Financial Statements
Pauls Malt Limited

For the year ended 30 June 2012

Registered number: 00088929

Company Information

Company number	00088929
Registered office	24/25 Eastern Way Bury St Edmunds Suffolk IP32 7AD
Directors	D R Wilkes J-M Dubois (France) J-F Loiseau (France) Y Shaepman (Belgium) P Chandru de Raynal (France)
Company secretary	Goodbody Northern Ireland Secretarial Limited (Northern Ireland)
Bankers	Natwest Bank PLC 15 Bishopsgate London EC2P 2AP
	HSBC PLC 69 Pall Mall St James London SW1Y5E
Solicitors	Slaughter and May LLP 35 Basinghall Street London EC2V 5DB
	Eversheds LLP Bridgewater Place Water Lane Leeds LS11 5DR

Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Grant Thornton House Kettering Parkway Kettering Venture Park Kettering Northamptonshire NN15 6XR

Contents

Directors' Report
For the year ended 30 June 2012

The directors present their report and the financial statements for the year ended 30 June 2012

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

UK beer sales remain under pressure impacted by the recession, changing habits, and perhaps more importantly beer duty increases Beer duty has risen by 42% since 2008 when the controversial beer duty escalator was introduced - with beer sales falling 15% over the same period Fortunately the distilling industry is benefiting from increasing demand for whisky, particularly from the emerging economies The majority of distillers are increasing production and demand for malt is so strong that there is insufficient supply in Scotland, and malt will need to move from England to satisfy the demand Pauls Malt has benefited from this situation and we believe this demand will be sustained or grow further in the next few years

For maltsters the key metric which generally correlates well to margins achieved and hence profitability is the supply and demand balance for malt In recent years a number of key malt producing countries and companies have been operating at a figure as low as 75-80% With growing global demand for malt, no new investment in malting plants and several years of supply chain de-stocking we have seen the supply and demand balance improve The key European malt producing countries of France, Belgium and the UK are all now operating at 95% capacity and above Only Germany remains below this figure but here also it is improving

For year ending 30 June 2012 Pauls Malt's capacity utilisation was 91% compared to 85% in the previous year Available capacity was reduced marginally due to capital expenditure projects Export volumes as a proportion of total sales fell from 42% in the year ending 30 June 2011 to 35% in the year under review This was due primarily to strong demand from the distilling sector We have seen a number of clients signing up new LTA's or renewing existing ones in the past twelve months This situation gives more visibility to current and future profitability and remains a core part of our commercial strategy We anticipate that capacity utilisation will be close to maximum in the coming financial year

Global growth in beer was projected to have increased by 2 9% in calendar year 2011 which in itself is an encouraging figure given the generally poor economic background Initial indications for calendar year 2012 are for a slightly lower projected growth of 2 1% primarily due to lower growth rates in China, which now accounts for 25% of the global market The market backdrop remains challenging with a combination of recession and austerity programmes having an impact on consumer disposable income In Europe growth rates are forecast to be in the range -0 1% to -0 5% with only some European countries staging a modest recovery The US is expected to return to growth after 3 years of decline and LATAM is projected to grow by 2% Asia continues to develop positively and although coming from a low base Africa and the Middle East are projected to grow by 4%

Raw material volatility remains a key challenge for both our business and our customers We have seen big swings both in underlying feed grain prices and malting barley premiums over the last few seasons driven by weather events around the globe Pauls Malt is fortunate to have Axereal as a parent company and direct access to grain origination is increasingly being seen as a strategic asset in the eyes of our customers In addition we have been developing and working on malting barley hedging tools in order to assist our customers with the increasing challenge of managing volatility and unpredictability

Directors' Report

For the year ended 30 June 2012

Results

The profit for the year, after taxation, amounted to £2,096,000 (2011 - £4,920,000)

The 2011 comparatives relate to a nine month period due to a change in accounting date

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 2,664 tonnes in the financial period (2011, 9 month period - 1,796 tonnes) and capacity utilisation was 91% in the financial period (2011 - 85%)

The normally highly competitive domestic market provided better margin conditions in the distilling sector due to increased demand The proportion of sales to the distilling sector was 34% (2011 - 28%), which was at the expense of sales to the export market which was 35% (2011 - 42%)

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 £2 525m (2011 - inflow of £6 866m)

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 9% (2011 - 23%)

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

Directors' Report

For the year ended 30 June 2012

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

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

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 the 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

