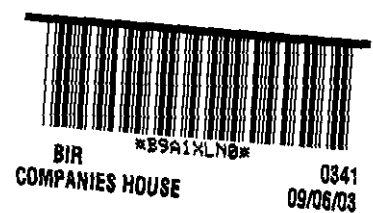


2 Sisters Food Services Limited

Annual Report

Year ended 31 July 2002



2 SISTERS FOOD SERVICES LIMITED

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2 SISTERS FOOD SERVICES LIMITED

COMPANY INFORMATION

Directors R Singh
 B Kaur
 B Noble – resigned 20 September 2002

Secretary R Singh

Registered office Unit 3
 Bevan Way
 Smethwick
 Warley
 West Midlands
 B66 1AW

Registered number 3475845

Auditors RSM Robson Rhodes LLP
 Chartered Accountants
 Centre City Tower
 7 Hill Street
 Birmingham
 B5 4UU

Bankers Bank of Scotland
 55 Temple Row
 Birmingham
 West Midlands
 B2 5LS

2 SISTERS FOOD SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 July 2002.

Principal activities

The principal activity of the company is the processing of chicken.

Business review and future developments

The company traded profitably during the year. No significant change is anticipated by the directors in the forthcoming year.

Dividends

An interim dividend of £Nil was paid during the year (2001: £2,000,000). The directors do not propose the payment of a final dividend (2001: £Nil).

Employees

During the year the company continued to provide employees with relevant information and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of all significant matters affecting the company's trading position and of any significant organisational changes.

It is the policy of the company to support the employment of disabled persons where possible, both in recruitment and by retention of employees who become disabled whilst in the employment of the company, as well as generally through training and career development.

Payment of auditors

It is company policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate review. Trade creditor days of the company for the year ended 31 July 2002 were 84.0 days (2001 - 63.6 days), calculated in accordance with the requirements set down in the Companies Act 1985. This represents the ratio, expressed in days between the amounts invoiced to the company by its suppliers in the year and the amounts due at the year end to trade creditors due within one year.

Directors

The present directors of the company are set out on page 1.

None of the directors serving at the end of the year had interests in the share capital of the company. The directors interests in shares of the ultimate parent undertaking, Boparan Holdings Limited, are disclosed in the Directors Report of that company.

2 SISTERS FOOD SERVICES LIMITED

REPORT OF THE DIRECTORS **(Continued)**

Directors' responsibilities for the Annual Report

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which 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 have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable United Kingdom accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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 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.

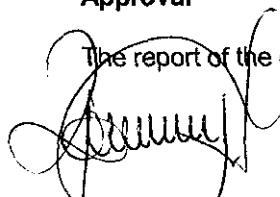
The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with Company Law in the United Kingdom.

Auditors

On 3 May 2003, the auditors, RSM Robson Rhodes, transferred their business to RSM Robson Rhodes LLP. Effectively, RSM Robson Rhodes resigned as the company's auditors and the directors appointed RSM Robson Rhodes to fill the casual vacancy. A resolution to re-appoint RSM Robson Rhodes LLP will be proposed at the forthcoming Annual General Meeting.

Approval

The report of the directors was approved by the Board on 29 May 2003 and signed on its behalf by:



R Singh
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF 2 SISTERS FOOD SERVICES LIMITED

We have audited the financial statements on pages 5 to 14.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

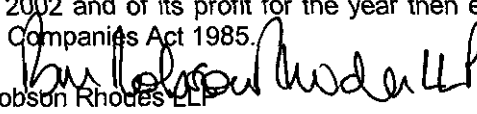
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 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 of the state of affairs of the company as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


RSM Robson Rhodes LLP
Chartered Accountants and Registered Auditors
Birmingham, England
29 May 2003

