Registered Number: 3467913

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Holdings Ltd

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TOWERS THOMPSON HOLDINGS LIMITED
ANNUAL REPORT AND ACCOUNTS 2008

GROUP FINANCIAL HIGHLIGHTS

	2008 £'000	2007 £'000
Group Turnover	182,847	153,288
Group Operating Profit	1,137	3,624
Net Cash (Outflow)/Inflow from Operating Activities	(1,692)	2,570
Net Assets	12,333	11,924
Capital Expenditure	1,378	889

CHIEF EXECUTIVE'S STATEMENT

Business Review and Principal Activities

Towers Thompson is a leading, International Food Group specialising in the import, export and distribution of chilled, frozen and cooked meats and poultry. In addition, the group also trades in a wide variety of fish, seafood, vegetables, dairy products and convenience foods. We have offices in Australia, Denmark, Germany, Hong Kong, New Zealand, Spain and the United Kingdom. From these offices we import and export to over 60 countries around the world.

Current Market

Just over 50% of the company's turnover is derived from the UK where our customer base is focused on supermarkets, processors, catering butchers, manufacturers, wholesalers and cash and carrys. Our customers require a diverse range of high quality chilled, frozen and cooked products sourced from many different origins.

Traditionally meat has been our core business but following the acquisition of Rassau GmbH and the Far East Export division from Maple Leaf in 2007 we have now successfully diversified and extended our product range further to include seafood, poultry, pork and game.

Foreign Currency and Credit Risk

The US dollar is the principal foreign currency utilised in the Group's trading activities. The Group's policy is to hedge using forward foreign exchange contracts as soon as commitment has been given to the underlying transaction. With regard to credit risk, practically all sales executed on credit terms to the Group's customers are covered by credit insurance policies covering a number of different geographical territories.

Operational Performance

During 2008 our sales increased by £29.6 mln to £182.8 mln and our gross margin decreased from 9.9% in 2007 to 8.5% in 2008. The fall in gross margin is disappointing but reflective of the difficult market conditions in both the UK and overseas during the final quarter's trading. However since 2006 our turnover has increased by £48.8 mln or over 36% which indicates the underlying strength and diversity of the group.

Profit before tax and after interest for the year was £0.250 mln (2007: £2.918 mln).

The group experienced an outstanding first half of the year in 2008. Whilst it was always evident that the frenetic pace of activity and price inflation would not be maintained, the sheer extent of the freefall in business activity in the second half of the year took every company by surprise. By the fourth quarter, the credit crisis, coupled with tumbling house, stock and commodity prices, had produced a paralysing fear that engulfed virtually every country in the European Union. As we entered the final quarter of 2008 the reduced availability of credit and credit insurance limits led to a further contraction in business activity, and that in turn led to an even greater fear taking hold in the marketplace.

CHIEF EXECUTIVE'S STATEMENT CONTINUED...

As a direct result of the above the meat sector suffered a major decline in both price and end-user demand. The initial sharp increase and subsequent collapse in beef prices in the last quarter of 2008 resulted in the most volatile period experienced at any time during the past 40 years in the meat industry.

All of our main operating sectors were affected to some extent by the financial crisis, although our Australia and New Zealand offices managed to avoid the full impact of the world recession. Given the magnitude of the problems experienced throughout the meat and poultry sector, all of our divisions have done well to absorb the worst effects of the general downturn. Rassau Seafood performed extremely well during the year and managed to avoid the worst effects of the German recession. This business continues to improve and we expect them to deliver another good set of figures this year.

Trading and Wholesale Distribution Divisions
Our wholesale distribution depots had a difficult year. Their main obstacle was the sizeable increase in the price of fuel and electricity which kept margins under pressure throughout the year. However careful control of costs has had a beneficial effect. As anticipated there was also a significant expenditure programme as a result of the need to move into a new depot in Northfleet, Kent. This move was completed on schedule mid-way through June 2008. We have brought in new management in order to capitalise on the many advantages presented by this move to a modern purpose built depot.

