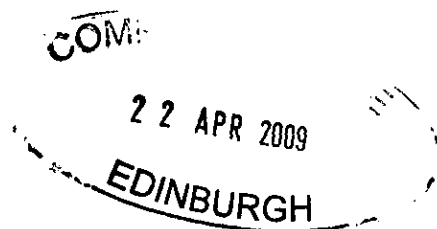


Aviagen International Finance Two Limited

**Directors' report and financial
statements**

Registered Number - 04695437

30 June 2008



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Directors and advisers

Directors	IS Panton CP Hill
Secretary	CP Hill
Auditor	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	Syndication led by: UBS Limited 1 Finsbury Avenue London EC2M 2PP
Solicitors	Freshfields 65 Fleet Street London EC4Y 1HS
Registered office	Grantham Hatchery Gonerby Moor Grantham Lincolnshire NG32 2AB

Directors' report

The directors present the annual report and the audited financial statements for the year ended 30 June 2008.

Principal activities

The principal activity of the company is the holding of investments in subsidiary companies.

Business review

The results for the year are set out on page 5. During the year the company received a dividend from its immediate subsidiary company, Aviagen International Finance Three Limited, which has been placed in members voluntary liquidation.

Directors

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

CP Hill
IS Panton

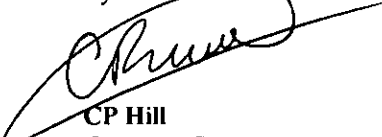
Disclosure of information to auditors

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 that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



CP Hill
Company Secretary

Grantham Hatchery
Gonerby Moor
Grantham
Lincolnshire
NG32 2AB

15 April 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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The 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 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 judgments and 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; 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.



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditors' report to the members of Aviagen International Finance Two Limited

We have audited the financial statements of Aviagen International Finance Two Limited for the year ended 30 June 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.

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' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

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 judgments 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended;
- 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

16 April 2009

Profit and loss account
for the year ended 30 June 2008

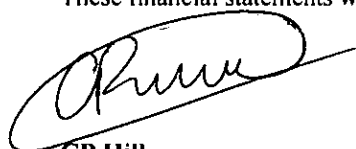
		Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
	<i>Note</i>		
Administrative expenses		(82)	(4)
Amounts written off intercompany balances		<u>(1,208)</u>	<u>—</u>
Operating loss		(1,290)	(4)
Dividends from fixed asset investments		46,980	—
Interest receivable and similar income	4	149	—
Interest payable and similar charges	5	<u>(2,489)</u>	<u>(5,187)</u>
Profit/(loss) on ordinary activities before taxation		43,350	(5,191)
Tax on profit/(loss) on ordinary activities	6	<u>—</u>	<u>—</u>
Profit/(loss) for the year	11	<u>43,350</u>	<u>(5,191)</u>

Other than the profit for the current year and the loss for the previous financial year there are no other recognised gains and losses.

Balance sheet
at 30 June 2008

	<i>Note</i>	June 2008 \$000	June 2007 \$000
Fixed assets			
Investments	7	<u>13,700</u>	<u>183,494</u>
Current assets			
Cash at bank and in hand		11	—
Debtors	8	<u>17,068</u>	—
		<u>17,079</u>	—
Creditors: amounts falling due within one year	9	<u>(17,284)</u>	<u>(213,349)</u>
Net current liabilities		<u>(205)</u>	<u>(213,349)</u>
Net assets/(liabilities)		<u><u>13,495</u></u>	<u><u>(29,855)</u></u>
Capital and reserves			
Share capital	10	—	—
Profit and loss account	11	<u>13,495</u>	<u>(29,855)</u>
Shareholders' funds/(deficit)	12	<u><u>13,495</u></u>	<u><u>(29,855)</u></u>

These financial statements were approved by the board of directors on 15 April 2009 and are signed on its behalf by:



CP Hill
 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 on the going concern basis, notwithstanding net current liabilities of £205,000, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by its shareholders. The shareholders have indicated that for at least 12 months from the date of approval of these financial statements, they will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. The financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company is exempt from the requirement of FRS1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary of Aviagen International Finance Limited and its cash flows are included within the consolidated cash flow statement of that company.

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling 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.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without 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, except as otherwise required by FRS 19.

Notes (continued)

2 Profit on ordinary activities before taxation

The audit fee of \$3,000 (2007: \$3,000) was borne by another group company.

3 Remuneration of directors

No directors' emoluments were paid during the year or the previous financial period. The directors were the only employees of the company.

4 Interest receivable and similar income

	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
On loans to subsidiary undertakings	<u>149</u>	<u>—</u>

5 Interest payable and similar charges

	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
Interest on loans from parent company	2,146	5,187
Net exchange loss	<u>343</u>	<u>—</u>
	<u>2,489</u>	<u>5,187</u>

6 Taxation

Analysis of charge in year

	Year ended 30 June 2008 \$000	Year ended 30 June 2007 \$000
Current tax	<u>—</u>	<u>—</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard 29.5% (2007: 30%) rate of corporation tax in the UK. The differences are explained below.

