

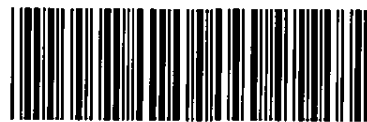
Frontier Agriculture Limited

**Directors' report and consolidated
financial statements**

Registered number 05288567

30 June 2008

TUESDAY



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Chairman's statement 2008

Frontier commenced its third full year of trading on 1 July 2007. The following remarks refer to the 12 month period ending 30 June 2008.

After 2 successive years of "establishment" and "consolidation" respectively the commercial focus moved in year 3 to one of "growth". Building on the stability developed since 2005, and with accumulated capital investment in excess of £4 million, the Company entered the trading year seeking to benefit from its market leading position. With internal change completed the company had the freedom to concentrate fully on the needs of its customers and the marketplace.

No summary of the Company's trading performance in 2008 would be complete without reference to the quite exceptional events in global commodity markets that occurred during the period in question. The combination of increasing grain demand, historically low global inventories and unpredictable weather impacts resulted in a "perfect storm" which caused a doubling of commodity prices and previously unseen levels of daily price volatility. This resulted in an increased risk profile and a significantly increased working capital funding requirement. The environment required an exceptional response from the Company whose strong balance sheet, modern trading systems and national crop inputs and outputs business meant it was uniquely placed to manage both risk and opportunity.

During the year, turnover grew 65% to over £1 billion. The profit on ordinary activities after taxation reached £21.1 million - a level of performance which the Board recognises to be exceptional and way above expectation and unlikely to be repeated in future years.

Working capital funding increased in proportion to the raised value of grain stocks, receivables and margin calls from trading, requiring the Company to increase bank borrowing facilities. Interest payable rose by 70% over the prior period to £6.6 million – illustrating the increased financial commitment required to maintain trading activity in the much more highly geared environment.

Extreme price volatility accompanied the steady firming in grain values making all trading decisions and forward contract execution a much higher risk. Frontier's unique centralised "one book" trading strategy enabled the Company to capitalise and operate securely in this extreme environment.

Our imported grain business had an exceptional year reflecting our ability to secure the additional funding required.

Buoyed by healthier gross margins and the abolition of set-aside, farmers increased their crop plantings, securing expansion in crop inputs markets for fertilisers, seeds and crop protection.

The newly acquired amenity herbicide business Nomix Enviro was fully integrated into Frontier and achieved record earnings in its first full year of ownership.

During the period, £1.8 million was invested in capital expenditure prioritised towards customer facing initiatives in IT systems, grain and seed processing assets and in crop inputs distribution and storage.

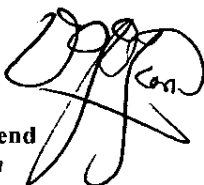
As in previous years the joint shareholders agreed to forgo any dividend payments and all profits and cash from ongoing operations were reinvested back in the Company for the long term benefit of the business, its customers and the industry.

On behalf of both shareholders, I would like once again, to pay a very warm tribute to the dedication and commitment of our employees who worked tirelessly in these very demanding circumstances to deliver a quite exceptional set of results.

Chairman's statement 2008 *(continued)*

Looking ahead, I anticipate a return to more normal trading conditions and earnings in the next financial period as the exceptional combination of market events subsides. Nevertheless managing volatility, building funding depth, balance sheet strength and commercial responsiveness will remain essential key success factors for the future. Frontier is uniquely structured and resourced to deliver these and to add value through collaborative partnership with its customers at both ends of the supply chain.

David Yiend
Chairman

A handwritten signature in black ink, appearing to read 'David Yiend', written over a horizontal line.

24 October 2008

Directors' report

The directors present their directors' report and consolidated financial statements for the year ended 30 June 2008.

Principal activities

The principal activities of the company are the sale and merchandising of agricultural crops, seed (including processing), fertiliser and chemicals.

Business review

The directors consider that the key performance indicators for the business are turnover and profit.

	2008	2007
Summarised results are given below:	£000	£000
Group turnover	1,030,813	623,345
Group profit on ordinary activities after taxation for the financial period	21,170	5,318

A detailed review of the year is given in the chairman's statement on pages 1 and 2.

Financial instruments

The company's activities expose it to a variety of financial risks that include commodity price and position risk, credit risk, interest rate risk and foreign exchange exposure. Senior operating management and Board members regularly review financial risk against established policies.

Commodity Price And Position Risk – The trading activities of the business necessitate that forward positions are taken in order to meet supply requirements in the ordinary course of business. Positions are operated, by agreement from the Board, within duly authorised limits relative to each commodity. Senior management and Board members regularly review these positions compared to those limits. Exposure to commodity price fluctuations is controlled by the operation of position limits and by the use of approved futures markets.

Credit Risk – Where appropriate, credit checks are performed on potential customers before sales are transacted. The amount of exposure to any individual customer is controlled by means of a credit limit that is monitored regularly by management and, in the case of a financially material value, by the Executive Directors. In addition the company has in place credit insurance to manage the potential financial loss relating to customers in the grain consumer, agricultural merchant and farmer buying group sectors.

Interest Rate Risk – The company is exposed to movements in the level of interest rates. Bank debt liabilities are maintained on a floating rate basis.

Foreign Exchange Risk – Trading activities include the import/export of grain and the import of fertiliser which create exposures to movements in foreign exchange rates principally Euro and USD. This exposure risk is managed through matching FX contracts. Authorisation levels for FX contracts are in place for both the amount and period of forward cover and are subject to regular independent review by senior management.

Proposed dividend

The directors do not propose the payment of a dividend for the year (2007: £nil).

Policy and practice on payment of creditors

It is the policy of the company to agree terms of payment when orders for goods and services are placed and to adhere to these arrangements when making payment. At the period end the company had 20 days (2007: 18 days) purchases outstanding.

