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Grant Thornton

Financial statements
Pauls Malt Limited

For the Period Ended 30 June 2011

Company No. 88929

Company information

Company registration number: 88929

Registered office:
24/25 Eastern Way
BURY ST EDMUNDS
Suffolk
IP32 7AD

Directors:
D R Wilkes
D Bamas (France)
J-M Dubois (France)
J-F Loiseau (France)
Y Shaepman (Belgium)

Secretary:
Goodbody Northern Ireland Secretarial Ltd (Northern Ireland)

Bankers:
NatWest Bank PLC
15 Bishopsgate
LONDON
EC2P 2AP

HSBC PLC
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London
SW1Y 5EY

Solicitors:
Slaughter and May LLP
35 Basinghall Street
LONDON
EC2V 5DB

Eversheds LLP
Bridgewater Place
Water Lane
LEEDS
LS11 5DR

Company information

Auditor:

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Grant Thornton House
Kettering Parkway
Kettering Venture Park
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Report of the directors

The directors present their report and the financial statements of the company for the period ended 30 June 2011

Principal activities

The principal activities of the company are the manufacture and sale of malt to the UK and overseas markets and the provision of barley sourcing and storage services

Business review and future developments

In the period under review domestic beer sales declined further due the impact of the economic uncertainty, increased tax on alcoholic beverages and changing consumer habits Export volumes were supported both by a weaker level of sterling and by the company being able to supply malt to other parts of the Boortmalt Group to satisfy demand Sales into the distilling industry remained strong as the distillers continue to increase whisky production in anticipation of future strong demand from the BRIC countries

Capacity utilisation was below the historic norm at the beginning of the accounting period but towards the end of the period all malting plants had returned to full capacity utilisation Softer demand for malt together with capacity under-utilisation in the wider malting industry led to increased margin pressure and accounts for the fall in profitability compared to the previous accounting period Malt stocks at the year-end were at a historic low partly due to improved demand but also in a conscious effort to further improve working capital

The Directors remain confident about the future of the industry and in particular anticipate strong demand for malt from the distilling industry which will underpin the two malting plants located in Scotland Furthermore strong relationships with UK brewers and the beneficial support from the wider Boortmalt Group with respect to export market opportunities should ensure the business operates at a satisfactory level Margins are likely to remain under pressure in the short-term but as industry capacity utilisation improves margins are expected to recover

Results for the period

The profit for the period after taxation, amounted to £4,920,000 (24 September 2010 - £15,101,000) An interim dividend of £nil (24 September 2010 - £36,800,000) was paid The directors do not recommend payment of a final dividend (24 September 2010 - £nil)

The directors consider the result for the period to be satisfactory

Principal risks and uncertainties

Risks and mitigating controls are managed and reviewed by the senior management team on a regular basis Also, being part of a larger group (Axereal Union or "Group"), these are also subject to review by the Group's financial audit programmes Accreditation under various quality, environmental, and health and safety standards ensures these areas are regularly reviewed for compliance to these standards

Principal risks and uncertainties (continued)

The company faces a number of risks and uncertainties that can be summarised into four categories, as follows

Commercial

- The loss of a manufacturing site through fire, natural catastrophe, act of vandalism or critical plant failure could potentially have a material impact

  These risks are mitigated through robust security and comprehensive disaster recovery plans In addition external insurance and risk management experts review all sites and discuss findings with senior management

- A shortage of raw material supply could result in increased costs and loss of production

  The commercial team monitors exposures weekly and senior management team reviews exposures on a monthly basis

- Fluctuating energy prices can have a significant impact on profitability

  There is a strong commercial focus on purchasing energy and diversifying risk

Operational

- As part of the food and drink industry the company is subject to market related risks associated with food products

  The company has a strong technical function dealing with product quality and traceability There are systems in place for hygiene, health and safety and environmental controls The systems are reviewed regularly by the senior management team who also review customer audits

Financial

- Through the group's treasury function, the company uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and purchases in foreign currencies

  The company policy is for all sales and purchase contracts to be hedged at the time the contract is made and therefore avoid the risks of speculation

- The company's defined benefit pension fund is exposed to the risk of changes in interest rates and the market values of investments as well as inflation and the increasing longevity of scheme members

  The risk is mitigated by paying appropriate contributions into the fund and through a balanced investment strategy to avoid a material worsening of the current deficit The defined benefit scheme is closed to new members

