

Arable Holdings Limited

Directors' report and
consolidated financial statements

Registered number 3522941

Year ended 30 June 2006



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2006.

Principal activities and business review

On 22 April 2004, the directors took the decision to cease trading following the sale of the company's trade and assets. As the directors intend to liquidate the company following the settlement of the remaining net assets, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Results and dividend

The result for the year is set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend. There was a retained profit of nil in the year (2005:nil).

Directors

The directors who held office during the year are shown below:

R P Green
A J Taylor

Directors' interests

The interests of the directors in office at 30 June 2006 in the share capital of the company were:

	No. of ordinary shares
R P Green	62,400
A J Taylor	114,000

Political and charitable donations

The Group made no political contributions or charitable donations during the year.

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

Auditors

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

By order of the Board


A J Taylor
Director

30 September 2006

2 Temple Back East
Temple Quay
Bristol BS1 6EG

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- *select suitable accounting policies and then apply them consistently;*
- *make judgments and estimates that are reasonable and prudent;*
- *state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and*
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.*

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of 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 company and to prevent and detect fraud and other irregularities.



KPMG LLP

100 Temple Street
Bristol
BS1 6AG
United Kingdom

Independent auditors' report to the members of Arable Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Arable Holdings Limited for the year ended 30 June 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements but 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatement 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 and company's circumstances, consistently applied and adequately disclosed.

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

Independent auditors' report to the members of Arable Holdings Limited
(continued)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2006 and of the group's result for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
KPMG LLP
Chartered Accountants
Registered Auditor

30 Oct 2006

Consolidated profit and loss account
for the year ended 30 June 2006

	<i>Note</i>	2006 £000	2005 £000
Operating profit/(loss)			
Discontinued operations		3	82
		<u>3</u>	<u>82</u>
		<u>3</u>	<u>82</u>
Operating profit before exceptional costs		3	82
Onerous lease provision	12	(84)	-
		<u>(81)</u>	<u>82</u>
		<u>(81)</u>	<u>82</u>
Non operating items			
Release of provision for loss on sale of business	12	53	(94)
Profit on disposal of property		-	2
		<u>(28)</u>	<u>(10)</u>
Loss on ordinary activities before interest			
Interest receivable	7	28	10
		<u>-</u>	<u>-</u>
(Loss)/ profit on ordinary activities before taxation	4	-	-
Tax on (loss)/profit on ordinary activities	8	-	-
		<u>-</u>	<u>-</u>
Retained (loss)/profit for the year	15	-	-
		<u>-</u>	<u>-</u>

Balance sheets

At 30 June 2006

	Note	2006		2005	
		Group £000	Company £000	Group £000	Company £000
Fixed assets					
Investments	9	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Current assets					
Debtors	10	98	7	68	15
Cash at bank and in hand	19	341	341	242	242
		<hr/>	<hr/>	<hr/>	<hr/>
		439	348	310	257
		<hr/>	<hr/>	<hr/>	<hr/>
Creditors: amounts falling due within one year	11	(262)	(538)	(123)	(405)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets/(liabilities)		177	(190)	187	(148)
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		177	(190)	187	(148)
		<hr/>	<hr/>	<hr/>	<hr/>
Provisions for liabilities and charges	12	(177)	(93)	(187)	(162)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets/(liabilities)		-	(283)	-	(310)
		<hr/>	<hr/>	<hr/>	<hr/>
Capital and reserves					
Called up share capital	13	6	6	6	6
Share premium account	15	594	594	594	594
Other reserves	15	-	7,120	-	7,120
Profit and loss account	15	(600)	(8,003)	(600)	(8,030)
		<hr/>	<hr/>	<hr/>	<hr/>
Equity shareholders' funds		-	(283)	-	(310)
		<hr/>	<hr/>	<hr/>	<hr/>

Notes on pages 9 to 17 form part of these accounts.