Directors' report *(continued)*

Directors and directors' interests

The directors who held office during the year were as follows:

KM Aitchison	
RL Banks	
DJ Yiend	
DW Rogers	
S Grainger	- resigned 14 March 2008
RC Cloke	
RI Nield	
S Wooldridge	- appointed 24 July 2007
JW Thompson	- resigned 31 July 2007
N Kimberley	- appointed 14 March 2008

No director had a beneficial interest in the shares of the company during the year.

KM Aitchison, S Wooldridge and JW Thompson benefited from qualifying third party indemnity provisions in place during the financial period. KM Aitchison and S Wooldridge benefit from qualifying third party indemnity provisions at the date of this report.

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.

Employees

During the period the company made arrangements for providing information to employees on matters of concern to them, involving employees in the decision-making process and developing a common awareness of the factors affecting the performance of the company.

The company does all that is practicable to meet its responsibility towards the employment and training of disabled people. Where an employee becomes disabled, every effort is made to provide continuity of employment in the same job or a suitable alternative.


Political and charitable contributions

The company made no political contributions during the year (2007: *£nil*). Donations to UK charities amounted to £5,000 (2007: £24,000).

Auditors

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

By order of the board


K M Aitchison
Director

50/51 Russell Square
London
WC1B 4JA

24 October 2008

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 and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company 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 and the parent company 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 parent 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.



KPMG LLP

St Nicholas House
Park Row
Nottingham NG1 6FQ
United Kingdom

Independent auditors' report to the members of Frontier Agriculture Limited

We have audited the group and parent company financial statements (the 'financial statements') of Frontier Agriculture Limited for the year ended 30 June 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the 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 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 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

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 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.

Chartered Accountants
Registered Auditor

4 November 2008

Consolidated profit and loss account
for the year ended 30 June 2008


	<i>Note</i>	2008 £000	2007 £000
Group turnover	2	1,030,813	623,345
Cost of sales		(964,193)	(585,468)
Gross profit		66,620	37,877
Selling and distribution costs		(13,747)	(12,120)
Administrative expenses		(18,519)	(15,178)
Other operating income		681	518
Group operating profit		35,035	11,097
Share of operating profit in joint venture		89	167
Total operating profit		35,124	11,264
Profit on sale of fixed assets		764	70
Other interest receivable and similar income - group	6	322	235
- joint venture		15	10
Interest payable and similar charges - group	7	(6,634)	(3,891)
- joint venture		-	(1)
Other finance income / (costs)	8	106	55
Profit on ordinary activities before taxation		29,697	7,742
Tax on profit on ordinary activities - group	9	(8,515)	(2,394)
- joint venture	9	(12)	(30)
Profit on ordinary activities after taxation		21,170	5,318
Profit for the financial period	18	21,170	5,318

In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations.

Consolidated balance sheet
as at 30 June 2008

	<i>Note</i>	2008		2007	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	10		3,298		3,611
Tangible assets	11		18,007		19,024
Investments	12		2,332		2,340
			<hr/>		<hr/>
			23,637		24,975
Current assets					
Stocks	13	76,703		46,523	
Debtors	14	140,340		78,474	
Cash at bank and in hand		3		400	
		<hr/>		<hr/>	
		217,046		125,397	
Creditors: amounts falling due within one year	15	(175,722)		(106,159)	
		<hr/>		<hr/>	
Net current assets			41,324		19,238
			<hr/>		<hr/>
Total assets less current liabilities			64,961		44,213
Provisions for liabilities and charges	16		-		(73)
Pension assets	21		(36)		367
			<hr/>		<hr/>
Net assets			64,925		44,507
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17		36,000		36,000
Profit and loss account	18		28,925		8,507
			<hr/>		<hr/>
Shareholders' funds			64,925		44,507
			<hr/>		<hr/>

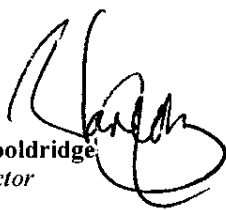
These financial statements were approved by the board of directors on 24 October 2008 and were signed on its behalf by:


S Wooldridge
Director

Company balance sheet
as at 30 June 2008

	<i>Note</i>	2008		2007
		£000	£000	£000
Fixed assets				
Intangible assets	10	3,341		1,052
Tangible assets	11	18,007		18,319
Investments	12	2,759		5,674
		24,107		25,045
Current assets				
Stocks	13	76,703		45,866
Debtors	14	140,340		77,320
Cash at bank and in hand		3		4
		217,046		123,190
Creditors: amounts falling due within one year	15	(176,244)		(104,470)
Net current assets		40,802		18,720
Total assets less current liabilities		64,909		43,765
Provisions for liabilities and charges	16	-		-
Pension (liability) / asset	21	(36)		367
Net assets		64,873		44,132
Capital and reserves				
Called up share capital	17	36,000		36,000
Profit and loss account	18	28,873		8,132
Shareholders' funds		64,873		44,132

These financial statements were approved by the board of directors on 24 October 2008 and were signed on its behalf by:


