



**SEPROD LIMITED AND ITS SUBSIDIARIES**  
**UNAUDITED GROUP FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2006**

**GROUP PROFIT AND LOSS ACCOUNT**

	<Three months ending June 30th>		<Six months ending June 30th>	
	2006	2005	2006	2005
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>Revenue</b>	1,217,617	1,073,851	2,430,759	1,846,570
Direct expenses	<u>(899,753)</u>	<u>(794,672)</u>	<u>(1,792,498)</u>	<u>(1,377,718)</u>
<b>Gross Profit</b>	317,864	279,179	638,261	468,852
Finance and other operating income	52,752	64,678	95,877	97,157
Selling expenses	(40,358)	(34,976)	(82,738)	(63,852)
Administration expenses	<u>(153,238)</u>	<u>(148,561)</u>	<u>(298,912)</u>	<u>(240,981)</u>
<b>Operating Profit</b>	177,020	160,320	352,488	261,176
Finance costs	(10,691)	(7,886)	(16,797)	(10,346)
Negative goodwill on acquisition of subsidiaries	-	138,529	-	138,529
Share of results of associates	<u>439,762</u>	<u>68,971</u>	<u>472,228</u>	<u>152,717</u>
<b>Profit before taxation</b>	606,091	359,934	807,919	542,076
Taxation	(99,064)	(62,069)	(169,976)	(126,057)
<b>Net Profit attributable to Stockholders</b>	<u>507,027</u>	<u>297,865</u>	<u>637,943</u>	<u>416,019</u>
<b>Number of Shares in issue ('000)</b>	516,398	516,398	516,398	516,398
<b>Earnings per share</b>	0.98	0.58	1.24	0.81

Note (1) The first quarter of 2005 did not include the subsidiary companies Serge Island Dairies Limited and Serge Island Farms Limited. These companies were acquired on April 1, 2005 and included in the consolidated results as of that date.

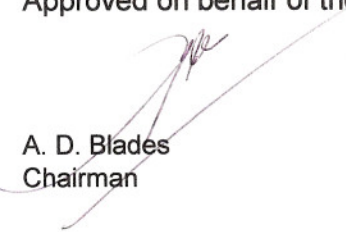
(2) The share of results of an associated company for the current period includes a one off gain on sale of quoted shares amounting to \$252.5 Million.

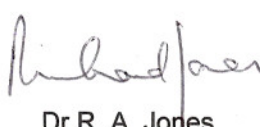
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**UNAUDITED GROUP FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2006**

**GROUP BALANCE SHEET**

	<b>Unaudited 30/06/06 \$'000</b>	<b>Audited 31/12/05 \$'000</b>
<b>NET ASSETS EMPLOYED</b>		
Fixed Assets	1,263,140	1,208,221
Intangible Assets	44,400	44,400
Investments	2,820,879	2,495,539
Retirement Benefit Asset	63,984	100,900
Biological Asset	60,294	60,294
Deferred Tax	73,686	93,560
Current Assets	1,838,614	1,343,852
Current Liabilities	(716,404)	(521,856)
Net Current Assets	1,122,210	821,996
	5,448,593	4,824,910
<b>FINANCED BY:</b>		
Share Capital	516,398	516,398
Share Premium	44,889	44,889
Capital Reserves	831,721	836,631
Accumulated Surplus	3,353,628	2,715,685
	4,746,636	4,113,603
Long Term Liabilities	451,409	467,434
Deferred Tax	206,448	199,773
Retirement Benefit Obligations	44,100	44,100
	701,957	711,307
	5,448,593	4,824,910

Approved on behalf of the Board:

  
A. D. Blades  
Chairman

  
Dr R. A. Jones  
Vice Chairman

  
B. E. Thompson  
Group Managing Director

**SEPROD LIMITED AND ITS SUBSIDIARIES**  
**UNAUDITED GROUP FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2006**

**Group Statement of Cash Flows**

(Six months ending 30th June)