	2008 \$000	2007 \$000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	<u>43,350</u>	<u>(5,191)</u>
Current tax at 29.5% (2007: 30%)	12,788	(1,557)
<i>Effects of:</i>		
Non taxable income	(13,494)	—
Losses carried forward	<u>706</u>	<u>1,557</u>
Total current tax charge (see above)	<u>—</u>	<u>—</u>

For tax purposes this company is treated as a branch of a US company with the effect that its profits and losses are included in a US tax return. On the basis that the tax losses arising in this company have been included in a US tax return no claim in respect of these losses is made for UK tax purposes. The losses would only be available against future UK taxable profits if the US tax return was amended to exclude these losses. On the basis that it is considered unlikely that suitable UK profits will arise no deferred tax asset is recognised.

7 Fixed asset investment

	Shares in group undertakings \$000	Loans to group undertakings \$000	Total \$000
<i>Costs</i>			
At beginning of year	13,700	169,794	183,494
Repayments	<u>—</u>	<u>(169,794)</u>	<u>(169,794)</u>
At end of year	<u>13,700</u>	<u>—</u>	<u>13,700</u>

Notes (continued)

7 Fixed asset investment (continued)

The principal trading undertakings in which the company's interest at the year end is more than 20% are as follows:

	Country of Incorporation	Principal Activity	Class and percent of shares held
<i>Subsidiary undertakings</i>			
Aviagen International Finance Four Limited	England	Holding Company	100%
Aviagen International Holdings Limited	England	Holding Company	100% *
Aviagen Limited	Scotland	Poultry Breeding	100% *
Arbor Acres BV	The Netherlands	Poultry Breeding	100% *
Ross-EPI NV	Belgium	Poultry Breeding	100% *
Aviagen Kft	Hungary	Poultry Breeding	100% *
Aviagen Turkeys Limited	England	Poultry Breeding	100% *
BUT France s.a.r.l.	France	Poultry Breeding	100% *
Aviagen do Brasil Ltda	Brazil	Poultry Breeding	100% *
Aviagen Australia Pty Ltd	Australia	Poultry breeding	100% *
Aviagen New Zealand Ltd	New Zealand	Poultry breeding	100% *
Aviagen India Poultry Breeding Company Pvt, Ltd	India	Poultry breeding	100% *
<i>Joint ventures</i>			
Ross Anadolu Damizlik Tavukculuk Sanayi Veticaret Anonim Sirketi	Turkey	Poultry breeding	50% *
Ross Ankara Damizlik Tavukculuk Sanayi Veticaret Anonim Sirketi	Turkey	Poultry breeding	49% *
Ross Haymana ana Damizlik Tavukculuk Sanayi ve Ticaret A.S.	Turkey	Poultry breeding	40% *

* Held through subsidiary undertakings.

8 Debtors

	30 June 2008 \$000	30 June 2007 \$000
Amounts owed by parent and fellow subsidiary undertakings	10,211	—
Amounts owed by subsidiary undertakings	<u>6,857</u>	<u>—</u>
	<u>17,068</u>	<u>—</u>

Notes (continued)

9 Creditors: amounts falling due within one year

	30 June 2008 \$000	30 June 2007 \$000
Amounts owed to parent and fellow subsidiary undertakings	12,776	107,856
Amounts owed to subsidiary undertakings	4,082	105,489
Group relief payable	416	—
Accruals	10	4
	<u>17,284</u>	<u>213,349</u>

10 Called up share capital

	Number of Shares	30 June 2008 \$	30 June 2007 \$
<i>Authorised</i>			
Ordinary shares of £0.01 each	10,000	<u>163</u>	<u>163</u>
<i>Allotted, called up and fully paid</i>			
Ordinary shares of £0.01 each	100	<u>2</u>	<u>2</u>

11 Profit and loss account

	Profit and loss account 30 June 2008 \$000
Deficit at beginning of year	(29,855)
Retained profit for the year	43,350
Profit at end of year	<u>13,495</u>

12 Reconciliation of movements in shareholders' funds/(deficit)

	Year ended 30 June 2008 \$000
Profit/(loss) for the year	43,350
Opening shareholders' deficit	<u>(29,855)</u>
Closing shareholders' funds	<u>13,495</u>

Notes *(continued)*

13 Contingent liabilities

All the companies within the group have issued unlimited guarantees, and have secured, by a bond and floating charge on their own assets, the overdrafts and other liabilities provided to group companies by a syndicate of banks led by UBS Limited.

14 Related party disclosures

The company has taken advantage of the exemption contained in FRS 8 Related Party Disclosures, not to report details of transactions with entities which are more than 90% controlled by a common parent company.

There were no other related party transactions during the year.

15 Immediate and ultimate parent company

The immediate parent company is Aviagen International Finance One Limited. The smallest group of companies in which the results of the company are consolidated is that headed by Aviagen International Finance Limited, incorporated in England. The consolidated accounts of this group are available from Companies House, 37 Castle Terrace, Edinburgh EH1 2EB.

At the year end the company's ultimate parent was EW Group GmbH incorporated in Germany. This company's accounts are not available to the public.