

Dalgety Group Limited

(formerly trading as Agrinewco Limited)

Company registration number 3522941

Directors' report and consolidated financial statements

Period ended 3rd April 1999



Dalgety Group Limited

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Dalgety Group Limited

Report of the Directors for the period ended 3rd April 1999

The directors submit their report and the audited financial statements for the period ended 3rd April 1999.

- **Company name**

The company was incorporated on 6th March 1998 in the name of Agrinewco Limited and did not trade until acquiring arable merchanting, animal feeds and supplements businesses in May 1998 from Dalgety PLC following a management buyout. On the 16th June 1998, the company changed its name to Dalgety Group Limited

- **Principal activities and business review**

The principal activity of the group during the period was dealing as arable agricultural merchants.

Negotiations for the sale of the feed business acquired as part of the management buyout from Dalgety PLC has continued throughout the period realising £20.5million of net proceeds in the accounts of Dalgety Feed Limited. All but one of the remaining feed mill businesses have been disposed of since the year end realising proceeds of £20.2million.

Over the period of these financial statements, the agricultural supplies industry has continued to face very difficult market conditions, primarily as a result of reduced farmers' income and the effect of a strong pound. There are signs of only limited improvement in these markets.

- **Results and dividend**

The result for the period is set out in the profit and loss account on page 6. The directors do not recommend the payment of a dividend. The retained profit of £21,945,000 will be transferred to reserves.

In accordance with FRS2 'Accounting for Subsidiary Undertakings', the results of the feed business have not been consolidated and are held as a current asset investment in the group balance sheet.

- **Research and development**

Research is undertaken into the development of the company's products as part of the day to day business activities.

Dalgety Group Limited

Report of the Directors for the period ended 3rd April 1999 (Continued)

- Directors

The directors who held office during the period are shown below.

Alnery Incorporations No 1 Limited was elected 06/03/98 and resigned 30/3/98;
Alnery Incorporations No 2 Limited was elected 06/03/98 and resigned 30/3/98;
P. Kirk was elected 30/3/98;
A. J. Taylor was elected 30/3/98;
A. S. Barnard was elected on 17/4/98;
R. P. Green was elected 17/4/98;
K. J. Compson was elected 17/4/98;
P. D. Hunt was elected on 17/4/98;
Sir David Naish was elected 21/7/98;
G. Harris was elected 2/10/98 and resigned 29/9/99.

- Directors' interests

The interests of the directors in office at 3rd April 1999 in the share capital of the company were:

No. of ordinary shares	
P. Kirk	62,400
A. S. Barnard	62,400
R. P. Green	62,400
K. J. Compson	62,400
P. D. Hunt	62,400
A. J. Taylor	114,000

- Post balance sheet events

Since 3rd April 1999 the following businesses have been disposed : -

Business

Preston Feed mill
British Denkavit
Monro Horticulture
Calne Feed mill
Lifton Feed mill
Cullompton Feed mill
Bury St Edmunds Feed mill
Gainsborough Feed mill
Walsingham Feed mill
Livestock Marketing Services
Vitamealo
Leicester Feed mill
Wrexham Feed mill

Dalgety Group Limited

Report of the Directors for the period ended 3rd April 1999 (Continued)

- Employment policies

The company consults and discusses with employees, through unions, staff councils, consultative committees, and at conferences, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins, meetings and reports, including information to make employees aware of the financial and economic factors affecting the performance of the company.

The policy of the company for the employment of disabled persons is to provide equal opportunities equal to other employees to train for and attain any position in the company, having regard to the maintenance of a safe working environment and the constraints of the disability.

- Political and charitable donations

The group made no political contributions during the period. Donations to UK charities amounted to £16,361.

- Year 2000

The project to replace and upgrade the I.T. systems to cope with the impact of the Year 2000 technology problem is complete and no significant impact has been experienced in the changeover to the year 2000. The costs of the programme are not material to the company's result.

- Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



R.P.Green
Director

4th January 2000

Dalgety Group Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss for that period. In preparing those 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Dalgety Group Limited

Report of the auditors to the members of Dalgety Group Limited

We have audited the financial statements on pages 6 to 26.

- Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

- Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

- Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at 3rd April 1999 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
Bristol

12 January 2000

Consolidated profit & loss account - period ended 3rd April 1999

	Notes	Group Total £'000
Turnover	2	461,551
Net operating expenses before amortisation of negative goodwill	3	(461,903)
Operating loss before amortisation of negative goodwill		<u>(352)</u>
Amortisation of goodwill	11	28,351
Operating profit		<u>27,999</u>
Interest payable	7	(6,153)
Profit on ordinary activities before and after taxation	4	<u>21,846</u>
Minority interests	23	99
Retained profit for the period for the group		<u><u>21,945</u></u>

All amounts relate to continuing operations acquired in the period.

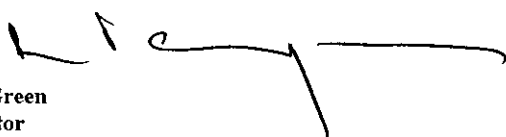
Notes on pages 10 to 26 form part of these accounts

Balance sheet as at 3rd April 1999		Group £'000	Company £'000
	Notes		
Fixed Assets			
Intangible assets - Negative goodwill	11	(16,722)	0
Tangible Assets	12	12,871	0
Investments	13	84	1,388
		<u>(3,767)</u>	<u>1,388</u>
Current Assets			
Stocks	14	34,978	0
Debtors	15	157,834	63,928
Investments	16	20,441	0
Cash at bank and in hand		663	532
		<u>213,916</u>	<u>64,460</u>
Creditors - amounts falling due within one year	17	<u>(184,632)</u>	<u>(66,131)</u>
Net current assets / (liabilities)		<u>29,284</u>	<u>(1,671)</u>
Total assets less current liabilities		25,517	(283)
Provision for liabilities & charges	18	(2,873)	(2,000)
Net Assets		<u>22,644</u>	<u>(2,283)</u>
Capital and Reserves			
Called up share capital	20	5	5
Share premium account	22	535	535
Other reserves	22	0	7,120
Profit and loss account	22	21,916	(9,943)
Equity shareholders' funds		<u>22,456</u>	<u>(2,283)</u>
Minority interest	23	188	0
		<u>22,644</u>	<u>(2,283)</u>

Notes on pages 10 to 26 form part of these accounts

These accounts were approved by the board of directors on 4th January 2000 and were signed on its behalf by

R.P.Green
Director



**Consolidated cash flow statement
for the period ended 3rd April 1999**

	Notes	1999 £'000
Cash flow statement		
Cash flow from operating activities	27	18,384
Returns on investments and servicing of finance	28	(662)
Capital expenditure and financial investment	28	125
Acquisitions and disposals	28	(39,660)
Cash outflow before management of liquid resources and financing		(21,813)
Financing	28	20,783
Decrease in cash in the period		<u>(1,030)</u>

Reconciliation of net cash flow to movement in net debt

Decrease in cash in the period		(1,030)
Cash inflow from increase in debt financing		<u>(20,327)</u>
Movement in net debt in the period		(21,357)
Net debt at the start of the period		0
Net debt at the end of the period	29	<u>(21,357)</u>

Notes on pages 10 to 26 form part of these accounts

**Consolidated Statement of total recognised gains and losses
for the period ended 3rd April 1999**

Profit for the financial period	21,945
Exchange differences on the retranslation of net investments	(29)
	<u>21,916</u>

Reconciliation of movements in shareholders' funds

	Group £'000	Company £'000
At the beginning of the period	0	0
New share capital subscribed	540	540
Profit for the period	21,945	(9,943)
Foreign exchange translation	(29)	0
Capital contribution	0	7,120
Shareholders' funds at 3rd April 1999	<u>22,456</u>	<u>(2,283)</u>

Notes on pages 10 to 26 form part of these accounts

Notes to the financial statements - period ended 3rd April 1999

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

(a) Basis of preparation

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

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 3rd April 1999. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

In accordance with FRS2 'Accounting for Subsidiary Undertakings', the feed businesses have not been consolidated as they were held exclusively for resale. (See note 10). The businesses excluded from consolidation are included in the group balance sheet as a current asset investment at net realisable value.