S Wooldridge
Director

Consolidated cash flow statement
for the year ended 30 June 2008

	<i>Note</i>	2008 £000	2007 £000
Reconciliation of operating profit to net cash flow from operating activities			
Group operating profit		35,035	11,097
Depreciation and amortisation charges		2,611	2,671
Increase in stocks		(30,180)	(14,410)
Increase in debtors		(61,734)	(2,525)
Increase in creditors		30,472	12,628
Increase / (decrease) in provisions		(34)	12
Pension contributions in excess of operating charge		(496)	(297)
		<hr/>	<hr/>
Net cash inflow / (outflow) from operating activities		(24,326)	9,176
		<hr/>	<hr/>
Cash flow statement			
Cash inflow / (outflow) from operating activities		(24,326)	9,176
Returns on investments and servicing of finance	22	(6,217)	(3,470)
Taxation		(5,270)	(1,559)
Capital expenditure and financial investment	22	(418)	(1,648)
Acquisitions and disposals	22	-	(2,436)
		<hr/>	<hr/>
Cash inflow / (outflow) before management of liquid resources and financing		(36,231)	63
Financing	22	-	(990)
		<hr/>	<hr/>
Decrease in cash in the period		(36,231)	(927)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(36,231)	(927)
Net debt at the start of the period	23	(53,316)	(52,389)
		<hr/>	<hr/>
Net debt at the end of the period	23	(89,547)	(53,316)
		<hr/>	<hr/>

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2008

	2008 £000	2007 £000
Profit for the financial period		
Group	21,078	5,172
Share of joint venture	92	146
	<hr/> 21,170	<hr/> 5,318
Actuarial (loss)/gain recognised in the pension scheme	(1,070)	266
Deferred tax asset/(liability) arising on gains/losses in the pension scheme	171	(169)
Current tax credit arising on gains/losses in the pension scheme	147	89
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial period	<hr/> 20,418	<hr/> 5,504

Note of consolidated historical cost profits and losses
for the year ended 30 June 2008

	2008 £000	2007 £000
Reported profit on ordinary activities before taxation	29,697	7,742
Difference between profit calculated on the historical cost of stock and commodity contracts and the profit calculated on the fair value	(3,980)	(3,708)
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	<hr/> 25,717	<hr/> 4,034
	<hr/>	<hr/>
Historical cost profit for the period retained after taxation	<hr/> 18,364	<hr/> 2,722

Reconciliation of movements in shareholders' funds
for the year ended 30 June 2008

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Profit for the financial period	21,170	5,318	21,493	5,000
Other recognised gains and losses relating to the year (net)	(752)	186	(752)	186
New share capital subscribed	-	-	-	-
Net addition to shareholders' funds	20,418	5,504	20,741	5,186
Opening shareholders' funds	44,507	39,003	44,132	38,946
Closing shareholders' funds	64,925	44,507	64,873	44,132

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.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and, except for commodity stocks and related contracts, under the historical cost accounting rules.

Commodity stocks and related contracts are recognised at fair value, being the market price ruling at the balance sheet date.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings and joint venture undertakings made up to 30 June 2008.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

A joint venture undertaking is an undertaking where the company does not hold a controlling interest but is one in which the company has a long-term interest and where it can exercise joint control. In these instances the Group's share of the profits or losses of joint ventures is included in the consolidated profit and loss account and its interest in the net assets is included under investments in the consolidated balance sheet.

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

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 business combinations and consolidations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

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	-	25 to 50 years
Leasehold land and buildings	-	life of lease
Plant and machinery	-	6 to 10 years
Fixtures, fittings, tools and equipment	-	2 to 10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

Notes (continued)

1 Accounting policies (continued)

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to commodity market, foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives are not accounted for using the hedge accounting method and therefore are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Group 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 to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Group also operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Except as described below, stocks and work in progress are valued at the lower of cost and net realisable value.

Commodity stocks and related contracts (including forward futures and option contracts), where the value of the underlying commodity is determined by a quoted terminal market, are revalued to the market price ruling at the balance sheet date. This is deemed to be the fair value of such stocks and related contracts and the treatment is in accordance with the fair value accounting rules of the Companies Act.

The difference between the historical cost of such stocks and related contracts is shown in the note of historical cost profits and losses.

Notes (continued)

1 Accounting policies (continued)

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.

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the group

Under FRS 25, financial instruments issued by the group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company (or group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company (or group); and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Turnover

Turnover represents the amounts, excluding Value Added Tax, derived from the provision of goods and services to customers. Turnover is recognised on delivery of the goods and services concerned.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Segmental analysis

	Year to 30 Jun 08 £000	Year to 30 Jun 07 £000
<i>Analysis of turnover by geographical destination</i>		
United Kingdom	911,677	559,669
Rest of the World	119,136	63,676
	<hr/> 1,030,813 <hr/>	<hr/> 623,345 <hr/>

The directors consider that there is only one class of business. Turnover is generated by operations based solely in the United Kingdom.

Notes (continued)

3 Notes to the profit and loss account

	2008 £000	2007 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	2,298	2,441
Amortisation of goodwill	313	230
Hire of plant and machinery - rentals payable under operating leases	1,076	870
Hire of other assets - operating leases	2,459	2,400
Foreign exchange losses / (gains)	283	(33)
Research and development expenditure	33	72
	<hr/>	<hr/>
<i>Auditors' remuneration:</i>	£000	£000
Audit of these financial statements	97	95
<i>Amounts receivable by auditors and their associates in respect of:</i>		
Audit of financial statements of subsidiaries	3	4
Other services relating to taxation	6	33
All other services	-	14
	<hr/>	<hr/>

4 Remuneration of directors

	2008 £000	2007 £000
Directors' emoluments	480	379
Company contributions to defined benefit pension schemes	27	35
Company contributions to defined contribution pension schemes	18	-
	<hr/>	<hr/>
	525	414
	<hr/>	<hr/>

	Number of directors 2008	2007
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	1	2
Defined contribution schemes	1	-
	<hr/>	<hr/>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £292,000 for the year (2007: £242,000). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £8,250 (2007: £5,516).