Systems

- A significant IT failure could adversely impact on the business

  Robust IT disaster recovery plans and system backup processes are in place

Key performance indicators

The company considers as part of its management accounting process the following measures to be indicators of the underlying performance of the business

- Operational efficiency is key to the business succeeding and two measures of this are tonnes of malt produced per employee and capacity utilisation Malt produced per employee was 1,796 tonnes in the financial period (24 September 2010 - 2,280 tonnes) and capacity utilisation was 85% in the financial period (24 September 2010 - 82%)

- Proportion of sales to the export market is a key measurement as it is part of the company's strategy to increase focus on the export market and have less exposure to the currently highly competitive domestic markets The proportion of sales to the export market in the financial period was 42% (24 September 2010 - 28%)

- Free cash flow is an important indicator of the company's performance in maximising cash generation The net cash outflow from operations in the financial period was £4,471 (24 September 2010 - outflow of £5,720m)

- Return on investment is measured using the company's operating profit, excluding property sales, against the average total of shareholders' funds invested in the business The return in the financial period was 23% (24 September 2010 - 33%)

Financial risk management objectives and policies

The company is exposed to a variety of financial risks including interest rate, foreign currency, liquidity and credit risk These financial risks are managed under policies approved by the ultimate holding company The company uses forward currency contracts to manage the financial risk associated with selling and buying in currencies other than sterling The company does not use derivative financial instruments for trading and speculative purposes

Interest rate risk
Funding is provided by the ultimate holding company, which has policies in place to optimise the interest cost and reduce volatility in reporting earnings This is managed by reviewing the debt profile regularly and by selectively using interest rate swaps to limit the level of floating interest rate exposure

Foreign currency risk
The company trades internationally and uses forward exchange contracts to hedge exchange exposures arising from forecast receipts and payments in foreign currencies

Liquidity risk
Funding is provided by the ultimate holding company, which has a policy to ensure that there is always sufficient long term and committed bank facilities in place to meet foreseeable peak borrowing requirements There is also a prudent approach to liquidity risk management by spreading the maturities of debt from short-term to long-term

Credit risk
The company derives a significant proportion of its revenue from sales to a limited number of major customers Sales to individual customers can be of significant value and the failure of any such customer to honour its debts could materially impact on the company's results The company manages the risk by regularly reviewing the credit history and rating of all significant customers

Directors, secretary and their interests

The Directors and secretary who held office at 30 June 2011 and up to the date of the approval of the financial statements are listed on page 1

The directors and their spouses and minor children have no interest in the shares of the company D Bamas, J-M Dubois, J-F Loiseau and Y Shaepman were also directors of the company's ultimate parent undertaking, Axereal Union de Cooperatives Credit Agricoles, at 30 June 2011, and their interests are disclosed in that company's financial statements for the period ended 30 June 2011 There are no other interests requiring disclosure under the Companies Act 2006

Political and charitable donations

The company made charitable donations in the financial period of £599 (24 September 2010 - £516) The company made no political donations in the financial period (24 September 2010 - £nil)

Creditors' payment policy

The company's current policy concerning the payment of its creditors is to

i settle the terms of payments with suppliers when agreeing the terms of each transaction,
ii ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
iii pay in accordance with its contractual and other legal obligations

The payment policy applies to all payments for revenue and capital items without exception

Employees

During the financial period, the company give full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes when related to any suitable opportunities available

Company policy provides that existing employees who become disabled shall continue employment with the company if at all possible, subject to any appropriate retraining

Training, career development and promotion apply equally to all employees, taking into consideration their aptitudes and abilities

Matters of interest and concern are regularly circulated to employees Meetings are held at various staff levels on a regular basis to discuss matters of mutual interest and the views of employees are taken into account when making decision that are likely to affect their interests

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) 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 and 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

Statement of directors' responsibilities (continued)

- 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
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

ON BEHALF OF THE BOARD

D R Wilkes
Director

17 JANUARY 2012

GrantThornton

Report of the independent auditor to the members of Pauls Malt Limited
(registered number 88929)

We have audited the financial statements of Pauls Malt Limited for the period ended 30 June 2011 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of recognised gains and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 7 and 8, 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 and express an opinion on 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 website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Grant Thornton

Report of the independent auditor to the members of Pauls Malt Limited

(registered number 88929)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial period 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Timothy Lincoln
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Kettering

