

477 3123

Louis Dreyfus Commodities & Finance Limited

Report and Financial Statements

For the year ended 31 December 2006



Louis Dreyfus Commodities & Finance Limited

Registered No 4773123

Directors

P H Akroyd
J Barritt
N Mamalis
I McIntosh

Secretary

A M Payne

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Registered Office

Golden Cross House
8 Duncannon Street
London WC2N 4JF

Directors' report

The directors submit their report and the financial statements for the year ended 31 December 2006

Principal activity

The principal activity of the company is the trading of financial related products

Principal risks and uncertainties

Market risk

The company performance is determined by market performance of traded financial related products. Turnover is directly related to the realised and unrealised value of financial related products. Therefore the principal risk to the company is market risk.

Key performance indicators

Given that the company is winding down operations and is an indirect wholly-owned subsidiary of Louis Dreyfus SAS, the directors are of the opinion that key performance indicators or other forms of performance measurement are not necessary in providing an understanding of the development, performance or position of the company and its business for the purpose of Section 234ZZB of the Companies Act 1985. The parent company maintains an oversight of the company's performance under the Louis Dreyfus SAS governance and management structure.

Result and dividends

The profit for the year after taxation amounted to US\$463,111 (2005 – loss US\$20,132,669)

The directors do not recommend the payment of a dividend on the ordinary shares

Cessation of trading

The entity ceased trading activities during 2006 and is winding down its open positions

Directors

The directors in office during the year were

P H Akroyd
J Barritt
N Mamalis
I S McIntosh

None of the directors had a beneficial interest in the shares of the company during the year

Directors' and officers' liability insurance

During the year the company purchased and maintained liability insurance for its directors and officers, as permitted by Section 310(3) of the Companies Act 1985

Directors' report

Disclosure of information to Auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of the fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board of Directors


Secretary

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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 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). 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,
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

The directors' are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of Louis Dreyfus Commodities & Finance Limited

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the primary financial statements such as the Profit and Loss Account, the Balance Sheet and the Statement of Total Recognised Gains and Losses and the related notes 1 to 15. 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 auditors' 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 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.

Independent auditors' report

to the members of Louis Dreyfus Commodities & Finance Limited (continued)

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 31 December 2006 and of its profit for the year 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

Ernst & Young LLP

Ernst & Young LLP

Registered auditor

London

Date

11 June 2007

Profit and loss account

for the year ended 31 December 2006

	Notes	2006 US\$	2005 US\$
Turnover	2	347,209	(18,088,091)
Administrative expenses		(1,100,526)	(2,531,408)
Operating loss	4	(753,317)	(20,619,499)
Interest receivable	6	1,437,262	501,139
Interest payable and similar charges	6	(3,488)	(50,679)
Profit/(loss) on ordinary activities before taxation		680,457	(20,169,039)
Tax (payable)/recoverable on ordinary activities	7	(217,346)	36,370
Retained profit/(loss) for the year		463,111	(20,132,669)

Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit attributable to shareholders for the year of US\$463,111 (2005 loss – US\$ 20,132,669). All amounts are in respect of continuing operations during 2006. During this time, the entity was winding down its open positions, and in 2007 the company will cease trading.

The notes on pages 9 to 13 form an integral part of these financial statements.

Balance sheet

at 31 December 2006

	Notes	2006 US\$	2005 US\$
Current assets			
Cash		–	544
Broker balance	8	21,868	9,041,716
Debtors	9	21,944,958	21,569,753
		<u>21,966,826</u>	<u>30,612,013</u>
Creditors: amounts falling due within one year	10	(289,007)	(9,397,305)
Net current assets		<u>21,677,819</u>	<u>21,214,708</u>
Total assets less current liabilities		<u>21,677,819</u>	<u>21,214,708</u>
Capital and reserves			
Called up share capital	11	40,000,000	40,000,000
Profit and loss account	12	(18,322,181)	(18,785,292)
Total shareholders' funds	12	<u>21,677,819</u>	<u>21,214,708</u>

The notes on pages 9 to 13 form an integral part of these financial statements

These financial statements were approved by the Board on 5/6/07 and signed on its behalf by



Director

Notes to the financial statements

at 31 December 2006

1. Accounting policies

Basis of preparation

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

During the year ended 31 December 2006, the company adopted the following financial reporting standards (FRS) in its financial statements, insofar as they are applicable to the affairs of the company

FRS 25 – Financial Instruments Disclosure and Presentation

FRS 26 – Financial Instruments Measurement

Foreign currencies

The company uses the US dollar as its reporting currency as the majority of its transactions are dollar denominated. Transactions denominated in foreign currencies are translated into dollars at the rate ruling at the transaction date. Assets and liabilities denominated in foreign currencies are translated at exchange rates ruling at the balance sheet date. Foreign currency gains or losses are included in the results for the period.

Fair values

The fair value of trading positions is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm length market transactions, reference to the current market value of another instrument which is substantially the same, discounted cash flow analysis and pricing models. Otherwise assets will be carried at cost.

Deferred Taxation

The charge for taxation is based on the profit/(loss) 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 taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Cash flow statement

In accordance with FRS1 (revised) paragraph 5(a), the company has taken advantage of the exemption for subsidiary undertakings, whose 90% or more voting rights are controlled within a group, from the requirement to prepare a cash flow statement, as the consolidated accounts in which the company is included are publicly available.

