of meat wholesaling.

Results and dividends

The profit and loss account on page 5 shows a profit after tax for the year of £458,000 (2004: £1,243,000). The directors do not recommend the payment of a dividend (2004: *£nil*).

Directors and directors' interests

The directors who held office during the period were as follows:

B Stacey	(resigned 29 October 2004)
A J Duncan	
D J Salkeld	(resigned 13 September 2005)
I M Imray	
G S Mackie	(resigned 9 August 2005)
B R P Greaney	(resigned 31 August 2004)

None of the directors who held office at the end of the financial period had any interests in the shares of the company. Mr Duncan, Mr Imray and Mr Salkeld are directors of the company's ultimate holding company and their interests in the shares of that company are shown in its directors' report. Mr GS Mackie's interests in the shares of the ultimate holding company are shown in the directors' report of Grampian Country Pork (Buckie) Limited. None of the other directors had any interest in the share capital of the ultimate holding company or any of the company's fellow subsidiary undertakings.

Employee involvement

It is the company's policy that management should consult regularly with employees on matters which affect their employment and that their views should be taken into account when decisions are taken which will affect their interests.

Employment of disabled persons

The company employs disabled persons who are able to fulfil the required duties and such disabled persons share the same opportunities for training and career progression as other employees.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint auditors annually and KPMG LLP will therefore continue in office.

By order of the board



Iain Smith & Co
Secretaries

Talgarrek House
Victoria Business Park
St Austell
PL26 8LX
25 November 2005

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditors' report to the members of Corinth Meat Limited

We have audited the financial statements on pages 5 to 12.

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 3, 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 Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 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 LLP
Chartered Accountants
Registered Auditor

25 November 2005

Profit and loss account
for the year ended 31 May 2005

	<i>Note</i>	31 May 2005 £000	30 March 2003 to 31 May 2004 £000
Turnover	2	8,482	23,861
Change in stocks of finished goods and goods for resale		(71)	(179)
Raw materials and consumables		7,700	21,930
Staff costs	5	25	119
Other operating charges		197	406
		7,851	22,276
Operating profit		631	1,585
Interest receivable and similar income		28	214
Interest payable and similar charges	6	(5)	(15)
Profit on ordinary activities before taxation	3	654	1,784
Taxation on profit on ordinary activities	7	(196)	(541)
Profit on ordinary activities after taxation for the financial period		458	1,243

All figures relate to continuing operations.

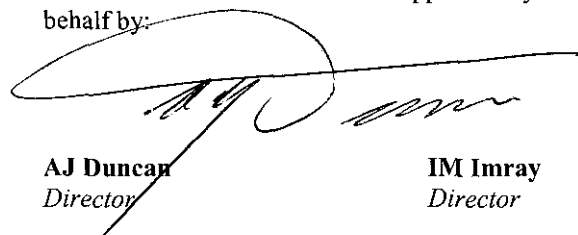
The company had no other recognised gains or losses other than the profit for the financial year.


A statement of movement in reserves is given in note 12.

Balance sheet
as at 31 May 2005

	<i>Note</i>	31 May 2005		31 May 2004	
		£000	£000	£000	£000
Current assets					
Stocks	8	404		333	
Debtors	9	881		1,957	
Cash at bank and in hand		1,481		3,828	
		<u>2,766</u>		<u>6,118</u>	
Creditors: amounts falling due within one year	10	(241)		(4,051)	
		<u></u>		<u></u>	
Net current assets			2,525		2,067
			<u></u>		<u></u>
Total assets less current liabilities			2,525		2,067
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	11	-		-	
Profit and loss account	12	2,525		2,067	
		<u></u>		<u></u>	
Equity shareholders' funds	13		2,525		2,067
			<u></u>		<u></u>

These financial statements were approved by the board of directors on 25 November 2005 and were signed on its behalf by:


AJ Duncan
 Director


IM Imray
 Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The company is exempt from the requirements of Financial Reporting Standard 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a parent undertaking which has produced a cash flow statement in accordance with the provisions of the Standard.

As the company is a wholly owned subsidiary of Grampian Country Food Group Limited, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

Leases

Assets acquired under finance leases and hire purchase contracts are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is defined as average invoice cost of production including attributable overheads. Net realisable value is taken as estimated sales proceeds less selling costs.

Taxation

The charge for taxation is based on the results for the year and takes into account deferred tax. Deferred tax is recognised with 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.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using 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.

2 Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax. The turnover is attributable mainly to one activity, that of meat wholesaling, and is derived mainly in the United Kingdom.