Expansion and Future Prospects in the year ahead
The prices for soft commodities like corn, soya beans, wheat and particularly rice, which halved during the second half of 2008, are now increasing once again as is the price of oil and energy. Ultimately these increases will bring with them higher prices for Meat and Poultry although to some extent any increase will be cushioned by any improvement in sterling. Home produced and imported beef, lamb, pork and poultry remain in relatively short supply as farmers reduce production and importers cut back on the amount of stock they hold and it is unlikely that prices will fully recover until the last quarter of 2009. The majority of our customers in the E.U. will continue to suffer from the poor economic conditions and lack of available credit. The reduction in disposable income will ensure the consumer purchases lower cost proteins, which in turn will have an impact on profit margins throughout the industry.

Amidst all the negative news, there are some real positives for Towers Thompson and we are continuing our strategy of diversification by product and country which has worked extraordinarily well over time and will continue to so in the future. We are well placed to take advantage of trade opportunities that will arise in the future given the strength of our Balance Sheet and the many benefits generated by our global coverage.

Alan Thompson
Chief Executive
19 September 2009

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal Activities
The principal activity of the group is the import, export and wholesale distribution of food, particularly meat, poultry, seafood and vegetable products.

Review of Business and Future Developments
Full details of the group's activities are contained in the Chief Executive's statement.

Results and Dividend
The results for the year are set out in the profit and loss account on page 9. Dividends paid during the year amounted to £750,000 (2007: £250,000).

Financial Instruments
Full details of the group's financial instruments are contained in the Chief Executive's statement.

Directors
The directors who served in the year are as follows:

A P Thompson

T G Goddard

Political and Charitable Donations
The group made no political contributions during the current or prior year. Donations to UK charities amounted to £2,000 (2007: £6,000).

REPORT OF THE DIRECTORS CONTINUED...

Employment of Disabled Persons

The group's policy and practice is to encourage and where possible assist the employment of disabled people and to retain employees who become disabled.

Employees

It is the group's policy to involve all employees in the decision making process. All members of staff regularly attend departmental meetings at which matters of general interest are discussed. The group produces a newsletter on a regular basis to inform employees of news and events. The financial performance of the group is displayed on our website www.towers-thompson.co.uk.

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

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

By order of the board

P Dolan
Secretary

19 September 2009

Towers Thompson Holdings Ltd
Turnford Place
Great Cambridge Road
Turnford
Broxbourne
Hertfordshire
EN10 6NH

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and parent company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable him to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF TOWERS THOMPSON HOLDINGS LTD

We have audited the group and parent company financial statements (the "financial statements") of Towers Thompson Holdings Ltd for the year ended 31 December 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Reconciliations of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors
The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS REPORT CONTINUED...

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
Aquis Court
31 Fishpool Street
St. Albans
Hertfordshire
AL3 4RF

19 September 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	£'000	Year Ended 31 December 2008 £'000	£'000	Year Ended 31 December 2007 £'000
Turnover	1, 2				
Continuing operations			182,847		153,288
Cost of sales			(167,238)		(138,132)
Gross Profit			15,609		15,156
Distribution costs			(4,143)		(3,316)
Administrative expenses (including negative goodwill in 2007 of £1,020,000)			(10,329)		(8,216)
Group Operating Profit	4				
Continuing operations			1,137		3,624
Continuing Operations:					
Operating profit before goodwill			1,202		2,641
Release of negative goodwill			-		1,020
Goodwill amortization			(65)		(37)
Operating Profit			1,137		3,624
Interest receivable and similar income	5		99		80
Interest payable and similar charges	6		(1,045)		(832)
Other finance income	7		59		46
Profit on Ordinary Activities before Taxation			250		2,918
Tax on profit on ordinary activities	8		(174)		(579)
Profit for the Financial Year			76		2,339

All of the group's turnover and operating profit relate to continuing activities. There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical basis.

