



Financial statements Pauls Malt Limited

For the Period Ended 24 September 2010

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COMPANIES HOUSE

Company No. 88929

Company information

Company registration number: 88929

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

Directors: P F Coveney (Republic of Ireland) (resigned 26 March 2010)
A M Hynes (resigned 26 March 2010)
D R Wilkes
A C Dyter (resigned 26 March 2010)
P Nallen (Republic of Ireland) (resigned 26 March 2010)
J Johnson (resigned 26 March 2010)
D Barnas (France) (appointed 26 March 2010)
J-M Dubois (France) (appointed 26 March 2010)
J-F Loiseau (France) (appointed 26 March 2010)
Y Shaepman (Belgium) (appointed 26 March 2010)

Secretary: J Johnson (resigned 26 March 2010)
Goodbody Northern Ireland Secretarial Ltd (Northern Ireland) (appointed 26 March 2010)

Bankers: NatWest Bank PLC
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LONDON
EC2P 2AP

HSBC PLC
69 Pall Mall
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London
SW1Y 5EY

Company information

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
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Report of the directors

The directors present their report and the financial statements of the company for the period ended 24 September 2010

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

On 26 March 2010 the company was sold by Greencore Group plc to Axereal Union de Cooperatives Agricoles, resident in France, who already had malting interests in Belgium, France, Hungary, and Croatia, trading as Boortmalt Group. The transfer of the company into a cereals based business with substantial malting investment establishes Boortmalt Group as the world's fifth largest malt producer, with a capacity of over 1.1 million tonnes of malt. The company will benefit by an ownership with a committed strategy to invest in, and develop, cereal processing businesses.

Deliveries, overall, were at a similar level to the previous period. Soft domestic demand, largely driven by a weaker UK brewing sector, was offset by improved export volumes. Energy pricing was favourable compared to the previous year. Due to the change of ownership, past service employees were transferred out of the defined benefit scheme. This resulted in a substantial reduction in the scheme deficit.

It is anticipated that domestic markets will remain very competitive in 2011. However, continued sterling weakness combined with long-term agreements in place with a number of key customers should provide support for the operating performance in 2011.

Results for the period

The profit for the period after taxation, amounted to £15,101,000 (2009 - £13,014,000). An interim dividend of £36,800,000 was paid in February 2010 (2009 - £nil). The directors do not recommend payment of a final dividend (2009 - £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.

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.

Principal risks and uncertainties (continued)

- 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 2,280 tonnes in the financial period (2009 - 2,281 tonnes) and capacity utilisation was 82% in the financial period (2009 - 80%)
- 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 28% (2009 - 23%)

Key performance indicators (continued)

- 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 £5 720m (2009 – inflow of £10 124m)
- 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 33% (2009 – 31%)

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 24 September 2010 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, Y Shaepman were also directors of the company's ultimate parent undertaking, Axereal Union de Cooperatives Credit Agricoles, at 24th September 2010, and their interests are disclosed in that company's financial statements for the period ended 30 June 2010. 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 £516 (2009 - £511) The company made no political donations in the financial period (2009 - £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 year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom 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 those 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

Statement of directors' responsibilities (continued)

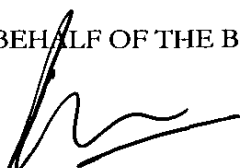
In so far as the directors are aware

- 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

10 MARCH 2011



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 24 September 2010 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

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 24 September 2010 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.



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

A handwritten signature in black ink, appearing to read "T. Lincoln", with a large, stylized flourish at the end.