Related party transactions

In accordance with FRS 8, paragraph 3(c), the company has taken advantage of the exemption for subsidiary undertakings, whose 90% or more voting rights are controlled within a group, from the requirement to disclose related party transactions, as the consolidated accounts in which the company is included are publicly available.

2. Turnover

Turnover comprises the value of realised and unrealised gains and losses on securities, commodities, forward contracts and derivative instruments.

Notes to the financial statements

at 31 December 2006

3. Staff costs

	2006 US\$	2005 US\$
Wages and salaries	410,115	832,550
Social security costs	38,478	92,095
Total	448,593	924,645

The monthly average number of employees during the year was 2 (at year end there were no employees)
(2005 – 5)

4. Operating loss

Operating loss is stated after charging

	2006 US\$	2005 US\$
Auditors' remuneration		
- audit services	64,259	45,047
Management fee	–	500,000
Foreign exchange gain	(108,244)	(96,067)

5. Directors' remuneration

None of the directors received any remuneration in respect of services to the Company during the year
(2005 - £nil)

6. Interest receivable, payable and similar charges

	2006 US\$	2005 US\$
Interest on deposits and short-term investments	181	998
Interest charged to Louis Dreyfus group companies	1,437,081	500,141
	1,437,262	501,139
Interest payable on bank overdrafts	3,488	2,102
Interest payable to Louis Dreyfus group companies	–	48,577
	3,488	50,679

7. Taxation

The tax charge is made up as follows

	2006 US\$	2005 US\$
Current tax		
UK corporation tax on profit/(loss) in year	217,346	(36,370)
Total current tax	217,346	(36,370)

Notes to the financial statements

at 31 December 2006

7. Taxation (continued)

The tax assessed on the loss for the year is different to the standard rate of corporation tax in the UK of 30% (2005 – 30%). The differences are reconciled below

	2006 US\$	2005 US\$
Profit/(loss) on ordinary activities before tax	680,457	(20,169,039)
Tax on profit/(loss) from ordinary activities at UK corporation tax rate of 30%	204,137	(6,050,712)
Effect of		
Expensives not deductible in current year	36	387
Foreign exchange adjustments	13,173	(36,370)
Group relief surrendered for no consideration	135,000	6,050,325
Transfer pricing adjustment	(135,000)	–
Total taxation	217,346	(36,370)

8. Broker balance

	2006 US\$	2006 US\$	2005 US\$
Due from broker		21,868	1,856,181
Trading positions at fair value	Long option Short option	642,000 (642,000)	
Accrued interest		–	5,173,830
		–	2,011,705
		21,868	9,041,716

Under the broker agreement the company has a right to offset receivable and payable balances on settlement

9. Debtors

	2006 US\$	2005 US\$
Amounts due from Louis Dreyfus group companies	21,944,958	21,569,753
	21,944,958	21,569,753

Notes to the financial statements

at 31 December 2006

10. Creditors: amounts falling due within one year

	2006 US\$	2005 US\$
Amount owed to Louis Dreyfus group companies	–	9,354,108
Corporation tax	217,346	–
Accruals and other creditors	71,586	43,197
Bank overdraft	75	–
	<u>289,007</u>	<u>9,397,305</u>

11. Called up share capital

	<i>Allotted, called up and fully paid</i>		<i>Authorised</i>	
	2006 No	2006 US\$	2006 No	2006 US\$
Ordinary shares of \$1	40,000,000	40,000,000	50,000,000	50,000,000
	<u>40,000,000</u>	<u>40,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>
	<i>Allotted, called up and fully paid</i>		<i>Authorised</i>	
	2005 No	2005 US\$	2005 No	2005 US\$
Ordinary shares of \$1	40,000,000	40,000,000	50,000,000	50,000,000
	<u>40,000,000</u>	<u>40,000,000</u>	<u>50,000,000</u>	<u>50,000,000</u>

12. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> US\$	<i>Profit and loss account</i> US\$	<i>Total shareholders' funds</i> US\$
At 1 January 2006	40,000,000	(18,785,292)	21,214,708
Profit for the year	–	463,111	463,111
At 31 December 2006	<u>40,000,000</u>	<u>(18,322,181)</u>	<u>21,677,819</u>

13. Commitments

In the normal course of business the company has entered into forward, option and derivatives contracts for the purchase and sale of securities and commodities

As at the 31 December 2006, the company had the following commitments to buy and sell United States dollars for sterling under option agreements

Sale of US\$9,150,000 for £5,000,000 on 22 May 2007

Purchase of US\$9,150,000 for £5,000,000 on 22 May 2007

Notes to the financial statements

at 31 December 2006

14. Immediate parent undertaking and ultimate controlling party

At 1 January 2006 the interests in the share capital of the company were as follows

Louis Dreyfus & Company Limited	100%
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In the opinion of the directors, the ultimate controlling party is Louis Dreyfus SAS, a company incorporated in France. Copies of its group financial statements can be obtained from 152 Avenue de Malaleoff, 75782 Paris, France

15. Group accounts

The largest and smallest group for which group accounts are prepared, and of which the company is a member is

	Largest
Name	Louis Dreyfus S A S
Country of incorporation	France
Address where group accounts can be obtained	152 Avenue de Malaleoff 75782 Paris
	Smallest
Name	Louis Dreyfus & Co Limited
Country of incorporation	UK
Address where group accounts can be obtained	Golden Cross House 8 Duncannon Street London WC2N 4JF