(c) Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

(d) Goodwill and negative goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation is capitalised and is amortised to nil by equal annual instalments over its estimated useful life.

Negative goodwill arising on consolidation/business combinations in respect of acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

In the company's financial statements, investments in subsidiary undertakings and associates are stated at cost.

(e) Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:-

Freehold buildings and long leasehold land and buildings - 50 years.

Short leasehold land and buildings - over period of lease.

Plant, equipment and vehicles - 3 to 20 years.

No depreciation is provided on freehold land.

Notes to the financial statements - period ended 3rd April 1999
(Continued)

(f) Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

(g) Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

(h) Foreign currency exchange rates

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

(i) Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred

(j) Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

The Group held no finance leases in the period.

(k) Pensions

The company is a member of the Dalgety Group Limited Pension Scheme :-

(i) The group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group.

(ii) The group also operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Notes to the financial statements - period ended 3rd April 1999
(Continued)

(l) Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

2 Turnover and segmental information

	Group Period ended 03/04/99 £'000
Geographical area	
Sales within the United Kingdom	426,364
Sales within Continental Europe	35,187
	<u>461,551</u>

All turnover relates to arable merchandising.

The net assets of the group relate to the following activities

	Period ended 03/04/99 £'000
Arable merchandising	(6,292)
Investment in Dalgely Feed Limited (held as a current asset investment)	
	<u>28,936</u>
	<u>22,644</u>

	Period ended 03/04/99 £'000
Profit/(Loss) before interest and taxation	
Geographical area	
United Kingdom	27,077
Continental Europe	922
	<u>27,999</u>

Notes to the financial statements - period ended 3rd April 1999
(Continued)

3 Net operating expenses

	Group Period ended 03/04/99 £'000
Charges	
Changes in stocks of	
finished goods and work in progress	(4,501)
Raw materials and consumables	(416,610)
Other external charges	(12,010)
Staff costs (see note 5)	(18,242)
Depreciation and other amounts written off tangible fixed assets	(932)
Other operating charges	(11,016)
Total charges	<u>(463,311)</u>
Income	
Own work capitalised	(1)
Other operating income	1,409
Total Income	<u>1,408</u>
Net operating expenses before goodwill amortisation	<u>(461,903)</u>
Amortisation of negative goodwill	29,441
Impairment charge against positive goodwill	(1,090)
	<u>28,351</u>
Net operating expenses	<u><u>(433,552)</u></u>

The figures all relate to operations acquired in the period.

4 Profit on ordinary activities before taxation

The following have been (charged) / credited before arriving at the group profit on ordinary activities before taxation

	Group Period ended 03/04/99 £'000
Depreciation	(932)
Amortisation of goodwill	28,351
Royalties payable	(5,468)
Profit on sale of fixed assets	41
Operating lease cost :	
- plant and machinery	(879)
- other operating lease	(1,499)
Other hire plant and machinery	(211)
Auditors remuneration - audit fees	(72)
Research expenditure	<u>(107)</u>

The parent company audit fee for the period was £ 15,000. Payments to the auditors for non-audit services of £3,621,000 were made during the period. These have been included in the cost of investments or charged to the profit and loss account as appropriate.

Notes to the financial statements - period ended 3rd April 1999
(Continued)

5 Employees

The average number of persons employed by the group within each category was :-

	Number
Administration	374
Sales	316
Production	295
	<u>985</u>

The costs incurred in respect of these employees were :-

	Period ended 03/04/99 £'000
Wages and salaries	16,098
Social security costs	1,224
Other pension costs	
- defined benefit scheme	901
- defined contribution scheme	19
	<u>18,242</u>

The Group operates the Dalgety Group Limited Pension Scheme, a funded scheme comprising both defined contribution and defined benefit sections.

Contributions to the defined benefit section of the Dalgety Group Limited pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary.