18 JANUARY 2012

Principal accounting policies

Basis of accounting

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

The principal accounting policies of the company have remained unchanged from the previous period and are set out below

Basis of preparation

The company is part of the financial arrangements of the Axereal Union de Cooperative Agricoles The group manages its finance centrally and provide its trading subsidiaries with the necessary funds to meet its operational/business needs The directors of the company have received confirmation from the group that it will provide them with the necessary funds to meet its operational/business needs for the foreseeable future On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis

Basis of consolidation

The company is a subsidiary of an EU parent which prepares consolidated accounts which are publicly available and is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Regulation 8 of the European Communities (Companies Group Accounts) Regulations 1992 Consequently these financial statements deal with the results of the company as a single entity

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

Turnover is the revenue arising from the sale of goods It is stated at the fair value of the consideration receivable, net of value added tax, rebates and discounts

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms

Tangible fixed assets

All fixed assets are initially recorded at cost Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Buildings	-	2% per annum on cost
Plant	-	3 33% - 25% per annum on cost

Freehold land and assets under construction are not depreciated The company does not capitalise finance costs

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Leased assets

Assets held under sale and finance leaseback agreements, in which the commercial substance of the underlying agreement is considered to be a secured loan, and that confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and depreciated over their useful economic lives The capital element of the leasing commitment is recorded as a liability and is shown as an interest element The capital element is applied to reduce the outstanding obligations under the leasing commitments and the interest element is charged on a reducing balance basis to the profit and loss account over the period of the agreement

Investments

Investments are included at cost, which is reviewed on a regular basis and provision made for any impairment in value

Stocks

Stocks are valued at the lower of cost and net realisable value Where appropriate, costs include raw materials, freight and direct labour expenses, along with related production and other overheads Net realisable value is the actual or estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling and distribution Provision is made for obsolete, slow moving or defective items where appropriate

The company acts as a disclosed purchasing agent on behalf of Utexam Logistics Limited, a company that operates in the commodity supply industry The company recognises raw material costs and the related liabilities in its accounts when the title to the raw materials passes to it from Utexam Logistics Limited

Pension costs

The company provides pensions to certain of its employees through separately administered defined benefit plans and defined contribution plans

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

Contributions payable by the company in respect of the defined contribution plan are charged to operating profit as incurred

Current taxation

The current tax charge is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted by the balance sheet date Current and deferred tax is recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or loss that is or has been recognised directly in the statement of total recognised gains and losses

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date Deferred tax assets are recognised when it is more likely than not that they will be recovered Deferred tax is measured on an undiscounted basis using rates of tax that have been enacted or substantively enacted by the balance sheet date

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, or where appropriate, the forward contract rate (the company uses forward contracts to hedge its foreign exchange exposure in respect of foreign customers), any exchange differences arising thereon are included in the profit and loss account Legal responsibility for the forward contracts lies with Boortmalt NV, a fellow subsidiary company of the ultimate holding company, who arranges the contracts on the company's behalf

Dividends

Dividend distributions payable to equity shareholders are included in current liabilities when the dividends are approved by the board prior to the balance sheet date

Financial instruments

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 entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Profit and loss account

	Note	**Period to 30 June 2011 £'000**	Period to 24 September 2010 £'000
Turnover	1	**77,572**	96,222
Cost of sales		**(65,144)**	(76,204)
Gross profit		**12,428**	20,018
Distribution expenses		**(4,622)**	(4,646)
Administrative expenses		**(3,049)**	(3,105)
Operating profit	2	**4,757**	12,267
Interest receivable and similar income	5	**56**	2,668
Interest payable and similar charges	6	**(466)**	(559)
Other finance income	16	**1,170**	4,791
Profit on ordinary activities before taxation		**5,517**	19,167
Tax on profit on ordinary activities	7	**(597)**	(4,066)
Profit for the financial period		**4,920**	15,101

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the result for the period as set out above

Balance sheet

	Note	30 June 2011 £'000	24 September 2010 £'000
Fixed assets			
Tangible assets	9	**34,435**	35,347
Investments	10	**-**	-
		34,435	35,347
Current assets			
Stocks	11	**5,571**	9,087
Debtors	12	**20,952**	20,388
Cash at bank and in hand		**7,615**	3,185
		34,138	32,660
Creditors: amounts falling due within one year	13	**(26,292)**	(28,046)
Net current assets		**7,846**	4,614
Total assets less current liabilities		**42,281**	39,961
Creditors: amounts falling due after more than one year	14	**(7,558)**	(7,208)
Provisions for liabilities			
Deferred taxation	15	**(3,360)**	(3,507)
Defined benefit pension deficit	16	**(2,190)**	(4,077)
		29,173	25,169
Capital and reserves			
Called-up equity share capital	21	**1,081**	1,081
Share premium account	23	**988**	988
Profit and loss account	22	**27,104**	23,100
Shareholders' funds	24	**29,173**	25,169