Directors' Report
For the year ended 30 June 2012

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

Company's policy for payment of creditors

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

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

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

Political and charitable contributions

The company made charitable donations in the financial period of £27 (2011 - £599) The company made no political donations in the financial period (2011 - £nil)

Employees

During the financial period, the company gave 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 decisions that are likely to affect their interests

Directors' Report
For the year ended 30 June 2012

Directors

The directors who served during the year were

D R Wilkes
J-M Dubois (France)
J-F Loiseau (France)
Y Shaepman (Belgium)
P Chandru de Raynal (France) (appointed 4 August 2011)
D Bamas (France) (resigned 4 August 2011)
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 2012, and their interests are disclosed in that company's financial statements for the period ended 30 June 2012 There are no other interests requiring disclosure under the Companies Act 2006

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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,
- 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

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Directors' Report
For the year ended 30 June 2012

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 18th MARCH 2013 and signed on its behalf

D R Wilkes
Director

Grant Thornton

Independent Auditor's Report to the Members of Pauls Malt Limited

We have audited the financial statements of Pauls Malt Limited for the year ended 30 June 2012, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet 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, 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 Auditing Practices Board'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 2012 and of its profit for the year 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

Opinions on other matters 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

Grant Thornton

Independent Auditor's Report to the Members of Pauls Malt Limited

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
Chartered Accountants
Statutory Auditor
Kettering
Date
20 MARCH 2013

Profit and Loss Account

For the year ended 30 June 2012

	Note	30 June 2012 £000	Period to 30 June 2011 (Restated) £000
Turnover	1,2	**112,893**	77,572
Cost of sales		**(102,967)**	(65,144)
Gross profit		**9,926**	12,428
Distribution costs		**(5,254)**	(4,622)
Administrative expenses		**(2,012)**	(1,755)
Operating profit	3	**2,660**	6,051
Interest receivable and similar income	8	**41**	56
Interest payable and similar charges	9	**(683)**	(466)
Other finance expense	10	**(31)**	(124)
Profit on ordinary activities before taxation		**1,987**	5,517
Tax on profit on ordinary activities	11	**109**	(597)
Profit for the financial year	20	**2,096**	4,920

All amounts relate to continuing operations

The notes on pages 12 to 28 form part of these financial statements

Statement of Total Recognised Gains and Losses

For the year ended 30 June 2012

	Note	30 June 2012 £000	Period to 30 June 2011 £000
Profit for the financial year		**2,096**	4,920
Actuarial gain related to pension scheme	24	**(897)**	(177)
Deferred tax attributable to actuarial gain	24	**(171)**	(739)
Total recognised gains and losses relating to the year		**1,028**	4,004

The notes on pages 12 to 28 form part of these financial statements

Balance Sheet
As at 30 June 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Tangible assets	12		**33,826**		34,435
Current assets					
Stocks	14	**12,338**		5,571	
Debtors	15	**24,027**		20,952	
Cash at bank		**1,525**		7,615	
		37,890		34,138	
Creditors: amounts falling due within one year	16	**(30,342)**		(26,292)	
Net current assets			**7,548**		7,846
Total assets less current liabilities			**41,374**		42,281
Creditors: amounts falling due after more than one year	17		**(6,756)**		(7,558)
Provisions for liabilities					
Deferred tax	18		**(2,523)**		(3,360)
Net assets excluding pension scheme liabilities			**32,095**		31,363
Defined benefit pension scheme liability	24		**(1,894)**		(2,190)
Net assets including pension scheme liabilities			**30,201**		29,173
Capital and reserves					
Called up share capital	19		**1,081**		1,081
Share premium account	20		**988**		988
Profit and loss account	20		**28,132**		27,104
Shareholders' funds	21		**30,201**		29,173

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

18th MARCH 2013

D R Wilkes
Director

The notes on pages 12 to 28 form part of these financial statements

Notes to the Financial Statements
For the year ended 30 June 2012

1. Accounting Policies

1 1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking and not about its group

1.2 Going concern

The company is part of the financial arrangements of the Axereal Union de Cooperative Agricoles The group manages its finance centrally and provides 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

1.3 Cash flow

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

1 4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade 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

1 5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2% per annum on cost
Plant & machinery	-	3 33%-25% per annum on cost

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

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment

Notes to the Financial Statements
For the year ended 30 June 2012

1. Accounting Policies (continued)

1 7 Leasing and hire purchase

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

1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

1.9 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

1.10 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

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

Notes to the Financial Statements
For the year ended 30 June 2012

1. Accounting Policies (continued)

1 12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at 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) 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

