Corinth Meat Limited

Directors' report and financial statements

Registered number 3117717

22 November 2008

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Directors' report

The directors present their annual report and the audited financial statements for the period from 3 June 2007 to 22 November 2008.

Principal Activities, Trading Review and Future Developments

During the period the company began to trade, the principle activity during the period was the provision of pig rearing facilities.

The profit and loss account on page 5 shows a profit after taxation for the financial period of £Nil *(2007: £3,000)*.

The directors do not recommend paying a dividend *(2007: £178,000)*.

Risks & Uncertainties

The company monitors cash flow as part of its day to day control procedures. Regular consideration of the company's cash flow projections enables management to ensure that the company operates within the committed funding available to it.

Parent Company

On 11 August 2008, the former intermediate parent company, Granite Country Group (Holdings) Limited, exchanged a share purchase agreement for the disposal of the company's parent company and certain other group companies. Subsequent to this share purchase agreement the company's UK holding company is VION Food Group Ltd. The ultimate parent company is VION Holding NV.

Change of Year End

The company previously had a financial year end at 31 May. During the period and as a consequence of the sale of the company, the directors took the decision to extend the period to 22 November. The directors envisage a further extension of the accounting period in 2009 to 31 December in order to adopt the same accounting period end as the new parent company.

Directors

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

A J Duncan	(resigned 11 August 2008)
I M Imray	(resigned 11 August 2008)
A M Christiaanse	(appointed 11 August 2008)
A M M Lammers	(appointed 11 August 2008)

The directors who resigned on 11 August 2008 benefited from qualifying third party indemnity insurance cover provided by the former ultimate holding company, Granite Country Group Ltd, which continued in place during the financial period and up to the director's resignation. The directors appointed on 11 August 2008 benefit from qualifying third party insurance cover which continued in place from their appointment and at the date of this report.

S R W Francis was appointed as a director on 5 March 2009.

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 they ought to have taken as a director of the company to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report *(continued)*

Auditors

BDO Stoy Hayward LLP were appointed as auditors during the period, following the resignation of the previous auditors, and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

S R W Francis
Director

Malton Bacon Factory
Hugden Way
Norton Grove Industrial Estate
Malton
North Yorkshire
YO17 9HG

10 March 2009

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 period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK GAAP).

The company's 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 for that period.

In preparing these 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 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.

BDO Stoy Hayward
Chartered Accountants

Independent auditors' report to the shareholders of Corinth Meat Limited

We have audited the financial statements of Corinth Meat Limited for the period ended 22 November 2008 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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 the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 22 November 2008 and of its result for the period 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.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Leeds
10 March 2009

Profit and loss account

for the period ended 22 November 2008

	Note	2008 18 Months to November £000	2007 12 Months to May £000
Turnover	2	**4,569**	-
Other operating charges		**(4,569)**	-
Operating profit and Profit on ordinary activities before taxation	3	-	-
Taxation credit on profit on ordinary activities	4	-	3
Profit for the financial period	9	-	3

A statement of movement in reserves is given in note 10.

All figures relate to discontinued operations.

The notes on pages 7 to 12 form part of these financial statements.

The company had no other recognised gains or losses other than the results for the financial period.

Balance sheet
as at 22 November 2008

	Note	**2008 November**		2007 May	
		£000	**£000**	£000	£000
Current assets					
Debtors	6	**4,569**		57	
Cash at bank and in hand		**372**		388	
			4,941		445
Creditors: amounts falling due within one year	7		**(4,569)**		(73)
Net assets			**372**		372
Capital and reserves					
Called up share capital	*8*		**-**		-
Profit and loss account	*9*		**372**		372
Shareholders' funds	*10*		**372**		372

The notes on pages 7 to 12 form part of these financial statements.

These financial statements were approved by the board of directors and authorised for issue on 10 March 2009 and were signed on its behalf by:

S R W Francis
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

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

The company, along with a number of fellow trading subsidiaries is part of a UK group cash pool facility. Additionally the group has various committed bank facilities available up to June 2012. Through the UK cash pool facility the company can draw on the group facilities as required.

Having regard to the group's committed facilities and the forecast future funding requirements of the company the directors have a reasonable expectation that the company has adequate resources to meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

The financial statements have been prepared for the 77 week period from 3 June 2007 to 22 November 2008.

The comparative period is for the 53 week period ended 2 June 2007.

The company is exempt from the requirements of FRS1 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.

As the company is a wholly owned subsidiary of VION Holding NV, it has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

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

Turnover
Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of owning the goods has passed to the customer which is generally on delivery.

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.

Taxation
The charge for taxation is based on the results for the period 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.

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

2 Turnover

The turnover is attributable to the provision of pig rearing facilities derived entirely from sales to customers in the United Kingdom.

Notes *(continued)*

3 Profit on Ordinary Activities before Taxation

	2008 November £000	2007 May £000
Profit on ordinary activities before taxation is stated after charging:		
Rentals payable under operating leases:		
Land and Buildings	**4,569**	-

Auditors' remuneration for the current period has been borne by the parent company. The amount attributable to this company for audit services is £1,000 (*2007: Previous auditor £1,000*) and for other services £Nil (*2007: £Nil*).