These financial statements were approved by the directors and authorised for issue on 17 JANUARY 2012 and are signed on their behalf by

D R Wilkes
Director

Company registration number 88929

The accompanying accounting policies and notes form part of these financial statements.

Statement of total recognised gains and losses

	Note	**Period to 30 June 2011 £'000**	Period to 24 September 2010 £'000
Profit for the financial period		**4,920**	15,101
Actuarial loss on defined benefit pension scheme	16	**(177)**	(2,599)
Deferred tax credit on pension cost relief in excess of net pension cost charge	22	**-**	463
Deferred tax charge on defined pension scheme		**(739)**	(1,035)
Total recognised gains and losses for the financial period		**4,004**	11,930

Notes to the financial statements

1 Turnover

The analysis of turnover by activity and geographical area is as follows

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Activity		
Malt - manufacture and sale	**74,172**	92,635
Barley drying and storage services	**3,400**	3,587
	77,572	96,222

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Geographical area		
United Kingdom and Ireland	**47,422**	69,742
Other EU countries	**5,609**	939
Africa	**303**	-
Asia	**22,536**	21,585
South America	**-**	-
Rest of the World	**1,702**	3,956
	77,572	96,222

2 Operating profit

Operating profit is stated after charging

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Depreciation		
- owned fixed assets	**1,542**	1,861
- held under finance leases	**450**	774
Auditor's remuneration		
Audit fees	**36**	58
Operating lease costs		
- plant and machinery	**46**	50
- motor vehicles	**89**	91

3 Directors and employees

The average number of staff employed by the company during the financial period amounted to

	Period to 30 June 2011 No	Period to 24 September 2010 No
Number of production staff	75	74
Number of sales and administrative staff	47	48
	122	122

The aggregate payroll costs of the above were

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Wages and salaries	3,179	4,211
Social security costs	328	424
Other pension costs - defined benefit scheme	349	399
Other pension costs - defined contribution scheme	73	40
	3,929	5,074

4 Directors

Remuneration in respect of directors was as follows

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Emoluments receivable	188	411
Value of company pension contributions to defined benefit schemes	22	38
Value of company pension contributions to money purchase schemes	-	6
	210	455

Emoluments of highest paid director

	Period to 30 June 2011 £	Period to 24 September 2010 £
Total emoluments (excluding pension contributions)	188,230	264,052
Value of company pension contributions to money purchase schemes	22,451	30,401
	210,681	294,453

Directors (continued)

The number of directors who accrued benefits under company pension schemes was as follows

	Period to 30 June 2011 No	Period to 24 September 2010 No
Defined benefit schemes	1	2
Money purchase schemes	-	1

The accrued pension entitlement of the highest paid director was £134,020 (24 September 2010 £136,550)

5 Interest receivable and similar income

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Amounts due from group undertakings	36	2,644
Bank and similar interest receivable	20	24
	56	2,668

6 Interest payable and similar charges

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Amounts due to group undertakings	465	553
Bank and similar interest payable	1	6
	466	559

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Current tax		
In respect of the period		
UK Corporation tax based on the results for the period at 27 34% (24 September 2010 - 28%)	**744**	3,113
Adjustments in respect of prior period	**-**	103
Total current tax	**744**	3,216
Deferred tax		
Current period charge	**(147)**	1,001
Prior year provision	**-**	(151)
Total deferred tax	**(147)**	850
Tax on profit on ordinary activities	**597**	4,066

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is less than the standard rate of corporation tax in the UK of 27 34% (2009 - 28%)

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Profit on ordinary activities before taxation	**5,517**	19,167
Profit on ordinary activities by rate of tax	**1,508**	5,367
Capital allowances in excess of depreciation	**(71)**	(405)
Net non-taxable income	**(683)**	(1,216)
Pension cost relief in excess of net pension cost charge	**(10)**	(463)
Short-term timing differences	**-**	(170)
Adjustments in respect of prior period	**-**	103
Total current tax (note 7(a))	**744**	3,216