2 SISTERS FOOD SERVICES LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 July 2002

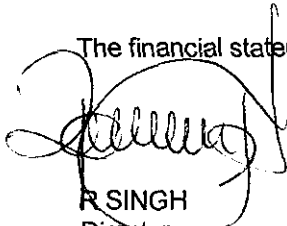
	Note	2002 £	2001 £
Turnover - continuing operations	2	33,148,447	32,707,737
Cost of sales		(29,531,839)	(27,594,913)
Gross profit		3,616,608	5,112,824
Distribution costs		(376,053)	(438,545)
Administrative expenses		(1,344,678)	(823,988)
Operating profit - continuing operations	3	1,895,877	3,850,291
Interest receivable and similar income	4	15,000	123,743
Interest payable	5	(29,624)	(76,166)
Profit on ordinary activities before taxation		1,881,253	3,897,868
Tax on profit on ordinary activities	7	(544,392)	(1,147,367)
Profit on ordinary activities after taxation		1,336,861	2,750,501
Dividends	8	-	(2,000,000)
Retained profit for the year	15	1,336,861	750,501

There are no recognised gains or losses other than the results for the year set out above.

2 SISTERS FOOD SERVICES LIMITED**BALANCE SHEET**
at 31 July 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	9	1,018,984	1,015,643
Current assets			
Stocks	10	1,229,811	1,089,751
Debtors	11	13,103,021	8,651,076
Creditors: Amounts falling due within one year	12	14,332,832 (11,073,907)	9,740,827 (7,808,603)
Net current assets		3,258,925	1,932,224
Total assets less current liabilities		4,277,909	2,947,867
Provision for liabilities and charges	13	(32,366)	(39,185)
		4,245,543	2,908,682
Capital and reserves			
Called up share capital	14	2	2
Capital redemption reserve	15	2	2
Profit and loss account	15	4,245,539	2,908,678
Equity shareholders' funds	16	4,245,543	2,908,682

The financial statements were approved by the Board on 29 May 2003 and signed on its behalf by:



R SINGH
Director

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 2002

1. ACCOUNTING POLICIES

Basis of accounting

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

New accounting standards

FRS 18 "Accounting Policies" has been adopted for the first time in these financial statements. It did not cause any changes in accounting policies, as after careful review, the directors are satisfied that the current accounting policies are most appropriate for the group.

FRS 19 "Deferred Tax" has been adopted for the first time in these financial statements. However, this did not give rise to a change in comparative figures.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied in the year.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are:

Leasehold improvements	20%
Plant and machinery	20%
Fixtures, fittings and equipment	20%

Leased assets

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 2002

2. TURNOVER BY GEOGRAPHICAL MARKET

	2002 £	2001 £
United Kingdom	33,148,447	32,707,737

3. OPERATING PROFIT

Operating profit is arrived at after charging:

	2002 £	2001 £
Auditors' remuneration	9,000	9,000
Depreciation	321,290	212,890

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £	2001 £
Bank interest receivable	15,000	123,743

5. INTEREST PAYABLE

	2002 £	2001 £
Interest on loans and overdrafts repayable wholly within five years	18,550	45,405
Interest on overdue taxation	-	28,000
Interest on leased assets	11,074	2,761
	29,624	76,166

6. EMPLOYEES

Average weekly number of employees, including directors:

	2002 No	2001 No
Production	160	190
Administration and selling	15	12
	175	202

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 2002

6. EMPLOYEES - continued

Staff costs, including directors:

	2002 £	2001 £
Wages and salaries	2,269,484	1,841,837
Social security costs	204,254	138,716
	2,473,738	1,980,553

The directors received no remuneration during the period (2001 : £NIL).

7. TAXATION

	2002 £	2001 £
United Kingdom Corporation tax		
Current tax on income for the year	525,163	686,615
Adjustment in respect of prior year	440,553	(27,593)
Total	965,716	659,022
Group relief payable		
Current tax on income for the year	34,655	449,160
Adjustment in respect of prior year	(449,160)	-
Total	(414,505)	449,160
Deferred taxation:		
Net origination	(7,677)	39,185
Adjustment in respect of prior years	858	-
Total	(6,819)	39,185
Current taxation	551,211	1,108,182
Deferred taxation	(6,819)	39,185
Tax on profit on ordinary activities	544,392	1,147,367

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 2002

7. TAXATION - continued**Current tax reconciliation**

	2002	2001
	£	£
Profit on ordinary activities before taxation	1,881,253	3,897,868
Theoretical tax at UK corporation tax rate 30% (2001: 30%)	564,376	1,169,360
Effects of:		
- Expenditure that is not tax deductible	5,765	5,600
- Accelerated capital allowances	9,033	(41,399)
- Short term timing differences	(2,214)	2,214
- Other timing differences not provided	(17,142)	-
- Adjustment in respect of prior years	(8,607)	(27,593)
Actual current taxation	551,211	1,108,182