Notes (continued)

3 Profit on ordinary activities before taxation

	31 May 2005 £000	30 March 2003 to 31 May 2004 £000
<i>Profit on ordinary activities before taxation is stated:</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	5	7
Operating lease costs	-	15
Net loss on foreign currency translation	10	46
	<u> </u>	<u> </u>

4 Remuneration of directors

The directors' aggregate emoluments in respect of qualifying services were:

	31 May 2005 £000	30 March 2003 to 31 May 2004 £000
Directors Emoluments	21	88
	<u> </u>	<u> </u>

The aggregate emoluments of the directors of the company who are also directors of the ultimate holding company are disclosed in the financial statements of that company. These directors include the highest paid director whose emoluments are separately disclosed in the financial statements of that company. These emoluments were received from this company and its fellow subsidiaries. The aggregate emoluments of one director are disclosed in the financial statements of Grampian Country Pork (Buckie) Limited. The aggregate emoluments of the remaining director are disclosed in the financial statements of St Merryn Meat Limited.

5 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the period, analysed by category, was as follows:

	Number of employees	30 March 2003 to 31 May 2004
	31 May 2005	
Management	1	2
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	31 May 2005 £000	30 March 2003 to 31 May 2004 £000
Wages and salaries	22	105
Social security costs	3	14
	<u> </u>	<u> </u>
	25	119
	<u> </u>	<u> </u>

Notes (continued)

6 Interest payable and similar charges

	31 May 2005 £000	30 March 2003 to 31 May 2004 £000
Other interest payable	5	15

7 Taxation

	31 May 2005 £000	31 May 2005 £000	31 March 2003 to 31 May 2004 £000	£000
Analysis of charge in year				
<i>Current tax</i>				
UK corporation tax on profit for the year	11		541	
Group relief	190		-	
		201		541
<i>Deferred tax</i>				
Timing differences between accounting and tax treatment		(5)		-
Total current tax charge		196		541

Factors affecting current tax charge for the period

The tax charge for the period is higher (2004: *higher*) than that obtained by applying the standard rate of corporation tax in the UK (30%) to the profit before tax. The differences are explained below:

	31 May 2005 £000	30 March 2003 to 31 May 2004 £000
Profit on ordinary activities before taxation	654	1,784
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	196	535
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1	6
Other timing differences	4	-
Current tax charge for period (see above)	201	541

Notes (continued)

8 Stocks

31 May 2005 £000	31 May 2004 £000
Finished goods	404
	333

9 Debtors

31 May 2005 £000	31 May 2004 £000
Trade debtors	658
Other debtors	1
Prepayments and accrued income	67
Amounts owed to group undertakings	150
Deferred tax (see below)	5
	881
	1,957

Deferred Taxation £000

At beginning of year

Credit to profit and loss account

-
(5)

At end of year

(5)

The elements of deferred taxation are as follows:

	2005 £000	2004 £000
Other timing differences	(5)	-
Discount	-	-
Discounted asset (see above)	(5)	-

10 Creditors: amounts falling due within one year

31 May 2005 £000	31 May 2004 £000
Trade creditors	17
Amounts owed to group undertakings	189
Corporation tax	11
Other taxation and social security	1
Other creditors	-
Accruals and deferred income	23
	241
	4,051

Notes (continued)

11 Share capital

	31 May 2005 £	31 May 2004 £
<i>Authorised</i> 100 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i> 1 ordinary share of £1 each	1	1

12 Profit and loss account

	31 May 2005 £000	31 May 2004 £000
At beginning of year	2,067	824
Profit for the financial year	458	1,243
At end of year	2,525	2,067

13 Reconciliation of movements in shareholders' funds

	31 May 2005 £000	31 May 2004 £000
Profit for the financial year	458	1,243
Net addition to shareholders funds	458	1,243
At beginning of year	2,067	824
Closing shareholders' equity funds	2,525	2,067

14 Commitments

At the end of the financial period the company had annual commitments under non-cancellable operating leases as set out below:

	31 May 2005 £000	31 May 2004 £000
Operating leases which expire:		
Within two to five years	-	10

Notes (continued)

15 Contingent liabilities

The company has granted to, and received from Grampian Food Group Limited and all its other trading subsidiaries, unlimited cross guarantees which are covered by floating charges and standard securities amounting to £281,178,000 (2004: £258,700,000) secured in the first instance against the assets of the borrowing company.

16 Ultimate parent company

Corinth Meat Limited is a wholly owned subsidiary of St Merryn Meat Limited, a company registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Grampian Country Food Group Limited. The consolidated accounts of this company are available to the public and may be obtained from the Registrar of Companies, 37 Castle Terrace, Edinburgh.