8 Dividends

	Period to 30 June 2011 £'000	Period to 24 September 2010 £'000
Paid during the period		
Equity dividend on ordinary shares	-	36,800

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Construction in progress £'000	Total £'000
Cost				
At 25 September 2010	6,889	72,458	1,520	80,867
Additions	13	1,722	(655)	1,080
At 30 June 2011	6,902	74,180	865	81,947
Depreciation				
At 25 September 2010	1,968	43,552	-	45,520
Charge for the period	82	1,910	-	1,992
At 30 June 2011	2,050	45,462	-	47,512
Net book value				
At 30 June 2011	**4,852**	**28,718**	**865**	**34,435**
At 24 September 2010	4,921	28,906	1,520	35,347

Assets held under sale and leaseback arrangements and capitalised in plant and machinery are as follows

	30 June 2011 £'000	24 September 2010 £'000
Cost	**21,415**	21,415
Accumulated depreciation	**(16,595)**	(16,145)
Net book value	**4,820**	5,270

10 Investments

	30 June 2011 £'000	24 September 2010 £'000
Cost		
At beginning and end of period	**60**	60
Amounts written off		
At beginning and end of period	**(60)**	(60)
Net book amount at beginning and end of period	**-**	-

The company's investment is in

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of shares held by the company
Multimalt Limited	Nigeria	Ordinary 1 Naira share	20%

The principal activity of Multimalt Limited is the handling of cereals and other agricultural products for export and import The company's investment in Multimalt Limited is provided against in full

The results for Multimalt Limited's most recent available period end and the net assets of the company at that date are shown below

	Multimalt Limited 31 December 2010 £'000
Loss for period	(201)
Net assets	209

11 Stocks

	30 June 2011 £'000	24 September 2010 £'000
Raw materials and consumables	**801**	717
Work in progress	**1,177**	949
Finished goods	**3,593**	7,421
	5,571	9,087

12 Debtors

	30 June 2011 £'000	24 September 2010 £'000
Trade debtors	11,377	12,320
Amounts owed by group undertakings	7,659	7,807
Prepayments and accrued income	64	90
Corporation Tax	1,295	-
Other debtors	557	171
	20,952	20,388

13 Creditors: amounts falling due within one year

	30 June 2011 £'000	24 September 2010 £'000
Trade creditors	22,358	15,864
Tangible fixed asset purchases	208	91
Amounts owed to group undertakings	2,287	8,303
Corporation tax	-	3,113
Other taxation and social security	127	146
Other creditors	-	51
Accruals and deferred income	1,312	478
	26,292	28,046

14 Creditors: amounts falling due after more than one year

	30 June 2011 £'000	24 September 2010 £'000
Amounts due to group undertakings	7,558	7,208

15 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	30 June 2011 £'000	24 September 2010 £'000
Included in provisions	3,360	3,507

Deferred taxation (continued)

The movement in the deferred taxation account during the period was

	30 June 2011 £'000	24 September 2010 £'000
Balance brought forward	**3,507**	3,120
Profit and loss account movement arising during the period	**(147)**	850
Statement of total recognised gains and losses	**-**	(463)
Balance carried forward	**3,360**	3,507

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	30 June 2011 £'000	24 September 2010 £'000
Excess of depreciation over taxation allowances	**3,360**	3,517
Other timing differences	**-**	(10)
Deferred tax excluding that relating to pension liability	**3,360**	3,507
Pension liability (note 16)	**(769)**	(1,508)
	2,591	1,999

16 Pension costs

Defined benefit pension scheme

The company operates a funded, defined benefit scheme in UK The scheme is comprised of approximately half office based and half manufacturing based employees, situated at various locations within the UK The assets of the schemes are held separately from those of the company

The last full actuarial valuation of this scheme was carried out as at 1 April 2010 and updated to 30 June 2011 by a qualified independent actuary The service cost has been calculated by using the Projected Unit method The major assumptions used at the balance sheet date were

Financial assumptions

	2011 %	2010 %	2009 %	2008 %
Rate of increase in salaries	**6.0**	4 2	4 0	4 3
Rate of increase for pensions in payment	**3.6**	3 2	3 0	3 3
Rate of increase in pension in deferment	**3.6**	3 2	3 0	3 3
Discount rate	**5.5**	5 2	5 6	7 0
Inflation assumption	**3.6**	3 2	3 0	3 3

