Capespan International Holdings Limited

Directors' report and consolidated financial statements

Year ended 28 December 2008

Registered number: 2948753

Capespan International Holdings Limited

Directors' report and consolidated financial statements

Contents *Page*

Capespan International Holdings Limited

Directors and other information

Directors	R.P. Byrne (Irish) (Chairman) P.F. DeVilliers Clüver (South African) (resigned 1 September 2008) F.J. Davis (Irish) A.J. de Haast (South African) N.W. Oosthuizen (South African) C. Shaughnessy (Irish) L.B. Kriel (South African) (appointed 1 September 2008)
Company Secretary	K.J. Wayman
Bankers	The Royal Bank of Scotland Corporate Business Retail Team 8th Floor 280 Bishopsgate London EC2M 4RB UK
Solicitors	LLC Law 4 Bramber Court Bramber Road London W14 9PW UK
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Registered Office	Lappel Bank Port of Sheerness Sheerness Kent ME12 1RS UK

Capespan International Holdings Limited

Directors' report

The directors present their 2008 annual report and the audited financial statements for the year ended 28 December 2008.

Principal activities and business review

The principal activity is the provision of marketing, selling and distribution services in relation to the fruit trade and allied food products. There has been no significant change in those activities during the year.

With effect from 28 December 2008, the company acquired a 100% shareholding in Capespan Continent NV from Capespan International Plc, a wholly owned subsidiary, at net book value, which equated to market value.

Principal risks and uncertainties

The group's earnings are largely dependent on the volume of produce sold and the selling prices obtained in the UK and European market. Excess supplies of fresh produce leading to reduced selling prices could have an adverse effect on the group's revenues and profitability.

The group's customer base consists of major retailers and wholesalers. The increasing concentration of customers can increase risk. Changes in the trading relationships with major customers or their procurement policies could positively or negatively affect the operations and profitability of the business.

Profitability in the fresh produce sector is dependent on high quality supplies and consistency of delivery. It is possible that serious quality issues and in particular, contamination of product, whether deliberate or accidental, could have a negative impact on revenue and profitability.

The group sources product globally and is therefore exposed to foreign exchange risk if there is a significant movement of certain currencies against sterling. It is also exposed to climate and crop failure risks in source countries.

The group is dependent on certain key service providers who provide packing, warehousing and haulage services. It is possible that service level issues could impact on revenue and profitability.

The group is dependent on the continuing commitment of its directors and senior management team. The loss of such key personnel without adequate replacement could have an adverse effect on the business.

The experienced management team continually monitor and manage these risks.

Results and dividends

The group profit after tax for the year ended 28 December 2008 was £448,000 *(2007: £2,153,000)*.

The results of the group for the year ended 28 December 2008 are set out on page 8. The directors do not recommend payment of a dividend for the year.

Capespan International Holdings Limited

Directors' report *(continued)*

Directors and secretary

On 1 September 2008 P.F. DeVilliers Cluver resigned as a director of the company. On the same date L. B. Kriel was appointed as a director of the company.

Future developments

Capespan International Holdings Limited continued to record profits in 2008. The mix of non South African business continued to grow, and there was a broader range of customers, further improving the risk profile. The group will also focus on containing both direct and indirect overheads.

For 2009, the business will look to consolidate its performance, focusing on improving the offer to key customers and markets whilst also looking at opportunities to broaden the customer and supply base.

Directors' and company secretary's interests

The directors and company secretary do not hold any interest in shares or share options of the company.

Employees and employee involvement

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

The group retains its full commitment to ensuring employees are fully involved with, and kept informed of, the progress of both the particular business, and the group overall, on a regular basis. The development of employees to realise their full potential is considered fundamental to the long-term success of the group.

Payments to creditors

It is the group's normal practice to make payments to suppliers in accordance with agreed terms, provided that the supplier has performed in accordance with the relevant terms and conditions. As a large part of purchases are made from group companies, the group does not believe it is meaningful to disclose third party creditor days.

Political and charitable contributions

The group made charitable and non-political contributions of £652 *(2007: £1,015)* during the year.

Post balance sheet events

On 20 January 2009, Capespan Limited, a wholly owned subsidiary undertaking, acquired the other 50% of the share capital of its associate Fresh Fruit Terminal (Sheerness) Limited not already owned by Capespan Limited, for a nominal consideration.

Capespan International Holdings Limited

Directors' report *(continued)*

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 group'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 group's auditors are aware of that information.

Auditor

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditor of the group is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Director

19 October 2009

Capespan International Holdings Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Group and Company 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 International Financial Reporting Standards (IFRSs) as adopted by the EU.

The financial statements are required by law to present fairly the financial position and the performance of the group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 group 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 group and 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 group and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the Companies Act, 1985.

On behalf of the Board

Director

KPMG

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Capespan International Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Capespan International Holdings Limited for the year ended 28 December 2008 which comprise the group income statement, group statement of recognised income and expense, group balance sheet, company balance sheet, group cash flow statement and 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 group 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 auditor

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities on page 5.

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 whether the financial statements have been 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 group 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 group's circumstances, consistently applied and adequately disclosed.

KPMG

Independent auditor's report to the members of Capespan International Holdings Limited *(continued)*

Basis of audit opinion *(continued)*

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 IFRSs as adopted by the European Union, of the state of the group and company's affairs as at 28 December 2008 and of the group's 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.

KPMG
Chartered Accountants
Registered Auditor

19 October 2009

Capespan International Holdings Limited

Group income statement
for the year ended 28 December 2008

	Notes	**Pre-exceptional 2008 £'000**	**Exceptional items £'000**	**Post exceptional 2008 £'000**	2007 £'000
Revenue	*1*	**275,991**	-	**275,991**	249,293
Cost of sales		**(255,527)**	-	**(255,527)**	(229,293)
Gross profit		**20,464**	-	**20,464**	20,000
Other operating income	*4*	**38**	-	**38**	1
Administrative expenses *(includes £347,000 (2007: £157,000) impairment of goodwill)*	*6*	**(18,537)**	**(395)**	**(18,932)**	(16,860)
Other operating expenses	*5*	**(210)**	-	**(210)**	(285)
Operating profit		**1,755**	**(395)**	**1,360**	2,856
Share of post-tax losses of associate		**(375)**	-	**(375)**	(126)
Financial income	*7*	**1,192**	-	**1,192**	1,176
Financial expense	*7*	**(1,011)**	-	**(1,011)**	(938)
Profit before tax		**1,561**	**(395)**	**1,166**	2,968
Income tax expense	*8*	**(718)**	-	**(718)**	(815)
Profit for the financial year		**843**	**(395)**	**448**	2,153
Attributable as follows:					
Equity shareholders		**843**	**(395)**	**448**	2,153
Minority interest		-	-	-	-
		843	**(395)**	**448**	2,153

On behalf of the Board

Director

Capespan International Holdings Limited

Group statement of recognised income and expense
for the year ended 28 December 2008

	2008 £'000	2007 £'000
Items of income and expense recognised directly in equity:		
Foreign currency translation effects		
- foreign currency net investments	**1,109**	166
Actuarial (loss)/ gain recognised on defined benefit pension schemes	**(168)**	220
Deferred tax on actuarial gain/(loss) on defined benefit pension schemes	**48**	(40)
Effective portion of changes in fair values of cash flow hedges, net of deferred tax:		
- Foreign currency contracts - new fair value adjustment into reserve	**81**	-
- Foreign currency contracts - fair value adjustment recycled to income statement	**(94)**	-
Net movement in cash flow hedge reserve	**(13)**	-
Tax impact on effective portion of cash flow hedges	**4**	-
Net profit recognised directly in equity	**980**	346
Profit for the financial year	**448**	2,153
Total recognised income and expense attributable to equity shareholders	**1,428**	2,499

Capespan International Holdings Limited

Group balance sheet
as at 28 December 2008

	Notes	2008 £'000	2007 £'000
Assets			
Non-current			
Property, plant and equipment	*11*	**1,065**	1,120
Goodwill and intangible assets	*12*	**577**	924
Investment in associate	*13*	**-**	439
Equity investments	*14*	**12**	9
Other receivables	*15*	**27**	-
Employee post-retirement benefits	*24*	**2,014**	1,474
Deferred tax assets	*22*	**679**	636
Total non-current assets		**4,374**	4,602
Current			
Inventories	*17*	**2,171**	1,552
Trade and other receivables	*15*	**22,364**	25,211
Derivative financial asset	*28*	**81**	-
Current tax	*16*	**203**	75
Cash and cash equivalents		**7,467**	6,430
Total current assets		**32,286**	33,268
Total assets		**36,660**	37,870