The following directors benefited from qualifying third party indemnity provisions:

- KM Aitchison
- S Wooldridge
- JW Thompson

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Group		Company	
	Number of employees		Number of employees	
	2008	2007	2008	2007
Administrative	243	272	243	252
Processing and distribution	421	382	421	351
	<u>664</u>	<u>654</u>	<u>664</u>	<u>603</u>

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Wages and salaries	21,448	18,133	21,448	17,663
Social security costs	1,963	1,601	1,963	1,550
Pension costs	1,461	1,583	1,461	1,565
	<u>24,872</u>	<u>21,317</u>	<u>24,872</u>	<u>20,778</u>

6 Other interest receivable and similar income

	2008	2007
	£000	£000
Bank Interest Receivable	-	1
Interest receivable on loans	55	-
Interest receivable on overdue debts from customers	267	234
	<u>322</u>	<u>235</u>

7 Interest payable and similar charges

	2008	2007
	£000	£000
On bank loans and overdrafts	6,114	3,879
On loans from related parties (see note 24)	507	-
On all other loans	13	12
	<u>6,634</u>	<u>3,891</u>

Notes (continued)

8 Other finance income/(costs)

	2008 £000	2007 £000
Expected return on pension scheme assets	387	235
Interest on pension scheme liabilities	(281)	(180)
	<u>106</u>	<u>55</u>

9 Taxation

Analysis of charge in period

	2008 £000	£000	2007 £000	£000
<i>UK corporation tax</i>				
Current tax on income for the period	8,690		2,404	
Adjustments in respect of prior periods	(8)		28	
Tax on share of profits of joint venture	20		13	
	<u> </u>		<u> </u>	
Total current tax		8,702		2,445
<i>Deferred tax (see note 16)</i>				
Origination/reversal of timing differences	(167)		3	
Adjustments in respect of prior periods	-		(41)	
Share of tax of joint venture	(8)		17	
	<u> </u>		<u> </u>	
Total deferred tax		(175)		(21)
		<u> </u>		<u> </u>
Tax on profit on ordinary activities		8,527		2,424
		<u> </u>		<u> </u>

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2007: higher) than the standard rate of corporation tax in the UK (29.5%). The differences are explained below:

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	29,697	7,742
	<u> </u>	<u> </u>
Current tax at 29.5 % (2007: 30%)	8,761	2,323
<i>Effects of:</i>		
Expenses not deductible for tax purposes	148	117
Depreciation for year in excess of capital allowances	(150)	26
Income not taxable	(4)	-
Enhanced research and development deduction	(12)	(9)
Utilisation of acquired tax losses	(23)	(6)
Prior period adjustments	(8)	10
Share of marginal relief of joint venture	(10)	(16)
	<u> </u>	<u> </u>
Total current tax charge (see above)	8,702	2,445
	<u> </u>	<u> </u>

Notes (continued)

9 Taxation (continued)

	2008 £000	2007 £000
<i>Deferred tax</i>		
Difference between accumulated depreciation and amortisation and capital allowances	128	(48)
Short term timing differences	-	9
	<u>128</u>	<u>(39)</u>
Deferred tax asset/(liability) (see notes 14 and 16)	<u>128</u>	<u>(39)</u>
	<u>128</u>	<u>(39)</u>

The deferred taxation asset relating to the pension scheme surplus/deficit (note 21).

	2008 £000	2007 £000
At start of period	(157)	12
Movement in the statement of total recognised gains and losses	171	(169)
At end of period	<u>14</u>	<u>(157)</u>

10 Intangible fixed assets

Group	Goodwill on consolidation £000	Purchased Goodwill £000	Total £000
<i>Cost</i>			
At beginning of year	2,602	1,463	4,065
Additions	-	-	-
Disposals	-	-	-
At end of year	<u>2,602</u>	<u>1,463</u>	<u>4,065</u>
<i>Accumulated amortisation</i>			
At beginning of year	43	411	454
Charged in year	130	183	313
On disposals	-	-	-
At end of year	<u>173</u>	<u>594</u>	<u>767</u>
<i>Net book value</i>			
At 30 June 2008	<u>2,429</u>	<u>869</u>	<u>3,298</u>
At 30 June 2007	<u>2,559</u>	<u>1,052</u>	<u>3,611</u>

Notes (continued)

10 Intangible fixed assets (continued)

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:

- Goodwill arising on assets acquired from Banks Cargill Agriculture Limited – 8 years
- Goodwill arising on assets acquired from Allied Grain – 8 years
- Goodwill arising on acquisition of Enviro Holdings Limited – 20 years

The directors believe the above reflects the period for which benefits can be expected to be obtained from the assets and liabilities acquired.

Company	Goodwill £000
<i>Cost</i>	
At beginning of year	1,463
Additions (see note 25)	2,602
Disposals	-
	<hr/>
At end of year	4,065
	<hr/>
<i>Accumulated amortisation</i>	
At beginning of year	411
Charged in year	313
On disposals	-
	<hr/>
At end of year	724
	<hr/>
<i>Net book value</i>	
At 30 June 2008	3,341
	<hr/>
At 30 June 2007	1,052
	<hr/>

Notes (continued)

11 Tangible fixed assets

Group	Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	14,308	24,825	5,035	140	44,308
Additions	384	1,159	412	17	1,972
Disposals	(730)	(1,628)	(109)	(9)	(2,476)
At end of year	13,962	24,356	5,338	148	43,804
Accumulated depreciation					
At beginning of year	3,855	18,449	2,905	75	25,284
Charge for period	329	1,286	658	25	2,298
On disposals	(149)	(1,519)	(108)	(9)	(1,785)
At end of year	4,035	18,216	3,455	91	25,797
Net book value					
At 30 June 2008	9,927	6,140	1,883	57	18,007
At 30 June 2007	10,453	6,376	2,130	65	19,024

The net book value of land and buildings comprises:

	2008 £000	2007 £000
Freehold	9,512	10,285
Short leasehold	415	168
	9,927	10,453

Notes (continued)