In valuing the liabilities of the pension fund at 30 June 2011, 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

Pension costs (continued)

Current pensioner aged 65 87 7 years (male), 90 7 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

The expected long term rates of return and market values of the assets of the scheme were

	2011			2010			2009		
	Market value £'000	**Alloca -tion %**	**Long-term rate of return %**	Market value £000	Alloca-tion %	Long-term rate of return %	Market value £000	Alloca-tion %	Long-term rate of return %
Equities	**3,937**	**42**	**7.75**	3,516	49	7 45	10,656	81	8 05
Bonds	**2,999**	**32**	**5.06**	1,220	17	5 10	2,499	19	4 05
Cash/other	**2,438**	**26**	**7.25**	2,440	34	6 70	-	-	-
	9,374			7,176			13,155		

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class The expected return for each asset class was then weighted based on the asset distribution at the start of the period to develop the expected long-term rate of return on assets assumption for the portfolio

Scheme assets are measured at market value Pension liabilities are measured using the projected unit method discounted to present value

	2011 £'000	2010 £000	2009 £000
Total market value of assets	**9,374**	7,176	13,155
Present value of liability	**(12,333)**	(12,761)	(22,238)
Deficit in the scheme	**(2,959)**	(5,585)	(9,083)
Related deferred tax asset	**769**	1,508	2,543
Net pension liability	**(2,190)**	(4,077)	(6,540)

Analysis of amount charged to operating profit

	30 June 2011 £'000	24 September 2010 £000
Current service cost	**(315)**	**(408)**

Pension costs (continued)

Analysis of the amount chargeable to other finance income/(expense)

	30 June 2011 £'000	24 September 2010 £'000
Expected return on pension scheme assets	371	743
Interest on pension scheme liabilities	(495)	(954)
Curtailment gain recognised	1,233	-
Recognition of past service cost included in asset limit	61	-
Effect of settlements	-	5,002
Net return	1,170	4,791
Total pension income recognised in the profit and loss account	855	4,383

The pension cost for the period ending 30 June 2011 has been calculated based on assumptions at 25 September 2010 for the first half period, then based on assumptions at 26 March 2010 following the completion of the sale of the company to Axereal Union, for the second half period

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

	30 June 2011 £'000	24 September 2010 £'000
Actual return less expected return on pension scheme assets	48	302
Experience gains and losses arising on the scheme liabilities	(225)	(2,901)
Net loss recognised in statement of total recognised gains and losses	(177)	(2,599)

Changes in the present value of the defined benefit obligation are as follows

	30 June 2011 £000	24 September 2010 £000
Defined benefit obligation at start of period	12,761	22,238
Employee contributions	88	117
Current service cost	315	408
Interest cost	495	954
Actuarial gain	225	2,901
Benefits paid	(82)	(454)
Amendment	(61)	-
Curtailment	(1,233)	-
Expenses & premiums paid	(175)	-
Settlements	-	(13,403)
Defined benefit obligation at end of period	12,333	12,761

Pension costs (continued)

Changes in the fair value of plan assets are as follows

	30 June 2011 £000	24 September 2010 £000
Market value of plan assets at start of period	**7,176**	13,155
Expected return on scheme assets	**371**	743
Employer contributions	**1,948**	1,714
Employee contributions	**88**	117
Actuarial losses	**48**	302
Benefits paid	**(82)**	(454)
Expenses & premiums paid	**(175)**	-
Settlements	**-**	(8,401)
Market value of plan assets at end of period	**9,374**	7,176

It is expected that during the 12 months 1 July 2011 to 30 June 2012, contributions totalling £1,567,000 will be paid to the scheme (£1,567,000 from the company, £nil from the employees)

History of experience gains and losses

	2011	2010	2009	2008	2007
Difference between the expected and actual return on scheme assets:					
Amount £'000	**48**	302	(1,322)	(4,197)	(290)
Percentage of scheme assets	**1%**	4%	10%	31%	2%
Experience gains and losses on scheme liabilities:					
Amount £'000	**-**	352	(3,158)	2,998	(216)
Percentage of the present value of scheme liabilities *	**-**	3%	14%	16%	2%
Total amount recognised in the statement of total recognised gains and losses:					
Amount £'000	**(177)**	(2,599)	(4,480)	(1,199)	(506)
Percentage of the present value of scheme liabilities	**1%**	20%	20%	9%	3%

