Argent Group Europe Limited

Directors' report and financial statements

Registered number 05823362

31 December 2009

Contents

Company information

Directors
J R Sclater CVO (Chairman)
D J Gray
A J Barnes

Registered number
05823362 (England & Wales)
5th Floor
9 Hatton Street
London NW8 8PL

Auditors
KPMG LLP
8 Salisbury Square
London EC4Y 8BB

Solicitors
Solomon Taylor & Shaw
3 Coach House Yard
Hampstead High Street
London NW3 1QD

Bankers
Lloyds TSB
10 Gresham Street
London EC2V 7AE

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 31 December 2009

Principal activities

The activities of the Group principally concern the processing, manufacture and marketing of meat, fresh produce and animal by-products

Argent Group Europe Limited ("the Company") is the holding company for the Argent Group Europe Ltd group ("the Group") Details of the principal operating subsidiaries are set out in note 12

Business review and state of affairs

a) Trading

	2009	2008
	£'000	£'000
Turnover	446,132	403,864
Operating profit – continuing operations	8,339	8,919
Profit before tax	9,202	7,710
Profit for the financial year	6,783	5,823

The group delivered satisfactory results at a time when economic uncertainty and declining consumer spending presented our businesses with considerable challenges Group turnover increased by 10 5% to £446 million The operating profit declined by 7% to £8 3 million with margins impacted by consumer price resistance and the weakness of Sterling, which makes imported goods more expensive The Group has developed in recent years through a combination of capital investment, process improvement, new revenue streams and the acquisition of complementary businesses This year, the Group was able to divest a number of redundant assets following the closure of peripheral businesses, assisting profit before tax and amortisation of goodwill to increase by 17% to £10 3 million As a result, the group was able to de-gear its balance sheet further, equipping it to deliver growth in the future

Revenue grew by 10 5% to £446 million with substantial growth in both the fruit and meat segments, resulting from the flow-through of raw material price increases from the previous year and some volume growth with both existing and new customers There was continued strong trading from Poupart, expanding its customer portfolio and benefitting from the improvement in our stone fruit business, Norton Folgate Marketing, as it beds itself in following its acquisition in late 2007 The Group's meat businesses made further progress in the year, enabling their customers to deliver value propositions through menu development in order to preserve consumer demand despite overall spending pressures within the economy Our leather tanning business achieved a profit growth as its luxury European markets developed further, assisted by favourable currency movements A net profit of £1 25 million arose from the closure of our rendering operations and the sale of related assets Net finance costs reduced by £587,000, reflecting a reduction in borrowings through asset sales and cash generated from operations and also lower interest rates Profit before tax increased by 19%, which includes a loss of £77,000 in respect of discontinued business The effective tax rate of 26% reflects the benefit of brought forward capital tax losses to shelter the profit on sales of assets

The sale of discontinued business assets led to a decrease in tangible fixed assets of £2 million Capital expenditure of £1 6 million was less than depreciation of £2 0 million, with a significant refurbishment project at our Kentish Town factory deferred into 2010 Operating working capital at the financial year end was some £1 6 million higher than last year end driven mainly by higher activity towards the year end and rises in input prices that affect inventory values The Group was well within its borrowing facilities at year end

We disposed of a rendering operation, Barker & Hird (PP) Limited on 20 March 2009 following the conclusion of its single government contract The results of this business has been disclosed as discontinued operations

Key financial performance indicators include the monitoring of profitability, asset cover and liquidity

	2009	2008	Measure
Return on capital employed	**32%**	29%	EBIT/average capital employed
Current ratio	**1.4:1**	1 3 1	Current assets/current liabilities
Acid test ratio	**1.1:1**	1 1 1	Current assets less stock/current liabilities
Working capital days	**13.6 days**	15 4 days	Working capital/sales per day
Sales per employee (£000)	**490**	438	Turnover/average number of employees
Book gearing	**6%**	32%	Net debt/capital employed
Debt to equity	**0.3:1**	1 0 1	Debt/equity
Equity to total assets	**32%**	22%	Equity/total assets
Interest cover	**9.7**	9 5	EBIT/interest payable

b) Capital expenditure and cash flow

Net cash flow from operating activities was £10 1 million compared to £10 4 million last year The Group invested £1 6 million in capital expenditure, mainly on plant, machinery and fittings to improve performance and refurbish factories The sale of redundant assets generated £2 2 million An outflow of £1 6 million arose on working capital, reflecting growth in the business and high activity around the year end A further £1 3 million was paid in respect of deferred purchase consideration for acquisitions completed in 2007

Cash and cash equivalents totalled £8 0 million at the year end The Group had total committed banking facilities amounting to £30 2 million at the year end, of which £4 7 million was drawn Total borrowings were £9 7 million at the year end compared with £19 7 million last year

c) Post balance sheet event

On 5 March 2010, Fletcher Bay Investment Company Limited ("FBIC") acquired the entire share capital of the Company FBIC represents a team led by senior management and some existing investors and which includes Messrs David Gray, Andrew Barnes and John Sclater, all of whom are directors of the Company The transaction was funded by an additional senior bank facility of £10 0 million and loan notes of £6 9 million, both of which are repayable in full by March 2015 Equity of £11 0 million in the form of both ordinary and preference shares was introduced

Messrs Andrew Hunter and Andrew Joy resigned from the Board ahead of the management buy-out The Board thanks them both for their outstanding contribution during their time as directors

d) Outlook

The likely scale and speed of economic recovery remains uncertain, and we are cautious about the outlook for the UK consumer over the next year However, we expect good revenue and operating profit growth with the benefit of returns from our long term strategic development plans and restructuring of the overhead base We expect to maintain capital investment at planned levels in spite of the economic outlook Net financing costs will be higher but we are confident of progress in earnings for the full year The Group has a strong balance sheet and adequate committed borrowing facilities, which enables it to consider opportunities for development in the food sector

e) Risks

The risk management process in Argent Group Europe Limited seeks to enable the early identification, evaluation and effective management of the key risks facing the businesses at operational level and to operate internal controls, which adequately mitigate these risks Each business is responsible for regularly assessing its risk management activities to ensure good practice in all areas The principal corporate risk to the business remains any downturn in consumer spending in our markets, whether as a result of changes in customer choices or driven by global environmental circumstances that impact upon the availability and pricing of meat and fruit commodities The Group monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers

Other principal risks and uncertainties affecting the business include the following

Competitive risk the Group operates in highly competitive markets Product innovations or technical advances by competitors could adversely affect the company The diversity of operations reduces the possible effect of action by any single competitor

Food safety risk the Group derives over 96% of its turnover from the production and marketing of food products In order to manage food safety risks, our sites operate food safety systems that are regularly reviewed to ensure they remain effective, including compliance with regulatory requirements for hygiene and food safety Our food products are processed to high standards regardless of where they are manufactured Despite these safety measures, there is a risk our products may not meet quality or health and safety standards Any failure to meet quality and standards may be expensive to remedy and may have an adverse effect on our reputation and financial condition The group maintains insurance which would mitigate some cost incurred in these circumstances

Financial risks treasury operations are conducted within a framework of board-approved policies and guidelines to manage the Group's financial risks Financial risks arise through exposure to foreign currencies, interest rates, counterparty credit and borrowing facilities

Currency translation risk the results of the Group's foreign subsidiaries are translated into Sterling at the average exchange rates for the period concerned The balance sheets of foreign subsidiaries are translated into Sterling at the closing exchange rates Any gains and losses resulting from translation are recorded in profit and loss reserve The Group does not hedge translation exposure by forward exchange contracts or currency swaps The Group maintains borrowings in foreign currencies to mitigate the risk of translation exposures arising on unremitted non-UK earnings