The Dalgety Group Limited Pension scheme was established during the period and the first actuarial valuation is under preparation.

The pension charge for the period in respect of the defined contribution section amounts to £901,000 and represents the estimate of the long term cost of providing pension benefits for employees who are members of the defined benefit section of the Group scheme. The Group is currently on a contributions holiday and no contributions have been made during the financial period.

A provision of £0.5m is held in the balance sheet representing the difference between the amount charged in the profit and loss account and the amount paid into the pension scheme.

The pension cost charge relating to the defined contribution section of the scheme represents contributions payable by the group to the fund and amounted to £ 19,000.

£Nil contributions were outstanding.

6 Directors' remuneration

	Period ended 03/04/99 £'000
Aggregate Directors' emoluments	<u>689</u>
Emoluments of the highest paid director	<u>142</u>
The accrued annual pension of the highest paid director	<u>82</u>
The number of directors in the defined benefit pension scheme was	<u>5</u>

Notes to the financial statements - period ended 3rd April 1999
(Continued)

7 Interest payable and similar charges

	Group Period ended 03/04/99 £'000
Bank loans and overdrafts	(3,601)
Mezzanine loan redemption fee	(2,500)
Unwinding of discount rate on onerous lease provision	(52)
	<u>(6,153)</u>

£1,022,0000 was payable to group undertakings.

8 Tax on profit on ordinary activities

The tax charge for the period was nil.

The goodwill amortisation did not impact the tax charge for the period.

9 Acquisitions

Dalgety Businesses

In May 1998 the group acquired the companies Dalgety Arable Limited, Dalgety Feed Limited and their subsidiary undertakings, and the trade and assets of the Dalgety supplements business. The acquisition has been accounted for using acquisition accounting. As explained in note 10, the feed business was held exclusively for resale and the results of this business has therefore been excluded from the Group's consolidated results.

The book value of assets and liabilities of the companies immediately prior to acquisition and accounting policy alignment adjustments required in recognition of the change of ownership are as follows:

	Book value	Fair value adjustments		Fair value of assets acquired
		Accounting policy alignments	Other adjustments	
	£'000	£'000	£'000	£'000
Tangible Fixed Assets	14,119	(55)	(400)	13,664
Investments	33,666		(13,225)	20,441
Stocks	25,454	(130)		25,324
Debtors	135,100	(30)	38	135,108
Cash	(5,724)			(5,724)
Creditors	(101,770)			(101,770)
Net Assets / (Liabilities)	100,845	(215)	(13,587)	87,043

Intangible Fixed Assets : goodwill acquired (46,163)

40,880

Satisfied by:

Cash paid and payable	33,795
Costs of acquisition	7,085
	<u>40,880</u>

The consideration paid and receivable is as follows:

Paid by Dalgety Group Limited	54,567
Paid by Dalgety Feed Limited	2,013
Refund receivable by Dalgety Group Limited	(15,700)
	<u>40,880</u>

Notes to the financial statements - period ended 3rd April 1999
(Continued)

Other adjustments principally relate to the write down of the investment in Dalgety Feed Limited to its estimated realisable value, the write down of fixed assets to their estimated fair value.

As at the date of these accounts the valuation of the Dalgety Group Limited Pension scheme was still in progress and once it is finalised the fair value of any surplus or deficit will be incorporated into the group accounts.

The cash consideration consisted of : £40million to acquire loan notes due from Dalgety Arable Limited and Dalgety Feed Limited, which are included within debtors in the company balance sheet, £2million to acquire the shares and £8million to meet the cost of acquisition of the Supplements business. This was subsequently reduced by purchase price adjustments of £18.2million.

The excess of the purchase price adjustments over the cost of investment recorded in the books of the company, £2million cost of shares and £7.1million cost of acquisition has been treated as a capital injection and is included in other reserves after providing £2million for a potential deferred tax liability on the refund. £15.7million of the purchase price adjustment was received after the year end and £2million is still outstanding.