Exchange gains and losses are recognised in the Profit and loss account

1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

The company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 30 June 2012

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

1.14 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

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies (continued)

1.15 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

2. Turnover

The analysis of turnover by activity is as follows

	30 June 2012 £000	Period to 30 June 2011 £000
Malt - manufacture and sale	**107,545**	74,172
Barley drying and storage services	**5,348**	3,400
	112,893	77,572

A geographical analysis of turnover is as follows

	30 June 2012 £000	Period to 30 June 2011 £000
United Kingdom	**73,127**	47,422
Rest of European Union	**9,674**	5,609
Rest of world	**2,115**	1,702
Africa	**422**	303
Asia	**27,555**	22,536
	112,893	77,572

Notes to the Financial Statements

For the year ended 30 June 2012

3. Operating profit

The operating profit is stated after charging

	30 June 2012 £000	Period to 30 June 2011 £000
Depreciation of tangible fixed assets		
- owned by the company	2,063	1,542
- held under finance leases	510	450
Operating lease rentals		
- plant and machinery	21	46
- motor vehicles	74	89

The prior years operating profit has been restated from £4,757k to £6,051k as pension curtailments and amendments have been reclassified to administrative costs from other finance income

4. Auditors' remuneration

	30 June 2012 £000	Period to 30 June 2011 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	40	40
Fees payable to the company's auditor and its associates in respect of		
Other services supplied pursuant to such legislation	2	2
Half year review	10	10

5. Staff Costs

	30 June 2012 £000	Period to 30 June 2011 £000
Wages and Salaries	3,838	3,179
Social security costs	399	328
Other pension costs - defined benefit schemes	172	349
Other pension costs - defined contribution scheme	100	73
	4,509	3,929

Notes to the Financial Statements
For the year ended 30 June 2012

6. Average number of employees

The average monthly number of employees, including directors, during the year was as follows

	30 June 2012	Period to 30 June 2011
Number of production staff	**75**	75
Number of sales and administrative staff	**41**	47
	116	122

7. Directors' remuneration

	30 June 2012 £000	Period to 30 June 2011 £000
Emoluments	**278**	210

During the year retirement benefits were accruing to 1 Director (2011 - 1) in respect of defined benefit pension schemes

The highest paid director received remuneration of £278,267 (2011 - £210,000)

The total accrued pension provision of the highest paid director at 30 June 2012 amounted to £140,721 (2011 - £134,000)

8. Interest receivable

	30 June 2012 £000	Period to 30 June 2011 £000
Interest receivable from group companies	**19**	36
Other interest receivable	**22**	20
	41	56

Notes to the Financial Statements
For the year ended 30 June 2012

9. Interest payable

	30 June 2012 £000	Period to 30 June 2011 £000
On bank loans and overdrafts	**65**	1
On loans from group undertakings	**618**	465
	683	466

10. Other finance expense

	30 June 2012 £000	Period to 30 June 2011 (Restated) £000
Expected return on pension scheme assets	**633**	371
Interest on pension scheme liabilities	**(664)**	(495)
	(31)	(124)

11. Taxation

	30 June 2012 £000	Period to 30 June 2011 £000
Analysis of tax charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on profit for the year/period	**727**	744
Deferred tax (see note 18)		
Current period charge	**(836)**	(147)
Tax on profit on ordinary activities	**(109)**	597

Notes to the Financial Statements

For the year ended 30 June 2012

11. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 25 5% (2011 - 27 34%) The differences are explained below

	30 June 2012 £000	Period to 30 June 2011 £000
Profit on ordinary activities before tax	**1,987**	5,517
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 5% (2011 - 27 34%)	**507**	1,508
Effects of		
Depreciation for year/period in excess of capital allowances	**572**	(71)
Adjustments to tax charge in respect of prior periods	**(56)**	-
Expenses not deductible for tax purposes	**(296)**	(683)
Other tax charge (relief) on exceptional items	**-**	(10)
Current tax charge for the year/period (see note above)	**727**	744