Currency transaction exposure this arises where actual sales and purchases are made by a business unit in a currency other than its own functional currency The majority of sales are made in the business units' own functional currency to minimise this risk The Group hedges certain transaction exposures by the use of forward exchange contracts

Interest rate risk the Group's policy is to borrow funds to finance working capital Such borrowings are in the form of bank overdrafts and bank loans and vary considerably throughout the year Such borrowings have variable interest rates based upon banks' base rates and interest risks are therefore subject to fluctuations in such rates

Credit risk our businesses are exposed to counterparty credit risk when dealing with customers and from certain financing activities The Group maintains strong relationships with each of its key customers and has established credit control parameters Credit evaluations are performed on all customers requiring significant credit and outstanding debts are continuously monitored by each business Aggregate exposures are monitored at Group level and, where appropriate, limits are set for higher risk counterparties Concentrations of credit risk are limited as a result of the Group's large and diverse customer base In addition, the Group maintains credit insurance where necessary

Liquidity risk the Group has committed bank facilities available to meet its long-term capital and funding obligations and to meet any unforeseen obligations and opportunities Banking relationships are limited to those banks that are members of the core relationship groups These banks are selected for their credit status, global reach and their ability to meet the businesses' day-to-day banking requirements

Environmental risks Argent Group Europe Limited recognises the impact that its businesses have on the environment Therefore, as a minimum, we aim to comply with current applicable legislation of the countries in which we operate, and our operations are conducted with a view to ensuring that

- emissions to air, releases to water and land filling of solid wastes do not cause unacceptable environmental impacts and do not offend the community,
- energy and natural resources are used efficiently and energy consumption is monitored and raw material waste is minimised,
- solid waste is reduced, reused or recycled where practicable,
- the amount of packaging used for Group products is minimised, consistent with requirements for food safety,
- products are transported efficiently to minimise fuel usage, consistent with customers' demand, production arrangements, and vehicle fleet operations, and
- effective emergency response procedures are in place to minimise the impact of foreseeable incidents

Health and safety the principal health and safety risks relate to the potential for serious injuries and regulatory action for non-compliance with statutory requirements All of the Group's business units have named accountable senior executives who employ specialists to manage these risks The Group employs a Health & Safety manager to audit its operations to understand how companies manage their risks and to verify the data Companies are required to develop action plans as appropriate and progress is monitored by the Group Health & Safety manager

Litigation the Group is subject to litigation from time to time The outcome of legal action is always uncertain and there is always the risk that it may prove more costly and time consuming than expected There is a risk that litigation could be instigated in the future which could materially impact the company In some liability cases legal expenses are covered by insurance

Loss of a major site the Group operates from many sites the loss of which, for example as a result of fire, would present significant operational difficulties Our operations have business continuity plans in place to manage the impact of such an event and Group insurance programmes to mitigate the financial consequences

Results and dividends

The results for the year are set out in the Group Profit and Loss account on page 13 The profit for the year attributable to equity shareholders amounted to £6,493,000 (2008 £6,054,000) Interim dividends of £1 per share amounting to £512,201 for the year ending 31 December 2008 were paid in January 2009 No further dividend is recommended It is the Board's intention to reinvest retained earnings in value enhancing opportunities within the businesses

Fixed assets

The Group's tangible fixed assets are included in the financial statements at depreciated historic cost The properties are employed in the business and many of them were acquired when market values were lower than at present The directors consider that a surplus over book value exists but have not quantified the excess

Research and development

The Group is constantly reviewing its products and services to ensure that they meet the demands of its existing or prospective customers To that end, the Group's companies undertake development projects to refine existing or to develop new products

Directors

The directors who served during the year were as follows,

J R Sclater
D J Gray
A J Barnes
A P H Hunter (resigned 26 02 2010)
A N Joy (resigned 17 02 2010)

A J Barnes resigned as Company Secretary on 8th April 2010

Employees

The Group takes its responsibilities to its employees seriously It is committed to equality and opportunity and aims to treat all of its employees fairly in every aspect of employment It is committed to giving employees the opportunity to maximise their potential

Charitable and political contributions

The UK companies of the Group made donations for charitable purposes during the year, which amounted to £10,455 (2008 £10,124) No political donations were made

Payment policy and practice

The Group does not have a formal code that it follows with regard to payments to suppliers Each company in the Group is responsible for agreeing terms and conditions under which business transactions with its suppliers are conducted Accordingly, the Group has, and will continue to have, a variety of payment terms It is Group policy, however, that terms are agreed with suppliers when entering into contracts and that suppliers are made aware of these terms Payment terms are adhered to, provided the relevant goods and services have been supplied in accordance with the contract Group policy will continue to apply for the current financial year

Going concern

The directors are confident, having reviewed the Group's budget for the financial year ending 31 December 2010 and relevant plans beyond that date, that the Group and the company have adequate resources to continue in operation for the foreseeable future This review included an analysis of business operating plans, proposed capital expenditure and associated cash flow projections It also included a comparison of results and ratios within the Group's committed borrowing facilities It is, therefore, considered appropriate to adopt the going concern basis in preparing the financial statements

Disclosure of information

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information For these purposes, relevant audit information means information needed by the Company's auditors in connection with preparing their report on page 12

Auditors

Pursuant to section 487 of Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

A J Barnes
Director

5th Floor
9 Hatton Street
London
NW8 8PL
8 April 2010

Corporate Citizenship

The purpose and values of the business

Argent Group Europe Limited is an international food and related products group with annual sales of £446 million and over 900 employees

Our aim is to concentrate our energies and expertise to achieve strong, sustainable leadership positions in markets that offer potential for profitable growth We are also searching for more efficient and more profitable ways to manufacture food and ways to employ our technology and expertise in other areas

As a responsible corporate citizen, we aim to act in a socially responsible manner at all times The Group's organisational structure is highly decentralised and so the responsibility for managing environmental, social and ethical issues rests with the management of each business unit Our businesses develop procedures appropriate to and compliant with local laws, cultures and operating conditions but within the overall context of minimum overriding procedures

The board reviews the safety and environmental performance of the businesses regularly, as well as reviewing the outcome of any external assurance processes Businesses are required to develop and implement action plans as appropriate, and progress is monitored by the Group Health and Safety Manager

Overriding principles

Following the introduction of new provisions concerning the duties of directors under the Companies Act 2006, directors must act in the way they consider, in good faith, would be most likely to promote the long-term success of the Company for the benefit of its members as a whole In doing so, the directors should have regard to a number of factors listed in the Act Those factors include having regard to the Company's employees, the need to foster the Company's business relationships with suppliers and others, the impact of the Company's operations on the community and the environment and the desirability of the Company maintaining a reputation for high standards of business conduct

The Argent Group Europe business principles are an essential part of our business They form part of our long-term strategy and their application across the Group is under constant review With this in mind, we have reaffirmed our commitment to a number of overriding principles

Employees

Our employees are our most crucial resource and, therefore, we abide by the following principles

Equal opportunities – we are committed to offering equal opportunities to all people in their recruitment, training and career development, having regard to their particular aptitudes and abilities Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the Group an opportunity for retraining

Health and safety – we consider health and safety as equal in importance to any other function of the Group and its business objectives

Harassment – we will not tolerate sexual, physical or mental harassment in the workplace We expect incidents of harassment to be reported to the appropriate human resources manager

Communication – we will brief employees and their representatives on all relevant matters on a regular basis

Security – the security of our staff and customers is paramount and we will at all times take the necessary steps to minimise risks to their safety

Ethical business practices

Competition – we are committed to free and fair competition and we will compete strongly but honestly complying with all local competition laws

Bribery – we will not condone the offering or receiving of bribes or other such facilitating payments to any person or entity for the purpose of obtaining or retaining business or influencing political decisions

Political donations – financial donations are not permitted to political parties

Confidentiality and accuracy of information – the confidentiality of information received in the course of business will be respected and never be used for personal gain False information will not be given in the course of commercial negotiations

Conflict of interest – any personal interest that may prejudice, or might reasonably be deemed by others to prejudice, the impartiality of employees, must be formally declared to a senior manager Examples of this include owning shares in business partners and personal or family involvement in trading contracts

Business gifts and hospitality – gifts, other than items of very small intrinsic value, are not accepted Employees who receive hospitality must not allow themselves to reach a position whereby they might be deemed by others to have been influenced in making a business decision as a consequence However, giving and receiving reasonable business-related products, marketing materials and entertainment is permitted.