Chemitron Limited

On the 4th September 1998 Dalgety Group Limited acquired 51% of the share capital of Chemitron Limited which is registered in Jersey. Chemitron Limited owns 100% of Gavem International SA Limited (now trading as Dalgety Gavem S.r.l.) which is registered in Romania. The acquisition has been accounted for using acquisition accounting.

The net assets acquired are as follows:

	£'000
Tangible Fixed Assets	223
Stocks	5,153
Debtors	4,852
Cash	131
Creditors	(9,774)
Net assets acquired	585
Less minority interest	(287)
Intangible fixed assets : goodwill	1,090
	<u>1,388</u>
Satisfied by	
Cash paid	<u>1,388</u>

Notes to the financial statements - period ended 3rd April 1999
(Continued)

Pre- acquisition trading

The results of the Dalgety arable merchanting and supplements businesses acquired (i.e excluding the feed businesses) were for the previous financial period and the period immediately prior to acquisition were:

	9 months to 04/04/98 £'000	7 weeks to 22/05/98 £'000
Turnover	566,370	123,162
Operating profit	3,522	681
Interest payable	(868)	(370)
Profit before taxation	2,654	311
Taxation	0	0
Profit after taxation	2,654	311

The results of Chemitron Limited from 1 January 1998 to the date of acquisition were turnover £12,890,000 and operating loss of £310,000. The profit after tax for the previous financial period (1 January 1997 to 31 December 1997) was £809,000.

10 Disposals

As explained in the directors' report the feed and supplements businesses acquired from Dalgety PLC were held exclusively for resale. The programme of mill sales continued throughout the period. The net proceeds contained within the accounts of Dalgety Feed Limited were £20.5m. Since the period end the sale of the remaining businesses has been substantially completed and the net proceeds were £20.2m.

Dalgety Feed Limited has been excluded from the group consolidation as its businesses were held exclusively with a view to resale. Disposal of the businesses is now substantially complete.

The net assets of Dalgety Feed Limited at 3rd April 1999 were £24,371,000 and a loss after tax of £13,791,000 was recorded in the year to 3rd April 1999. Further details are available in the accounts of Dalgety Feed Limited.

At 3rd April 1999 Dalgety Feed Limited had the following balances with the rest of the group.

	£'000
Amounts due to Dalgety Feed Limited	68,465
Amounts due from Dalgety Feed Limited	68,917

Notes to the financial statements - period ended 3rd April 1999
(Continued)

11 Intangible assets

	Group Goodwill	Group Negative Goodwill
Cost or valuation	£'000	£'000
On incorporation	0	0
Additions	1,090	(46,163)
At 3/4/99	<u>1,090</u>	<u>(46,163)</u>
Amortisation		
On incorporation	0	0
Amortisation for the period	0	29,441
Impairment charge	(1,090)	0
At 3/4/99	<u>(1,090)</u>	<u>29,441</u>
Net book value	<u>0</u>	<u>(16,722)</u>

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises. The following sets out the periods over which goodwill is amortised and the reasons for the periods chosen:

Due to the difficult trading conditions in Romania the directors have charged all the positive goodwill acquired in Chemitron Limited to the profit and loss account in this period.

Negative goodwill arising on the acquisition of Dalgety Feed Limited, Dalgety Arable Limited and the business and assets of Dalgety Supplements in 1998 was in excess of the fair value of the non-monetary assets acquired. An amount equal to the fair value of the non-monetary assets acquired is being released to the profit and loss account commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale.

Negative goodwill in excess of this amount of £7.4m will be released to the profit and loss account by equal instalments over the 4 year period ended 22nd May 2002 being the period when the benefit of this negative goodwill is expected to arise. It is anticipated that the closing balance in respect of non-monetary assets of £11.2m will be released over the next 10 years.

