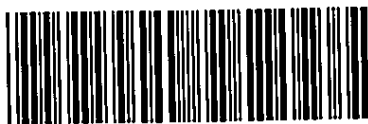


REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009
FOR
FARMERS FRESH LIMITED

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FARMERS FRESH LIMITED

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FOR THE YEAR ENDED 31 MAY 2009

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FARMERS FRESH LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MAY 2009

DIRECTORS:	S T Morris T J Bayliss S S Wood G Jones J R Lloyd W A Lammas
SECRETARY:	J R Bishop
REGISTERED OFFICE:	The Abattoir Rouncil Lane Kenilworth Warwickshire CV8 1NN
REGISTERED NUMBER:	03851239 (England and Wales)
AUDITORS:	Chancery (UK) LLP Chartered Accountants and Registered Auditor Chancery Pavilion Boycott Avenue Oldbrook Milton Keynes MK6 2TA
SOLICITORS:	Burges Salmon Narrow Quay House Narrow Quay Bristol BS1 4AH

FARMERS FRESH LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2009

The directors present their report with the financial statements of the company for the year ended 31 May 2009.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an abattoir.

REVIEW OF BUSINESS

The company continued its trade as a lamb abattoir and sold in excess of 595,000 units (2008: 525,000 units) of meat at a margin of approximately 15.5% (2008: 20%).

The company was invoiced management charges amounting to £631,574 during the year by the parent company. These charges are included in administrative expenses and have reduced the operating profit of the company.

Following the disposal of the trade and assets of a fellow subsidiary company, the parent also elected to write off the balances of all none trading subsidiaries across the group. Details of these transactions can be found in note 5 of the financial statements. These costs, together with the management charges, have resulted in the company making a loss after recording a trading profit.

DIVIDENDS

No dividends will be distributed for the year ended 31 May 2009 (2008: £200,000).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2008 to the date of this report.

S T Morris
T J Bayliss
S S Wood
G Jones
J R Lloyd
W A Lammass

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The payment of creditors follows a standard payment practice and the terms of payment are agreed with suppliers and abided by. Copies of the standard payment practice can be obtained from the registered office. The aggregate creditor days equated to 4 days (2008: 3 days)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

FARMERS FRESH LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MAY 2009

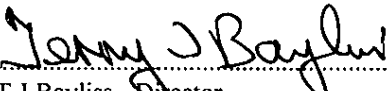
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Chancery (UK) LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


T J Bayliss - Director

Date: 24 11 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
FARMERS FRESH LIMITED

We have audited the financial statements of Farmers Fresh Limited for the year ended 31 May 2009 on pages five to fourteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Graeme Whittall (Senior Statutory Auditor)
for and on behalf of Chancery (UK) LLP
Chartered Accountants and
Registered Auditor
Chancery Pavilion
Boycott Avenue
Oldbrook
Milton Keynes MK6 2TA

Date: 25.11.2009

FARMERS FRESH LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2009

	Notes	2009 £	£	2008 £	£
TURNOVER	2		41,398,530		29,323,552
Cost of sales			34,971,334		23,455,523
GROSS PROFIT			6,427,196		5,868,029
Distribution costs		1,487,696		1,197,928	
Administrative expenses		4,804,626		3,942,911	
			6,292,322		5,140,839
			134,874		727,190
Other operating income			24,737		13,792
OPERATING PROFIT	4		159,611		740,982
Fundamental reorganisation costs	5		715,770		-
			(556,159)		740,982
Interest receivable and similar income			904		92
			(555,255)		741,074
Interest payable and similar charges	6		3,005		11,466
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(558,260)		729,608
Tax on (loss)/profit on ordinary activities	7		16,994		154,972
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			(575,254)		574,636

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

FARMERS FRESH LIMITED**BALANCE SHEET**
31 MAY 2009

	Notes	2009 £	2008 £
FIXED ASSETS			
Tangible assets	9	878,417	817,479
CURRENT ASSETS			
Stocks	10	89,613	68,566
Debtors	11	4,105,910	3,339,650
Cash at bank		323,984	12,688
		<u>4,519,507</u>	<u>3,420,904</u>
CREDITORS			
Amounts falling due within one year	12	<u>5,297,053</u>	<u>3,590,573</u>
NET CURRENT LIABILITIES		<u>(777,546)</u>	<u>(169,669)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>100,871</u>	<u>647,810</u>
PROVISIONS FOR LIABILITIES	15	<u>49,626</u>	<u>21,311</u>
NET ASSETS		<u><u>51,245</u></u>	<u><u>626,499</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	1	1
Profit and loss account	17	<u>51,244</u>	<u>626,498</u>
SHAREHOLDERS' FUNDS	21	<u><u>51,245</u></u>	<u><u>626,499</u></u>