Food safety

We recognise and acknowledge that consumer confidence in the quality and safety of our food products is essential To this end a high priority is placed on all aspects of food safety

In order to manage food safety risks, our sites operate food safety systems that are regularly reviewed to ensure they remain effective, including compliance with all regulatory requirements for hygiene and food safety Our food products are made to high standards regardless of where they are manufactured We will always put food safety before economic considerations

Environment

We recognise the impact that our businesses have on the environment and, as a minimum, we comply with current applicable legislation of the countries in which we operate

Other stakeholder relationships

Customers

We seek to be honest and fair in our relationships with our customers, and above all to provide the standards of product and service that have been agreed, whilst at the same time offering value for money At all times we take reasonable steps to ensure the safety and quality of the goods or services that we provide

Suppliers

We carry out our business honestly, ethically and with respect for the rights and interest of our suppliers We settle our bills promptly and we co-operate with suppliers to improve quality and efficiency We seek to develop relationships with supplier companies that are consistent with these basic principles, and specifically with respect to human rights and conditions of employment Where supplier audits show shortcomings in any of these areas, we strive to encourage a programme of improvement leading to compliance Responsibility for specific supply codes and agreements rests with individual companies

The wider community

We recognise our responsibilities as a member of the communities in which we operate and encourage our operating companies to engage with the local community in their areas of operation Examples of this include "The Waitrose Foundation", which was launched in 2005 and represents a partnership created to improve the lives of the farm workers who grow and pick our South African fruit

Applying our principles

These business principles apply to all our employees and are a minimum standard for their behaviour Operating companies may have additional standards Failure to comply with our principles may result in disciplinary action

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)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

Independent auditor's report to the members of Argent Group Europe Limited

We have audited the financial statements of Argent Group Europe Limited for the year ended 31 December 2009 set out on pages13 to 40 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 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 auditors' 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

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2009 and of the Group's profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Virginia J Stevens

Virginia J Stevens (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

8th April 2010

Consolidated profit and loss account
for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover			
Continuing operations		**451,601**	406,391
Discontinued operations		**32**	2,333
Group and share of associates		**451,633**	408,724
Less share of associates		**(5,501)**	(4,860)
Group turnover	2	**446,132**	403,864
Cost of sales		**(406,118)**	(365,068)
Gross profit		**40,014**	38,796
Distribution costs		**(8,429)**	(7,925)
Administrative expenses		**(23,604)**	(22,794)
Other operating income		**281**	621
Operating profit			
Continuing operations		**8,339**	8,919
Discontinued operations		**(77)**	(221)
		8,262	8,698
Share of associates' operating profit		**8**	57
Profit/(loss) on disposal of fixed assets		**1,251**	(139)
Other interest receivable and similar income		**660**	156
Interest payable and similar charges	6	**(979)**	(1,062)
Profit on ordinary activities before taxation	3	**9,202**	7,710
Tax on profit on ordinary activities	7	**(2,419)**	(1,887)
Profit for the financial year		**6,783**	5,823
Attributable to			
Equity shareholders of the parent		**6,460**	6,054
Minority interests	24	**323**	(231)
Profit for the financial year		**6,783**	5,823

The notes on pages 19 to 40 form part of these financial statements

Consolidated statement of total recognised gains and losses
for the year ended 31 December 2009

	2009 £'000	2008 £'000
Profit for the financial year		
Group	6,775	5,781
Share of associates	8	42
	6,783	5,823
Currency translation difference on foreign currency net investments	83	892
Actuarial gains/(losses) relating to the pension schemes	1,703	(1,196)
Deferred tax attributable to actuarial gains/(losses)	(477)	335
Total recognised gains relating to the financial year	**8,092**	5,854

The notes on pages 19 to 40 form part of these financial statements

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Consolidated balance sheet
at 31 December 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Intangible assets	10		**6,004**		7,110
Tangible assets	11		**11,240**		13,269
Investments					
Associate	12		**157**		149
Other investments	12		**534**		156
			17,935		20,684
Current assets					
Stock	13	**12,386**		11,533	
Debtors due within one year	14	**48,671**		43,255	
Cash at bank and in hand		**8,013**		10,255	
		69,070		65,043	
Creditors amounts falling due within one year	15	**(51,134)**		(50,687)	
Net current assets			**17,936**		14,356
Total assets less current liabilities			**35,871**		35,040
Creditors amounts falling due after more than one year	16		**(6,900)**		(12,758)
Provisions for liabilities and charges	20		**(359)**		(318)
Net assets excluding post-retirement benefits			**28,612**		21,964
Post-retirement benefits	28		**(772)**		(2,183)
Net assets including post-retirement benefits			**27,840**		19,781
Capital and reserves					
Called up share capital	21		**51**		51
Capital redemption reserve	22		**5**		5
Merger reserve	22		**468**		468
Profit and loss account	22		**25,820**		18,051
Shareholders' funds					
Equity attributable to equity shareholders of the parent			**26,344**		18,575
Minority interest	24		**1,496**		1,206
Total equity	23		**27,840**		19,781

The notes on pages 19 to 40 form part of these financial statements

These financial statements were approved by the board of directors on 8 April 2010 and were signed on its behalf by

A J Barnes
Director

Company balance sheet
at 31 December 2009

	Note	2009 £'000	2009 £'000	2008 £'000	2008 £'000
Fixed assets					
Investments	12		**51**		51
Current assets					
Other debtors		**-**		4	
Cash at bank and in hand		**6,742**		7,253	
		6,742		7,257	
Creditors amounts falling due within one year	15	**(19)**		(538)	
Net current assets			**6,723**		6,719
Net assets			**6,774**		6,770
Capital and reserves					
Called up share capital	21		**51**		51
Profit and loss account	22		**6,723**		6,719
Equity shareholders' funds	23		**6,774**		6,770

The notes on pages 19 to 40 form part of these financial statements

These financial statements were approved by the board of directors on 8 April 2010 and were signed on its behalf by

A J Barnes
Director

Consolidated cash flow statement
for the year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Net cash inflow from operating activities	25	**10,080**	10,412
Returns on investments and servicing of finance	27	**(383)**	(803)
Taxation		**(1,634)**	(2,421)
Capital expenditure and financial investment	27	**397**	2,427
Equity dividends paid	9	**(512)**	(1,281)
Minority dividends paid	24	**(33)**	(215)
Cash inflow before financing		**7,915**	8,119
Financing	27	**(10,090)**	(9,954)
Decrease in cash in the year		**(2,175)**	(1,835)