11 Tangible fixed assets (continued)

Company	Land and buildings £000	Plant and machinery £000	Fixtures, fittings, tools and equipment £000	Motor vehicles £000	Total £000
Cost					
At beginning of year	13,578	24,259	4,840	140	42,817
Additions	384	1,159	412	17	1,972
Inter-group transfer (note 25)	730	566	195	-	1,491
Disposals	(730)	(1,628)	(109)	(9)	(2,476)
At end of year	13,962	24,356	5,338	148	43,804
Accumulated depreciation					
At beginning of year	3,714	17,995	2,714	75	24,498
Charge for year	327	1,289	657	25	2,298
Inter-group transfer (note 25)	143	451	192	-	786
On disposals	(149)	(1,519)	(108)	(9)	(1,785)
At end of year	4,035	18,216	3,455	91	25,797
Net book value					
At 30 June 2008	9,927	6,140	1,883	57	18,007
At 30 June 2007	9,864	6,264	2,126	65	18,319

The net book value of land and buildings comprises:

	2008 £000	2007 £000
Freehold	9,512	9,696
Short leasehold	415	168
	9,927	9,864

Notes (continued)

12 Fixed asset investments

Group	Interests in joint ventures £000	Other investments and loans £000	Total £000
Cost			
At beginning and end of year	2,196	41	2,237
Share of post acquisition reserves			
At beginning of year	103	-	103
Share of profit before tax for the year	92	-	92
Share of tax charge for the year	-	-	-
Dividend distribution	(100)	-	(100)
At end of year	95	-	95
Provisions			
At beginning and end of year	-	-	-
Net book value			
At 30 June 2008	2,291	41	2,332
At 30 June 2007	2,299	41	2,340

Group share of net assets of joint ventures is analysed as follows:

	Fixed assets £000	Current assets £000	Bank debt £000	Other creditors £000	Net assets £000
Southampton Grain Terminal Limited	236	346	-	(118)	464

Notes (continued)

12 Fixed asset investments (continued)

Company	Shares in group undertakings £000	Investment in joint venture £000	Loans to group undertakings £000	Other investments and loans £000	Total £000
Cost					
At beginning of year	2,496	2,196	941	41	5,674
Acquisitions (see note 25)	3,753	-	-	-	3,753
Loans advanced	-	-	-	-	-
Loans repaid	-	-	(941)	-	(941)
Disposals	(2,496)	-	-	-	(2,496)
At end of year	3,753	2,196	-	41	5,990
Provisions					
At beginning of year	-	-	-	-	-
Additions	3,231	-	-	-	3,231
At end of year	3,231	-	-	-	3,231
Net book value					
At 30 June 2008	522	2,196	-	41	2,759
At 30 June 2007	2,496	2,196	941	41	5,674

The companies in which the company has an interest at the year end are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
Subsidiary undertakings			
Enviro Holdings Limited	UK	Liquidated	-
Nomix Chipman Holdings Limited	UK	Liquidated	-
Nomix Enviro Limited	UK	Non-trading	100% (direct)
Joint ventures			
Southampton Grain Terminal Limited	UK	Grain terminal	50%
Other investments			
Global Range Limited	UK	Internet portal	6%

During the year the Company acquired 100% of the share capital in Nomix Enviro Limited from Nomix Chipman Holdings Limited. Subsequently Nomix Chipman Holdings Limited and Enviro Holdings Limited were placed into solvent liquidation.

The company's investment in participating interests comprises 50,000 ordinary shares of £1 each amounting to 50 percent of issued share capital. The main business of Southampton Grain Terminal Limited is that of grain exporting. The financial year-end of Southampton Grain Terminal Limited is 30 June.

Notes (continued)

13 Stocks

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Raw materials and consumables	523	888	523	588
Work in progress	-	164	-	-
Finished goods and goods for resale	76,180	45,471	76,180	45,278
	<u>76,703</u>	<u>46,523</u>	<u>76,703</u>	<u>45,866</u>

Included within finished goods and goods for resale are commodity related contracts classified as financial investments which are carried at fair value. The value of such financial instruments amounts to a liability of £6,783,000 (2007: liability of £5,117,000).

The group has consignment stock arrangements with suppliers in the ordinary course of business. Inventory drawn from consignment stock is invoiced at the price ruling at the date of drawdown. The value of such stock, at cost, which has been excluded from the balance sheet amounts to £1,643,000 (2007: £1,096,000).

14 Debtors

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Trade debtors (including amounts owed by related parties) (see note 24)	112,601	61,649	112,601	60,537
Other debtors	7,230	2,236	7,230	2,213
Net deferred tax assets (see note 9)	128	-	128	49
Prepayments and accrued income	20,381	14,589	20,381	14,521
	<u>140,340</u>	<u>78,474</u>	<u>140,340</u>	<u>77,320</u>

15 Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£000	£000	£000	£000
Bank loans and overdrafts	89,550	53,716	89,550	53,716
Trade creditors (including amounts owed to related parties) (see note 24)	63,539	38,367	63,539	37,194
Amounts due to group subsidiaries	-	-	522	-
Taxation and social security	5,415	2,114	5,415	1,792
Other creditors	-	160	-	160
Accruals and deferred income	17,218	11,802	17,218	11,608
	<u>175,722</u>	<u>106,159</u>	<u>176,244</u>	<u>104,470</u>

The group has a bank overdraft facility of £130 million, of which £40 million was undrawn at 30 June 2008.

During the year the company was advanced a loan of £25 million from ABF Holdings Limited. The loan has been fully repaid in the year.