Capespan International Holdings Limited

Group balance sheet *(continued)*
as at 28 December 2008

	Notes	**2008**	2007
		£'000	£'000
Equity			
Called-up share capital	*18*	**-**	-
Share premium	*19*	**6,950**	6,950
Other reserves	*19*	**800**	800
Cash flow hedge reserve	*19*	**(9)**	-
Currency reserve	*19*	**1,201**	92
Retained earnings	*19*	**(2,378)**	(2,706)
Total equity		**6,564**	5,136
Liabilities			
Non-current			
Employee post-retirement benefits	*24*	**2,286**	1,623
Deferred tax	*22*	**-**	2
Total non-current liabilities		**2,286**	1,625
Current			
Interest-bearing loans and borrowings		**630**	1,738
Trade and other payables	*20*	**26,311**	28,202
Derivative financial liability	*28*	**94**	-
Provisions	*21*	**489**	277
Current tax payable	*16*	**286**	892
Total current liabilities		**27,810**	31,109
Total liabilities		**30,096**	32,734
Total equity and liabilities		**36,660**	37,870

On behalf of the Board

Director

Capespan International Holdings Limited

Company balance sheet
as at 28 December 2008

	Notes	**2008** **£'000**	2007 £'000
Assets			
Non-current			
Investments in associates and subsidiaries	*13*	**16,576**	7,750
Total assets		**16,576**	7,750
Equity			
Called-up share capital	*18*	**-**	-
Share premium	*19*	**6,950**	6,950
Other reserves	*19*	**800**	800
Total equity		**7,750**	7,750
Liabilities			
Non-current			
Trade and other payables	*20*	**8,826**	-
Total liabilities		**8,826**	-
Total equity and liabilities		**16,576**	7,750

On behalf of the Board

Director

Capespan International Holdings Limited

Group cash flow statement
for the year ended 28 December 2008

	2008 £'000	2007 £'000
Operating activities		
Profit for the financial year	**448**	2,153
Adjustments for:		
Income tax expense	**718**	815
Depreciation on property, plant and equipment	**332**	335
Impairment losses on intangible assets	**347**	157
Change in provisions	**212**	(318)
Employee benefit service costs and settlement gains	**11**	70
Employee benefit contributions	**(122)**	(109)
Loss on sale of property, plant and equipment	**6**	1
Net finance income	**(181)**	(237)
Share of losses of associate	**375**	126
Impairment of investment in associate	**64**	-
Changes in inventories	**(366)**	459
Change in current trade and other receivables	**2,816**	(6,505)
Change in trade and other payables	**(2,623)**	5,541
Interest paid	**(87)**	(72)
Interest received	**229**	243
Income tax (paid)/received	**(1,364)**	286
Cash flows from operating activities	**815**	2,945
Investing activities		
Acquisition of property, plant and equipment	**(225)**	(215)
Proceeds from sale of property, plant and equipment	**1**	6
Cash flows from investing activities	**(224)**	(209)

Capespan International Holdings Limited

Group cash flow statement *(continued)*
for the year ended 28 December 2008

	2008 £'000	2007 £'000
Net increase in cash and cash equivalents	**591**	2,736
Cash and cash equivalents, including bank overdrafts at beginning of year	**4,692**	1,882
Effect of exchange rate fluctuations on cash and cash equivalents	**1,554**	74
Cash and cash equivalents, including bank overdrafts at 28 December 2008	**6,837**	4,692

Analysed as follows:

	2008 £'000	2007 £'000
Cash and cash equivalents	**7,467**	6,430
Bank overdraft	**(630)**	(1,738)
	6,837	4,692

Capespan International Holdings Limited

Significant accounting policies
for the year ended 28 December 2008

Capespan International Holdings Limited ("the Company") is a company domiciled and incorporated in the UK. The Group's financial statements for the year ended 28 December 2008 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group") and show the Group's interest in associates using the equity method of accounting.

The financial statements were authorised for issue by the directors on 19 October 2009.
The accounting policies applied in the preparation of the financial statements for the year ended 28 December 2008 are set out below.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU. The individual financial statements of the Company ('Company financial statements') have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts, 1985 which permits a Company, that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 230 of the Companies Act 1985 from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements.

The IFRSs adopted by the EU and applied by the Group in the preparation of these financial statements are those that were effective at 28 December 2008. The following provides a brief outline of the likely impact on future financial statements of relevant IFRSs adopted by the EU which are not yet effective and have not been early adopted in these financial statements:

- IFRS 8 *Operating Segments* - effective for annual periods beginning on or after 1 January 2009 but not expected to have an impact on the Group's accounts. The company is out of scope.
- IFRS 2 – *Share-based payments – Vesting Conditions and Cancellations Amendment*
- IFRS 3 – *Business Combinations Revised*
- IAS 1 *Presentation of Financial Statements Amendment*
- IAS 23 *Borrowing Costs Amendment*
- IAS 32 *Financial Instruments Presentation Amendment*
- IAS 27 *Consolidated and Separate Financial Statements Revised*
- IAS 39 *Financial Instruments Recognition and Measurement Amendment*
- IFRIC Interpretation 16 *Hedges of a Net Investment in Foreign Operation*

The revised IFRS 3 introduces a number of changes to the accounting for business combinations that may impact the amount of goodwill recognised on future acquisitions, the reported results in the period when the acquisition occurs and future reported results.

The application of the revised IAS 1 will result in some presentational changes to the Group financial statements.

Application of the other standards and interpretations is not expected to have a material impact on the Group or Company financial statements.

Basis of preparation

The financial statements of the Company and of the Group are prepared on the historical cost basis except for certain financial assets and pension obligations which are stated at their fair value. The financial statements are presented in Sterling rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 29.

Exceptional items

The company has adopted an Income Statement format which seeks to highlight significant items within its results for the financial year. The company believes that this presentation provides a more helpful analysis as it highlights one off items. Such items may include significant impairments of investments and intangible assets, restructuring, onerous contracts and prior period costs. Judgement is used by the company in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the Income Statement and related notes as exceptional items.

Capespan International Holdings Limited

Significant accounting policies *(continued)*
for the year ended 28 December 2008

Accounting for subsidiaries and associate undertakings

Group financial statements

Subsidiaries
Subsidiaries are those entities over which the Group has the power to control the operating and financial policy so as to obtain economic benefit from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The amounts included in these financial statements in respect of the subsidiaries are taken from their latest financial statements prepared up to their respective year ends, together with management accounts for the intervening periods to the period end, where necessary, although all significant subsidiaries have coterminous financial year ends. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the Group financial statements, except to the extent they provide evidence of impairment.

Associates
Associates are those entities in which the Group has significant influence over, but not control of the financial and operating policies. Investments in associates are accounted for by the equity method of accounting.

Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its associate are recognised in the Group income statement. The income statement reflects profit before tax, the Group's share of profit after tax of its associate in accordance with IAS 28, *Investments in Associates*. The Group's interest in their net assets is included as investments in associates in the Group balance sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post acquisition retained income and expenses. The amounts included in these financial statements in respect of the post acquisition income and expenses of the associate is taken from their latest financial statements prepared up to their year end.

Company financial statements

Investments in subsidiaries and associates are carried at cost less impairment. Dividend income is recognised when the right to receive payment is established.

Capespan International Holdings Limited

Significant accounting policies *(continued)*
for the year ended 28 December 2008

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Expenditure incurred to replace a component of property, plant and equipment that is accounted for separately is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure including repairs and maintenance costs is recognised in the income statement as an expense as incurred.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over the estimated useful economic lives of the assets. The rates of depreciation are as follows:

Computer equipment	Between 20% and 33% per annum
Motor vehicles	25% per annum
Fixtures, fittings and other equipment	Between 10% and 20% per annum
Buildings	Between 5% and 20% per annum

The residual value of assets, if not significant, and the useful life of assets is reassessed annually.

Leases

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership (finance leases) to the group are included in the balance sheet as tangible fixed assets at cost less accumulated depreciation and the capital element of future rentals is treated as a liability. The interest element is charged to the income statement over the period of the finance lease in proportion to the balance of capital repayments outstanding.