Reconciliation of net cash flow to movements in net debt
for the year ended 31 December 2009

	2009 £'000	2008 £'000
Decrease in cash in the year	(2,175)	(1,835)
Cash outflow from decrease in debt and lease financing	9,951	8,490
Change in net debt resulting from cash flows	7,776	6,655
Exchange rate movement	(67)	(170)
Movement in net debt	7,709	6,485
Net debt at 1 January	(9,438)	(15,923)
Net debt at 31 December	(1,729)	(9,438)

Notes to the financial statements
(for the year ended 31 December 2009)

1. Accounting policies

The principal accounting policies are summarised below They have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements throughout the year and preceding year

Basis of preparation

The financial statements are presented in Sterling, rounded to the nearest thousand They are prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and the Companies Act 2006

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account for the Company has not been included in these financial statements As permitted by Financial Reporting Standard 1 – "Cash Flow Statements" – no cash flow statement for the Company has been included on the grounds that the Group includes the Company in its own published consolidated financial statements As permitted by Financial Reporting Standard 8 –"Related Party Transactions" – no related party disclosures for the Company have been included

Basis of consolidation

The company was incorporated on 19 May 2006 In May 2006 Argent Group Europe Ltd acquired, by way of a scheme of arrangement, the entire issued share capital of Argent Group Europe Limited held by Enerfood Holdings Limited in exchange for the issue of ordinary shares in Argent Group Europe Limited with no change to the proportionate shareholders' rights This group reconstruction has been accounted for in accordance with the principles of merger accounting set out in Financial Reporting Standard 6 – "Acquisitions and Mergers" The financial information, is therefore, presented as if Argent Group Europe Limited and its subsidiaries had always been owned and controlled by the company

The Group's financial statements include the accounts of Argent Group Europe Limited and its subsidiaries controlled by the company and are drawn up to 31 December each year Control exists where the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, potential voting rights that presently are exercisable are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases

Associates are those entities in which the Group has the power to exercise significant influence, but not control, over the financial and operating policies Associates are accounted for using the equity method The consolidated profit and loss account includes the Group's share of associate's profits less losses while the Group's share of net assets of the associates is shown in the consolidated balance sheet

Business combinations

On the acquisition of a business or an interest in a joint venture or associate, fair values are attributed to the identifiable assets and liabilities acquired, reflecting conditions at the date of acquisition. Adjustments to fair values include those made to bring accounting policies into line with those of the Group

Goodwill

Goodwill represents the excess or deficit of the cost of businesses or shares in subsidiaries over the fair value of the separable net assets acquired The accounting treatment of goodwill is appraised for each individual acquisition and is charged or credited to the profit and loss account by equal instalments over its estimated useful economic life, not exceeding twenty years Provision is made for any impairment

Research and development

Research and development expenditure is charged to the profit and loss account in full in the period in which it is incurred

Income from investments

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments

Tangible fixed assets

Fixed assets are carried at cost less provision for impairment and depreciation The charge for depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives, which are as follows

Freehold buildings	- over 25 to 100 years
Leasehold buildings	- over the lease term
Plant and machinery	- over 3 to 10 years
Fixtures, fittings and office equipment	- over 1 to 5 years

Web site development costs

Design and content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in value

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value Cost includes an appropriate proportion of overheads incurred in the normal course of business in bringing the product to its present location and condition Provision is made for obsolete, slow-moving or defective items where appropriate

Taxation

Current tax, including UK corporation tax and overseas tax, is included at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred taxation is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future Deferred tax assets are recognised only to the extent that they are considered recoverable in the future Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse Deferred tax is measured on a non-discounted basis

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably Turnover represents the invoiced value of goods and services supplied, net of value added tax and trade discounts

Pension costs and other post-retirement benefits

The Group's principal pension funds are defined benefit plans In addition the Group has defined contribution plans

Defined benefit schemes

For defined benefit plans the amount charged to operating profit is the cost of accruing pension benefits promised to employees over the year Other finance income/charges in the profit and loss account includes a credit equivalent to the group's expected return on the pension plan's assets over the year, offset by a charge equal to the expected increase in the plan's liabilities over the year The difference between the market value of the plan's assets and the present value of the plan's liabilities is disclosed as an asset or liability on the group balance sheet, net of deferred tax (to the extent that it is recoverable) Any differences between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the plans, are recognised in the statement of total recognised gains and losses

Defined contribution schemes

Defined contribution pension costs charged to the profit and loss account represent contributions payable in respect of the accounting period Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

Foreign currencies

The financial statements are presented in Sterling Transactions in foreign currencies are translated into Sterling at the rate ruling at the date of the transaction or at forward contract rates where appropriate Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the balance sheet date The results of foreign subsidiary undertakings are translated into Sterling at average rates of exchange for the year Differences arising from the translation of group investments in foreign subsidiary and associated undertakings and related foreign currency borrowings or hedges are treated as movements on reserves Other gains and losses arising from foreign currency transactions are included in the profit and loss account

Leases

Tangible fixed assets acquired under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the Group, are capitalised in the balance sheet and depreciated over the shorter of their useful lives and the lease terms The present value of future rentals is shown as a liability The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term

Borrowings

Borrowings are initially stated at the fair value of the consideration received Finance costs are charged to the profit and loss account over the term of the borrowings so as to represent a constant proportion of the balance of capital repayments outstanding Accrued finance costs attributable to borrowings where the maturity at the date of issue is less than twelve months are included in accrued charges within current liabilities For all other borrowings, accrued finance charges and issue costs are added to the carrying value of those borrowings

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities

Financial instruments

The Group enters into transactions in the normal course of business using a variety of financial instruments, including spot and forward exchange contracts, in order to reduce exposure to foreign exchange risk and interest rate fluctuations The Group does not hold or issue derivative financial instruments for speculative purposes Financial assets and liabilities are recognised in the balance sheet at the lower of cost and net realisable value Provision is made for diminution in value where appropriate Interest payable or receivable is accrued, and recognised in the profit and loss account in the period to which it relates

Government grants

Capital grants received are shown as deferred income and credited to the profit and loss account by instalments on a basis consistent with the applicable depreciation policy Government grant assistance of a revenue nature is credited to the profit and loss account in the same period as the related expenditure

Dividends

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

Segment reporting is presented in respect of the Group's business and geographical segments The primary format, business segments, is based on the Group's management and internal reporting structure and combines businesses with common characteristics Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis Group and central adjustments represent unallocated items and corporate assets and expenses

Business segments

The Group comprises three reporting segments Meat, Produce, and Animal By-Products An analysis of turnover, profit before interest and net operating assets has been provided by reportable segment Comparative figures have been provided to enhance the usefulness of this disclosure

Turnover, profit on ordinary activities before interest and taxation, and operating net assets are attributable to the following classes of business

	2009 Turnover £'000	2009 Profit/(loss) before interest £'000	2009 Operating net assets £'000	2008 Turnover £'000	2008 Profit/(loss) before interest £'000	2008 Operating net assets £'000
Meat	**176,043**	**3,352**	**14,311**	159,510	2,860	11,562
Produce	**260,800**	**4,456**	**10,934**	229,208	3,631	12,127
Animal by-products	**9,289**	**2,202**	**2,520**	15,146	1,814	4,552
Group & central adjustments	**-**	**(489)**	**1,635**	-	311	2,856
	446,132	**9,521**	**29,400**	403,864	8,616	31,097