Notes (continued)

15 Creditors: amounts falling due within one year (continued)

The group's bank loans and overdrafts are secured by limited guarantees from both Cargill Incorporated and ABF Holdings Limited. The bank loans are repayable on demand and each drawdown is charged with interest at a rate subject to negotiation with the Bank.

16 Provisions for liabilities and charges

Group	Deferred tax £000	Other provisions £000	Total £000
Liabilities at beginning of year	(39)	(34)	(73)
Movement in the profit and loss account during the year	167	34	201
	<hr/>	<hr/>	<hr/>
Assets at end of year (see note 14)	128	-	128
	<hr/>	<hr/>	<hr/>

Other provisions included warranty costs associated with the servicing of weed killer application products and costs associated with the disposal of certain raw materials.

Deferred tax asset of £46,000 (2007: £73,000) associated with tax losses acquired has not been recognised in the financial statements due to uncertainty of its recoverability in the foreseeable future.

Company	Deferred tax £000	Other provisions £000	Total £000
Asset at beginning of year (see note 14)	49	-	49
Intra-group transfer (see note 25)	(88)	(34)	(122)
Movement in the profit and loss account during the year	167	34	201
	<hr/>	<hr/>	<hr/>
Asset at end of year (see note 14)	128	-	128
	<hr/>	<hr/>	<hr/>

17 Called up share capital

	2008 £000	2007 £000
<i>Authorised</i>		
3,600,100,000 Ordinary shares of £0.01 each	36,001	36,001
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
3,600,000,104 Ordinary shares of £0.01 each	36,000	36,000
	<hr/>	<hr/>
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	36,000	36,000
	<hr/>	<hr/>
	36,000	36,000
	<hr/>	<hr/>

Notes (continued)

18 Profit and loss account

	Group £000	Company £000
At beginning of year	8,507	8,132
Profit for the year	21,170	21,493
Actuarial loss recognised in the pension scheme	(1,070)	(1,070)
Deferred tax arising on losses in the pension scheme	171	171
Current tax arising on losses in the pension scheme	147	147
At end of year	28,925	28,873

19 Contingent liabilities

The company has contingencies in respect of forward commodity contracts entered into in the normal course of business. As described in note 1, contracts are recorded at market value, which is dependent on market conditions. Given the inherent uncertainty of future market values, it is not possible to quantify the amount of contingent assets or liabilities.

20 Commitments

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

	Group 2008 £000	2007 £000	Company 2008 £000	2007 £000
Contracted	176	113	176	113

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

	2008		2007	
Group	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	151	317	98	496
In the second to fifth years inclusive	1,335	1,462	1,268	956
Over five years	64	314	-	298
	<u>1,550</u>	<u>2,093</u>	<u>1,366</u>	<u>1,750</u>
	<u>1,550</u>	<u>2,093</u>	<u>1,366</u>	<u>1,750</u>
	2008		2007	
Company	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	151	317	98	478
In the second to fifth years inclusive	1,335	1,462	1,268	942
Over five years	64	314	-	298
	<u>1,550</u>	<u>2,093</u>	<u>1,366</u>	<u>1,718</u>
	<u>1,550</u>	<u>2,093</u>	<u>1,366</u>	<u>1,718</u>

Notes (continued)

21 Pension scheme

The Group operates a defined benefit pension plan. The pension cost charged to the profit and loss account for the year represents current service cost and other finance costs amounting to £1,133,000 (2007: £1,303,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The plan was established from 2 April 2005 to provide continuation of benefits for employees previously participating in the defined benefit arrangements of the shareholders. The Plan is effectively closed to new entrants and there is no liability for benefits prior to 2 April 2005. An actuarial valuation of the Plan was carried out on 5 April 2008 and updated for FRS17 purposes to 30 June 2008 by a qualified independent actuary

The major assumptions used in this valuation were:

	2008	2007	2006
Rate of increase in salaries	4.90%	4.00%	3.75%
Rate of increase in pensions in payment	2.50%	2.50%	2.25%
Rate of increase in pensions in deferment	3.90%	3.00%	2.75%
Discount rate applied to scheme liabilities	6.70%	5.80%	5.25%
Inflation assumption	3.90%	3.00%	2.75%

In valuing the liabilities of the pension fund at 5 April 2008, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.7 years (male), 24.1 years (female).
- Future retiree upon reaching 65: 24.7 years (male), 26.1 years (female).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 30 Jun 08 £000	Value at 30 Jun 07 £000	Value at 30 Jun 06 £000
Equities	3,520	2,625	1,493
Bonds	2,300	1,695	996
Cash	580	304	-
Total market value of assets	6,400	4,624	2,489
Present value of scheme liabilities	(6,450)	(4,100)	(2,528)
Surplus/(deficit) in the scheme – Pension asset/(liability)	(50)	524	(39)
Related deferred tax asset / (liability)	14	(157)	12
Net pension (liability) / asset	(36)	367	(27)

Notes (continued)

21 Pension scheme (continued)

The expected rates of return on the assets in the scheme were:

	Long term rate of return 2008	Long term rate of return 2007	Long term rate of return 2006
Equities	8.50%	8.50%	8.10%
Bonds	5.00%	5.00%	4.60%
Cash	5.00%	4.50%	4.00%

Movement in surplus/deficit during the year

	2008 £000	2007 £000
Surplus/(deficit) in scheme at beginning of year	524	(39)
Current service cost	(1,231)	(1,358)
Past service cost	(8)	
Contributions paid	1,629	1,600
Other finance income/(costs)	106	55
Actuarial gain/(loss)	(1,070)	266
Surplus/(deficit) in the scheme at the end of the year	(50)	524

Analysis of other pension costs charged in arriving at operating profit/loss

	2008 £000	2007 £000
Current service cost	1,231	1,358
Past service cost	8	0
	1,239	1,358