12. Tangible fixed assets

	Freehold property £000	Plant & machinery £000	Construction in progress £000	Total £000
Cost				
At 1 July 2011	**6,902**	**74,180**	**865**	**81,947**
Additions	**-**	**108**	**1,856**	**1,964**
Transfer between classes	**80**	**2,474**	**(2,554)**	**-**
At 30 June 2012	**6,982**	**76,762**	**167**	**83,911**
Depreciation				
At 1 July 2011	**2,050**	**45,462**	**-**	**47,512**
Charge for the year	**111**	**2,462**	**-**	**2,573**
At 30 June 2012	**2,161**	**47,924**	**-**	**50,085**
Net book value				
At 30 June 2012	**4,821**	**28,838**	**167**	**33,826**
At 30 June 2011	4,852	28,718	865	34,435

Notes to the Financial Statements
For the year ended 30 June 2012

12. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 £000	2011 £000
Plant and machinery	**4,310**	4,820

13. Fixed asset investments

	Investments in associates £000
Cost or valuation	
At 1 July 2011 and 30 June 2012	60
Impairment	
At 1 July 2011 and 30 June 2012	60
Net book value	
At 30 June 2012	-
At 30 June 2011	-

Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Multimalt Limited	Nigeria	Ordinary 1 Naira share	20%	Handling of cereals and other agricultural products for export and import

The company's investment in Multimalt is provided against in full

No financial information for Multimalt Limited is available for disclosure in the financial statements

14. Stocks

	2012 £000	2011 £000
Raw materials	**1,193**	801
Work in progress	**1,727**	1,177
Finished goods and goods for resale	**9,418**	3,593
	12,338	5,571

Notes to the Financial Statements
For the year ended 30 June 2012

15. Debtors

	2012 £000	2011 £000
Trade debtors	**15,076**	11,377
Amounts owed by group undertakings	**7,510**	7,659
Corporation tax	**628**	1,295
Other debtors	**709**	557
Prepayments and accrued income	**104**	64
	24,027	20,952

16. Creditors: Amounts falling due within one year

	2012 £000	2011 £000
Tangible fixed asset purchases	**551**	208
Trade creditors	**25,867**	22,358
Amounts owed to group undertakings	**3,168**	2,287
Social security and other taxes	**97**	127
Accruals and deferred income	**659**	1,312
	30,342	26,292

17. Creditors: Amounts falling due after more than one year

	2012 £000	2011 £000
Amounts owed to group undertakings	**6,756**	7,558

18. Deferred taxation

	2012 £000	2011 £000
At beginning of year/period	**3,360**	3,507
Released during year/period	**(837)**	(147)
At end of year/period	**2,523**	3,360

Notes to the Financial Statements
For the year ended 30 June 2012

18. Deferred taxation (continued)

The provision for deferred taxation is made up as follows

	2012 £000	2011 £000
Accelerated capital allowances	**2,523**	3,360

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

	2012 £000	2011 £000
Deferred tax excluding that relating to the pension disclosure	**2,523**	3,360
Pension liability	**(598)**	(769)
Total	**1,925**	2,591

19. Share capital

	2012 £000	2011 £000
Authorised, allotted, called up and fully paid		
1,081,000 Ordinary shares shares of £1 each	**1,081**	1,081

20. Reserves

	Share premium account £000	Profit and loss account £000
At 1 July 2011	**988**	**27,104**
Profit for the year	**-**	**2,096**
Pension reserve movement	**-**	**(1,068)**
At 30 June 2012	**988**	**28,132**

The closing balance on the Profit and loss account includes a £1,894,000 (2011 - £2,190,000) debit, stated after deferred taxation of £598,000 (2011 - £769,000), in respect of pension scheme liabilities of the company pension scheme

Notes to the Financial Statements
For the year ended 30 June 2012

21. Reconciliation of movement in shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	**29,173**	25,169
Profit for the year/period	**2,096**	4,920
Other recognised gains and losses during the year/period	**(1,068)**	(916)
Closing shareholders' funds	**30,201**	29,173

22. Contingent liabilities

There were no contingent liabilities at 30 June 2012 or 30 June 2011

23. Capital commitments

At 30 June 2012 the company had capital commitments as follows

	2012 £000	2011 £000
Contracted for but not provided in these financial statements	**147**	606

Notes to the Financial Statements
For the year ended 30 June 2012

24. Pension commitments

The company operates a funded, defined benefit scheme in the 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 30 June 2012 by a qualified independent actuary The service cost has been calculated by using the Projected Unit method