There is no significant turnover between business segments

Geographical segments

The secondary format, geographical segments, presents turnover, profits and assets for the following geographical segments, United Kingdom, Continental Europe, North America and Rest of the World

	Turnover by destination 2009 £'000	Turnover by destination 2008 £'000
United Kingdom	**419,757**	380,666
Continental Europe	**21,501**	18,245
North America	**159**	76
Rest of the world	**4,715**	4,877
	446,132	403,864

Turnover, profit on ordinary activities before interest and taxation, and operating net assets by geographical origin

	2009 Turnover £'000	2009 Profit/(loss) before interest £'000	2009 Operating net assets £'000	2008 Turnover £'000	2008 Profit/(loss) before interest £'000	2008 Operating net assets £'000
United Kingdom	**422,192**	**8,286**	**22,308**	384,355	8,628	23,491
Rest of the world	**23,940**	**1,235**	**7,092**	19,509	(12)	7,606
	446,132	**9,521**	**29,400**	403,864	8,616	31,097

3. Profit on ordinary activities before tax

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration		
- fees payable to the company's auditor for the audit of the company's annual accounts	**2**	2
- fees payable to the company's auditor and its associates for other services		
- the audit of the company's subsidiaries pursuant to legislation	**176**	193
- tax services	**5**	5
Amortisation of goodwill	**1,106**	1,120
Depreciation of tangible fixed assets		
- owned assets	**1,546**	1,720
- assets held under finance leases and hire purchase contracts	**528**	348
Operating lease rentals		
- plant and machinery	**1,127**	1,057
- land and buildings	**1,123**	1,028

4. Directors' remuneration

	2009 £'000	2008 £'000
Emoluments	1,000	1,123
Company contributions to money purchase pension schemes	75	72
	1,075	1,195

Remuneration of the highest paid director

	2009 £'000	2008 £'000
Emoluments	457	399
Company contributions to money purchase schemes	-	48
	457	447

The number of directors who	Number of directors 2009	Number of directors 2008
Are members of a money purchase pension scheme	2	3

5. Employment

The average monthly number of employees (including executive directors) was as follows

	Number of employees 2009	2008
Production and distribution	687	704
Management	46	44
Administration	153	148
Other	25	26
	911	922

Their aggregate remuneration comprised

	2009 £'000	2008 £'000
Wages and salaries	29,132	28,012
Social security costs	2,438	2,490
Other pension costs	954	956
	32,524	31,458

6. Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on bank loans and overdrafts	698	839
Finance charges in respect of finance leases and hire purchase contracts	89	95
Other interest payable and similar charges	248	446
Net income on pension assets and liabilities	(56)	(318)
	979	1,062

7. Tax on profit on ordinary activities

The tax charge represents

	2009 £'000	2008 £'000
Current tax:		
UK corporation tax at 28% (2008 28 5%)	2,045	2,192
Foreign tax	385	46
Adjustments in respect of prior years		
UK corporation tax	(278)	(373)
Foreign tax	9	16
Total current tax	2,161	1,881
Deferred tax:		
Origination and reversal of timing differences	186	(121)
Adjustments in respect of prior years	-	(35)
Adjustment in respect of post-retirement benefits	72	162
Total deferred tax	258	6
Total tax on profit on ordinary activities	2,419	1,887

Reconciliation of effective tax rate

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2009	2008
Profit on ordinary activities before tax	9,202	7,710
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28 0% (2008 28 5%)	2,577	2,197
Effects of		
Expenses not deductible for tax purposes	477	430
Non-taxable income	1	(3)
Capital allowances in excess of depreciation	(202)	(1)
Other timing differences originating in the year	(76)	45
Utilisation of tax losses	(353)	(421)
Tax rate differences	6	(9)
Adjustments to tax charge in respect of prior years	(269)	(357)
Current tax charge	2,161	1,881

Factors that may affect future tax charges:

The group earns its profits primarily in the United Kingdom Therefore the tax rate used for tax on profit on ordinary activities is the standard rate of UK corporation tax, currently 28%

A deferred tax asset amounting to £1,179,000 for capital losses has not been recognised because, in the opinion of the directors, there will be no suitable taxable gains available in the foreseeable future

The Group's planned level of capital investment is expected to remain at similar levels of investment Therefore, it expects to be able to claim capital allowances in excess of depreciation in future years, at a similar level to the current year

8. Profit attributable to the Company

As permıtted by Sectıon 408 of the Companıes Act 2006 a separate profit and loss account for the company has not been presented ın respect of the parent company The profit attrıbutable to shareholders for the perıod ıncludes a profit of £4,000 (2008 £31,000) excludıng ınter-company dıvıdends of nıl (2008 8,000,000), whıch ıs elımınated on consolıdatıon of the group results

9. Dividends

	2009 £'000	2008 £'000
Ordınary shares		
Dıvıdends declared and paıd - nıl per share (2008 £2 50 per share)	-	1,281
Dıvıdends declared and unpaıd – nıl per share (2008 £1 00 nıl per share)	-	512
	-	1,793

10. Intangible assets

	Goodwill £'000
Cost	
At begınnıng and end of year	10,464
Amortisatıon	
At begınnıng of year	(3,354)
Charge for the year	(1,106)
At end of year	(4,460)
Net book value	
At 31 December 2009	**6,004**
At 31 December 2008	7,110

Purchased goodwıll ıs beıng amortısed on a straıght lıne basıs over perıods rangıng from 5 to 10 years Thıs reflects the perıods over whıch the dırectors estımate that the values of the underlyıng busınesses acquıred are expected to exceed the value of the underlyıng assets

11. Tangible fixed assets

	Freehold properties £'000	Leasehold properties £'000	Plant and machinery £'000	Total £'000
Cost or valuation				
At beginning of year	9,644	1,184	28,363	39,191
Additions	33	33	1,496	1,562
Disposals	(890)	-	(3,008)	(3,898)
Effects of movements in foreign exchange	(231)	-	(489)	(720)
At end of year	**8,556**	**1,217**	**26,362**	**36,135**
Depreciation				
At beginning of year	3,104	756	22,062	25,922
Charge for year	265	23	1,786	2,074
Eliminated on disposals	(288)	-	(2,249)	(2,537)
Effects of movements in foreign exchange	(147)	-	(417)	(564)
At end of year	**2,934**	779	**21,182**	**24,895**
Net book value				
At 31 December 2009	**5,622**	**438**	**5,180**	**11,240**
At 31 December 2008	6,540	428	6,301	13,269

Leased assets included above

	£'000
Net book amount at 31 December 2009	**1,319**
Net book amount at 31 December 2008	1,231

Leasehold properties includes properties with net book values £nil (2008 £nil) held under a short term lease Freehold land amounting to £2,572,000 (2008 £2,837,000) is not depreciated

Argent Group Europe Limited, the company, does not hold any tangible fixed assets

12. Fixed asset investments

Group	Associates £'000	Other investments £'000	Total £'000
Share of net assets/cost			
At beginning of year	149	161	310
Additions	-	500	500
Disposals	-	(122)	(122)
Share of retained profit for the year	8	-	8
At end of year	157	539	696
Provisions for diminution in value			
At beginning and end of year	-	(5)	(5)
Net book value			
At 31 December 2009	157	534	691
At 31 December 2008	149	156	305

Listed investments included above

	Group 2009 £'000	Group 2008 £'000
Net book value	31	30
Aggregate market value	21	20

The following information is given in respect of the Group's share of associates

	2009 £'000	2008 £'000
Share of turnover	5,501	4,860
Share of fixed assets	1	-
Share of current assets	715	635
Share of liabilities due within one year	(559)	(478)
Share of net assets	157	157