These financial statements were approved by the board of directors on 30 September 2006 and were signed on its behalf by:



R P Green
Director

Consolidated cash flow statement
for the year ended 30 June 2006

	<i>Note</i>	2006 £000	2005 £000
Cash inflow from operating activities	<i>17</i>	71	23
Returns on investments and servicing of finance	<i>18</i>	28	10
Capital expenditure	<i>18</i>	-	2
		<hr/>	<hr/>
Cash inflow before financing		99	35
Financing		-	-
		<hr/>	<hr/>
Increase in cash in the year		99	35
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net cash			
Increase in cash in the year		99	35
		<hr/>	<hr/>
Movement in net cash in the year		99	35
Net cash at start of the year		242	207
		<hr/>	<hr/>
Net cash at the end of the year	<i>19</i>	341	242
		<hr/>	<hr/>

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2006

	2006 £000	2005 £000
Profit/(loss) for the financial year	-	-
	<hr/>	<hr/>
Total recognised gains and losses for the financial year	<hr/>	<hr/>

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2006

	Group 2006 £000	Group 2005 £000
At the beginning of the year	-	-
Profit/(loss) for the year	-	-
	<hr/>	<hr/>
Shareholders' funds at 30 June 2006	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

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

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

Basis of preparation

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

In previous years, the financial statements have been prepared on a going concern basis. However, on 22 April 2004 the directors took the decision to cease trading following the sale of the company's trade and assets. As they intend to liquidate the company following the settlement of the remaining net assets, the directors have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the remaining net assets are included in these financial statements/explain effect.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 2006. 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.

Turnover

The Group did not trade in the year.

Taxation

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

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 of overseas subsidiary undertakings are translated at the closing exchange rates. The profit and loss accounts of overseas subsidiary undertakings are translated at the average exchange rates.

Gains and losses arising on these translations are taken to reserves, net of exchange differences relating to foreign currency borrowings.

Research and development expenditure

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

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.

Pensions

The Group operates a pension scheme with defined benefit and defined contribution sections. With effect from 30 November 2001, the defined benefit section was closed to further accrual. With effect from 3 December 2003, reflecting that the defined benefit section was in deficit (calculated according to the MFR) and that there was no reasonable prospect of this deficit being made up by the principal employers, the Trustee placed the scheme in wind-up.

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 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.

Notes (continued)

2 Turnover and segmental information

	Group	Group
	2006	2005
	£000	£000
<i>Analysis of lost before interest and taxation by geographical area</i>		
Discontinued operations		
UK	(28)	(10)
	<u> </u>	<u> </u>
<i>The net assets of the Group relate to the following discontinued activities:-</i>		
Arable merchanting	-	-
	<u> </u>	<u> </u>

3 Net operating income/(expenses)

	2006	2005
	£000	£000
Charges		
Other external and operating charges	(210)	(34)
	<u> </u>	<u> </u>
Total charges	(210)	(34)
Income		
Recovery of bad debts	64	26
Other operating income	149	80
	<u> </u>	<u> </u>
Net operating income	3	82
	<u> </u>	<u> </u>

Notes (continued)

4 Profit/(loss) on ordinary activities before taxation

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

	2006 £000	2005 £000
Profit on sale of property	-	2
Audit fees	(4)	(7)
	<u> </u>	<u> </u>

The parent company audit fee for the year was nil (2005: nil). Payments to the auditors by the parent company for non-audit services of £13,200 (2005: £6,000) were made during the year.

5 Employees

The average number of persons employed by the Group was nil (2005: nil).

Contributions for the year paid into the Dalgety Group Pension Scheme amounted to nil (2005: nil). The company has no further obligation to the Scheme other than for capital gains and windfalls since 3 December 2003.

6 Directors' remuneration

	Company	
	2006 £000	2005 £000
Aggregate directors' emoluments	19	41
	<u> </u>	<u> </u>

7 Interest receivable

	Group	
	2006 £000	2005 £000
On cash deposits	14	-
Other	14	10
	<u> </u>	<u> </u>
	28	10
	<u> </u>	<u> </u>

Notes (continued)

8 Factors affecting the tax charge for the current period

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £000	2005 £000
Profit/(loss) on ordinary activities before tax	-	-
Current tax at 30% (2005: 30%)	-	-
Effect of unrelieved tax losses	-	-
Current tax charge for the period	-	-

9 Fixed asset investments

	Group Shares in Group undertakings £000	Group Own shares held £000	Group Total £000	Company Shares in Group undertakings £000	Company Own shares held £000	Company Total £000
At beginning of year	-	-	-	-	-	-
Impairment provisions	-	-	-	-	-	-
At end of year	-	-	-	-	-	-

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

<i>Subsidiary undertakings</i>	Country of incorporation	Principal activity	Class and percentage of shares held	
			Group	Company
Arable AG Ltd	England	Dormant	100% ordinary	100% ordinary
Arable F Ltd	England	Dormant	100% ordinary	100% ordinary
Arable A Ltd	England	Dormant	100% ordinary	0%

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.