Timothy Lincoln
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Kettering
16 March 2011

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 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	- 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	2010 £'000	2009 £'000
Turnover	1	96,222	114,823
Cost of sales		(76,204)	(91,785)
Gross profit		20,018	23,038
Distribution expenses		(4,646)	(4,523)
Administrative expenses		(3,105)	(4,526)
Operating profit		12,267	13,989
Interest receivable and similar income	5	2,668	4,626
Interest payable and similar charges	6	(559)	(15)
Other finance income/(expense)	16	4,791	(249)
Profit on ordinary activities before taxation		19,167	18,351
Tax on profit on ordinary activities	7	(4,066)	(5,337)
Profit for the financial period		15,101	13,014

All of the activities of the company are classed as continuing

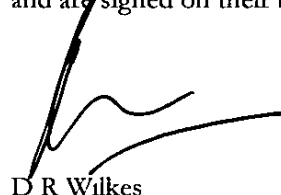
The company has no recognised gains or losses other than the result for the period as set out above

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

Balance sheet

	Note	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	9	35,347	36,188
Investments	10	-	-
		<u>35,347</u>	<u>36,188</u>
Current assets			
Stocks	11	9,087	9,024
Debtors	12	20,388	73,786
Cash at bank and in hand		3,185	4,717
		<u>32,660</u>	<u>87,527</u>
Creditors: amounts falling due within one year	13	(28,046)	(39,116)
Net current assets		<u>4,614</u>	<u>48,411</u>
Total assets less current liabilities		<u>39,961</u>	<u>84,599</u>
Creditors: amounts falling due after more than one year	14	(7,208)	(24,900)
Provisions for liabilities			
Deferred taxation	15	(3,507)	(3,120)
Defined benefit pension deficit	16	(4,077)	(6,540)
		<u>25,169</u>	<u>50,039</u>
Capital and reserves			
Called-up equity share capital	21	1,081	1,081
Share premium account	23	988	988
Profit and loss account	22	23,100	47,970
Shareholders' funds	24	<u>25,169</u>	<u>50,039</u>

These financial statements were approved by the directors and authorised for issue on **10 MARCH 2011** 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	2010 £'000	2009 £'000
Profit for the financial period		15,101	13,014
Actuarial loss on defined benefit pension scheme	16	(2,599)	(4,480)
Current tax on pension contribution in excess of profit and loss account charge		-	161
Deferred tax credit on pension cost relief in excess of net pension cost charge	22	463	-
Deferred tax credit on actuarial loss on defined pension scheme		(1,035)	1,092
Total recognised gains and losses for the financial period		<u>11,930</u>	<u>9,787</u>

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

Notes to the financial statements

1 Turnover

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

	2010 £'000	2009 £'000
Activity		
Malt - manufacture and sale	92,635	110,518
Barley drying and storage services	3,587	4,305
	<u>96,222</u>	<u>114,823</u>
 Geographical area		
United Kingdom and Ireland	69,742	89,277
Other EU countries	939	671
Africa	-	150
Asia	21,585	17,921
South America	-	1,081
Rest of the World	3,956	5,723
	<u>96,222</u>	<u>114,823</u>

2 Operating profit

Operating profit is stated after charging

	2010 £'000	2009 £'000
Depreciation		
- owned fixed assets	1,861	1,925
- held under finance leases	774	898
Auditor's remuneration		
Audit fees	58	64
Operating lease costs		
- plant and machinery	50	42
- motor vehicles	91	89
	<u>3,084</u>	<u>3,818</u>

3 Directors and employees

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

	2010 No	2009 No
Number of production staff	74	76
Number of sales and administrative staff	48	43
	<u>122</u>	<u>119</u>

The aggregate payroll costs of the above were

	2010 £'000	2009 £'000
Wages and salaries	4,211	3,613
Social security costs	424	428
Other pension costs - defined benefit scheme	399	368
Other pension costs - defined contribution scheme	40	17
	<u>5,074</u>	<u>4,426</u>

4 Directors

Remuneration in respect of directors was as follows

	2010 £'000	2009 £'000
Emoluments receivable	411	508
Value of company pension contributions to defined benefit schemes	38	44
Value of company pension contributions to money purchase schemes	6	10
	<u>455</u>	<u>562</u>

Emoluments of highest paid director

	2010 £	2009 £
Total emoluments (excluding pension contributions)	264,052	260,298
Value of company pension contributions to money purchase schemes	30,401	31,026
	<u>294,453</u>	<u>291,324</u>