Company	Shares in group undertakings £'000
Cost	
At beginning and end of period	51

Argent Group Europe Limited, the company, does not hold any listed investments

12. Fixed asset investments (continued)

The principal subsidiary companies are

	Country of incorporation	Principal activity	Class and percentage of shares held
Aalsmeer Foods BV	Netherlands	Holding company	Ordinary – 100%
Argent By-Products Group Limited	England & Wales	Animal By-Products	Ordinary – 100%
Argent Europe Limited	England & Wales	Investments	Ordinary – 100%
Argent Group New Zealand Limited	New Zealand	Holding company	Ordinary – 100% Preference – 100%
Argent Holdings Limited	England & Wales	Investments	Ordinary – 100%
Argent Meat Traders Limited	England & Wales	Trader of meat commodity	Ordinary – 100%
Argyll Holdings Limited*	England & Wales	Investments	Ordinary – 100%
Bakx Foods BV	Netherlands	Meat processing	Ordinary – 100%
Belwood Foods Limited	England & Wales	Animal By-Products	Ordinary – 100%
Berryworld Holdings Limited	England & Wales	Investments	Ordinary – 80%
Berryworld Limited	England & Wales	Soft fruit & produce	Ordinary – 80%
Fairfax Meadow Europe Limited	England & Wales	Catering Butcher	Ordinary – 100%
New Zealand Light Leathers Limited	New Zealand	Leather tanning	Ordinary – 100%
Norton Folgate Holdings Limited	England & Wales	Investments	Ordinary – 64%
Norton Folgate Marketing Limited	England & Wales	Stone fruit	Ordinary – 64%
Orchardworld Holdings Limited	England & Wales	Investments	Ordinary – 60%
Orchardworld Limited	England & Wales	Top fruit & produce	Ordinary – 60%
Poupart Holdings Limited	England & Wales	Investments	Ordinary – 80%
Poupart Limited	England & Wales	Fruit & produce	Ordinary – 80%
Tendercut Meats Limited	England & Wales	Meat processing	Ordinary – 100%
Traiteur Properties (Derby) Limited	England & Wales	Property	Ordinary – 100%
Traiteur Properties (KT) Limited	England & Wales	Property	Ordinary – 100%

* Held directly by Argent Group Europe Limited

The information has only been given for the Group's active subsidiaries whose results or financial position, in the opinion of the directors, principally affected the figures shown in these financial statements as a list of all Group companies would result in disclosure of excessive length

The Group has a 33 33% interest in Vitalberry BV, a company incorporated in the Netherlands, whose main activity is the marketing of soft fruit in its country of incorporation There is no significant loan capital in this associate

The Group has a 40% interest in Berryworld Plus Limited a company incorporated in England & Wales, whose purpose is to develop new varieties of soft fruit for commercial production There is no significant loan capital in this associate

13. Stock

	Group 2009 £'000	Group 2008 £'000
Raw materials and consumables	**7,686**	7,159
Work in progress	**406**	449
Finished goods	**4,294**	3,925
	12,386	11,533

14. Debtors

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Amounts falling due within one year				
Trade debtors	**37,690**	33,989	**-**	-
VAT recoverable	**1,203**	1,216	**-**	-
Other debtors	**6,051**	4,358	**-**	4
Prepayments and accrued income	**3,457**	3,236	**-**	-
Deferred tax recoverable (note 19)	**270**	456	**-**	-
	48,671	43,255	**-**	4

15. Creditors: amounts falling due within one year

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Bank loans and overdrafts (note 17)	**2,061**	5,108	**-**	-
Obligations under finance leases and hire purchase contracts (note 17)	**281**	527	**-**	-
Other loans (note 17)	**500**	1,300	**-**	-
Trade creditors	**33,565**	28,534	**-**	-
Corporation tax	**1,102**	585	**1**	12
Taxation and social security	**1,516**	1,690	**-**	-
Other creditors	**5,278**	7,346	**18**	526
Accruals and deferred income	**6,831**	5,597	**-**	-
	51,134	50,687	**19**	538

16. Creditors: amounts falling due after more than one year

	Group 2009 £'000	Group 2008 £'000
Bank loans and overdrafts (note 17)	**2,617**	7,796
Obligations under finance leases and hire purchase contracts (note 17)	**428**	607
Other loans greater than one year (note 17)	**3,855**	4,355
	6,900	12,758

17. Borrowings

Loans and finance leases are repayable as follows

	Group 2009 £'000	Group 2008 £'000
In the first year or on demand		
Bank loans and overdrafts	**2,061**	5,108
Finance leases	**281**	527
Other loans	**500**	1,300
In more than one year but not more than two years		
Bank loans and overdrafts	**700**	1,400
Finance leases	**391**	235
Other loans	**500**	500
In more than two years but not more than five years		
Bank loans and overdrafts	**-**	6,396
Finance leases	**37**	372
Other loans	**500**	1,000
After five years		
Bank loans and overdrafts	**1,917**	-
Other loans	**2,855**	2,855
	9,742	19,693

The Group had the following undrawn committed borrowing facilities available at 31 December

Expiry date	2009 £'000	2008 £'000
In one year or less	**3,462**	624
In more than one year but not more than two years	**6,000**	-
In more than two years	**16,083**	16,304
	25,545	16,928

At 31 December 2009, the Group had a Sterling denominated term loan facility repayable in quarterly instalments Borrowings under this facility were fully drawn at £2,100,000 at 31 December 2009 (2008 £3,500,000) This loan was repaid in full on 26 February 2010 There were no borrowings under the Group's £6 million revolving credit facility at 31 December 2009 (2008 £nil) Any borrowings under this facility are repayable at the Group's option whilst retaining the flexibility to borrow again under the facility The facility expires on 11 April 2011 Interest is payable at a variable rate 1 25% above LIBOR

The Group has a €3,000,000 secured overdraft facility denominated in Euros This facility is available until 1 September 2010 Borrowings under this facility amounted to €743,000 at 31 December 2009 (2008 €3,375,000) It is the Group's intention to use this facility as a hedge against Euro denominated assets and earnings Interest is payable at a variable rate 1 75% above Euribor

The Group has a multi option facility of NZ$3,000,000, repayable in full on 31 May 2010 The amount outstanding at 31 December 2009 was nil (2008 NZ$812,000) Interest is payable at a variable rate The Group also maintains an overdraft facility of NZ$250,000 Borrowings under this facility at 31 December 2009 were nil (2008 NZ$ 250,000) The interest rate is fixed at the time of borrowing These facilities are renewable annually with the next review on 31 May 2010

The Group maintains several discreet invoice discounting facilities for £18,000,000 (2008 £16,000,000) These facilities are evergreen facilities with three months' notice period and are dependent upon the level of trade debtors in several of the Group's subsidiaries The amount outstanding at 31 December 2009 was £1,917,000 (2008 £5,696,000) Interest is payable at a variable rate 1% above bank base rate

18. Financial commitments

a) Operating lease commitments

The future minimum lease payments under operating leases are as follows

Group

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	9	394	14	178
Between one and five years	409	745	123	884
After five years	678	-	890	-
	1,096	1,139	1,027	1,062

The company has no operating lease commitments

b) Finance lease commitments

Finance leases are payable as follows

Group

	2009 £'000	2008 £'000
Within one year	324	641
Between one and five years	421	634
After five years	38	38
	783	1,313
Less future finance charges	(74)	(179)
	709	1,134