The amounts recognised in the Balance sheet are as follows

	30 June 2012 £000	Period to 30 June 2011 £000
Present value of funded obligations	**(12,800)**	(12,333)
Fair value of scheme assets	**10,308**	9,374
Deficit in scheme	**(2,492)**	(2,959)
Related deferred tax asset	**598**	769
Net liability	**(1,894)**	(2,190)

The amounts recognised in profit or loss are as follows

	30 June 2012 £000	Period to 30 June 2011 £000
Current service cost	**(172)**	(315)
Interest on obligation	**(664)**	(495)
Expected return on scheme assets	**633**	371
Past service cost	**-**	61
Gain on curtailments and settlements	**-**	1,233
Net return	**(203)**	855
Total pension (expense)/income recognised in the profit and loss account	**(203)**	855

Notes to the Financial Statements
For the year ended 30 June 2012

24. Pension commitments (continued)

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

	30 June 2012 £000	Period to 30 June 2011 £000
Opening defined benefit obligation	**12,333**	12,761
Current service cost	**172**	315
Interest cost	**664**	495
Contributions by scheme participants	**-**	88
Actuarial Losses	**306**	225
Past service costs	**-**	(61)
Gains on curtailments	**-**	(1,233)
Benefits paid	**(503)**	(82)
Amendment	**-**	-
Expenses and premiums paid	**(172)**	(175)
Closing defined benefit obligation	**12,800**	12,333

Changes in the fair value of scheme assets are as follows

	30 June 2012 £000	Period to 30 June 2011 £000
Opening fair value of scheme assets	**9,374**	7,176
Expected return	**633**	371
Actuarial gains and (losses)	**(591)**	48
Contributions by employer	**1,567**	1,948
Contributions by scheme participants	**-**	88
Benefits paid	**(503)**	(82)
Expenses and premiums paid	**(172)**	(175)
	10,308	9,374

The cumulative actuarial gains and losses reported in the statement of total recognised gains and losses for the period ended 30 June 2012 is £14 918m (2011 - £14 021m)

The company expects to contribute £1 567m to its scheme in 2013

Notes to the Financial Statements

For the year ended 30 June 2012

24. Pension commitments (continued)

In valuing the liabilities of the pension fund at 30 June 2012, mortality assumptions have been made as indicated below

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

Current pensioner ages 65 9 years (male), 91 1 years (female) The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timesecale covered, may not necesarily be borne out in practice

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012	2011
Equities	**20 00 %**	42 00 %
Bonds	**20 00 %**	32 00 %
Cash/other	**60 00 %**	26 00 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2012	2011
Discount rate at 30 June	**4 80 %**	5 50 %
Future salary increases	**2 90 %**	6 00 %
Future pension increases	**2 90 %**	3 60 %
Inflation assumption	**2 90 %**	3 60 %
Rate of increase in pension in deferment	**2 90 %**	3 60 %

24. Pension commitments (continued)

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 Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Defined benefit obligation	**(12,800)**	(12,333)	(12,761)	(22,238)	(18,574)
Scheme assets	**10,308**	9,374	7,176	13,155	13,393
Deficit	**(2,492)**	(2,959)	(5,585)	(9,083)	(5,181)
Experience adjustments on scheme liabilities	**(306)**	(225)	-	-	-
Experience adjustments on scheme assets	**(591)**	48	-	-	-

25. Operating lease commitments

At 30 June 2012 the company had annual commitments under non-cancellable operating leases relating to motor vehicles and office equipment as follows

	2012	2011
	£000	£000
Expiry date:		
Within 1 year	**12**	16
Between 2 and 5 years	**62**	62

26. Other financial commitments

Foreign exchange contracts
At 30 June 2012 the company had a commitment to sell €31,621,346 (2011 - €31,584,681) as part of its foreign currency hedging contracts The fair value of these contracts at 30 June 2012 was £1,632,287 (out of the money) (2011 - £1,256,174 (in the money)) At 30 June 2012 the company had a commitment to sell US$8,150,000 (2011 - US$4,843,262) The fair value of these contracts at 30 June 2012 was £2,252 (out of the money) (2011 - £179,079 (out of the money)) At 30 June 2012 the company had a commitment to sell ZAR 8,533,350 (2011 - ZAR nil) The fair value of these contracts at 30 June 2012 was £33,327 out of the money (2011 - ZAR nil)

Notes to the Financial Statements
For the year ended 30 June 2012

27. Related party transactions

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

28. Ultimate parent undertaking and controlling party

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 Axereal Union de Cooperatives Agricoles is the largest group of undertakings for which group accounts have been drawn up 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