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed Assets					
Intangible assets	11		860		711
Tangible assets	12		2,824		1,985
			3,684		2,696
Current Assets					
Stocks	14	16,201		12,241	
Debtors	15	18,857		19,651	
Investments	16	2		2	
Cash at bank and in hand		3,461		2,702	
		38,521		34,596	
Creditors: amounts falling due within one year	17	(29,973)		(24,669)	
Net current assets			8,548		9,927
Total assets less current liabilities			12,232		12,623
Creditors: amounts falling due after one year	18		(159)		(1,042)
Net assets excluding pension asset			12,073		11,581
Pension asset	22		260		343
Net assets including pension asset			12,333		11,924
Capital and Reserves					
Called up share capital	20		141		141
Reserves	21		12,192		11,783
Shareholders' funds			12,333		11,924

These financial statements were approved by the board of directors on 19 September 2009 and were signed on its behalf by:

Terry Goddard
Director

COMPANY BALANCE SHEET
AT 31 DECEMBER 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed Assets					
Investments	13		7,625		7,625
Current Assets					
Investments	16	2		2	
Cash at bank and in hand		420		420	
		422		422	
Creditors: amounts falling due within one year	17	(7,773)		(7,773)	
Net current liabilities			(7,351)		(7,351)
Total assets less current liabilities			274		274
Net assets			274		274
Capital and Reserves					
Called up share capital	20		141		141
Reserves	21		133		133
Shareholders' funds			274		274

These financial statements were approved by the board of directors on 19 September 2009 and were signed on its behalf by:

T Goddard

Terry Goddard
Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Cash (Outflow)/ Inflow from Operating Activities	(a)		(1,692)		2,570
Returns on Investments and Servicing of Finance					
Interest Paid		(1,033)		(817)	
Interest element of finance lease rental payments		(12)		(15)	
Interest Received		99		80	
			(946)		(752)
Taxation			(149)		(205)
Capital Expenditure					
Acquisition of subsidiary, net of cash acquired		-		(1,033)	
Purchase of tangible fixed assets		(1,378)		(889)	
Sale of tangible fixed assets		131		88	
			(1,247)		(1,834)
Equity Dividends Paid			(750)		(250)
Cash (Outflow) before financing			(4,784)		(474)
Financing					
Net proceeds from new bank loans		-		1,276	
Repayment of bank loan		(1,276)		-	
New finance lease		239		-	
Capital element of finance lease rental payments		(133)		(178)	
			(1,170)		1,098
(Decrease)/Increase in cash in the year	(b)		(5,954)		627

(a) Reconciliation of operating profit to net cashflow from operating activities

	2008	2007
Operating profit	1,137	3,624
Depreciation	519	382
Immediate recognition of negative goodwill	-	(1,020)
Amortisation of goodwill	65	37
Profit on sale of tangible fixed assets	(40)	(31)
Changes in working capital		
(Increase)/Decrease in Stock	(3,960)	1,334
Decrease/(Increase) in Debtors	772	(1,963)
(Decrease) in Creditors	(1,171)	(181)
Exchange movement on net current assets	986	388
Net Cash (Outflow)/Inflow from Operating Activities	(1,692)	2,570

CONSOLIDATED CASH FLOW STATEMENT CONTINUED...

	At 1 January 2008 £'000	Cash Flows £'000	Lease movements £'000	Exchange Difference £'000	At 31 December 2008 £'000
(b) Analysis of Movement in Net Debt					
Cash	2,702	759			3,461
Bank Overdraft	(9,235)	(6,713)		173	(15,775)
	(6,533)	(5,954)		173	(12,314)
Finance Lease due within one year	(101)		30		(71)
Finance Lease due after one year	(23)		(136)		(159)
Bank Loan	(1,276)	1,276			-
	(7,933)	(4,678)	(106)	173	(12,544)