The company has no finance leases

c) Financial instruments

At 31 December 2009, the Group had entered into forward foreign exchange contracts totalling £7,584,000 (2008 £5,501,000) The company has no forward exchange contracts

19. Deferred taxation

The analysis of deferred tax balances for the Group is as follows

	2009 £'000	2008 £'000
Accelerated capital allowances	11	133
Other timing differences	96	160
Tax losses available	163	163
Deferred tax asset	270	456
Deferred tax asset at the beginning of the year	456	300
Deferred tax (debit)/credit in profit and loss account for year	(186)	156
Deferred tax asset at the end of the year	270	456

Deferred tax in respect of the Group's defined benefit pension schemes is disclosed in note 28

The net debit to the profit and loss account, including post-retirement benefits was £258,000 (2008 debit £6,000)

Deferred tax assets of £300,000 (2008 £849,000) are included on the balance sheet separately within post-retirement benefits (note 28) During the period £72,000 (2008 £162,000) was charged to the profit and loss account and £477,000 was charged (2008 £335,000 credited) through the statement of total recognised gains and losses in respect of this movement

Certain deferred tax assets and liabilities have been offset The consolidated balance sheet discloses deferred tax assets of £504,000 (2008 £569,000) and deferred tax liabilities of £234,000 (2008 £111,000) The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned Other deferred tax assets amounting to £1,179,000 (2008 £898,000) in respect of capital losses and £4,055,000 (2008 £4,322,000) in respect of other losses have not been recognised on the basis that their future economic benefit is uncertain In accordance with FRS19 these assets will be recognised when it is regarded as more likely than not that they will be recovered

The company has no deferred tax assets or liabilities

20. Provisions

Group	Leases	Other	Total
	£'000	£'000	£'000
At beginning of year	179	139	318
Created during the year	41	12	53
Foreign exchange movement	-	(12)	(12)
At end of year	220	139	359

Leases

Lease provisions relate to financial commitments payable under head leases in excess of the income expected under sub leases during the period from 2009 to 2013 Provision has also been made for the requirement to make repairs on dilapidations under the terms of certain leases

Other

Other provisions comprise commitments for long service awards The extent and timing of the utilisation of these provisions is uncertain given the period over which the relevant employee services are received

21. Capital and reserves

Group and Company	2009	2008
	£'000	£'000
Authorised		
520,000 ordinary shares of 10p each	52	52
Issued and fully paid		
512,201 ordinary shares of 10p each	51	51

Capital redemption reserve
The capital redemption reserve arose from the cancellation of £5,000 ordinary shares and is non-distributable

Merger reserve
The merger reserve arose from the group reconstruction in 2007, under which the Company acquired the entire issued share capital of Argyll Holdings Limited by way of a scheme of arrangement The merger reserve is non-distributable

22. Movement on reserves

Group	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000	Minority interest £'000
At 1 January 2009	5	468	18,051	1,206
Total recognised gains and losses	-	-	8,092	-
Minority interest	-	-	(323)	323
Dividends paid and payable	-	-	-	(33)
At 31 December 2009	**5**	**468**	**25,820**	**1,496**

Company	Profit and loss account £'000
At 1 January 2009	**6,719**
Profit for the period	**4**
At 31 December 2009	**6,723**

23. Reconciliation of movements in shareholders' funds

	Group 2009 £'000	Group 2008 £'000	Company 2009 £'000	Company 2008 £'000
Profit for the financial year	**6,783**	5,823	**4**	8,031
Dividends and distributions	**(33)**	(2,008)	**-**	(1,793)
	6,750	3,815	**4**	6,238
Translation adjustments	**83**	892	**-**	-
Actuarial gains/(losses) on post-retirement benefits	**1,703**	(1,196)	**-**	-
Tax on actuarial gains and losses	**(477)**	335	**-**	-
Movements on shareholders' funds in year	**8,059**	3,846	**4**	6,238
Opening shareholders' funds	**19,781**	15,935	**6,770**	532
Closing shareholders' funds	**27,840**	19,781	**6,774**	6,770

24. Minority interests

	£'000
At 1 January 2009	1,206
Profit on ordinary activities for the year	323
Dividends paid	(33)
At 31 December 2009	**1,496**

25. Net cash inflow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2009 £'000	2008 £'000
Operating profit	8,262	8,698
Share of associates' operating profit	8	57
Depreciation and impairment charges	2,074	2,068
Amortisation and impairment of goodwill	1,106	1,120
Non-cash items	232	(304)
Increase in stocks	(853)	(1,672)
Increase in debtors	(5,327)	(920)
Increase in creditors	4,578	1,365
Net cash inflow from operating activities	10,080	10,412

26. Analysis of net debt

	At 1 January 2009 £'000	Cash flow £'000	Other non cash changes £'000	At 31 December 2009 £'000
Cash in hand and at bank	10,255	(2,175)	(67)	8,013
Debt due within one year	(6,408)	5,747	(1,900)	(2,561)
Debt due after one year	(12,151)	3,779	1,900	(6,472)
Finance leases	(1,134)	564	(139)	(709)
	(19,693)	10,090	(139)	(9,742)
Net debt	**(9,438)**	**7,915**	**(206)**	**(1,729)**

27. Analysis of cash flows

	2009 £'000	2008 £'000
Returns on investment and servicing of finance		
Interest received	**657**	256
Interest paid	**(953)**	(967)
Interest element of finance lease rental payments	**(89)**	(95)
Dividends received	**2**	3
	(383)	(803)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(1,562)**	(1,598)
Sale of tangible fixed assets	**2,197**	4,025
Purchase of fixed asset investment	**(500)**	-
Sale of fixed asset investment	**262**	-
	397	2,427
Financing		
New loans acquired	**-**	250
Short term liquidity financing	**(3,779)**	(1,437)
Loan repayments		
Long term loans repaid	**(5,747)**	(8,383)
Capital element of finance lease rental payments	**(564)**	(384)
	(10,090)	(9,954)

Long term loan repayments includes £1 3 million deferred purchase consideration for acquisitions completed in 2007

28. Pensions

The Group operates a number of pension schemes comprising of both defined contribution and defined benefit schemes The majority of the schemes are self-administered and, in all cases, the schemes assets are held independently of the Group's finances in separate trustee administered funds The main UK plans provide benefits that are computed based on an employee's years of service and final pensionable salary Pension costs are assessed in accordance with the advice of independent professionally qualified actuaries

The principal UK scheme is of the defined benefit type, based on final salary The funds are valued at least every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary In intervening years the actuary reviews the continuing appropriateness of the rates The last finalised assessment of the principal scheme was at 30 June 2007 and updated to 31 December 2009 by a qualified independent actuary The contribution made to the scheme in the accounting period was £433,000 (2008 £569,000) The current employer contribution rate is 8 5% The scheme is closed to new members and as such under the projected unit method the current service cost will increase, as the members of the scheme approach retirement

The major assumptions used by the actuary on the Argent Group Europe Pension Scheme ("the Main Scheme") were (in nominal terms)

	2009	2008	2007
Rate of increase in salaries	3 6%	3 0%	3 5%
Rate of increase for pensions in payment	3 0%	3 0%	3 5%
Discount rate	5 8%	6 1%	5 6%
Inflation	3 6%	3 0%	3 5%

The expected long-term rates of return on the assets of the Argent Group Europe Pension Scheme were

	2009	2008	2007
Equities	7 5%	n/a	6 9%
Bonds	5 8%	n/a	4 5%
Other	8 9%	7 8%	8 7%

The fair value of the assets in the schemes and the present value of liabilities in the schemes at each balance sheet date were