* The experience gains and losses for 2010 include expenses from the 2010 valuation and a liability gain on the settlements out of the scheme

Cumulative actuarial losses report in the statement of recognized gains and losses for the period ended 30 June 2011 is £14 021m (2010 - £13 844m)

Pension costs (continued)

Amounts for the current and previous three periods are as follows

	2011	2010	2009	2008
	£000	£000	£000	£000
Fair value of plan assets	**9,374**	7,176	13,155	13,393
Present value of scheme liabilities	**(12,333)**	(12,761)	(22,238)	(18,574)
Deficit	**(2,959)**	(5,585)	(9,083)	(5,181)

An amount of £nil (2010 - £42,595) is included within other creditors in respect of contributions due to the pension fund at the period end

17 Financial commitments

Operating lease commitments
At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below

	30 June 2011 Motor vehicles and office equipment £'000	24 September 2010 Motor vehicles and office equipment £'000
Operating leases which expire		
Within 1 year	**16**	14
Within 2 to 5 years	**62**	22
	78	36

Foreign exchange contracts
At 30 June 2011 the company had a commitment to sell €31,584,681 (24 September 2010 - €28,241,100) as part of its foreign currency hedging contracts The fair value of these contracts at 30 June 2011 was £1,256,174 (in the money) (24 September 2010 - £434,372 (out of the money)) At 30 June 2011 the company had a commitment to sell US$ (24 September 2010 - US$9,717,798) The fair value of these contracts at 30 June 2011 was £179,079 (out of the money) (24 September 2010 - £130,854 (out of the money)) At 30 June 2011 the company had a commitment to sell JPY nil (24 September 2010 - JPY 262,500,000) The fair value of these contracts at 30 June 2011 was £nil (out of the money) (24 September 2010 - £107,854 (out of the money))

18 Capital commitments

The company had £605,728 (24 September 2010 - £90,863) of capital expenditure that had been committed for but not provided in the financial statements

19 Contingent liabilities

There were no contingent liabilities at 30 June 2011 or 24 September 2010

20 Related party transactions

As a wholly owned subsidiary, the company is exempt from the requirement of the FRS8 to disclose the transactions with other members of the group

21 Share capital

Authorised share capital

	30 June 2011 £'000	24 September 2010 £'000
1,081,000 Ordinary shares of £1 each	**1,081**	1,081

Allotted, called up and fully paid

	30 June 2011		24 September 2010	
	No	**£'000**	No	£'000
Ordinary shares of £1 each	**1,081,000**	**1,081**	1,081,000	1,081

22 Profit and loss account

	30 June 2011 £'000	24 September 2010 £'000
Balance brought forward	**23,100**	47,970
Profit for the financial period	**4,920**	15,101
Deferred tax credit on pension cost relief in excess of net pension cost charge	**-**	463
Actuarial loss on pension scheme	**(177)**	(2,599)
Movement on deferred tax relating to pension scheme	**(739)**	(1,035)
Equity dividend paid	**-**	(36,800)
Balance carried forward	**27,104**	23,100

23 Share premium account

	30 June 2011 £'000	24 September 2010 £'000
At beginning and end of period	**988**	988

24 Reconciliation of movements in shareholders' funds

	30 June 2011 £'000	24 September 2010 £'000
Profit for the financial period	**4,920**	15,101
Deferred tax credit on pension cost relief in excess of net pension cost charge	**-**	463
Actuarial loss on pension scheme	**(177)**	(2,599)
Movement on deferred tax relating to pension scheme	**(739)**	(1,035)
Equity dividend paid	**-**	(36,800)
Net increase to shareholders' funds	**4,004**	(24,870)
Opening shareholders' funds	**25,169**	50,039
Closing shareholders' funds	**29,173**	25,169

25 Ultimate holding company

On 26 March 2010, 100% of the share capital of Pauls Malt Limited was purchased by Boortmalt UK Limited

The immediate parent undertaking of this company is Boortmalt UK Ltd, a company incorporated in the United Kingdom This company does not prepare consolidated financial statements

The ultimate parent undertaking and controlling party was Axereal Union de Cooperatives Agricoles, a co-operative company incorporated in France Copies of the consolidated financial statements of Axereal Union de Cooperatives Agricoles may be obtained from Axereal Union, 5 Rue Leonardo de Vinci, 45100 Orleans la Source, France