Operating lease rentals are charged to the income statement in equal annual amounts over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the direct cost of fruit to the group. Net realisable value is the estimated selling price in the ordinary course of business, less all further marketing and selling costs. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Foreign currency

Transactions in foreign currencies are translated into sterling at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Non-monetary assets carried at fair value are subsequently remeasured at the exchange rate at the date of valuation. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to sterling at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to sterling at the average exchange rate for the financial period. Foreign exchange differences arising on translation of the net investment in a foreign operation, including those arising on long term intra Group loans deemed to be quasi equity in nature, are recognised directly in equity, in a translation reserve. They are released to the income statement upon disposal.

The portion of exchange gains or losses on foreign currency borrowings used to provide a hedge against a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the income statement.

Any differences that have arisen since 29 December 2003, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the income statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS in respect of all non-sterling denominated operations are not presented separately.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries and associates. In respect of business acquisitions that have occurred since 29 December 2003, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 29 December 2003 has not been reconsidered in preparing the group's opening IFRS balance sheet at 29 December 2003.

Goodwill *(continued)*

Goodwill is allocated to cash generating units and is now no longer amortised but is tested annually for impairment at a consistent time each year. Goodwill is now stated at cost or deemed cost less any accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment.

Intangible assets

Intangible assets that are acquired by the group are stated at cost less accumulated depreciation and impairment losses, when separable or arising from contractual or other legal rights and are reliably measurable.

Amortisation is expensed in the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite, from the date they are available for use. Intangible assets reflecting the value of customer relationships, which arise on acquisitions, are amortised over their useful lives.

Impairment reviews and testing

The carrying amounts of the group's assets, other than inventories, (which are carried at the lower of cost and net realisable value), certain financial assets (which are carried at fair value) and deferred tax assets, (which are recognised based on recoverability), are assessed for impairment when an event or transaction indicates that an impairment may have occurred except for goodwill and indefinite lived intangibles which are assessed annually for impairment. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount.

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Goodwill assets were tested for impairment at 29 December 2003, the date of transition to IFRSs, and at the balance sheet date and the appropriate adjustments made to the carrying values.

Goodwill assets with an indefinite useful life are tested for impairment at each balance sheet date. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Capespan International Holdings Limited

Significant accounting policies *(continued)*
for the year ended 28 December 2008

Revenue

Revenue represents the fair value of amounts (excluding value added tax) derived from the sale of fruit and allied products and services. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

Employee benefits

Pension obligations
Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as services from employees are received. The Group's net obligation in respect of defined benefit pension schemes is calculated, separately for each plan, by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by the Group's actuaries using the projected unit credit method. All actuarial gains and losses as at 29 December 2003, the date of transition to IFRS, were recognised in full against retained earnings. Actuarial gains and losses for subsequent periods are recognised in the statement of recognised income and expense. Current and past service costs, interest on scheme liabilities and expected return on assets are recognised in the income statement and included in operating profit.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. If the temporary difference arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting nor taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Taxation *(continued)*

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financial instruments

Equity investments
Equity investments held by the group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When a devaluation of these assets is significant or prolonged, it is removed from its fair value reserve and shown as an impairment loss in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Interest-bearing borrowings
Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Derivatives
Forward currency contracts are marked to market using quoted market values.

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates remeasured to their fair value. The gain or loss arising on remeasurement is recognised in the income statement except where the instrument is a designated hedging instrument.

Derivative financial instruments are used to manage the Group's exposure to foreign currency risk through the use of forward currency contracts. These derivatives are generally designated as cash flow hedges in accordance with IAS 39.

Cash flow hedges
Subject to the satisfaction of certain criteria, relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, cash flow hedges are accounted for under hedge accounting rules. In such cases, any unrealised gain or loss arising on the effective portion of the derivative instrument is recognised in the cash flow hedging reserve, a separate component of equity. Unrealised gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction occurs the related gains or losses in the hedging reserve are transferred to the income statement.

Cash and cash equivalents

Cash and cash equivalents, comprise cash balances and call deposits, including bank deposits of less than three months maturity. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrued in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted insecurities is the ex-dividend date.

Finance expenses comprise expense on borrowings, unwinding of the discount on provisions, dividend on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Trade and other receivables

Trade and other receivables are initially measured at fair value and are thereafter measured at amortised cost using the effective interest method less any provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Capespan International Holdings Limited

Notes
forming part of the consolidated financial statements

1 Revenue

Revenue represents gross sales of fruit and allied products marketed, sold and distributed to customers in the UK and Europe.

2 Information regarding directors and employees

Directors' emoluments	**2008 Number**	2007 Number
Number of directors who are members of a defined benefit scheme	-	-
	£'000	£'000
Total directors' emoluments, excluding pension contributions	-	-
Pension contributions	-	-
Remuneration of the highest paid director	-	-

Employees

The average number of employees, including executive directors, during the year was as follows:

	2008 Number	2007 Number
Production	**29**	24
Sales and distribution	**177**	188
Administration	**49**	51
	255	263

Capespan International Holdings Limited

Notes *(continued)*

2	**Information regarding directors and employees** *(continued)*	**2008** **£'000**	2007 £'000
	Employee benefits		
	The aggregate employee costs/(credits) for the group are as follows:		
	Wages and salaries	**9,544**	8,272
	Social security contributions	**1,866**	1,576
	Pension costs - defined contribution schemes	**746**	586
	Pension costs - defined benefit schemes	**170**	222
	Actuarial losses/(gains) - defined benefit schemes	**168**	(295)
	Other costs (including other benefits and training)	**1,366**	1,059
		13,860	11,420

3	**Statutory and other information**	**2008** **£'000**	2007 £'000
	Profit for the financial year is stated after charging:		
	Depreciation of owned property, plant and equipment	**332**	335
	Impairment of goodwill	**347**	157
	Impairment of investment in associate	**64**	-
	Auditor's remuneration	**104**	118
	Auditor's remuneration for non-audit services	**87**	114
	Operating lease rentals:		
	- Plant and machinery	**25**	28
	- Other	**454**	402

The company audit fee was £2,000 *(2007: £2,000)*.

4 Other operating income

	2008	2007
	£'000	£'000
Gain on disposal of property, plant and equipment	**1**	1
Release of unused provisions	**33**	-
Other	**4**	-
	38	1

5 Other operating expenses

	2008	2007
	£'000	£'000
Loss on disposal of property, plant and equipment	**7**	2
Impairment of investment in associate (note 13)	**64**	-
Foreign exchange loss	**138**	222
Other	**1**	61
	210	285

6 Exceptional items

	2008	2007
	£'000	£'000
Backdated business rates	**283**	-
Onerous contract in relation to closed business location	**112**	-
Total exceptional items	**395**	-

Back-dated business rates

The group's main UK business premises located within the Port of Sheerness in the past benefited from "Port Cumulo" arrangements, whereby business rates were not assessed on individual entities within the port location, but were paid by the port authority and included within rental payments. Legislative changes effective 31 March 2005 removed the cumulo rating basis, with individual businesses within the port being rated separately and liable for rates. A subsidiary undertaking was advised of new entries on the local authority valuation list during 2008 and received charges for the period April 2005 to April 2009. Rates amounting to £283,000 in respect of the period April 2005 to December 2007 have been included within exceptional items in the year ended 28 December 2008.

6 Exceptional items *(continued)*

Onerous lease – closed business location

As part of an acquisition in 2006, a subsidiary undertaking acquired a facility with a lease expiring in November 2009. The site was operational until March 2008 when business ceased at that location. The subsidiary remains liable for lease payments, business rates and insurance of the site until the lease expires in November 2009. These costs total £131,000 and have been provided at the balance sheet date. At the time of the acquisition, a dilapidations provision was created based on the net present value of the estimated costs of returning the site to its original condition at the end of the lease term. Based on a new survey carried out in December 2008, the estimated dilapidation costs have been reduced and part of the dilapidations provision was released against the onerous lease costs in the amount of £16,000.