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

	2010 No	2009 No
Defined benefit schemes	2	2
Money purchase schemes	<u>1</u>	<u>1</u>

The accrued pension entitlement of the highest paid director was £136,550 (2009 £139,157)

5 Interest receivable and similar income

	2010 £'000	2009 £'000
Amounts due from group undertakings	2,644	4,611
Bank and similar interest receivable	24	15
	<u>2,668</u>	<u>4,626</u>

6 Interest payable and similar charges

	2010 £'000	2009 £'000
Amounts due to group undertakings	553	-
Amounts under finance leases due to group undertakings	-	15
Bank and similar interest payable	6	-
	<u>559</u>	<u>15</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the period

	2010 £'000	2009 £'000
Current tax		
In respect of the period		
UK Corporation tax based on the results for the period at 28% (2009 - 29.83%)	3,113	4,490
Adjustments in respect of prior period	103	999
Total current tax	<u>3,216</u>	<u>5,489</u>
Deferred tax		
Current period charge	1,001	645
Prior year provision	(151)	(797)
Total deferred tax	<u>850</u>	<u>(152)</u>
Tax on profit on ordinary activities	<u>4,066</u>	<u>5,337</u>

Taxation on ordinary activities (continued)

(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 28% (2009 - 29.83%)

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	<u>19,167</u>	<u>18,351</u>
Profit on ordinary activities by rate of tax	5,367	5,139
Capital allowances in excess of depreciation	(405)	(480)
Net non-taxable income	(1,216)	(5)
Pension cost relief in excess of net pension cost charge	(463)	-
Short-term timing differences	(170)	(164)
Adjustments in respect of prior period	103	999
Total current tax (note 7(a))	<u>3,216</u>	<u>5,489</u>

8 Dividends

	2010 £'000	2009 £'000
Paid during the period		
Equity dividend on ordinary shares	<u>36,800</u>	<u>-</u>

9 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Construction in progress £'000	Total £'000
Cost				
At 26 September 2009	6,799	71,145	1,129	79,073
Additions	90	1,313	391	1,794
At 24 September 2010	<u>6,889</u>	<u>72,458</u>	<u>1,520</u>	<u>80,867</u>
Depreciation				
At 26 September 2009	1,861	41,024	-	42,885
Charge for the period	107	2,528	-	2,635
At 24 September 2010	<u>1,968</u>	<u>43,552</u>	<u>-</u>	<u>45,520</u>
Net book value				
At 24 September 2010	<u>4,921</u>	<u>28,906</u>	<u>1,520</u>	<u>35,347</u>
At 25 September 2009	<u>4,938</u>	<u>30,121</u>	<u>1,129</u>	<u>36,188</u>

Tangible fixed assets (continued)

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

	2010 £'000	2009 £'000
Cost	21,415	21,415
Accumulated depreciation	(16,145)	(15,371)
Net book value	<u>5,270</u>	<u>6,044</u>

10 Investments

	2010 £'000	2009 £'000
Cost		
At beginning and end of period	<u>60</u>	<u>60</u>
Amounts written off		
At beginning and end of period	<u>(60)</u>	<u>(60)</u>
Net book amount at beginning and end of period	<u>-</u>	<u>-</u>

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 2009 £'000
Profit for period	(107)
Net assets	<u>400</u>

11 Stocks

	2010 £'000	2009 £'000
Raw materials and consumables	717	556
Work in progress	949	1,765
Finished goods	7,421	6,703
	<u>9,087</u>	<u>9,024</u>

12 Debtors

	2010 £'000	2009 £'000
Trade debtors	12,320	11,117
Amounts owed by group undertakings	7,807	62,412
Prepayments and accrued income	90	25
Other debtors	171	232
	<u>20,388</u>	<u>73,786</u>

13 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Trade creditors	15,864	30,178
Tangible fixed asset purchases	91	729
Amounts owed to group undertakings	8,303	2,544
Corporation tax	3,113	5,328
Other taxation and social security	146	141
Other creditors	51	119
Accruals and deferred income	478	77
	<u>28,046</u>	<u>39,116</u>