	2008 £'000	2007 £'000
(c) Reconciliation of Cash Flow to Movement in Net Debt		
(Decrease)/Increase in cash in the year	(5,954)	627
Term Loan repaid	1,276	-
	(4,678)	627
Add Cash outflow from decrease in debt	(106)	178
Loan acquired on acquisition of subsidiary	-	(1,273)
Change in net funds resulting from cash flows	(4,784)	(468)
Translation differences	173	(118)
Movement in net funds in year	(4,611)	(586)
Net debt at beginning of year	(7,933)	(7,347)
Net debt at end of year	(12,544)	(7,933)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £'000	2007 £'000
Profit attributable to members of the group before dividends	76	2,339
Net exchange differences on retranslation of net investments and related borrowings	1,444	439
Actuarial (loss)/gain recognised in the pension scheme	(759)	415
Deferred tax arising on gains/(losses) in the pension scheme	212	(116)
Effects of recoverable surplus limit	257	(420)
Deferred tax on recoverable surplus limit	(71)	117
Total recognised gains since the last annual report	1,159	2,774

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2008

	The Group 2008 £'000	The Company 2008 £'000	The Group 2007 £'000	The Company 2007 £'000
Profit for the financial year	76	-	2,339	-
Dividend received	-	750	-	250
Dividend paid	(750)	(750)	(250)	(250)
	(674)	-	2,089	-
Actuarial (loss)/gain	(547)	-	299	-
Effect of recoverable surplus limit	186	-	(303)	-
Translation gain	1,444	-	439	-
Net addition to shareholders funds	409	-	2,524	-
Opening group shareholders' funds	11,924	274	9,400	274
Closing shareholders' funds	12,333	274	11,924	274

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of Preparation

The accounts have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2008. The acquisitions method of accounting has been adopted.

Turnover

Turnover represents the invoiced value of sales during the year excluding transactions between companies within the group and excluding value added tax where applicable. Turnover is recognised upon despatch of the goods or services.

Depreciation

The cost or valuation of tangible fixed assets is written off on a straight line basis over their estimated useful lives. Principal rates of depreciation in use by the Company are:-

Freehold Buildings	-	1% - 2%
Leasehold Property	-	Period of Lease
Plant and Equipment	-	15% - 20%
Motor Vehicles	-	20% - 25%

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price including freight, insurance, landing charges and transport.

NOTES TO THE ACCOUNTS CONTINUED...

1. ACCOUNTING POLICIES - (Continued)

Taxation
The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date. Full provision is made for all timing differences except as otherwise required by FRS19. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Lease Purchase and Operating Leases
Assets held under lease purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. Interest is charged to the profit and loss account in proportion to the capital repayments outstanding. Rentals payable under operating leases are charged against income on a straight line basis over the life of the lease.

Pension Costs
The Group operates both a defined contribution scheme and pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged against profits in respect of the defined contribution scheme represents the contributions payable to the scheme in respect of the accounting period.

In terms of the defined benefit scheme the pension scheme assets are measured using market values. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full and presented on the face of the balance sheet. The movement in the scheme surplus/deficit is split between operating charges, financing items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Foreign Currencies
Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

NOTES TO THE ACCOUNTS CONTINUED...

1. ACCOUNTING POLICIES - (Continued)

Goodwill and Negative Goodwill

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable assets and liabilities acquired. Where the fair value of purchase consideration differs from the aggregate of these fair values, purchased goodwill arises. Goodwill arising on acquisitions is capitalised and amortised over its useful economic life in accordance with FRS10.

Negative Goodwill arising on acquisitions is included within fixed assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered, whether through depreciation or sale.

Dividends on Shares Presented Within Shareholders' Funds

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

Financial Guarantee Contracts

The company has not adopted amendments to FRS26 and FRS12 in relation to financial guarantee contracts which will apply for periods commencing on or after 1 January 2008.

Where a company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

The company does not expect amendments to have any impact on the financial statement for the period commencing 1 January 2009.

2. ANALYSIS OF TURNOVER

All the group's turnover is derived from the group's main activity, the wholesaling of meat, poultry and other foodstuffs.

Turnover is analysed by geographical market as follows:

	2008 £'000	2007 £'000
United Kingdom	91,988	85,731
Europe	30,362	18,750
Rest of the World	60,497	48,807
	182,847	153,288

NOTES TO THE ACCOUNTS CONTINUED...