7 Net financial income and expense

	2008	2007
	£'000	£'000
Interest income	**229**	243
Expected return on defined benefit pension scheme assets	**963**	933
Financial income	**1,192**	1,176
Interest expense on interest bearing borrowings	**(87)**	(72)
Interest on cost defined benefit pension scheme liabilities	**(924)**	(866)
Financial expense	**(1,011)**	(938)

Capespan International Holdings Limited

Notes *(continued)*

8 Income tax expense

	2008	2007
	£'000	£'000
Recognised in the income statement		
Current tax:		
UK corporation tax at 28.5% *(2007: 30%)*	**-**	42
Foreign taxation	**488**	793
Adjustments relating to prior year:		
UK corporation tax	**(43)**	50
Foreign taxation	**103**	64
Total current tax	**548**	949
Deferred tax expense /(credit)		
Adjustments relating to prior year	**7**	(514)
Origination and reversal of temporary differences	**163**	380
Total deferred tax	**170**	(134)
Total income tax expense	**718**	815

Reconciliation of effective tax rate

	2008	**2008**	2007	2007
	%	**£'000**	%	£'000
Profit before tax		**1,166**		2,968
Taxation based on UK Corporate rate	**28.5**	**332**	30	890
Expenses not deductible for tax purposes	**(2.9)**	**(34)**	3	81
Depreciation for period in excess of capital allowances	**3.9**	**46**	-	-
Utilisation of tax losses	**(0.4)**	**(5)**	(0.1)	(4)
Adjustments to prior years	**5.7**	**67**	(13.4)	(400)
Other timing difference	**1.5**	**17**	2.4	71
Difference in overseas statutory tax rates	**1.4**	**16**	2.6	76
Effect of tax losses not recognised	**23.9**	**279**	3.4	101
		718		815

Capespan International Holdings Limited

Notes *(continued)*

8 Income tax expense *(continued)*	**2008** **£'000**	2007 £'000
Movement on deferred tax asset/(liability) recognised directly in equity		
Relating to foreign currency translation effects	**-**	62
Relating to Group employee benefit schemes	**48**	(102)
Total movement on deferred tax recognised in equity	**48**	(40)

9 Dividends to equity shareholders

No dividends were declared during the year.

10 Profit and loss of the company

As permitted by section 230 of the Companies Act, 1985, the income statement of the company is not presented as part of these accounts. The company did not trade during the period, and accordingly, made neither a profit nor a loss.

Capespan International Holdings Limited

Notes *(continued)*

11 Property, plant and equipment	Land and buildings	Plant and equipment	Total
Group	**£'000**	**£'000**	**£'000**
Cost			
Balance at 2 January 2007	1,348	3,111	4,459
Additions	1	214	215
Disposals	-	(543)	(543)
Exchange adjustment	-	131	131
Balance at 30 December 2007	1,349	2,913	4,262
Balance at 31 December 2007	1,349	2,913	4,262
Additions	-	225	225
Disposals	-	(1,149)	(1,149)
Exchange adjustment	-	469	469
Balance at 28 December 2008	**1,349**	**2,458**	**3,807**
Depreciation and impairment losses			
Balance at 2 January 2007	720	2,510	3,230
Depreciation charge for the year	62	273	335
Disposals	-	(536)	(536)
Exchange adjustment	-	113	113
Balance at 30 December 2007	782	2,360	3,142
Balance at 31 December 2007	782	2,360	3,142
Depreciation charge for the year	61	271	332
Disposals	-	(1,142)	(1,142)
Exchange adjustment	-	410	410
Balance at 28 December 2008	**843**	**1,899**	**2,742**

11 Property, plant and equipment *(continued)*

Group	Land and buildings £'000	Plant and equipment £'000	Total £'000
Carrying amounts			
As at 2 January 2007	628	601	1,229
At 30 December 2007	567	553	1,120
At 28 December 2008	**506**	**559**	**1,065**

Land and buildings and plant and equipment are stated at depreciated historic cost.

Leased property, plant and equipment

At 28 December 2008 no items of fixed assets were held under finance lease arrangements.

12 Goodwill and intangible assets

Group	2008 £'000	2007 £'000
Cost		
Balance at the beginning and end of the year	**2,876**	2,876
Impairment		
Balance at the beginning of the year	**1,952**	1,795
Impairment for the year	**347**	157
Balance at the end of the year	**2,299**	1,952
Carrying amount		
At the beginning of the year	**924**	1,081
At the end of the year	**577**	924

Impairment charge

The impairment charge is recognised in administrative expenses in the income statement.

The recoverable amounts of cash generating units (CGUs) are based on value in use calculations. Those calculations use cash flow projections based on expected future operating results and cash flows. The cash flow projections are based on current operating results of the individual CGUs and a conservative assumption regarding future organic growth. For the purposes of the calculation of value in use, the cash flows are projected over a ten year period, unless a shorter period is appropriate to the circumstances of a particular CGU. The cash flows are discounted using appropriate risk adjusted discount rates averaging 15% *(2007: 15%)* reflecting the risk associated with the individual future cash flows and the risk free rate.

The CGUs within the Capespan business are reflective of the customer and product sales streams. The goodwill on the balance sheet is derived from the purchase of a two site business from Fyffes plc in 2001 (CGUs A and B).

The intangible asset arose on the purchase of certain assets and future business of Fresh Produce Services Limited from The Greenery in February 2006.

12 Goodwill and intangible assets *(continued)*

The cashflows in relation to the CGUs were projected and discounted as above. This resulted in a goodwill impairment in CGU A and B of £77,000 and £203,000 respectively, and an impairment in the value of the intangible asset of £67,000.

The total impairment for the year is therefore £347,000 and the goodwill and intangible assets remaining on the balance sheet at 28 December 2008 are as follows:

		2008			2007	
	Goodwill	**Intangible asset**	**Total**	Goodwill	Intangible asset	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
CGU A	**-**	**-**	**-**	77	-	77
CGU B	**413**	**-**	**413**	616	-	616
Customer relationship	**-**	**164**	**164**	-	231	231
	413	**164**	**577**	693	231	924

13 Investments in associate and subsidiaries

Share of associate's net assets under the gross equity method of accounting

Group	**2008**	2007
	£'000	£'000
At beginning of the year	**439**	565
Share of associate's losses	**(375)**	(126)
Impairment of investment	**(64)**	-
At end of the year	**-**	439

The group's share of the associate undertaking's retained (losses)/earnings is (£136,000) *(2007: £239,000).*

13 Investments in associate and subsidiaries *(continued)*

Fresh Fruit Terminal (Sheerness) Limited

During 2007, operating control of Fresh Fruit Terminal (Sheerness) Limited reverted to a wholly owned subsidiary, Capespan Limited. Throughout the current financial year, Capespan Limited continued to own 50% of the share capital of Fresh Fruit Terminal (Sheerness) Limited, with both owners sharing equally in the profits or losses of the company, and both parties having equal representation on the Board.

Fresh Fruit Terminal (Sheerness) Limited had net assets of £130,000 at 28 December 2008.

On 20 January 2009, Capespan Limited acquired the remaining 50% interest in Fresh Fruit Terminal (Sheerness) Limited for a nominal consideration.

Fresh Fruit Terminal (Sheerness) Limited is incorporated in Great Britain and registered in England and Wales.

Company

Shares in subsidiaries	**2008** **£'000**	2007 £'000
Cost		
At the beginning of the year	**7,750**	7,750
Acquisition	**8,826**	-
At the end of the year	**16,576**	7,750

The company acquired a 100% holding in Capespan Continent NV from a subsidiary undertaking, Capespan International Plc, on 28 December 2008 at net book value, which equated to market value (note 30).

The Company has the following principal investment entities:

	Shareholding %	**Type**	**Incorporated and trading in**
Capespan International Plc	100	Subsidiary	Great Britain
Capespan Continent NV	100	Subsidiary	Belgium
Held by Capespan International Plc			
Capespan Limited	100	Subsidiary	Great Britain

13 Investments in associate and subsidiaries *(continued)*

Held by Capespan Limited			
Capespan Foods Limited	100	Subsidiary	Great Britain
Fresh Fruit Terminal (Sheerness) Limited	50	Associate	Great Britain
Held by Capespan Continent NV			
Fresh Fruit Services Continent CVBA	100	Subsidiary	Belgium
Held by Fresh Fruit Services Continent CVBA			
Capespan Austria GmbH	100	Subsidiary	Austria
Capespan France SA	100	Subsidiary	France
Capespan Schweiz AG	100	Subsidiary	Switzerland
Capespan International (Deutschland) GmbH	100	Subsidiary	Germany
Held by Capespan International (Deutschland) GmbH (holding company)			
H. Olff & Sohn GmbH	100	Subsidiary	Germany

Effective 1 January 2009, H.Olff & Sohn GmbH merged into Capespan International (Deutschland) GmbH, which then changed its name to Capespan Germany GmbH.

All principal subsidiaries and associate undertakings provide marketing, selling and distribution services in relation to the fruit trade and allied products.

All the above undertakings have financial years ended on 28 December 2008.

