COMPANY REGISTRATION NUMBER 04317046

KELF

FINANCIAL STATEMENTS

31 DECEMBER 2011

WEDNESDAY
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KELF

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The Dırectors present theır report and the audıted financıal statements of the Company for the perıod from 2 January 2011 to 31 December 2011 (the "year ended 31 December 2011")

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW
The Company acts as an ınvestment holdıng company

The profit and loss account for the year ended 31 December 2011 ıs set out on page 6 The Company receıved ınterest ıncome on ıts cash balances and contınued to hold ıts ınvestment ın Kellogg Talbot LLC

RESULTS AND DIVIDENDS
The Company made a net loss ın the year of £7,000 (financıal year ended 1 January 2011 £9,000 loss)

The Dırectors do not recommend the payment of a dıvıdend (financıal year ended 1 January 2011 same)

DIRECTORS
The Dırectors who served the Company durıng the year and up to the date of sıgnıng the financıal statements were as follows, except where noted

B Goodman
P Knowles
G Peterson
K Meehan

B Goodman was appoınted as a dırector on 23 June 2011

G Peterson resıgned as a dırector on 15 March 2011

RETIREMENT OF DIRECTORS
In accordance wıth the Artıcles of Assocıatıon, B Goodman wıll retıre from the board and, beıng elıgıble, wıll stand for re-appoıntment

DIRECTORS' RESPONSIBILITIES STATEMENT
The Dırectors are responsıble for preparıng the Dırectors' Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the Dırectors to prepare financıal statements for each financıal year Under that law the Dırectors have prepared the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the Dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the Company and of the profit or loss of the Company for that perıod In preparıng these financıal statements, the Dırectors are requıred to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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,
- 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

DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Directors are aware

- there is no relevant audit information of which the Company's auditor are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

DIRECTORS' INDEMNITIES

The ultimate holding Company maintains liability insurance for the Directors and officers of the group This is a qualifying third party indemnity provision for the purpose of the Companies Act 2006

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the Directors

P Knowles
Director

Approved by the Directors on 21 September 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KELF

YEAR ENDED 1 JANUARY 2011

We have audited the financial statements of KELF for the year ended 1 January 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 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)

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS
As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

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 2 January 2011 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 Directors' Report 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 our 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KELF *(continued)*

YEAR ENDED 31 DECEMBER 2011

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 our 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, or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report

N Gower

Nicholas Gower (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
21 September 2012

KELF

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2011

	Note	Year ended 31 December 2011 £000	Year ended 1 January 2011 £000
TURNOVER		–	–
Administrative expenses		(10)	(12)
OPERATING LOSS		(10)	(12)
Interest payable and similar charges	4	–	(1)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(10)	(13)
Tax credit on loss on ordinary activities	5	3	4
LOSS FOR THE FINANCIAL YEAR	10	(7)	(9)

All of the activities of the Company are classed as continuing

The Company has no recognised gains or losses other than the losses for the year as set out above

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalent

The notes on pages 8 to 13 form part of these financial statements

KELF

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	31 Dec 11 £000	1 Jan 11 £000
FIXED ASSETS			
Investments	6	**40,993**	40,993
CURRENT ASSETS			
Cash at bank and in hand		**88**	87
Debtors	7	**543**	551
		631	638
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	**-**	-
NET CURRENT ASSETS		**631**	638
TOTAL ASSETS LESS CURRENT LIABILITIES		**41,624**	41,631
CAPITAL AND RESERVES			
Called-up equity share capital	9	**317**	317
Share premium account	10	**71,303**	71,303
Profit and loss account	10	**(29,996)**	(29,989)
TOTAL SHAREHOLDERS' FUNDS	11	**41,624**	41,631

These financial statements on pages 6 to 13 were approved by the Directors and authorised for issue on 21 September 2012, and are signed on their behalf by

P Knowles
Director

Company Registration Number 04317046

The notes on pages 8 to 13 form part of these financial statements

1. ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash flow statements' (as revised 1996)' on the grounds that a group cash flow statement is included in the consolidated financial statements of the ultimate parent undertaking, Kellogg Company, whose financial statements are publicly available and include the results of the Company (note 12)

Related parties transactions

As a 100% owned subsidiary, the Company is exempt under FRS 8 'Related party transactions' from disclosing separately transactions with other entities in the Group Consolidated financial statements of Kellogg Company, which incorporate the financial statements of the Company, are publicly available The Company was not involved in any other related party transactions during the financial year

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet or at the agreed contractual rate

Non-monetary assets expressed in foreign currencies are translated into sterling at the historic rate of exchange ruling at the date of the original transaction They are not retranslated at the balance sheet date

Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction All differences on exchange are taken to the profit and loss account

1. ACCOUNTING POLICIES *(continued)*

Dividends

Dividends payable are recognised in the accounting period in which they are paid or approved Dividend income is recognised in the accounting period in which the right to receive payment is established

Taxation

Corporation tax is provided on the assessable profits of the Company at the rate of tax prevailing during the year Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date A net deferred tax asset is recognised when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