3. EMPLOYEES AND DIRECTORS

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

Number of Employees	2008	2007
Management	12	12
Administration	38	42
Production & Distribution	100	97
	150	151

The aggregate payroll costs for these persons were as follows:

	2008	2007
	£'000	£'000
Wages and salaries	4,730	4,680
Social security costs	499	469
Other pension costs	190	129
	5,419	5,278

The emoluments of the directors were as follows:

	2008	2007
	£'000	£'000
Remuneration paid to executive directors	277	266
Pension contributions	44	33
	321	299

The remuneration paid to the highest paid director, excluding pension contributions, amounted to £144,000 (2007: £141,000). Pension contributions of £24,000 (2007: £18,000) were paid on his behalf during the year. Both directors accrued retirement benefits under a company defined benefit scheme in both the current and the previous year.

The highest paid director had an accrued pension at the year-end of £62,000 (2007: £60,000).

NOTES TO THE ACCOUNTS CONTINUED...

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2008 £'000	2007 £'000
Auditors' remuneration:		
Audit of these financial statements	106	95
Other services relating to taxation	12	9
Operating lease charges:		
Plant & Machinery	5	8
Property	330	285
Depreciation - owned assets	429	317
- leased assets	90	65
Profit on disposal of fixed assets	(40)	(31)

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008 £'000	2007 £'000
On bank deposits	99	80

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £'000	2007 £'000
On bank loans and overdrafts repayable within five years	1,033	817
On lease purchase contracts	12	15
	1,045	832

7. OTHER FINANCE INCOME

	2008 £'000	2007 £'000
Expected return on pension scheme assets	305	234
Interest on pension scheme liabilities	(199)	(188)
Effect of limit on amount of surplus Recognised due to some of the surplus Not being recognizable	(47)	-
Net finance income	59	46

NOTES TO THE ACCOUNTS CONTINUED...

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

Analysis of charge in year	2008 £'000	2007 £'000
United Kingdom		
Corporation Tax at 28% (2007: 30%)	(1)	5
Foreign Tax		
Corporation Taxes	206	214
Total Current Tax	205	219
Deferred Tax (see note 15)		
Change in UK tax rates	-	8
United Kingdom	(140)	264
Pension liability	109	88
	(31)	360
Foreign Tax	-	-
Total deferred tax	(31)	360
Tax on profit on ordinary activities	174	579

Factors affecting tax charge for the period

The tax assessed for the period is higher (2007: lower) than the rate of corporation tax in the UK 28% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	250	2,918
Current tax at 28%	70	875
Effects of		
Immediate recognition of negative goodwill	-	(306)
Expenses not deductible for tax purposes	2	17
Differences between capital allowances and depreciation	(14)	(35)
Tax loss carried forward	184	-
Utilisation of tax losses	-	(266)
Other differences	(37)	(66)
Total current tax charge (see above)	205	219

NOTES TO THE ACCOUNTS CONTINUED...

9. DIVIDENDS

	2008 £'000	2007 £'000
The aggregate amounts of dividends comprise:	750	250

The aggregate amount of dividends proposed and recognised as liabilities as at the year-end is £nil (2007: £nil).

10. PROFIT FOR THE FINANCIAL YEAR

In accordance with section 230(4) of the Companies Act 1985 the company is exempt from the requirements to present its own profit and loss account in these financial statements. The profit after taxation for the financial year dealt with in the financial statements of the company was £750,000 (2007: profit £250,000).

11. INTANGIBLE FIXED ASSETS

	Purchased Goodwill £'000
Cost	
At 1 January 2008	748
Exchange difference	214
At 31 December 2008	962
Amortisation	
At 1 January 2008	37
Charge for period	65
At 31 December 2008	102
Net Book Value At 31 December 2008	860

The purchased goodwill acquired relates to the fair value of the underlying intangible assets existing in the financial statements of Rassau Seafoods GmbH at the time of purchase by the group in 2007.

The Directors consider that the goodwill should be amortised over a period of 15 years being the lower of 20 years or its useful economic life.

NOTES TO THE ACCOUNTS CONTINUED...