In the opinion of the directors the shares in the company's subsidiaries and associates are worth at least the amounts at which they are stated in the balance sheet.

14 Equity investments

	2008 £'000	2007 £'000
Balance at beginning of year	**9**	9
Exchange adjustment	**3**	-
Balance at end of year	**12**	9

The equity investment comprises £3,500 representing a 10% investment in the ordinary shares of UJuice Limited (formerly Outspan Fresh Limited) following its sale to a management buyout team and £8,000 of other debt securities in respect of Capespan France.

15 Trade and other receivables

	Group	
	2008 £'000	2007 £'000
Non-current		
Other receivables	**16**	-
Amounts owed by group undertakings	**11**	-
	27	-
Current		
Trade receivables	**15,762**	16,679
Amounts owed by group undertakings	**536**	1,876
Other receivables	**1,907**	2,679
Prepayments and accrued income	**4,159**	3,977
	22,364	25,211

The other non-current receivables represent an amount in relation to an advance to the management team of UJuice Limited, to fund a management buy out of 90% of the shares in the company in 2005.

The amounts owed by group undertakings include trading balances and loans. Trading balances are unsecured, interest free and are repayable on demand. Loan balances are unsecured, but have a market rate of interest and a repayment schedule.

16 Current tax

The net current tax liability of £83,000 for the group represents the amount of income tax payable in respect of current and prior periods.

17 Inventories

	2008	2007
	£'000	£'000
Goods for resale	**1,995**	1,323
Consumable stores	**176**	229
	2,171	1,552

18 Share capital

	2008	2007
	£	£
Authorised:		
500 A ordinary shares of £1 each	**500**	500
500 B ordinary shares of £1 each	**500**	500
Total authorised share capital	**1,000**	1,000

	2008	2007
	£	£
Called up, allotted and fully paid:		
3 A ordinary shares of £1 each	3	3
3 B ordinary shares of £1 each	3	3
Total called up, allotted and fully paid share capital	**6**	6

The holders of each class of shares have the right to appoint up to four company directors. In all other respects, the A and B shares rank pari passu.

19 Capital and reserves

Group	Share premium £'000	Capital contribution £'000	Currency translation reserve £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total capital and reserves £'000
Balance at 1 January 2007	6,950	800	(74)	-	(5,039)	2,637
Total recognised gains and losses for the year	-	-	166	-	2,333	2,499
Balance at 31 December 2007	**6,950**	**800**	**92**	-	**(2,706)**	**5,136**
Total recognised gains and losses for the year	-	-	1,109	(9)	328	1,428
Balance at 28 December 2008	**6,950**	**800**	**1,201**	**(9)**	**(2,378)**	**6,564**

Company	Share Premium £'000	Capital contribution £'000	Retained earnings £'000	Total capital and reserves £'000
Balance at 2 January 2007, 1 January 2008 and 28 December 2008	**6,950**	**800**	-	**7,750**

Capespan International Holdings Limited

Notes *(continued)*

19 Capital and reserves *(continued)*

Capital contribution
This reserve represents the receipt of capital funding from the company's parent undertakings.

Currency translation reserve
The translation reserve comprises all foreign exchange movements arising from the translation of the net assets of the Group's non-sterling denominated subsidiaries and associates including the translation of the profits of such operations from the average exchange rate to the exchange rate at the balance sheet date, as well as from the translation of liabilities that hedge those net assets.

Cash flow hedge reserve
The hedging reserve comprises foreign exchange movements arising from the fair valuation of forward foreign exchange contracts at the balance sheet date, net of the related deferred tax.

20 Trade and other payables falling due within one year

	Group	
	2008	2007
	£'000	£'000
Current		
Trade payables	**6,146**	6,661
Amounts owed to group companies	**3,456**	4,219
Other taxes and social security	**153**	220
Other payables	**194**	231
Accruals and deferred income	**16,362**	16,871
	26,311	28,202

The amounts due to group companies include both trading and loan balances. Trading balances are unsecured and interest free and loan balances have interest payable at a market rate of interest.

	Company	
	2008	2007
	£'000	£'000
Non-current		
Amounts owed to group companies	**8,826**	-
	8,826	-

The amounts due to group companies arise in respect of the acquisition of Capespan Continent NV, and are unsecured and interest free.

21 Provisions

	Legal costs £'000	Restructuring £'000	Onerous lease £'000	Onerous contract £'000	Total £'000
At 30 December 2007	50	60	167	-	277
Expenditure during the year	-	(14)	-	-	(14)
Charged/(credited) to the income statement	-	(26)	115	137	226
At 28 December 2008	**50**	**20**	**282**	**137**	**489**

Legal provision

The legal provision relates to legal and professional costs to be incurred in relation to the final closure of the Unifruco pension scheme.

Restructuring provision

The restructuring provision relates to the closure of the European head office and cost saving initiatives in the UK business through centralisation of its operations. The balance carried forward into 2009 allows the restructure to be completed.

Onerous lease

These provisions arise following cessation of trading at a facility with a lease expiring in November 2009. Estimated dilapidations amounting to £151,000 are expected to arise at expiry. Operating costs of £131,000 are to be incurred prior to end of the lease in November 2009.

Onerous contract

This provision arises in respect of losses expected to be incurred under a season 2008/09 fruit supply contract during the first quarter of 2009 as a result of adverse market conditions and poor quality of the product.

22 Deferred taxation – Group

	2008 £'000	2007 £'000
Depreciation in excess of capital allowances	**82**	193
On pension provisions	**412**	360
Other timing differences	**185**	83
Net deferred tax asset recognised	**679**	636

The following deferred tax asset relating to the UK companies was not recognised in the financial statements:

	2008 £'000	2007 £'000
Accelerated capital allowances	**656**	617
Losses	**900**	35
Other timing differences	**7**	-
Deferred tax asset not recognised	**1,563**	652

23 Lease obligations - Group

The Group has no obligations under finance leases.

Leases as lessee

Non-cancellable operating lease rentals are payable as set out below. These amounts represent the minimum future lease payments, in aggregate, that the Group is required to make under existing lease agreements.

	2008 £'000	2007 £'000
Less than one year	**765**	625
Between one and five years	**844**	401
More than 5 years	**73**	-
	1,682	1,026

23 Lease obligations - Group *(continued)*

The group leases its office buildings, packhouse land, its car fleet and some plant and equipment under operating leases. The lease on the Antwerp building has been renewed and expires in nine years, but there is a break clause after six years. The lease on the Sheerness building expires in 2018, but the Group can give twelve months notice at any point in time.

During the year ended 28 December 2008, £479,000 was recognised as an expense in the income statement in respect of operating leases *(2007: £430,000).*

24 Pensions schemes – Group

The Group operates a number of externally funded defined benefit and defined contribution pension schemes across Europe. The schemes are set up under trusts and the assets of the schemes are therefore held separately from those of the Group.

The net pension cost recognised in the income statement for the year in respect of the Group's defined benefit schemes was £170,000 *(2007: £222,000).* The cost recognised in the income statement in respect of the Group's defined contribution schemes was £746,000 *(2007: £586,000).*

The accompanying disclosures relate to all of the Group's defined benefit retirement schemes in the UK and Continental Europe: the Unifruco Pension and Life Assurance Scheme (Unifruco), the South African Co-operative Citrus Exchange Limited pension and life assurance scheme (SACCE), and the Capespan Continent NV en Fresh Fruit Services CV plan. In addition, the group has a pension scheme in Germany called the H. Olff & Sohn GmbH pension scheme. The previous full actuarial valuations of these schemes, for the purposes of these disclosures, were updated to 1 January 2008. Full actuarial valuations were carried out on 1 October 2003 for the Unifruco scheme, 1 February 2008 for the SACCE scheme, and 28 December 2008 for the Continental schemes. All calculations were carried out by independent actuaries using the projected unit method. The actuarial reports are not available for public inspection. However, the results of the valuations are advised to members of the schemes. The scheme assets do not include any shareholdings in the company.