Notes to the financial statements - period ended 3rd April 1999
(Continued)

12 Tangible Fixed Assets

Group	Land and buildings			Plant, equipment and vehicles	Group Total
	Freehold £'000	Long Lease £'000	Short Lease £'000		
Cost				£'000	£'000
On incorporation	0	0	0	0	0
Acquisitions	4,689	449	1,334	7,415	13,887
Additions	132	140	103	1,720	2,095
Disposals	0	0	(457)	(1,974)	(2,431)
At 3rd April 1999	<u>4,821</u>	<u>589</u>	<u>980</u>	<u>7,161</u>	<u>13,551</u>
Depreciation					
On incorporation	0	0	0	0	0
Charge for the period	(141)	(21)	(75)	(695)	(932)
Disposals	0	0	0	252	252
At 3rd April 1999	<u>(141)</u>	<u>(21)</u>	<u>(75)</u>	<u>(443)</u>	<u>(680)</u>
Net book value					
On incorporation	0	0	0	0	0
At 3rd April 1999	<u>4,680</u>	<u>568</u>	<u>905</u>	<u>6,718</u>	<u>12,871</u>

13 Fixed asset Investments

	Group Own shares held	Company Shares in group undertakings
	£'000	£'000
On incorporation	0	0
Additions	84	1,388
At 3rd April 1999	<u>84</u>	<u>1,388</u>

Notes to the financial statements - period ended 3rd April 1999
(Continued)

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

	Country of incorporation	Principal activity	Class and percentage of shares held	Group	Company
<u>Subsidiary undertakings</u>					
Dalgety Agriculture Limited	England	Agricultural merchants	100 % ordinary	100 % ordinary	
Dalgety Arable Limited	England	Agricultural merchants	100 % ordinary	100 % ordinary	
Dalgety Agra Polska Sp z.00	Poland	Holding of investments	100 % ordinary		0%
Dalgety Alczes Sp z.00	Poland	Agricultural merchants	95 % ordinary		0%
Dalgety Supplements Limited	England	Animal Feed manufacturer	100 % ordinary	100 % ordinary	
Dalgety Feed Limited *	England	Animal Feed manufacturer	100 % ordinary	100 % ordinary	
Bates of Ash (formerly DA Agricultural (Holdings) Limited)	England	Holding of investments	100 % ordinary and deferred		0%
Dalgety ETG Limited	N. Ireland	Dormant	100 % ordinary		0%
Dalgety (UC) Limited	N. Ireland	Dormant	100 % ordinary		0%
Fertiliquids Limited (formerly Hinton & Gale Limited)	England	Dormant	100 % ordinary		0%
Kenneth Wilson Limited (formerly DA Agriculture (North East) Limited)	England	Dormant	100 % ordinary and deferred		0%
Optima Feeds Limited (formerly Monro Horticulture Limited)	England	Non trading	100 % ordinary		0%
Dalgety (JII) Limited	Eire	Dormant	100 % ordinary		0%
Advantage Livestock Limited	England	Dormant	100 % ordinary	100 % ordinary	
Chemitron Limited	Jersey	Holding of investments	51 % ordinary	51 % ordinary	
Dalgety Gavem S.r.l.	Romania	Agricultural merchants	100 % ordinary	100 % ordinary	

In the opinion of the directors the aggregate value of the subsidiary undertakings is not less than the aggregate amount at which those assets are stated in the balance sheet.

Chemitron Limited, Dalgety Gavem S.r.l, Dalgety Agra Polska Sp z.00 and Dalgety Alczes Sp z.00 each have an accounting date of 31 December. The results included in the consolidated financial statements represent the period from the date of acquisition to 31 December 1998.

Notes to the financial statements - period ended 3rd April 1999
(Continued)

Associated undertakings

King's Lynn Silos Limited *	England	Dock installation	28.57 %	0%
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In the opinion of the directors the aggregate value of the associated undertakings is not less than the aggregate amount at which those assets are stated in the balance sheet.