No director received any remuneration in the current or prior period.

Notes *(continued)*

4 Taxation

Analysis of credit in period	**2008 18 Months to November £000**	**£000**	2007 12 Months to May £000	£000
Current tax				
Adjustment in respect of previous year	-		(7)	
Current tax credit		-		(7)
Deferred tax				
Timing differences between accounting and tax treatment		-		4
Tax credit on profit on ordinary activities		-		(3)

Factors affecting current tax credit for the period

The tax charge for the period is equal *(2007: tax credit; lower)* than that obtained by applying the standard rate of corporation tax in the UK (28%) *(2007: 30%)* to the result before tax. The differences are explained below:

	2008 18 Months to November £000	2007 12 Months to May £000
Profit on ordinary activities before taxation	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% *(2007: 30%)*	-	-
Effects of:		
Adjustments in respect of prior year	-	(7)
Current tax credit for the period (see above)	-	(7)

Notes *(continued)*

5 Dividends

	2008 18 Months to November £000	2007 12 Months to May £000
Interim dividend paid on shares classified as shareholders funds	-	178

6 Debtors

	2008 November £000	2007 May £000
Amounts owed from group undertakings	-	57
Accrued income	4,569	
Deferred tax (see below)	-	-
	4,569	57

Deferred taxation	2008 November £000	2007 May £000
At beginning of period	-	4
Charge to profit and loss account	-	(4)
At end of period	-	-

The elements of deferred taxation are as follows:

	2008 November £000	2007 May £000
Difference between accumulated depreciation and capital allowances	-	-

7 Creditors: amounts falling due within one year

	2008 November £000	2007 May £000
Accruals and deferred income	4,569	-
Group relief payable	-	73
	4,569	73

Notes *(continued)*

8 Called up equity share capital

	2008 November £	2007 May £
Authorised		
100 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
1 ordinary share of £1 each	**1**	1

9 Profit and loss account

	2008 November £000	2007 May £000
At beginning of period	**372**	547
Profit for the financial period	-	3
Dividends on shares classified as shareholders funds	-	(178)
At end of period	**372**	372

10 Reconciliation of movements in shareholders' funds

	2008 November £000	2007 May £000
Profit for the period	-	3
Dividends on shares classified as shareholders' funds	-	(178)
Net reduction in shareholders funds	-	(175)
Opening shareholders funds	**372**	547
Closing shareholders funds	**372**	372

11 Commitments

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

	Land and buildings 2008 November £000	Land and buildings 2007 May £000
Operating leases which expire:		
Within one year	**13,706**	-

Notes *(continued)*

12 Defined benefit pension scheme

The company, along with other fellow subsidiaries, was a member of the Grampian Country Pension Fund, the Marshall Group Pension and Life Assurance Scheme, and The David A Hall Retirement Benefit Plan (1972). These schemes are closed to new members. The accrual of final salary service effectively ceased in August 2005 and a defined contribution section of the schemes was opened to members for service after that date. During the period employees' defined contribution arrangements were transferred to the Grampian Money Purchase Plan.

Prior to the current period the company together with other participants in the above schemes through the former ultimate parent company entered into discussions with the Pension Protection Fund ("PPF"), The Pensions Regulator, the Scheme Trustees and the former ultimate parent company's bankers, which resulted in these parties signing a Pensions Agreement with effect from 29 May 2007. During the period and as envisaged by the Pensions Agreement certain events took place:

- the previous participating employers in the schemes (including the company), with the agreement of the Trustees, left the schemes and through a formal legal process their pension obligations became due by the remaining principal, and only participant in, the schemes;
- the principal, and only participant in the schemes completed a legal process whereby its obligations to the schemes were compromised into 'The PPF Creditor';
- the company granted guarantees on the PPF Creditor equal to their pension obligations;
- all UK registered subsidiaries of the former ultimate parent which were not participating employers in the schemes granted guarantees to the PPF Creditor which were unsecured and rank behind all ordinary creditors; and
- at completion of the sale of the company on 11 August 2008 the guarantees in respect of the PPF Creditor in respect of this company ceased.

13 Contingent liabilities

The company had previously granted to and received from the company's former ultimate holding company and all its trading subsidiaries, unlimited cross guarantees which were covered by floating charges and standard securities. Upon completion of the share purchase agreement outlined in the directors' report these guarantees, charges and securities were discharged.

UK Cash Pool Facility

The company has granted to, and received from certain UK group companies unlimited cross guarantees which are covered by the floating charges and standard securities amounting to £Nil *(2007: £323,019,000)* secured in the first instance against the assets of the borrowing company.

14 Immediate parent company

The company's immediate parent company is St Merryn Meat Limited, a company registered in England.

14 Ultimate holding company

The directors consider VION Holding NV, registered in Holland, to be the ultimate holding company at the balance sheet date.

The largest group in which the results of the company are consolidated is that headed by VION Holding NV. No other group accounts include the results of the company. The consolidated accounts of this company are available to the public and may be obtained from the website at www.vionfood.com.

The results for the company since acquisition (11 August 2008) are included in the consolidated 31 December 2008 results of VION Holding NV.