Notes *(continued)*

24 Pensions schemes – Group *(continued)*

The principal assumptions used by the actuaries were:

	Unifruco		SACCE		Capespan Continent NV & Fresh Fruit Services CV		H. Olff & Sohn GmbH	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Rate of increase in salaries	**N/A**	4.50%	N/A	N/A	3.00%	3.00%	3.50%	3.50%
Rate of increase in pensions	**N/A**	3.40%	5.50%	5.50%	2.00%	2.00%	2.25%	1.75%
Inflation rate	**N/A**	3.20%	3.00%	3.20%	2.00%	2.00%	2.25%	1.75%
Discount rate	**N/A**	5.80%	6.50%	5.80%	5.50%	5.50%	6.00%	5.50%
Pre-retirement mortality **Post retirement mortality**	**AM92/ PMA92 C2020/ PFA92 C2020**	AM92/ PMA92 C2020/ PFA92 C2020	**AM92/AF92/ PMA92 C2020/ PFA92 C2020**	AM92/ PMA92 C2020/ PFA92 C2020	**MR/FR**	MR/FR	**Richttafeln 2005 G**	Richttafeln 2005 G

The expected rates of return and analysis of pension scheme assets as at 28 December 2008 were:

	Unifruco 2008	Unifruco 2007	SACCE 2008	SACCE 2007	Capespan Continent 2008	Capespan Continent 2007	H. Olff 2008	H. Olff 2007
Return on assets	N/A	5.5%	5.47%	5.66%	4.50%	5.00%	*	4.30%
Equity	N/A	-	**£5,204,455**	£6,802,461	£923,799	£105,975	*	*
Bonds	N/A	-	**£8,293,072**	£7,958,254	£92,539	£711,060	*	*
Real estate	N/A	-	-	-	£80,345	£29,912	*	*
Insured policies	N/A	-	**£922,319**	£1,047,173	-	-	*	*
Other	N/A	-	-	-	£42,965	-	*	*
Cash	N/A	£8,000	**£9,275**	(£7,923)	-	£7,692	*	*

* Analysis of pension scheme assets was not available from the pension scheme actuaries.

Notes *(continued)*

24 Pensions schemes – Group *(continued)*

Analysis of net asset / (liability)

	Unifruco		SACCE		Capespan Continent NV & Fresh Fruit Services CV		H. Olff & Sohn GmbH		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Fair value of scheme assets	-	8	14,429	15,800	1,140	855	2,014	1,466	17,583	18,129
Present value of scheme obligations	-	-	(13,224)	(13,524)	(1,349)	(1,043)	(2,077)	(1,435)	(16,650)	(16,002)
Employee benefits asset/(liability)	-	8	1,205	2,276	(209)	(188)	(63)	31	933	2,127
Adjustment in respect of surplus restriction	-	-	(1,205)	(2,276)	-	-	-	-	(1,205)	(2,276)
Net asset/(liability)	-	8	-	-	(209)	(188)	(63)	31	(272)	(149)
Deferred tax (liability)/asset	-	(2)	-	-	71	64	39	83	110	145
Net asset/(liability)	-	6	-	-	(138)	(124)	(24)	114	(162)	(4)

The H. Olff & Sohn GmbH assets are represented by a reinsurance policy. No deferred tax liability is provided against these assets as tax is paid on the movement in the fund annually.

Notes *(continued)*

24 Pensions schemes – Group *(continued)*

Movements in the fair value of scheme assets in the balance sheet

	Unifruco £'000	**SACCE £'000**	**Capespan Continent NV & Fresh Fruit Services CV £'000**	**H. Olff & Sohn GmbH £'000**	**Total £'000**
Fair value of assets at 2 January 2007	11	15,868	718	1,262	17,859
Expected return on scheme assets	1	823	31	78	933
Actuarial loss	(2)	(289)	-	-	(291)
Employer contributions	-	-	71	38	109
Employee contributions	-	-	12	-	12
Insured pension contribution	-	175	-	-	175
Benefit payments	(2)	(777)	(75)	-	(854)
Premium funding	-	-	23	-	23
Foreign exchange movements	-	-	75	88	163
Fair value of assets at 30 December 2007	8	15,800	855	1,466	18,129
Expected return on scheme assets	-	878	46	39	963
Actuarial loss	-	(1,691)	(37)	-	(1,728)
Employer contributions	-	-	77	55	132
Employee contributions	-	-	13	-	13
Insured pension contribution	-	169	-	-	169
Benefit payments	-	(727)	(73)	-	(800)
Other	(8)	-	-	-	(8)
Foreign exchange movements	-	-	259	454	713
Fair value of assets at 28 December 2008	**-**	**14,429**	**1,140**	**2,014**	**17,583**

The H. Olff & Sohn assets are represented by a reinsurance policy and are disclosed separately in employee post retirement benefits under non-current assets on the group balance sheet.

Notes *(continued)*

24 Pensions schemes – Group *(continued)*

Movements in the present value of scheme obligations in the balance sheet

	Unifruco £'000	**SACCE £'000**	**Capespan Continent NV & Fresh Fruit Services CV £'000**	**H. Olff & Sohn GmbH £'000**	**Total £'000**
Value of scheme obligations at 2 January 2007	(3)	(14,826)	(1,037)	(1,470)	(17,336)
Current service cost	-	-	(107)	(32)	(139)
Interest on scheme obligations	-	(756)	(45)	(63)	(864)
Employee contributions	-	-	(12)	-	(12)
Benefit payments	2	777	75	-	854
Effect of changes in actuarial assumptions	-	1,195	105	230	1,530
Experience gains/(losses)	1	86	-	(10)	77
Foreign exchange movements	-	-	(22)	(89)	(111)
Fair value of scheme obligations at 30 December 2007	-	(13,524)	(1,043)	(1,434)	(16,001)
Current service cost	-	-	(103)	(34)	(137)
Interest on scheme obligations	-	(764)	(60)	(100)	(924)
Employee contributions	-	-	(13)	-	(13)
Benefit payments	-	727	73	-	800
Effect of changes in actuarial assumptions	-	312	146	182	640
Experience gains/(losses)	-	25	-	(304)	(279)
Foreign exchange movements	-	-	(349)	(387)	(736)
Value of scheme obligations at 28 December 2008	-	(13,224)	(1,349)	(2,077)	(16,650)

The H. Olff & Sohn scheme obligations are disclosed in employee post retirement benefits under non-current liabilities on the group balance sheet.

24 Pensions schemes – Group *(continued)*

Movements in the net asset/(liability) recognised in the balance sheet

	Unifruco £'000	SACCE £'000	Capespan Continent NV & Fresh Fruit Services CV £'000	H. Olff & Sohn GmbH £'000	Total £'000
Net asset/(liability) in schemes at 2 January 2007	8	38*	(319)	(208)	(481)
Employer contributions	-	-	71	38	109
Income/(expense) recognised in income statement	1	67	(121)	(17)	(70)
Expense recognised in statement of total recognised income and expense	(1)	(105)	106	220	220
Foreign exchange movement	-	-	75	(2)	73
Net asset/(liability) in schemes at 30 December 2007	8	-	(188)	31	(149)
Employer contributions	-	169	77	55	301
Income/(expense) recognised in income statement	(8)	114	(117)	(96)	(107)
Expense recognised in statement of total recognised income and expense	-	(283)	146	(122)	(259)
Foreign exchange movement	-	-	(127)	69	(58)
Net (liability) in schemes at 28 December 2008	-	-	**(209)**	**(63)**	**(272)**

*Amount has been restricted to the recognisable surplus of £nil at 28 December 2008 *(2007: £nil)*.

Notes *(continued)*

24 Pensions schemes – Group *(continued)*

Defined benefit pension expenses recognised in statement of recognised income and expense

	Unifruco		SACCE		Capespan Continent NV & Fresh Fruit Services CV		H. Olff & Sohn GmbH		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Experience adjustments on scheme assets	-	1	25	86	-	-	-	-	**25**	87
Experience adjustments on scheme-liabilities	-	-	-	-	-	-	(304)	(10)	**(304)**	(10)
Adjustments in respect of unrecognisable surplus	-	-	1,162	(1,098)	-	-	-		**1,162**	(1,098)
Effects of changes in actuarial assumptions	-	-	312	1,195	146	106	182	230	**640**	1,531
Actual less expected returns on assets	-	(2)	(1,691)	(288)	-	-	-	-	**(1,691)**	(290)
	-	(1)	(192)	(105)	146	106	(122)	220	**(168)**	220

24 Pensions schemes – Group *(continued)*

Defined benefit pension expense recognised in the income statement

	Unifruco		**SACCE**		**Capespan Continent NV & Fresh Fruit Services CV**		**H. Olff & Sohn GmbH**		**Total**	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
Current service costs	-	-	-	-	(103)	(107)	(34)	(32)	**(137)**	(139)
Interest on scheme obligations	-	-	(764)	(756)	(60)	(45)	(101)	(63)	**(925)**	(864)
Expected return on schemes assets	-	1	878	823	46	31	39	78	**963**	933
Other	(8)	-	-	-	-	-	-	-	**(8)**	-
	(8)	1	114	67	(117)	(121)	(96)	(17)	**(107)**	(70)
Actual return on scheme assets	-	(1)	(813)	535	46	45	-	-	**(767)**	1,279

The expected return on the SACCE scheme assets has been restricted so as not to give a negative pension charge.