* Not included in the consolidation

14 Stocks	Group 03/04/99 £'000
Raw materials	1,302
Finished goods and goods for resale	33,676
	<hr/> 34,978 <hr/>

In the opinion of the directors there is no material difference between book value and replacement cost at 3rd April 1999

15 Debtors

	Group 03/04/99 £'000	Company 03/04/99 £'000
Trade debtors	70,328	0
Amounts due from subsidiary undertakings	68,917	46,144
Other debtors	17,041	17,700
Prepayments and accrued income	1,548	0
Investment in shares held by ESOT	0	84
	<hr/> 157,834 <hr/>	<hr/> 63,928 <hr/>
Due after more than one year	0	0
	<hr/> 157,834 <hr/>	<hr/> 63,928 <hr/>

16 Investments (held as current assets)

	Group 03/04/99 £'000
Investment in group undertakings	
Dalgety Feed Limited	20,441

The group's interest in the assets and business undertakings of Dalgety Feed Limited which comprise the feeds businesses are held exclusively with a view to resale. Accordingly the results of Dalgety Feed Limited have been excluded from the group's consolidated financial statements as described in note 10, and the net investment is recorded as a current asset.

Notes to the financial statements - period ended 3rd April 1999
(Continued)

17 Creditors - amounts falling due within one year

	Group 03/04/99 £'000	Company 03/04/99 £'000
Bank loans and overdrafts	(22,020)	(17,957)
Trade creditors	(84,309)	0
Amounts due to subsidiary undertakings	(68,465)	(45,609)
Other creditors	(1,327)	(2,565)
Accruals	(8,511)	0
	<u>(184,632)</u>	<u>(66,131)</u>

18 Provision for liabilities and charges

	Deferred taxation £'000	Group Onerous Leases £'000	Total £'000	Company Deferred taxation £'000
On incorporation	0	0	0	0
On acquisition of business from Dalgety PLC	2,000	1,049	3,049	2,000
Utilised during the period	0	(228)	(228)	0
Unwinding of discounted amount	0	52	52	0
At 3rd April 1999	<u>2,000</u>	<u>873</u>	<u>2,873</u>	<u>2,000</u>

A provision of £873,000, has been recognised for the expected net cash outflows relating to properties that are no longer in use by the group. The premises are leased under non-cancellable operating leases that run until 2002. It is believed that any rental income generated by subletting will not exceed the projected expenses. The provision is therefore based on the best estimate of the present value of these expected net cash flows, discounted at an appropriate rate, in accordance with Financial Reporting Standard No. 12

19 Deferred tax

The amounts provided for deferred taxation and the amounts not provided are set out below:

	Group 1999		Company 1999	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Other timing differences				
- asset / (liability)	(2,000)	1,200	(2,000)	900
	<u>(2,000)</u>	<u>1,200</u>	<u>(2,000)</u>	<u>900</u>

Notes to the financial statements - period ended 3rd April 1999
(Continued)

20 Called up share capital

	Company 03/04/99 £'000
Authorised :	
456,000 'A' ordinary shares of 1p	4
60,000 'B' ordinary shares of 1p	1
84,000 'C' ordinary shares of 1p	1
	<u>6</u>
Allotted, called up and fully paid	
456,000 'A' ordinary shares of 1p	4
84,000 'C' ordinary shares of 1p	1
	<u>5</u>
At 3rd April 1999	<u>5</u>

The company has issued warrants to subscribe for shares in the capital of the company. These warrants give the warrant holders the right to subscribe for 60,000 B Ordinary shares. The subscription rights may be exercised at any time at a price of £1 per B ordinary share.

The C ordinary shares do not entitle the shareholder to attend, speak or vote at any general meeting of the company or at any meeting of a separate class of shareholders of the company. The three classes of shares rank parri passu in all other respects.

21 Employee Share Ownership Trust

The Company has established an employee share ownership trust. At 3rd April 1999 the trustee held 84,000 'C' Ordinary shares of 1p. None of these shares were under option or had been conditionally gifted to the beneficiaries of the trust at 3rd April 1999.