8. DIVIDENDS

	2002	2001
	£	£
Interim paid		
On ordinary shares at £Nil per share (2001 - £1,000,000)	-	2,000,000

2 SISTERS FOOD SERVICES LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

31 July 2002

9. TANGIBLE ASSETS

	Leasehold Improve- ments £	Fixtures and fittings £	Office equipment £	Plant and machinery £	Total £
Cost					
At 1 August 2001	33,530	17,125	12,223	1,544,786	1,607,664
Additions	38,000	21,017	13,441	252,173	324,631
At 31 July 2002	71,530	38,142	25,664	1,796,959	1,932,295
Depreciation					
At 1 August 2001	11,492	2,505	1,865	576,159	592,021
Charged in year	9,873	4,733	3,964	302,720	321,290
At 31 July 2002	21,365	7,238	5,829	878,879	913,311
Net book value					
At 31 July 2002	50,165	30,904	19,835	918,080	1,018,984
At 31 July 2001	22,038	14,620	10,358	968,627	1,015,643

Included within plant and machinery are assets with net book value of £84,265 (2001: £54,450) held under finance leases. Depreciation of £11,635 (2001: £19,800) was charged on these during the year.

10. STOCKS

	2002 £	2001 £
Goods for resale	1,136,167	1,031,998
Packaging materials	93,644	57,753
	1,229,811	1,089,751

The replacement cost of the above stocks would not be significantly different from the values stated.

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 July 2002

11. DEBTORS

	2002 £	2001 £
Trade debtors	1,450,985	1,324,592
Amounts owed by parent undertaking	4,436,564	2,098,000
Amounts owed from group undertakings	6,593,938	4,567,316
Other debtors	138,523	288,723
Prepayments and accrued income	33,851	372,445
Group relief receivable	449,160	-
	<u>13,103,021</u>	<u>8,651,076</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank overdrafts (note 19)	3,141,583	1,559,328
Obligations under finance leases	62,085	20,499
Trade creditors	1,487,153	1,193,930
Amounts owed to parent undertakings	1,119,569	-
Amounts owed to group undertakings	3,756,264	2,843,675
Corporation tax	943,491	648,184
Group relief payable	34,655	449,160
Other taxation and social security	36,228	-
Accruals and other deferred income	491,365	1,093,827
Other creditors	1,514	-
	<u>11,073,907</u>	<u>7,808,603</u>

13. PROVISION FOR LIABILITIES AND CHARGES

	£
Deferred taxation	
At 1 August 2001	39,185
Credit for the year	(6,819)
	<u>32,366</u>
At 31 July 2002	<u>32,366</u>

Deferred taxation, which represents full provision, comprises:

	Amounts provided 2002 £	2001 £
Capital allowances	32,366	41,399
Other timing differences	-	(2,214)
	<u>32,366</u>	<u>39,185</u>

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 July 2002

14. SHARE CAPITAL

	2002 £	2001 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
2 Ordinary shares of £1 each	2	2

15. RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 August 2001	2	2,908,678
Retained profit for the year	-	1,336,861
At 31 July 2002	2	4,245,539

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	1,336,861	2,750,501
Dividends	-	(2,000,000)
Opening equity shareholders funds	1,336,861 2,908,682	750,501 2,158,181
Closing equity shareholders' funds	4,245,543	2,908,682

17. FINANCIAL COMMITMENTS

There were no capital or operating lease commitments at 31 July 2002 (2001: £NIL)

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted under FRS8 which does not require disclosure of transactions between subsidiary undertakings as more than 90% of the company's voting rights are controlled within the Group.

2 SISTERS FOOD SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 2002

19. CONTINGENT LIABILITY

The company has guaranteed the bank overdrafts of its fellow group undertakings. As 31 July 2002, the amount secured under the guarantee amounted to £Nil (2001: £3,630,864).

20. PARENT UNDERTAKING

The ultimate parent company is Boparan Holdings Limited, which is registered in England and Wales. Group accounts are available from Companies House, on payment of the appropriate fee.