	2006 \$'000	2005 \$'000
<b>CASH RESOURCES WERE PROVIDED BY/(USED IN):</b>		
<b>Operating Activities</b>		
Net profit	637,943	416,019
Items not affecting cash resources:		
Depreciation	50,399	35,634
Negative goodwill on acquisition of subsidiaries	-	(138,529)
Share of results of associated companies	(472,228)	(152,717)
Taxation	172,303	98,956
	388,417	259,363
Changes in operating assets and liabilities:		
Inventories	(26,687)	(32,804)
Accounts receivable	(75,074)	5,792
Retirement benefits	36,916	-
Accounts payable	(91,810)	142,689
	231,762	375,040
Taxation paid	(75,078)	(39,645)
Cash provided by operating activities	156,684	335,395
<b>Investing Activities</b>		
Purchase of fixed assets	(106,168)	(75,192)
Proceeds on disposal of fixed assets	850	725
Investments in securities, net	177,113	38,663
Loans to associate	(475,000)	-
Loans repaid by associate	75,000	-
Cash paid on acquisition of subsidiary	-	(83,416)
Cash used in investing activities	(328,205)	(119,220)
<b>Financing Activities</b>		
Short term loan received	340,000	-
Short term loan repaid	(85,000)	-
Long term loan received	-	105,983
Long term loan repaid	(54,470)	(160,414)
Dividends paid	-	(142,010)
Cash provided by /(used in) financing activities	200,530	(196,441)
Increase in cash and cash equivalents	29,009	19,734
Cash and cash equivalents at beginning of year	135,112	89,943
<b>CASH AND CASH EQUIVALENT AT END OF PERIOD</b>	<b>164,121</b>	<b>109,677</b>

**SEPROD LIMITED AND ITS SUBSIDIARIES**  
**UNAUDITED GROUP FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2006**

**Group Statement of Changes in Equity**

	Number of Shares '000	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Accumulated Surplus \$'000	Total \$'000
Balance as at 1 January 2005	516,398	516,398	44,889	823,736	2,114,750	3,499,773
Net profit	-	-	-	-	416,019	416,019
Fair value gain on available-for-sale securities	-	-	-	17,621	-	17,621
Dividends paid	-	-	-	-	(142,010)	(142,010)
Balance at 30 June 2005	<u>516,398</u>	<u>516,398</u>	<u>44,889</u>	<u>841,357</u>	<u>2,388,759</u>	<u>3,791,403</u>

	Number of Shares '000	Share Capital \$'000	Share Premium \$'000	Capital Reserve \$'000	Accumulated Surplus \$'000	Total \$'000
Balance as at 1 January 2006	516,398	516,398	44,889	836,631	2,715,685	4,113,603
Net profit	-	-	-	-	637,943	637,943
Fair value loss on available-for-sale securities	-	-	-	(4,910)	-	(4,910)
Balance at 30 June 2006	<u>516,398</u>	<u>516,398</u>	<u>44,889</u>	<u>831,721</u>	<u>3,353,628</u>	<u>4,746,636</u>

**SEPROD LIMITED AND ITS SUBSIDIARIES**  
**UNAUDITED GROUP FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2006**  
**INFORMATION ABOUT BUSINESS SEGMENTS**

(\$000)

	Manufacturing		Distribution		Eliminations		Consolidated	
	30/06/2006	30/06/2005	30/06/2006	30/06/2005	30/06/2006	30/06/2005	30/06/2006	30/06/2005
<b>REVENUE</b>								
External sales	1,208,322	1,175,703	1,222,437	670,867				
Inter-segment sales	731,822	494,781	665	-	(732,487)	(494,781)		
Total revenue	<u>1,940,144</u>	<u>1,670,484</u>	<u>1,223,102</u>	<u>670,867</u>	<u>(732,487)</u>	<u>(494,781)</u>	<u>2,430,759</u>	<u>1,846,570</u>
<b>RESULTS</b>								
Segment result	<u>282,995</u>	<u>255,261</u>	<u>108,879</u>	<u>21,802</u>			<u>391,874</u>	<u>277,063</u>
Unallocated corporate expenses							<u>(39,386)</u>	<u>(15,887)</u>
Operating profit							<u>352,488</u>	<u>261,176</u>
Finance costs							<u>(16,797)</u>	<u>(10,346)</u>
Negative goodwill on acquisition of subsidiaries							<u>-</u>	<u>138,529</u>
Share of net profits of associates							<u>472,228</u>	<u>152,717</u>
Income taxes							<u>(169,976)</u>	<u>(126,057)</u>
Net Profit							<u>637,943</u>	<u>416,019</u>
<b>OTHER INFORMATION</b>								
Segment assets	1,960,139	1,743,383	408,128	305,540	-	-	2,368,267	2,048,923
Investment in associates							1,974,286	1,570,930
Unallocated corporate assets							1,822,444	1,643,044
Total consolidated assets							<u>6,164,997</u>	<u>5,262,897</u>
Segment liabilities	(276,630)	(298,030)	(46,119)	(50,562)	-	-	(322,749)	(348,592)
Unallocated corporate liabilities							(1,095,612)	(426,943)
Total consolidated liabilities							<u>(1,418,361)</u>	<u>(775,535)</u>
Capital expenditure	100,314	65,770	539	157			100,853	65,927
Unallocated capital expenditure							4,465	8,540
Total capital expenditure							<u>105,318</u>	<u>74,467</u>
Depreciation	42,232	31,851	757	728			42,989	32,579
Unallocated depreciation							7,410	3,055
Total depreciation							<u>50,399</u>	<u>35,634</u>