The H. Olff & Sohn assets are represented by a reinsurance policy.

The defined benefit pension expense is recognised in administrative expenses in the income statement in both the current and prior years.

25 Commitments and contingencies

(a) Capital commitments

The directors have authorised capital expenditure of £247,000 *(2007: £163,000)* at the balance sheet date.

(b) Other commitments and contingencies

Capespan International Plc, Capespan Limited, Capespan UK Limited and Capespan International Holdings Limited have a combined overdraft facility with the Royal Bank of Scotland Plc. The facility is secured by an unlimited intercompany composite guarantee between Capespan International Plc, Capespan International Holdings Limited, Capespan Investments (UK) Limited, Capespan UK Limited, Capespan Investments Limited, Fresh Fruit Processing Limited and Fresh Fruit Services Limited. This is supported by a debenture by Capespan International Plc, Capespan International Holdings Limited, Capespan Investments (UK) Limited, Capespan UK Limited and Fresh Fruit Processing Limited.

The facility is also secured by:

- A letter of comfort in the sum of £400,000 from Capespan International Plc in favour of Fresh Fruit Terminal (Sheerness) Limited.
- An unlimited Cross Guarantee between Capespan International Plc and Fresh Fruit Terminal (Sheerness) Limited supported by a debenture by Fresh Fruit Terminal (Sheerness) Limited and Capespan International Plc.

From time to time, the group is involved in other claims and legal actions, which arise in the normal course of business. Based on information currently available to the group, and legal advice, the directors believe such litigation will not, individually or in aggregate, have a material adverse effect on the financial statements and that the group is adequately positioned to deal with the outcome of any such litigation.

26 Related parties

Identity of related parties

The group has a related party relationship with its ultimate parent companies (Total Produce Plc and Capespan Group Holdings Limited and their subsidiary and associated companies), its associated companies, its defined benefit pension schemes, and with the directors of the company and subsidiaries.

26 Related parties *(continued)*

Group	**2008 £'000**	2007 £'000
Payments to Key Management Personnel:		
Short term employee benefits	**579**	590
Post-employment benefits	**43**	50
	622	640

Related party transactions with associated companies

The group trades in the normal course of its business, in some situations under long term supply contracts, with its associated companies. A summary of transactions with these related parties during the year ended 28 December 2008 is as follows:-

	2008 Revenue £'000	**2008 Purchases £'000**	2007 Revenue £'000	2007 Purchases £'000
Ultimate parent	**14,437**	**(124,760)**	9,203	(117,459)
Associate companies	**1,002**	**(1,739)**	351	(1,667)
	15,439	**(126,499)**	9,554	(119,126)

	2008 Debtor £'000	**2008 Creditor £'000**	2007 Debtor £'000	2007 Creditor £'000
Ultimate parent	**441**	**(3,157)**	1,728	(3,716)
Associate companies	**106**	**(299)**	148	(503)
	547	**(3,456)**	1,876	(4,219)

Ultimate parent includes their subsidiary and associated companies.

27 Ultimate parent undertakings

Capespan International Holdings Limited is jointly owned by Capespan (Pty) Limited, incorporated in South Africa, and by Total Produce Plc, registered in Ireland.

Capespan (Pty) Limited is wholly owned by Capespan Group Holdings Limited, incorporated in South Africa.

Accounts of the joint ultimate parent undertakings are available from:

The Secretary, Capespan Group Holdings Limited, Parc du Cap, Bellville 7535, Republic of South Africa.

The Secretary, Total Produce Plc, Charles McCann Building, Rampart Road, Dundalk, Co Louth, Ireland.

28 Financial instruments and financial risk

	Designated at fair value 2008 £'000	Loans and receivables 2008 £'000	Available for sale 2008 £'000	Total liabilities at amortised cost 2008 £'000	Carrying amount 2008 £'000	Fair value 2008 £'000
Equity investments (note 14)	-	-	12	-	12	12
Trade and other receivables (note 15)	-	22,391	-	-	22,391	22,391
Cash and cash equivalents	-	7,467	-	-	7,467	7,467
Derivative financial asset	81	-	-	-	81	81
	81	29,858	12	-	29,951	29,951
Trade and other payables (note 20)	-	-	-	(26,314)	(26,314)	(26,314)
Bank overdrafts	-	-	-	(630)	(630)	(630)
Derivative financial liability	(94)	-	-	-	(94)	(94)
	(94)	**-**	**-**	**(26,944)**	**(27,038)**	**(27,038)**

28 Financial instruments and financial risk *(continued)*

	Designated at fair value 2007 £'000	Loans and receivables 2007 £'000	Available for sale 2007 £'000	Total liabilities at amortised cost 2007 £'000	Carrying amount 2007 £'000	Fair value 2007 £'000
Equity investments (note 14)	-	-	9	-	9	9
Trade and other receivables (note 15)	-	25,211	-	-	25,211	25,211
Cash and cash equivalents	-	6,430	-	-	6,430	6,430
	-	31,641	9	-	31,650	31,650
Trade and other payables (note 20)	-	-	-	(28,202)	(28,202)	(28,202)
Bank overdrafts	-	-	-	(1,738)	(1,738)	(1,738)
	-	-	-	(29,940)	(29,940)	(29,940)

28 Financial instruments and financial risk *(continued)*

Estimation of fair values

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table.

Equity investments
When market values are available, fair values are determined by reference to the bid market price for such investments without any deduction for transactions costs. When market values are not available, the fair values have been determined based on expected future cash flows at current interest rates and exchange rates.

Short term bank deposits and cash and cash equivalents
For short term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the nominal amount is deemed to reflect fair value.

Trade and other receivables/payables
For receivables and payables with a remaining life of less than six months or demand balances, the carrying value less impairment provision, where appropriate is deemed to reflect fair value. All other receivables and payables are discounted to fair value in the balance sheet.

Interest bearing loans and borrowings
For interest bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with a repricing date of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows.

28 Financial instruments and financial risk *(continued)*

Risk exposures

The Group's multinational operations expose it to various financial risks that include credit risk, liquidity risk, currency risk and interest rate risk. The Group has a risk management program in place which seeks to limit the impact of these risks on the financial performance of the Group and it is the policy to manage these risks in a non-speculative manner.

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- currency risk
- interest rate risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risk, and the Group's management of capital. Further quantitative disclosures are included throughout this note.

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework. Risk evaluation and recommendations for strategic change are reviewed by the Audit Committee for its consideration. The Audit Committee, in turn, report these findings to the Board at least annually enabling corrective initiatives to be undertaken where appropriate.

One of the ultimate shareholders, Total Produce plc, has established a strong internal audit function under the direction of its Audit Committee. This internal audit undertakes both regular and ad hoc reviews of the Group's risk management controls and procedures, the results of which are reported to the Group's Audit Committee.

The Board, through its Audit Committee, has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The board has embedded these structures and procedures throughout the Group and considers these to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

28 Financial instruments and financial risk *(continued)*

Credit risk

Exposure to credit risk

Credit risk arises from credit risk to customers and associates arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk by dependence on individual customers or geographically.

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. Individual risk limits are generally set by customer and risk is only accepted above such limits in defined circumstances. The utilisation of credit limits is regularly monitored. The impairment provisions accounts are used to record impairment losses unless the group is satisfied that no recovery of the amount owing is possible, at that point the amount is considered irrecoverable and is written off directly against the trade receivable.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Cash and short term bank deposits
Cash and short term bank deposits are invested with institutions with the highest credit rating with limits on amounts held with individual banks or institutions at any one time. For banks and financial institutions, only independently rated banks with a minimum rating of "A" are accepted.

Available for sale equity investments
The Group has investments in companies with a strategic interest to the Group and limits its exposure by ensuring that such investments are of a non speculative nature.