Analysis of amounts included in other finance costs

	2008 £000	2007 £000
Expected return on pension scheme assets	387	235
Interest on pension scheme liabilities	(281)	(180)
	106	55

Analysis of amount recognised in statement of total recognised gains and losses

	2008 £000	2007 £000
Actual return less expected return on scheme assets	(499)	(138)
Experience gains and losses arising on scheme liabilities	(534)	-
Changes in assumptions underlying the present value of scheme liabilities	(37)	404
Actuarial gain/(loss) recognised in statement of total recognised gains and losses	(1,070)	266

Notes (continued)

21 Pension scheme (continued)

With effect from 6 April 2006 pension increases in respect of future accruals were reduced to RPI subject to a cap of 2.5% (previously 5.0%). With effect from 1 May 2006 member contributions were increased between 1% and 3% of pensionable salary depending on the category of members. Subsequent to the year end, the company paid a one off exceptional lump sum contribution of £1,500,000 into the pension plan. This payment was made by the company in recognition that the actuarial deficit of the scheme may well be adversely affected by the impact of the current economic climate on investment returns. Group contributions, at 15.0% of pensionable salary before offset remain unchanged.

History of experience gains and losses

	2008	2007	2006
Difference between the expected and actual return on scheme assets:			
Amount (£000)	(499)	(138)	(102)
Percentage of period end scheme assets	-8%	-3%	-4%
Experience gains and losses on scheme liabilities:			
Amount (£000)	(534)	-	43
Percentage of period end present value of scheme liabilities	-8%	0%	2%
Total amount recognised in statement of total recognised gains and losses:			
Amount (£000)	(1,070)	266	(175)
Percentage of period end present value of scheme liabilities	-17%	+6%	-7%

The Group was also a member of six (2007: six) defined contribution schemes during the period. Contributions made to these schemes of £222,000 (2007: £225,000) on behalf of employees were charged to the profit and loss account as incurred. At the current and prior period end there were no amounts accrued or prepaid under the defined contribution schemes.

22 Analysis of cash flows

	2008 £000	2008 £000	2007 £000	2007 £000
Returns on investment and servicing of finance				
Dividends received from joint venture	100		100	
Interest received	424		290	
Interest paid	(6,741)		(3,860)	
		(6,217)		(3,470)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(1,873)		(1,763)	
Sale of tangible fixed assets	1,455		115	
		(418)		(1,648)
Acquisitions and disposals				
Purchase of group undertaking	-		(2,496)	
Net cash acquired with group undertaking	-		60	
		-		(2,436)
Financing				
Repayment of borrowings	-		(990)	
		-		(990)

Notes (continued)

23 Analysis of net debt

	At beginning of year £000	Cash flow £000	Acquisition £000	At end of year £000
Cash in hand and at bank	400	(397)	-	3
Overdrafts and loans payable on demand	(53,716)	(35,834)	-	(89,550)
Total	(53,316)	(36,231)	-	(89,547)

24 Related party disclosures

The company has no controlling party since it is owned in equal proportions by Cargill PLC and A.B.F. Holdings Limited.

The group has taken advantage of the exemption permitted by FRS 8 and not disclosed transactions with group companies that are eliminated on consolidation.

Transactions with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A.B.F. Holdings Limited), participating interests and companies controlled by company directors are set out below:

		2008		2007	
	Key	£000	£000	£000	£000
Trade sales					
ABN Limited	a	108,742		78,354	
Cargill PLC	b	192,764		60,477	
Allied Mills Limited	a	47,822		27,151	
Sun Valley Foods Limited	b	17,909		14,809	
Cargill Spain	b	3,001		7,036	
The Ryvita Company Limited	a	3,362		2,306	
Cargill France	b	5,928		1,864	
Cargill Germany	b	3,273		-	
Cargill Italy	b	1,397		1,008	
Cargill BV	b	3,113		-	
Cargill SA	b	439		-	
Micronized Food Products Limited	c	850		393	
AB Agri Limited	a	3,607		969	
Westmill Foods Limited	a	101		224	
The Silver Spoon Company Limited	a	638		155	
Little Staughton Farms Limited	c	212		95	
British Sugar PLC	a	98		84	
Primary Diets Limited	a	325		-	
			393,581		194,925

Notes (continued)

24 Related party disclosures (continued)

	Key	2008		2007	
		£000	£000	£000	£000
Trade purchases					
Cargill PLC	b	(21,668)		(3,148)	
Cargill France	b	(4,326)		(1,721)	
AB Agri Limited	a	(18)		(13)	
Cargill Holdings BV	b	(172)		(201)	
Little Staughton Farms Limited	c	(357)		(246)	
Micronized Food Products Limited	c	(140)		(95)	
Cargill Spain	b	(1)		(133)	
Sun Valley Foods Limited	b	(49)		(65)	
Allied Mills Limited	a	(456)		(61)	
Cargill Germany	b	(1,263)		(58)	
Cargill SA	b	(9)		(16)	
British Sugar PLC	a	(22)		(15)	
ABN Limited	a	(224)		(160)	
ABF Grain Products Limited	a	(12)		-	
			(28,717)		(5,932)
	Key	2008		2007	
		£000	£000	£000	£000
Service income					
AB Agri Limited	a		44		73
Service expense					
Cargill PLC	b	(42)		(75)	
AB Agri Limited	a	(65)		(68)	
Cargill Inc	b	(2)		(2)	
Cargill Financial Services Intl Inc	b	(8)		(8)	
			(117)		(153)
Leasing income					
AB Agri Limited	a		20		20
Leasing expense					
Cargill PLC	b	(595)		(597)	
Banks Mills Limited	c	(182)		(182)	
AB Agri Limited	a	-		(7)	
Micronized Food Products Limited	c	(28)		(32)	
Little Staughton Farms Limited	c	-		(10)	
			(805)		(828)
Management charges					
Cargill PLC	b	(17)		(19)	
Little Staughton Farms Limited	c	(30)		-	
Sun Valley Foods Limited	b	-		(20)	
			(47)		(39)
Finance expense					
ABF Holdings Limited	a		(507)		-

Notes (continued)

24 Related party disclosures (continued)

Trading balances as at 30 June 2008 with subsidiaries of Cargill Incorporated (including Cargill PLC) and Associated British Foods PLC (including A.B.F. Holdings Limited), participating interests and companies controlled by company directors are set out below.