	2009 £'000	2008 £'000	2007 £'000
Market value of schemes' assets			
Equities	5,576	449	5,324
Bonds	2,996	-	855
Other	11,184	15,807	12,851
Total market value of assets	19,756	16,256	19,030
Present value of scheme liabilities	(20,828)	(19,288)	(21,443)
Net deficit in the schemes	(1,072)	(3,032)	(2,413)
Related deferred tax asset	300	849	676
Net pension liability	(772)	(2,183)	(1,737)

Analysis of the amount charged to operating profit

In accordance with FRS17, the following amounts have been recognised in the consolidated profit and loss account in respect of defined benefit schemes

	2009 £'000	2008 £'000
Charged to operating profit		
Current service cost	232	310
Total operating charge	232	310
Charged to other finance income		
Expected return on scheme assets	1,179	1,456
Interest cost on scheme liabilities	(1,123)	(1,138)
Net return	56	318

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

In accordance with FRS 17, the following amounts have been recognised in the consolidated statement of total recognised gains and losses

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	**2,572**	(3,423)
Experience gains and losses arising on the schemes' liabilities	**(2)**	133
Changes in assumptions underlying the present value of the schemes' liabilities	**(867)**	2,094
Actuarial gains recognised in consolidated statement of total recognised gains and losses	**1,703**	(1,196)

Movement in deficit during the year

	2009 £'000	2008 £'000
Deficit in schemes at beginning of year	**(3,032)**	(2,413)
Movement in the year		
Current service cost	**(232)**	(310)
Contributions	**433**	569
Other finance income	**56**	318
Actuarial gain/(loss)	**1,703**	(1,196)
Deficit in schemes at end of year	**(1,072)**	(3,032)

History of experience gains and losses

	2009	2008	2007	2006	2005
Difference between the expected and actual return on scheme assets					
Amount (£000)	**2,572**	(3,423)	(546)	976	1,822
% of schemes' assets	**15%**	(24%)	(3%)	6%	12%
Experience gains and losses on scheme liabilities					
Amount (£000)	**(2)**	133	438	(458)	(75)
% of schemes' liabilities	**0%**	1%	2%	(2%)	0%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	**1,703**	(1,196)	194	222	(419)
% of schemes' assets	**10%**	(8%)	1%	1%	(2%)

The pension cost for defined contribution schemes, which represent contributions payable by the Group, amounted to £521,000 (2008 £387,000)

29. Future capital expenditure

	Group 2009 £'000	2008 £'000
Contracts placed	**160**	313

30. Transactions with directors and related parties

A total of £93,500 (2008 £93,500) was charged ın the Group's profit and loss account relatıng to monıtorıng fees, arrangement fees and dırectors fees for servıces provıded by Cınven Lımıted, a number of whose funds hold shares ın the company An amount of £nıl remaıned outstandıng at 31 December 2009 (2008 £24,544)

The Group owns 80% of the ordınary share capıtal of Poupart Holdıngs Lımıted The remaınıng 20% of the ordınary share capıtal ıs held by a dırector of subsıdıary companıes, namely Mr A L Olıns, who also holds ırredeemable preference shares ın Poupart Holdıngs Lımıted Further detaıls of the transactıons wıth Mr Olıns that occurred durıng the year and balances owed by and/or to hım at the year end are dısclosed ın the fınancıal statements of Poupart Holdıngs Lımıted

Poupart Lımıted owns 75% of the ordınary share capıtal of Orchardworld Holdıngs Lımıted The remaınıng 25% of the ordınary share capıtal ıs held by a dırector of subsıdıary companıes, namely Mr M Culley Further detaıls of the transactıons wıth Mr Culley that occurred durıng the year and balances owed by and/or to hım at the year end are dısclosed ın the fınancıal statements of Orchardworld Holdıngs Lımıted

Poupart Lımıted owns 80% of the ordınary share capıtal of Norton Folgate Holdıngs Lımıted The remaınıng 20% of the ordınary share capıtal ıs held by a dırector of subsıdıary companıes, namely Mr M Hancock Further detaıls of the transactıons wıth Mr Hancock that occurred durıng the year and balances owed by and/or to hım at the year end are dısclosed ın the fınancıal statements of Norton Folgate Holdıngs Lımıted

On 10 September 2005, one of the Group's subsıdıarıes, Argent Holdıngs Lımıted, entered ınto a ten year lease to rent premıses that are owned by the pensıon funds of Messrs D Gray, A Hunter and A Barnes The annual rental for the premıses ıs £75,500 Rental charges of £75,500 are ıncluded ın the profit and loss account for the year ended 31 December 2009 (2008 £75,500) Rental prepayments of £nıl have been ıncluded ın the balance sheet at 31 December 2009 (2008 £19,000)

On 18 February 2008, one of the Group's subsıdıarıes, Orchardworld Lımıted, entered ınto a fifteen year lease to rent premıses that are owned by the pensıon funds of Messrs D Gray, A Hunter and M Culley The annual rental for the premıses ıs £46,500 Rental charges of £46,500 are ıncluded ın the profit and loss account for the year ended 31 December 2009 (2008 £44,691)

One of the Group's subsıdıarıes, Faırfax Meadow Europe Lımıted, sold £509,189 (2008 £165,872) of meat on an open market basıs to Walton Meats Lımıted Mr G F Wensley ıs a senıor manager of Faırfax Meadow Europe Lımıted and owns part of Walton Meats Lımıted An amount of £78,274 (2008 £40,128) was outstandıng at the end of the year

Argent Group Europe Lımıted and ıts subsıdıarıes have traded wıth Argent Energy PLC durıng the year Both entıtıes were under common ownershıp untıl 19 August 2009 Sales ın the perıod for servıces provıded amount to £113,393 (2008 £168,348) Purchases amounted to £nıl (2008 £ nıl) The amount outstandıng from Argent Energy plc at 31 December 2009 ıs nıl (2008 £168,348)

Mr L Olıns and Mr A Olıns, both of whom are dırectors of one of the Group's subsıdıarıes, Poupart Lımıted, are also dırectors of Brıtısh Summer Fruıts Lımıted Sales and purchases from Brıtısh Summer Fruıts Lımıted amounted to £20,000 (2008 £17,594) and £90,000 respectıvely (2008 £87,936) The amount due to Brıtısh Summer Fruıts Lımıted at 31 December 2009 ıs £1,958 (2008 £1,438)

A close relatıve of Mr A Hunter benefitted durıng the year from a holdıng of 100,000 ordınary shares of the Company, whıch were held through a trust Mr Hunter derıves no benefit from, nor exercıses any control over the trust

31. Assets pledged, commitments and contingencies

The Group ıs from tıme to tıme party to other legal proceedıngs and claıms, whıch arıse ın the ordınary course of busıness and are not consıdered materıal ın the context of these fınancıal statements

The company and some of ıts subsıdıarıes are partıcıpants ın a group arrangement under whıch all assets and surplus cash balances are held as collateral for bank facılıtıes advanced to Group members The maxımum amount covered by these arrangements at 31 December 2009 was £8 1 mıllıon (2008 £9 5 mıllıon) The Group has gıven certaın bankıng guarantees ın ıts normal course of busıness, amountıng to £340,000 (2008 £480,000)

32. Significant events since the year end

On 5 March 2010, 100% of the share capital of the Company was acquired by Fletcher Bay Investment Company Limited which is ultimately owned and controlled by Fletcher Bay Group Limited

Messrs DJ Gray and AJ Barnes are directors of Argent Group Europe Limited and Fletcher Bay Group Limited