28 Financial instruments and financial risks *(continued)*

Credit risk *(continued)*

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

	Note	**Carrying amount 2008 £'000**	Carrying amount 2007 £'000
Equity investments	*14*	**12**	9
Cash and cash equivalents		**7,467**	6,430
Trade and other receivables (excluding prepayments)	*15*	**19,308**	19,303
		26,787	25,742

Trade receivables

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables. Trade receivables are monitored by geographic region and by largest customers. The maximum exposure to credit risk for trade receivables at the reporting date by geographic region based on the location of customers was:

	Carrying amount 2008 £'000	Carrying amount 2007 £'000
Euro zone	**7,310**	6,601
United Kingdom	**7,395**	8,300
Other	**1,057**	1,778
	15,762	16,679

28 Financial instruments and financial risk *(continued)*

Credit risk *(continued)*

The following table details the ageing of gross trade receivables including equivalent amounts due from associates, and the related impairment provisions in respect of specific amounts expected to be irrecoverable:

	2008 Gross £'000	**2008 Impairment £'000**	2007 Gross £'000	2007 Impairment £'000
Not past due	**11,129**	**40**	14,745	32
Past due 0 – 30 days	**3,890**	**-**	1,714	35
Past due 31 – 90 days	**766**	**-**	334	130
Past due 91 – 180 days	**32**	**15**	128	89
Past due more than 180 days	**-**	**-**	53	9
	15,817	**55**	16,974	295

Other receivables

As all other receivables are current, all amounts are deemed to be recoverable.

Non trade receivables due from associates

At year end the group has non trade receivable balances due from its associates of £96,000 *(2007: £142,000)*. These amounts are repayable on demand and are not past due. There is no impairment provision against these balances.

Analysis of movement in impairment provisions:

Trade receivables – impairment provision

	2008 £'000	2007 £'000
Balance at beginning of year	**(295)**	(295)
Utilised during year	**46**	112
(Increase) during year	**(106)**	(112)
Reclassification during year	**300**	-
Balance at end of year	**(55)**	(295)

No impairment provision is deemed necessary against other receivables in either the current or prior year.

28 Financial instruments and financial risk *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation.

It is the policy of the group to have adequate committed undrawn facilities available at all times to cover unanticipated financing requirements. The group has approved overdrafts of up to €12 million in relation to Capespan Continent NV.

The following are the contractual maturities of the financial liabilities and cash and cash equivalents, including estimated interest payments and excluding the impact of netting agreements:

	2008 Carrying Amount	**2008 6 months or less**	2007 Carrying Amount	2007 6 months or less
	£'000	**£'000**	£'000	£'000
Non-derivative financial liabilities				
Bank overdraft	**630**	**630**	1,738	1,738
Trade and other payables	**26,314**	**26,314**	28,202	28,202
	26,944	**26,944**	29,940	29,940

Market Risk

Market risk is the risk that changes in market prices and indices, such as foreign exchange rates, and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's risk management strategy is to manage and control market risk exposures within acceptable parameters, while optimising the return earned by the Group. The group has three types of market risk being currency risk and interest rate risk each of which are dealt with as follows.

Currency risk

While many of the Group's operations are carried out in the UK, it also has significant operations in Europe and a significant portion of its costs, particularly product purchases and shipping costs are denominated in Euros and US Dollars. As a result, the Group is exposed to currency fluctuations of the Euro and US Dollar. Foreign exchange risk also arises from assets and liabilities. Management requires all Group operations to manage their foreign exchange risk against their functional currency. These currency risks are monitored on a daily basis and managed by utilising spot and forward foreign currency contracts.

28 Financial instruments and financial risk *(continued)*

Currency risk (continued)

Exposure to currency risk

The Group's exposure to transactional foreign currency risk is minimal, due to the fact that an insignificant amount of trade receivables are held in currency other then the company's own functional currency. The split below details the sterling receivables and payables, of the sterling companies, with minimal amounts from the euro denominated companies. The euro receivables and payables relate to the Euro companies. Therefore the majority of amounts, held in own functional currencies are not exposed to transactional risk.

	2008	**2008**	**2008**	**2008**	2007	2007	2007
	Euro	**Sterling**	**US Dollar**	**Other**	Euro	Sterling	US Dollar
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Trade and other receivables	**10,060**	**11,305**	**976**	**50**	10,625	9,808	746
Cash and cash equivalents	**7,073**	**261**	**-**	**133**	6,319	109	2
Bank overdrafts	**-**	**(630)**	**-**	**-**	(1,056)	(682)	-
Trade and other payables	**(16,480)**	**(8,779)**	**(918)**	**(134)**	(15,155)	(12,688)	(137)

Sensitivity analysis

Based on the above table, a sensitivity analysis was not deemed necessary.

Derivative financial instruments

At 28 December 2008, the Group had US Dollar denominated forward foreign exchange contracts in place as a cash flow hedge against future payments to suppliers.

	2008	2007
	£'000	£'000
Fair value of derivative financial instruments		
Financial asset arising from financial instruments	**81**	-
Financial liability arising from financial instruments	**(94)**	-
Effective portion of cash flow hedges	**(13)**	-
Tax impact on effective portion of cash flow hedges	**4**	-
Ineffective portion of cash flow hedges recognised in income statement during the year	**-**	-

28 Financial instruments and financial risk *(continued)*

Interest rate risk

Due to the relatively modest amount of variable interest-bearing liabilities and the nature of certain of these borrowings, the Group's current policy is not to hedge against the risk of interest rate fluctuations.

There is no significant difference between the effective interest rates on the Group's loans and market rates.

The Group holds both interest bearing assets and interest bearing liabilities. In general, the approach employed by the group to manage its interest exposure is to maintain the majority of its cash, short term bank deposits and interest bearing borrowings on floating rates. The Group does not use fixed-rate instruments.

At year-end, the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount 2008 £'000	Carrying amount 2007 £'000
Variable rate instruments		
Cash and cash equivalents	**7,467**	6,430
Bank overdrafts	**(630)**	(1,738)
	6,837	4,692

Cash flow sensitivity analysis for variable rate instruments

At 28 December 2008, the average interest rate being earned on the Group's cash and cash equivalents was 3.7 % *(2007: 3.92%)*. At 28 December 2008, the average interest being paid on the Group's net borrowings was 5.3 % *(2007: 5.06%)*.

An increase or decrease of 50 basis points in interest rates at the reporting date would have had the following effect on the income statement and equity. This analysis assumes that all other variables in particular foreign currency rates remained constant. The analysis was performed on the same basis for 2007.

	50 basis point increase		**50 basis point decrease**	
	Income statement £'000	**Equity £'000**	**Income statement £'000**	**Equity £'000**
28 December 2008				
Variable rate instruments	**1**	**-**	**(1)**	**-**
30 December 2007				
Variable rate instruments	1	-	(1)	-

Capespan International Holdings Limited

Notes *(continued)*

28 Financial instruments and financial risk *(continued)*

Accounting for derivatives and hedging activities

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates measured to fair value. The gain or loss arising on remeasurement is recognised in the income statement within financial income or financial expense.

The fair value of the derivative at the balance sheet date is set out as follows:

	Assets 2008 £'000	**Liabilities 2008 £'000**
Forward currency contracts	**81**	**94**

	Assets 2007 £'000	Liabilities 2007 £'000
Forward currency contracts	-	-

29 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

Management discussed with the Audit Committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

Particular areas which are subject to accounting estimates and judgements in these financial statements are areas such as impairment testing and in relation to judgemental provisions and accruals.

Impairment testing of assets, particularly of goodwill, involves estimating the future cash flows for a cash generating unit and an appropriate discount rate to determine a recoverable value. The estimation of employee benefit costs requires the use of actuaries and the determination of appropriate assumptions such as discount rates and expected future rates of return as set out in Note 24.

30 Acquisitions - Company

Effective from 28 December 2008, the company acquired a 100% shareholding in Capespan Continent NV from a wholly owned subsidiary, Capespan International Plc, at net book value which equated to market value. The fair value of the assets and liabilities acquired was as follows:

Non-current Assets	**£'000**
Tangible assets	258
Post-retirement benefits	2,627
Intangible assets	2,263
Total non-current assets	**5,148**
Current Assets	
Inventories	1,310
Trade and other receivables	20,768
Corporation tax receivable	160
Cash and cash equivalents	6,188
Total current assets	**28,426**
Non-current Liabilities	
Post-retirement benefits	**2,286**
Current Liabilities	
Trade and other payables	22,191
Derivative financial instruments	93
Corporation tax payable	178
Total Current Liabilities	**22,462**
Net assets acquired	**8,826**

31 Board approval

The board of directors approved these financial statements on 19 October 2009.