		2008		2007	
	Key	£000	£000	£000	£000
Debtors due within one year:					
ABN Limited	a	10,540		6,206	
Cargill PLC	b	7,941		432	
Cargill France	b	1,245		-	
Allied Mills Limited	a	1,067		514	
The Ryvita Company Limited	a	604		292	
Sun Valley Foods Limited	b	1,108		469	
Westmill Foods Limited	a	-		10	
AB Agri Limited	a	285		199	
Little Staughton Farms Limited	c	21		10	
Micronized Food Products Limited	c	107		4	
British Sugar PLC	a	11		4	
The Silver Spoon Company Limited	a	19		-	
Primary Diets Limited	a	119		-	
			23,067		8,140
Creditors due within one year:					
Banks Mills Limited	c	(51)		(51)	
Little Staughton Farms Limited	c	(47)		(21)	
Cargill PLC	b	(228)		(747)	
British Sugar PLC	a	(1)		(8)	
Micronized Food Products Limited	c	-		(9)	
ABN Limited	a	(24)		(23)	
			(351)		(859)

Key

- a - subsidiary of Associated British Foods PLC
- b - subsidiary of Cargill Incorporated
- c - controlled by RL Banks

	2008	2007
	£000	£000
Transactions involving joint ventures		
Service income	1	5
Port services	(1,054)	(695)
Management charges	57	20
Debtors due within one year	9	21
Creditors due within one year	(8)	(23)

Notes (continued)

25 Acquisitions

During the year the Company acquired the entire trade and assets of its subsidiary, Nomix Enviro Limited. The assets acquired and consideration given are detailed below:

	Book and fair value £000
Tangible fixed assets	705
Stock	657
Debtors	1,203
Cash	397
Creditors	(1,689)
Provisions	(122)
	<hr/>
Net assets acquired	1,151
Goodwill (note 10)	2,602
	<hr/>
<i>Satisfied by:</i>	
Inter company loan (note 12)	3,753
	<hr/> <hr/>

26 Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Interest rate risk

The group has the ability to hedge its exposure to interest rate risk. As at 30 June 2008, no hedging instruments were in place (2007: none).

Notes (continued)

26 Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

Group	Note	Effective interest rate	2008		Effective interest rate	2007	
			Total £000	< 1 year £000		Total £000	< 1 year £000
Other debtors	14	6.25%	1,000	1,000		-	-
Bank loans and overdrafts	15	5.50%	(89,550)	(89,550)	6.02%	(53,716)	(53,716)
			<u>(89,550)</u>	<u>(89,550)</u>		<u>(53,716)</u>	<u>(53,716)</u>
Company							
Company	Note	Effective interest rate	2008		Effective interest rate	2007	
			Total £000	< 1 year £000		Total £000	< 1 year £000
Other debtors	14	6.25%	1,000	1,000		-	-
Bank loans and overdrafts	15	5.50%	(89,550)	(89,550)	6.02%	(53,716)	(53,716)
			<u>(89,550)</u>	<u>(89,550)</u>		<u>(53,716)</u>	<u>(53,716)</u>

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than sterling. The currencies giving rise to this risk are primarily Euro and US Dollars.

The Group hedges its estimated foreign currency exposure in respect of commodity contracts. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies other than sterling, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Changes in the fair value of forward exchange contracts that economically hedge commodity contracts in foreign currencies are recognised in the profit and loss account. Both the changes in fair value of the foreign exchange contracts and the foreign exchange gains and losses relating to the commodity contracts are recognised as part of cost of sales. The fair value of forward exchange contracts used as economic hedges of commodity contracts in foreign currencies at 30 June 2008 was £2,361,000 loss (2007: £114,000 gain) recognised in stock.

Notes (continued)

26 Financial instruments (continued)

Fair values

The fair value of financial instruments values together with the carrying amounts shown in the balance sheet are as follows:

Group	Note	2008		2007	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Other investments and loans	12	41	41	41	41
Commodity stocks and related contracts	13	(6,783)	(6,783)	(5,117)	(5,117)
Trade and other debtors	14	137,297	137,297	75,408	75,408
Cash		3	3	400	400
Bank loans and overdrafts	15	(89,550)	(89,550)	(53,716)	(53,716)
Trade and other creditors	15	(86,172)	(86,172)	(52,443)	(52,443)
		<u>(45,164)</u>	<u>(45,164)</u>	<u>(35,427)</u>	<u>(35,427)</u>
Unrecognised gain/(loss)			-		-

Company	Note	2008		2007	
		Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Other investments and loans	12	41	41	41	41
Loans to group undertakings	12	-	-	941	941
Commodity stocks and related contracts	13	(6,783)	(6,783)	(5,117)	(5,117)
Trade and other debtors	14	137,297	137,297	74,205	74,205
Cash		3	3	4	4
Bank loans and overdrafts	15	(89,550)	(89,550)	(53,716)	(53,716)
Trade and other creditors	15	(86,172)	(86,172)	(50,754)	(50,754)
		<u>(45,164)</u>	<u>(45,164)</u>	<u>(34,396)</u>	<u>(34,396)</u>
Unrecognised gain/(loss)			-		-