Fixed Asset Investments

Investments in shares in group undertakings are stated at cost, provision is made for any subsequent permanent diminution in value, by reference to the higher of net realisable value and value in use Any impairment is written off in the year it arises

Consolidated financial statements

The Company is a wholly-owned subsidiary of Kellogg Manchester and is included in the consolidated financial statements of the ultimate holding company, Kellogg Company, which is incorporated in the United States of America, and which are publicly available Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006

2. PERIOD COVERED

The financial statements are prepared for the period from 2 January 2011 to 31 December 2011 (the "year ended 31 December 2011") (financial year ended 1 January 2011 the financial year was from 3 January 2010 to 1 January 2011)

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company has no employees (financial year ended 1 January 2011 none) and relies on affiliated companies to provide administrative support The emoluments of the Directors are paid by fellow subsidiary undertakings who make no recharge to the Company They are Directors of a number of fellow subsidiary undertakings and it is not possible to make an apportionment of their emoluments in respect of this Company Accordingly, these financial statements include no emoluments in respect of directors Audit fees are borne by fellow group subsidiaries

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2011 £000	Year ended 1 January 2011 £000
Bank interest payable	–	1

5. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year

	Year ended 31 December 2011 £000	Year ended 1 January 2011 £000
Current tax:		
UK Corporation tax based on the results for the year at 26 50% (To 1 Jan 11 - 28%)	**(3)**	(4)
Total current tax credit(note 5(b))	**(3)**	(4)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is the same as (2010 the same as) than the standard effective rate of corporation tax in the UK of 26 50% (To 1 Jan 11 - 28%) for the following reasons

	Year ended 31 December 2011 £000	Year ended 1 January 2011 £000
Loss on ordinary activities before taxation	**(10)**	(13)
Loss on ordinary activities multiplied by the standard rate of tax	**(3)**	(4)
Total current tax (note 5(a))	**(3)**	(4)

5. TAX ON LOSS ON ORDINARY ACTIVITIES *(continued)*

(c) Factors that may affect future tax charges

A resolution passed by Parliament on 29 March 2011 reduced the main rate of corporation tax to 26% from 1 April 2011 Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 was included in the Finance Act 2011 This further expected rate reduction had not been substantively enacted at the balance sheet date and therefore are not included in the financial statements or considered material for disclosure purposes

6. FIXED ASSET INVESTMENTS

	Total
	£000
COST	
At 31 December 2011 and 1 January 2011	40,993
NET BOOK VALUE	
At 31 December 2011 and 1 January 2011	**40,993**

As at 1 January 2011 and 31 December 2011, the Company directly holds 100% of Kellogg Talbot LLC's ordinary share capital of 4,373 shares, amounting to £40 9m The aggregate capital and reserves of Kellogg Talbot LLC are £91,962,000 (financial year ended 1 January 2011 £91,962,000), and the profit for the year is £648,000 (financial year ended 1 January 2011 £648,000) The principal activity of Kellogg Talbot LLC, which is incorporated under the laws of the state of Delaware, is the provision of administration and related services to the European operating units of its ultimate parent undertaking, Kellogg Company

Under the provision of section 401 of the Companies Act 2006 the Company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity The Directors believe that the carrying value of the investment is supported by its underlying net assets

7. DEBTORS

	31 Dec 11	1 Jan 11
	£000	£000
Amounts owed by group undertakings-fellow subsidiaries	**543**	551

All debtors are unsecured, interest free and repayable within one year of the balance sheet date

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Dec 11	1 Jan 11
	£000	£000
Amounts owed to group undertakings	–	–

9. CALLED UP SHARE CAPITAL

Called up authorised share capital:

	31 Dec 11	1 Jan 11
	$	$
75,000 Ordinary shares of $10 each	**750,000**	750,000

Allotted and fully paid:

	31 Dec 11		1 Jan 11	
	Number	**$**	Number	$
Ordinary shares of $10 each	**65,500**	**655,000**	65,500	655,000

The share capital has been translated at a rate of 2 065 $ / £

10. RESERVES

	Share premium account £000	Profit and loss account £000
Balance brought forward	71,303	(29,989)
Loss for the financıal year	–	(7)
Balance carrıed forward	71,303	(29,996)

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	31 Dec 11 £000	1 Jan 11 £000
Loss for the financıal year	(7)	(9)
Openıng shareholders' funds	41,631	41,640
Closıng shareholders' funds	41,624	41,631

12. ULTIMATE PARENT COMPANY

The Company's ımmedıate parent undertakıng ıs Kellogg Manchester, whıch ıs ıtself a subsıdıary of Kellogg U K Holdıng Company Lımıted, both of whıch are regıstered ın England and Wales

The ultımate parent Company and controllıng party ıs Kellogg Company, whıch ıs ıncorporated ın the Unıted States of Amerıca and ıs the parent undertakıng of the smallest and largest group to consolıdate these financıal statements Copıes of the financıal statements of Kellogg Company can be obtaıned from One Kellogg Square, P O Box 3599, Battle Creek, Mıchıgan, USA