14 Creditors: amounts falling due after more than one year

	2010 £'000	2009 £'000
Amounts due to group undertakings	<u>7,208</u>	<u>24,900</u>

15 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2010 £'000	2009 £'000
Included in provisions	<u>3,507</u>	<u>3,120</u>

The movement in the deferred taxation account during the period was

	2010 £'000	2009 £'000
Balance brought forward	3,120	3,272
Profit and loss account movement arising during the period	850	(152)
Statement of total recognised gains and losses	(463)	-
Balance carried forward	<u>3,507</u>	<u>3,120</u>

Deferred taxation (continued)

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

	2010 £'000	2009 £'000
Excess of depreciation over taxation allowances	3,517	3,149
Other timing differences	(10)	(29)
Deferred tax excluding that relating to pension liability	3,507	3,120
Pension liability (note 16)	(1,508)	(2,543)
	<u>1,999</u>	<u>577</u>

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 24 September 2010 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

	2010 %	2009 %	2008 %	2007 %
Rate of increase in salaries	4.2	4.0	4.3	4.25
Rate of increase for pensions in payment	3.2	3.0	3.3	3.25
Rate of increase in pension in deferment	3.2	3.0	3.3	3.25
Discount rate	5.2	5.6	7.0	5.80
Inflation assumption	3.2	3.0	3.3	3.25

In valuing the liabilities of the pension fund at 24 September 2010, mortality assumptions have been made as indicated below

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

Current pensioner aged 65-87.6 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

Pension costs (continued)

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

	2010			2009			2008		
	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	3,516	49	7.45	10,656	81	8.05	9,388	70	8.70
Bonds	1,220	17	5.10	2,499	19	4.05	3,338	25	4.70
Cash/other	2,440	34	6.70	-	-	-	667	5	7.70
	<u>7,176</u>			<u>13,155</u>			<u>13,393</u>		

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.

	2010 £'000	2009 £'000	2008 £'000
Total market value of assets	7,176	13,155	13,398
Present value of liability	<u>(12,761)</u>	<u>(22,238)</u>	<u>(18,574)</u>
Deficit in the scheme	(5,585)	(9,083)	(5,176)
Related deferred tax asset	<u>1,508</u>	<u>2,543</u>	<u>1,451</u>
Net pension liability	<u>(4,077)</u>	<u>(6,540)</u>	<u>(3,725)</u>

Analysis of amount charged to operating profit

	2010 £'000	2009 £'000
Current service cost	<u>(408)</u>	<u>(368)</u>

Pension costs (continued)

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

	2010 £'000	2009 £'000
Expected return on pension scheme assets	743	1,040
Interest on pension scheme liabilities	(954)	(1,289)
Effect of settlements	5,002	-
Net return	<u>4,791</u>	<u>(249)</u>
Total pension income/(cost) recognised in the profit and loss account	<u>4,383</u>	<u>(617)</u>

The pension cost for the period ending 24 September 2010 has been calculated based on assumptions at 25 September 2009 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

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	302	(1,322)
Experience gains and losses arising on the scheme liabilities	(2,901)	(3,158)
Net loss recognised in statement of total recognised gains and losses	<u>(2,599)</u>	<u>(4,480)</u>

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

	2010 £'000	2009 £'000
Defined benefit obligation at start of period	22,238	18,574
Employee contributions	117	126
Current service cost	408	368
Interest cost	954	1,289
Actuarial gain	2,901	3,158
Benefits paid	(454)	(1,277)
Settlements	(13,403)	-
Defined benefit obligation at end of period	<u>12,761</u>	<u>22,238</u>

Pension costs (continued)

Changes in the fair value of plan assets are as follows

	2010	2009
	£000	£000
Market value of plan assets at start of period	13,155	13,393
Expected return on scheme assets	743	1,040
Employer contributions	1,714	1,195
Employee contributions	117	126
Actuarial losses	302	(1,322)
Benefits paid	(454)	(1,277)
Settlements	(8,401)	-
	7,176	13,155
Market value of plan assets at end of period		