<i>Associated undertakings</i>	Country of incorporation	Principal activity	Class and percentage of shares held	
			Group	Company
King's Lynn Silos Limited*	England	Non-trading	33.33%	33.33%

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 on the basis it is immaterial.

Notes (continued)

10 Debtors: all due within one year

	Group 2006 £000	Company 2006 £000	Group 2005 £000	Company 2005 £000
Other debtors	68	6	38	15
Prepayments and accrued income	30	1	30	-
	<u>98</u>	<u>7</u>	<u>68</u>	<u>15</u>

11 Creditors: amounts falling due within one year

	Group 2006 £000	Company 2006 £000	Group 2005 £000	Company 2005 £000
Amounts due to subsidiary undertakings	-	513	-	379
Other creditors	262	25	123	26
	<u>262</u>	<u>538</u>	<u>123</u>	<u>405</u>

12 Provision for liabilities and charges

	Onerous lease £000	Provision for sale of business £000	Group Total £000	Provision for sale of business £000	Company Total £000
At beginning of year	-	187	187	162	162
Created/(released) during the year	84	(53)	31	(29)	(29)
Utilised during the year		(41)	(41)	(40)	(40)
	<u>84</u>	<u>93</u>	<u>177</u>	<u>93</u>	<u>93</u>
At 30 June 2006	<u>84</u>	<u>93</u>	<u>177</u>	<u>93</u>	<u>93</u>

The onerous lease provision reflects expected net cash outflows relating to a property lease that is considered onerous.

The provision for the sale of business reflects liabilities likely to be incurred before the Group can be wound up in an orderly manner.

Notes (continued)

13 Called up share capital

	Company 2005 £	Movement in the year £	Company 2006 £
Authorised:			
'A' ordinary shares of 1p	3,936	-	3,936
'B' ordinary shares of 1p	600	-	600
'C' ordinary shares of 1p	840	-	840
'D' ordinary shares of 1p	624	-	624
	<hr/>	<hr/>	<hr/>
	6,000	-	6,000
	<hr/>	<hr/>	<hr/>
Allotted, called up and fully paid:			
'A' ordinary shares of 1p	3,936	-	3,936
'B' ordinary shares of 1p	600	-	600
'C' ordinary shares of 1p	840	-	840
'D' ordinary shares of 1p	624	-	624
	<hr/>	<hr/>	<hr/>
	6,000	-	6,000
	<hr/>	<hr/>	<hr/>

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 four classes of shares rank pari passu in all other respects.

14 Employee Share Ownership Trust

The Company has established an Employee Share Ownership Trust. At 30 June 2006, 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 30 June 2006.

Notes (continued)

15 Share premium and reserves

	Share premium account £000	Group Profit and loss account £000
At 30 June 2005	594	(600)
Retained profit/(loss) for the year	-	-
	<u>594</u>	<u>(600)</u>
At 30 June 2006	<u>594</u>	<u>(600)</u>

	Share premium account £000	Company Other reserves £000	Profit and loss account £000
At 30 June 2005	594	7,120	(8,030)
Retained profit for the year	-	-	27
	<u>594</u>	<u>7,120</u>	<u>(8,003)</u>
At 30 June 2006	<u>594</u>	<u>7,120</u>	<u>(8,003)</u>

16 Commitments

At 30 June 2006, annual commitments under non-cancellable operating leases were as follows:

	Group Land and Buildings £000	Company Other 2006 £000	Group Land and Buildings £000	Company Other 2005 £000
Operating leases which expire:				
Within one year	120	-	-	-
In the second to fifth years inclusive	-	-	120	-
Over five years	-	-	-	-
	<u>120</u>	<u>-</u>	<u>120</u>	<u>-</u>

17 Reconciliation of operating profit to operating cash flows

	Group 2006 £000	Group 2005 £000
Operating profit before exceptional items	3	82
(Increase)/decrease in debtors	(30)	241
Increase/(decrease) in creditors and provisions	129	(206)
Provisions for sale of business & onerous lease	(31)	(94)
	<u>71</u>	<u>23</u>
Net cash inflow from operating activities	<u>71</u>	<u>23</u>

Notes *(continued)*

18 Analysis of cash flows

	Group 2006 £000	Group 2005 £000
Returns on investment and servicing of finance		
Interest received	28	10
	<u> </u>	<u> </u>
Capital expenditure		
Sale of tangible fixed assets	-	2
	<u> </u>	<u> </u>

19 Analysis of net cash

	2005 £000	Cash flow £000	Group 2006 £000
Cash in hand, at bank	242	99	341
	<u> </u>	<u> </u>	<u> </u>