12. TANGIBLE FIXED ASSETS

The Group	Freehold Land and Buildings £'000	Short Leasehold Property £'000	Plant Equipment & Vehicles £'000	Total £'000
Cost				
At 1 January 2008	380	138	5,778	6,296
Exchange Difference	-	-	148	148
Additions	195	-	1,183	1,378
Disposals	-	-	(906)	(906)
At 31 December 2008	575	138	6,203	6,916
Depreciation				
At 1 January 2008	8	135	4,168	4,311
Exchange Difference	-	-	77	77
Charge for Year	16	-	503	519
Disposals	-	-	(815)	(815)
At 31 December 2008	24	135	3,933	4,092
Net Book Value				
At 31 December 2008	551	3	2,270	2,824
At 1 January 2008	372	3	1,610	1,985

The net book value of Plant, Equipment and Vehicles includes an amount of £389,000 in respect of assets held under lease purchase contracts (2007: £256,000). Depreciation charged to the profit and loss account on these assets during the year was £90,000 (2007: £65,000). Depreciation is not charged on freehold land, which is stated at historical cost of £120,000 (2007: £120,000).

NOTES TO THE ACCOUNTS CONTINUED...

13. INVESTMENTS

	Shares in Subsidiary Undertakings £'000
The Company	
At 1 January and 31 December 2008	7,625

The principal subsidiary undertakings all of which are wholly owned are as follows:

Operating Subsidiary	Activity	Country	Ordinary Share Capital
Towers & Co Ltd	Meat Wholesaler	England	100%
Towers Thompson A/S	Meat Wholesaler	Denmark	100%
Towers Thompson (Australia) Pty Ltd	Meat Wholesaler	Australia	100%
Towers Thompson (New Zealand) Ltd	Meat Wholesaler	New Zealand	100%
Rassau Seafood GmbH	Seafood Wholesaler	Germany	100%

The results of these companies are included within these financial statements.

14. STOCKS

	The Group 2008 £'000	The Group 2007 £'000
Finished goods	16,201	12,241

15. DEBTORS

	The Group 2008 £'000	The Group 2007 £'000
Amounts receivable within one year:		
Trade debtors	16,998	17,824
Other debtors including VAT	1,148	1,170
Prepayments and accrued income	256	180
Corporation tax	61	236
	18,463	19,410
Amounts receivable after more than one year:		
Deferred tax asset	394	241
	18,857	19,651

NOTES TO THE ACCOUNTS CONTINUED...

15. DEBTORS - (Continued)

Deferred taxation

Deferred taxation is fully provided in the accounts as follows:

	Amount Provided 2008 £'000	2007 £'000
Differences between depreciation and capital allowances	(10)	46
Arising in overseas subsidiaries	142	129
Tax losses	262	66
Deferred tax asset at 31 December	394	241

16. CURRENT ASSET INVESTMENTS

	The Group 2008 £'000	The Company 2008 £'000	The Group 2007 £'000	The Company 2007 £'000
At 31 December				
Cost value of listed investments	2	2	2	2
Market value of listed investments	1	1	1	1

17. CREDITORS DUE WITHIN ONE YEAR

	The Group 2008 £'000	The Company 2008 £'000	The Group 2007 £'000	The Company 2007 £'000
Bank loans and overdrafts	15,775	-	9,492	-
Obligations under finance leases & hire Purchase contracts (see note 19)	71	-	101	-
Trade creditors	7,795	-	6,741	-
Amount owed to subsidiary undertakings	-	7,773	-	7,773
Corporation tax	31	-	12	-
Other taxes and social security	289	-	295	-
Other creditors	601	-	649	-
Accruals and deferred income	5,411	-	7,379	-
	29,973	7,773	24,669	7,773

The majority of the group's bank overdrafts are secured by a debenture. Bank loans and overdrafts include a term loan of £nil (2007:£257,000).

NOTES TO THE ACCOUNTS CONTINUED...