It is expected that during the 9 months 25 September 2010 to 30 June 2011, contributions totalling £2,014,000 will be paid to the scheme (£1,926,000 from the company, £88,000 from the employees)

History of experience gains and losses

	2010	2009	2008	2007	2006
Difference between the expected and actual return on scheme assets:					
Amount £'000	302	(1,322)	(4,197)	(290)	1,810
Percentage of scheme assets	4%	10%	31%	2%	12%
Experience gains and losses on scheme liabilities:					
Amount £'000	352	(3,158)	2,998	(216)	(631)
Percentage of the present value of scheme liabilities *	3%	14%	16%	2%	3%
Total amount recognised in the statement of total recognised gains and losses:					
Amount £'000	(2,599)	(4,480)	(1,199)	(506)	1,179
Percentage of the present value of scheme liabilities	20%	20%	9%	3%	6%

* 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 24 September 2010 is £13 844m (2009 - £7 796m)

Pension costs (continued)

Amounts for the current and previous three periods are as follows

	2010	2009	2008	2007
	£000	£000	£000	£000
Fair value of plan assets	7,176	13,155	13,393	15,779
Present value of scheme liabilities	(12,761)	(22,238)	(18,574)	(20,795)
Deficit	(5,585)	(9,083)	(5,181)	(5,016)

An amount of £42,595 (2009 - £112,861) 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 24 September 2010 the company had annual commitments under non-cancellable operating leases as set out below

	2010	2009
	Motor vehicles and office equipment £'000	Motor vehicles and office equipment £'000
Operating leases which expire		
Within 1 year	14	61
Within 2 to 5 years	22	46
	36	107

Foreign exchange contracts

At 24 September 2010 the company had a commitment to sell €28,241,100 (2009 - €26,624,040) as part of its foreign currency hedging contracts. The fair value of these contracts at 24 September 2010 was £434,372 (out of the money) (2009 - £2,041,209 (out of the money)). At 24 September 2010 the company had a commitment to sell US\$9,717,798 (2009 - US\$8,573,909). The fair value of these contracts at 24 September 2010 was £130,854 (out of the money) (2009 - £309,612 (out of the money)). At 24 September 2010 the company had a commitment to sell JPY 262,500,000 (2009 - JPY 437,500,000). The fair value of these contracts at 24 September 2010 was £107,854 (out of the money) (2009 - £456,357 (in the money)).

18 Capital commitments

The company had £90,863 (2009 - £646,000) of capital expenditure that had been committed for but not provided in the financial statements

19 Contingent liabilities

	2010 £'000	2009 £'000
Amount of bank guarantees in respect of Malt licences	-	912

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

	2010 £'000	2009 £'000
1,081,000 Ordinary shares of £1 each	1,081	1,081

Allotted, called up and fully paid

	2010 No	£'000	2009 No	£'000
Ordinary shares of £1 each	1,081,000	1,081	1,081,000	1,081

22 Profit and loss account

	2010 £	2009 £
Balance brought forward	47,970	38,183
Profit for the financial period	15,101	13,014
Current tax on excess pension contributions	-	161
Deferred tax credit on pension cost relief in excess of net pension cost charge	463	-
Actuarial loss on pension scheme	(2,599)	(4,480)
Movement on deferred tax relating to pension scheme	(1,035)	1,092
Equity dividend paid	(36,800)	-
Balance carried forward	23,100	47,970

23 Share premium account

	2010 £	2009 £
At beginning and end of period	988	988

24 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit for the financial period	15,101	13,014
Current tax on excess pension contributions	-	161
Deferred tax credit on pension cost relief in excess of net pension cost charge	463	-
Actuarial loss on pension scheme	(2,599)	(4,480)
Movement on deferred tax relating to pension scheme	(1,035)	1,092
Equity dividend paid	(36,800)	-
Net increase to shareholders' funds	(24,870)	9,787
Opening shareholders' funds	50,039	40,252
Closing shareholders' funds	25,169	50,039

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.