22 Share premium and reserves

	Group Share premium account £'000	Profit and loss account £'000
At the beginning of the period	0	0
Retained profit for the period	0	21,945
Premium on share issues	535	0
Exchange adjustments	0	(29)
At 3rd April 1999	<u>535</u>	<u>21,916</u>

Notes to the financial statements - period ended 3rd April 1999
(Continued)

	Share premium account	Company Other reserves	Profit and loss account
	£'000	£'000	£'000
At the beginning of the period	0	0	0
Retained loss for the period	0	0	(9,943)
Premium on share issues	535	0	0
Capital contribution (see note 9)	0	7,120	0
At 3rd April 1999	<u>535</u>	<u>7,120</u>	<u>(9,943)</u>

23 Minority interests

	Group £'000
At beginning of period	0
Acquisition of subsidiary undertaking	287
Share of loss for the period	<u>(99)</u>
At 3rd April 1999	<u>188</u>

24 Contingent liabilities

The company has guaranteed the overdrafts of its subsidiaries. The amount outstanding at 3rd April 1999 was £20.3m.

25 Commitments

(a) Capital commitments at the end of the financial period, for which no provision has been made, are as follows:

	Group 03/04/99 £'000	Company 03/04/99 £'000
Contracted	<u>12</u>	<u>0</u>

**Notes to the financial statements - period ended 3rd April 1999
(Continued)**

(b) Annual commitments under non-cancellable operating leases are as follows:

	Group Land and buildings 03/04/99 £'000	Other 03/04/99 £'000
Operating leases which expire:		
Within one year	62	650
In the second to fifth years inclusive	1,005	1,862
Over five years	287	0
	<u>1,354</u>	<u>2,512</u>

The company has no finance leases.

26 Subsequent events

As explained in note 10 the Feed businesses acquired from Dalgety PLC were held exclusively for resale. The programme of mill sales continued throughout the period. The net proceeds received by Dalgety Feed Limited were £20.5m. Since the period end the sale of the remaining businesses has been substantially completed and the net proceeds were £20.2m. The Vitamealo business has also been sold from Dalgety Supplements Limited.

27 Reconciliation of operating profit to operating cash flows

	Period ended 03/04/99 Continuing operations £'000
Operating profit	27,999
Depreciation, amortisation and impairment charges	(27,420)
Profit on sale of fixed assets	(41)
(Increase)/decrease in stocks	(4,501)
(Increase)/decrease in debtors including intercompany balances	333
Increase/(decrease) in creditors including intercompany balances (see note 30)	<u>22,014</u>
Net cash inflow from operating activities	<u>18,384</u>

Notes to the financial statements - period ended 3rd April 1999
(Continued)

28 Analysis of cash flows

	Period ended 03/04/99 £'000	Period ended 03/04/99 £'000
Returns on investment and servicing of finance		
Interest paid	(662)	
Net cash (outflow)		<u>(662)</u>
Capital expenditure		
Purchase of tangible fixed assets	(2,095)	
Sale of plant and machinery	<u>2,220</u>	
Net cash inflow		<u>125</u>
Acquisitions and disposals		
Purchase of subsidiary undertaking	(54,567)	
Net overdrafts acquired with subsidiary	(5,593)	
Disposal of Feed businesses	<u>20,500</u>	
Net cash (outflow)		<u>(39,660)</u>
Financing		
Issue of ordinary share capital	456	
Debt due within 1 year - new invoice discounting facility	<u>20,327</u>	
Net cash inflow		<u>20,783</u>

29 Analysis of net debt

	At beginning of period £'000	Cash flow £'000	At end of period £'000
Cash in hand, at bank	0	663	663
Overdrafts	<u>0</u>	<u>(1,693)</u>	<u>(1,693)</u>
	0	(1,030)	(1,030)
Debt due within 1 year	0	(20,327)	(20,327)
Total	<u>0</u>	<u>(21,357)</u>	<u>(21,357)</u>

30 Related party transactions

During the course of the year there were sales of £25million from Dalgety Arable Limited to Dalgety Feed Limited. Cash generated by Dalgety Feed Limited has been used to pay for certain transactions for Dalgety Group Limited. The major transactions are listed below:

	£'000
Acquisition of Chemitron Limited	1,388
Acquisition costs	2,013
Repayment of Lombard NatWest Discounting Limited facility	23,784
Bank and Mezzanine Loan deposits	12,902
Interest charges on loans and other expenses	5,082

The Dalgety Group Pension Scheme owed £2million to Dalgety Group Limited at the year end.