18. CREDITORS DUE AFTER ONE YEAR

	The Group 2008 £'000	The Company 2008 £'000	The Group 2007 £'000	The Company 2007 £'000
Term loan	-	-	1,019	-
Obligations under finance leases & hire purchase contracts (see note 19)	159	-	23	-
	159	-	1,042	-

19. OBLIGATIONS UNDER LEASE PURCHASE CONTRACTS

	Group 2008 £'000	2007 £'000
Amounts payable:		
Within one year	71	101
In two to five years	159	23
	230	124
Lease purchase contracts are analysed as follows:		
Current obligations	71	101
Non current obligations	159	23
	230	124

20. SHARE CAPITAL

	At 1 January and 31 December 2008 £'000
Authorised	
1,500,000 ordinary shares of £0.10 each	150
Allotted, Called Up and Fully Paid	
1,410,000 ordinary shares of £0.10 each	141

At 31 December 2008 there are existing options granted to employees over 24,450 ordinary shares of ten pence each. The options were granted on 14 April 2000 at an exercise price of £5.50 and are exercisable between 3 and 10 years, subject to the business being sold or obtaining a quotation on a recognised Stock Exchange.

NOTES TO THE ACCOUNTS CONTINUED...

21. RESERVES

	The Group		The Company	
	Profit and Loss Account 2008 £'000	Profit and Loss Account 2007 £'000	Profit and Loss Account 2008 £'000	Profit and Loss Account 2007 £'000
Opening reserves at 1 January	11,774	9,250	124	124
Profit for the year	76	2,339	750	250
Dividends paid	(750)	(250)	(750)	(250)
Actuarial (loss)/gain	(547)	299	-	-
Effect of recoverable surplus limit	186	(303)	-	-
Translation gain	1,444	439	-	-
Carried forward at 31 December	12,183	11,774	124	124

	The Group		The Company	
	Capital Redemption Reserve 2008 £'000	Capital Redemption Reserve 2007 £'000	Capital Redemption Reserve 2008 £'000	Capital Redemption Reserve 2007 £'000
At 1 January and 31 December	9	9	9	9
Reserves	12,192	11,783	133	133

NOTES TO THE ACCOUNTS CONTINUED...

22. PENSION COSTS

Contributions in respect of the Towers Scheme are determined on a money purchase (defined contribution) basis and the pension costs of £103,000 (2007: £97,000) reflects the amount of contributions during the calendar year. No contributions (2007: £Nil) were payable to the fund at the year-end and included in creditors.

Contributions to the group's defined benefits scheme (the John Silver Scheme) are charged to the profit and loss account so as to spread the cost of the pension over the employees' working lives with the Company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The John Silver Scheme is closed to new entrants. As a consequence the current service cost calculated under the projected unit method, when expressed as a percentage of the pensionable payroll, can be expected to increase over time, as the average age of the membership increases.

The most recent actuarial valuation for the John Silver Scheme was carried out on 1 November 2006 and assessed on the Continuing Valuation basis. The realisable value of the Scheme's assets at that date were £3,525,000 and the actuarial value of those assets represented 89% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The funding shortfall identified by the actuarial valuation was eliminated by special employer contributions of £200,000 and £250,000 paid in December 2006 and November 2007 respectively.

Since 1 November 2006 on the advice of the Scheme Actuary the Company has been paying contributions at the standard Company contribution rate of 33.2% of Pensionable Earnings.

The pension contribution made by the company over the year to the John Silver Scheme was £387,000 (2007: £325,000). No contributions were outstanding to the fund at the year-end (2007: £nil).

The actuarial valuation of the scheme at 1 November 2006 was updated to 31 December 2008 on a set of assumptions consistent with those required under FRS17 by a qualified actuary. The major assumptions used by the actuary were:

	2008	2007	2006
Rate of increase in pensionable salaries	**2.9%**	3.2%	3.3%
Rate of increases in pensions in payment (3% pre 06.04.97)	**3.3%**	3.2%	3.0%
Rate of increases in pensions in payment (LPI with a minimum of 3%)	**3.3%**	3.2%	3.3%
Discount rate	**6.3%**	5.9%	5.2%
Rate of revaluation of deferred pensions	**2.9%**	3.2%	3.3%
Inflation assumption	**2.9%**	3.2%	3.3%

NOTES TO THE ACCOUNTS CONTINUED...