The financial statements were approved by the Board of Directors on 24 11 2009 and were signed on its behalf by:

Terry J Bayliss
T J Bayliss - Director

The notes form part of these financial statements

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2009

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	- 20% on reducing balance
Plant and machinery	- 20% on reducing balance
Motor vehicles	- 20% on reducing balance
Computer equipment	- 33% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Grants

Grants are recognised in line with SSAP 4 and are written down in line with the associated assets.

Related party transactions

The company has taken advantage of the exemptions available under Financial Reporting Standard No.8 "Related Party Disclosures" not to separately disclose transactions with other group companies on the grounds that it is a wholly owned subsidiary.

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2009

2. TURNOVER

The turnover and loss (2008 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2009 £	2008 £
Europe	34,694,742	21,992,664
UK	6,703,788	7,330,888
	<u>41,398,530</u>	<u>29,323,552</u>

3. STAFF COSTS

	2009 £	2008 £
Wages and salaries	1,866,679	1,721,536
Social security costs	185,715	155,595
	<u>2,052,394</u>	<u>1,877,131</u>

The average monthly number of employees during the year was as follows:

	2009	2008
Production	56	52
Administration	7	7
	<u>63</u>	<u>59</u>

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2009 £	2008 £
Hire of plant and machinery	11,815	10,645
Depreciation - owned assets	206,994	192,865
Depreciation - assets on hire purchase contracts or finance leases	-	1,059
(Profit)/Loss on disposal of fixed assets	(622)	18,306
Auditors remuneration: audit work	5,000	4,500
Auditors' remuneration for non audit work	8,310	8,825
	<u>-</u>	<u>-</u>
Directors' remuneration	-	-

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2009

5. EXCEPTIONAL ITEMS

During the year, the parent company of the group elected to forgive debts on intercompany balances where the subsidiary had ceased trading activities during the current accounting period. As a consequence, a debtor balance of £715,770 was written off as an exceptional item under FRS3 Reporting Financial Performance relating to Farmers Fresh Chase Terrace Limited.

In addition £114,000 was written off under bad debts relating to Farmers Ferry Limited. These bad debts are included within administrative expenses.

The company was invoiced management charges amounting to £631,574 during the year by the parent company. These charges are included within administrative expenses and have also reduced the operating profit of the company.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Bank interest	3,000	11,047
Hire purchase	5	419
	<u>3,005</u>	<u>11,466</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the loss on ordinary activities for the year was as follows:

	2009	2008
	£	£
Current tax:		
UK corporation tax	60,071	172,103
Prior year overprovision	(71,392)	-
Total current tax	<u>(11,321)</u>	<u>172,103</u>
Deferred tax:		
Accelerated capital allowances	28,315	(17,131)
Tax on (loss)/profit on ordinary activities	<u>16,994</u>	<u>154,972</u>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2009

7. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2009 £	2008 £
(Loss)/profit on ordinary activities before tax	<u>(558,260)</u>	<u>729,608</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 - 28%)	(156,313)	204,290
Effects of:		
Disallowed expenditure	236,467	10,834
Accelerated capital allowances	18,355	14,868
Group relief	(33,736)	(67,558)
Change in taxation rate	-	9,669
Marginal relief	(4,702)	-
Prior year overprovision	<u>(71,392)</u>	<u>-</u>
Current tax charge	<u>(11,321)</u>	<u>172,103</u>

8. DIVIDENDS

	2009 £	2008 £
Final	<u>-</u>	<u>200,000</u>

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 June 2008	308,818	1,502,597	97,787
Additions	172,776	71,847	3,729
Disposals	-	(9,969)	-
At 31 May 2009	<u>481,594</u>	<u>1,564,475</u>	<u>101,516</u>
DEPRECIATION			
At 1 June 2008	199,971	846,206	66,377
Charge for year	50,857	139,636	6,576
Eliminated on disposal	-	(5,617)	-
At 31 May 2009	<u>250,828</u>	<u>980,225</u>	<u>72,953</u>
NET BOOK VALUE			
At 31 May 2009	<u>230,766</u>	<u>584,250</u>	<u>28,563</u>
At 31 May 2008	<u>108,847</u>	<u>656,391</u>	<u>31,410</u>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2009

9. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 June 2008	41,150	32,331	1,982,683
Additions	6,000	19,835	274,187
Disposals	(4,500)	(5,157)	(19,626)
	<hr/>	<hr/>	<hr/>
At 31 May 2009	42,650	47,009	2,237,244
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 June 2008	21,562	31,090	1,165,206
Charge for year	4,606	5,319	206,994
Eliminated on disposal	(2,599)	(5,157)	(13,373)
	<hr/>	<hr/>	<hr/>
At 31 May 2009	23,569	31,252	1,358,827
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 May 2009	19,081	15,757	878,417
	<hr/>	<hr/>	<hr/>
At 31 May 2008	19,588	1,241	817,477
	<hr/>	<hr/>	<hr/>

10. STOCKS

	2009 £	2008 £
Stocks	89,613	68,566
	<hr/>	<hr/>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Trade debtors	3,965,225	2,948,777
Amounts owed by group undertakings	-	289,000
Other debtors	7,590	7,300
VAT	80,629	62,345
Prepayments and accrued income	52,466	32,228
	<hr/>	<hr/>
	4,105,910	3,339,650
	<hr/>	<hr/>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Bank loans and overdrafts (see note 13)	2,241,037	1,088,572
Trade creditors	398,839	222,724
Amounts owed to group undertakings	1,996,643	1,455,069
Tax	60,071	172,103
Social security and other taxes	53,688	33,891
Accruals and deferred income	546,775	618,214
	<hr/>	<hr/>
	5,297,053	3,590,573
	<hr/>	<hr/>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2009

13. LOANS

An analysis of the maturity of loans is given below:

	2009 £	2008 £
Amounts falling due within one year or on demand:		
Bank overdrafts	2,241,037	1,087,777
Bank loans	-	795
	<u>2,241,037</u>	<u>1,088,572</u>

The bank overdraft is secured by a fixed and floating charge over the under taking and all property and assets both present and future.

14. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	Land and buildings		Other operating leases
	2009 £	2008 £	2009 £
Expiring:			
Within one year	<u>31,350</u>	<u>31,350</u>	<u>1,672</u>

15. PROVISIONS FOR LIABILITIES

	2009 £	2008 £
Deferred tax		
Accelerated capital allowances	<u>49,626</u>	<u>21,311</u>

	Deferred tax £
Balance at 1 June 2008	21,311
Prior year underprovision	6,189
Accelerated capital allowances	<u>22,126</u>
Balance at 31 May 2009	<u>49,626</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2009 £	2008 £
1	Ordinary	£1	<u>1</u>	<u>1</u>

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2009

17. RESERVES

	Profit and loss account £
At 1 June 2008	626,498
Deficit for the year	(575,254)
At 31 May 2009	<u>51,244</u>

18. ULTIMATE PARENT COMPANY

The ultimate parent undertaking and controlling party of the company is Farmers First Plc. Farmers First Plc is registered in England and Wales and copies of its Annual Report can be obtained from the registered office. The largest and smallest group in which the results of the company are consolidated is that headed by Farmers First Plc.

19. CONTINGENT LIABILITIES

The company had a cross guaranteed overdraft with Farmers Fresh Chase Terrace Limited. The overdraft agreement was for a total overdraft across both companies of £1m. At the year end the overdraft in Farmers Fresh Chase Terrace Limited was £nil (2008: £836,926).

FARMERS FRESH LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MAY 2009

20. TRANSACTIONS WITH DIRECTORS

During the year the directors were paid various amounts for management services and goods supplied under arms-length trading conditions. The amounts include payments in respect of the following :

- Livestock traded with the company
- Commission on livestock procurement
- Rent on the abattoir property and attached field
- Remuneration in the form of consultancy fees

The amounts involved are as follows:

Livestock & Commission	2009	2008
	£	£
TJ Bayliss	17,547	26,292
J R Lloyd	127,570	106,429
SR Morris & Sons (In which SR Morris is a partner)	46,661	36,409
LG Jones	68,977	44,809
	<u>260,755</u>	<u>213,939</u>
Other	2009	2008
	£	£
S&A Wood (In which SA Wood is a partner)		
Rent	125,400	125,400
Consultancy	27,500	27,500
	<u>152,900</u>	<u>152,900</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
(Loss)/Profit for the financial year	(575,254)	574,636
Dividends	-	(200,000)
Net (reduction)/addition to shareholders' funds	(575,254)	374,636
Opening shareholders' funds	626,499	251,863
Closing shareholders' funds	<u>51,245</u>	<u>626,499</u>