22. PENSION COSTS (continued)

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

	2008	2007	2006
	£'000	£'000	£'000
Equities	**2,006**	2,525	2,371
Bonds	**1,899**	1,650	1,362
Cash	**7**	68	42
	3,912	4,243	3,775

Long-term rate of return expected at 31 December	**2008**	2007	2006
Equities	**7.20%**	7.40%	6.45%
Bonds	**6.30%**	5.90%	5.20%
Cash	**3.40%**	5.00%	5.00%

	2008	2007	2006
	£'000	£'000	£'000
Overall total market value of assets	**3,912**	4,243	3,775
Present value of scheme liabilities	**(3,341)**	(3,347)	(3,619)
Surplus in the scheme	**571**	896	156
Effect of recoverable surplus limit	**(210)**	(420)	-
Surplus to be recognized	**361**	476	156
Related deferred tax asset	**(101)**	(133)	(46)
Net pension surplus	**260**	343	110

NOTES TO THE ACCOUNTS CONTINUED...

22. PENSION COSTS (continued)

Analysis of the amount charged to operating profit	**2008** **£'000**	2007 £'000
Current service cost	**59**	46

Analysis of the amount credited to other finance income	**2008** **£'000**	2007 £'000
Expected return on pension scheme assets	**305**	234
Interest on pension scheme liabilities	**(199)**	(188)
Effect of limit on amount of surplus recognised due to Some of the surplus not being recognizable	**(47)**	-
Net finance return	**59**	46

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

	2008 **£'000**	2007 £'000
Difference between expected and actual return on assets	**(1,027)**	(45)
Experience gains and losses arising on the scheme liabilities	**(6)**	(25)
Effect of changes in the demographic & financial assumptions underlying the present value of the scheme liabilities	**274**	485
Effects of recoverable surplus limit	**257**	(420)
Actuarial (loss) recognised in statement of total recognised gains and losses	**(502)**	(5)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2008 **£'000**	2007 £'000
Scheme liabilities at start of the year	**3,347**	3,619
Movement in year:		
Current service cost	**59**	46
Interest cost	**199**	188
Contributions by scheme participants	**37**	36
Actuarial (gains)	**(268)**	(460)
Benefits paid	**(33)**	(82)
Scheme liabilities at end of the year	**3,341**	3,347

NOTES TO THE ACCOUNTS CONTINUED...

22. PENSION COSTS (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets

	2008	2007
	£'000	£'000
Fair value of scheme assets at start of year	**4,243**	3,775
Expected return on scheme assets	**305**	234
Actuarial (losses)	**(1,027)**	(38)
Contributions by employer	**387**	318
Contributions by scheme participants	**37**	36
Benefits paid	**(33)**	(82)
Fair value of scheme assets at end of the year	**3,912**	4,243

The scheme has a small number of pensions in payment relating to previous member retirements, which have been fully secured through an insurance company. The value of these insured liabilities has been excluded from the calculation of the present scheme liabilities. Similarly the market value of assets held by the insurance companies in respect of these policies has been excluded from the company's above disclosure.

Amounts for the current and previous four years

	2008	2007	2006	2005	2004
	£'000	£'000	£'000	£'000	£'000
Fair value of scheme assets	**3,912**	4,243	3,775	3,059	2,277
Present value of scheme liabilities	**3,341**	3,347	3,619	3,237	2,779
Surplus / (deficit) in scheme	**571**	896	156	(178)	(502)
Experience adjustment on scheme assets	**(1,027)**	(38)	58	300	85
Experience adjustment on scheme liabilities	**(6)**	(25)	68	15	(4)

The best estimate of contributions to be paid by the employer to the scheme for the period beginning after 31 December 2008 is £92,500.

NOTES TO THE ACCOUNTS CONTINUED...

23. COMMITMENTS

The minimum annual lease payments to which the group and the company were committed under non-cancellable operating leases at 31 December 2008 were as follows:

	Land & Buildings 2008 £'000	Plant Equipment & Vehicles 2008 £'000	Land & Buildings 2007 £'000	Plant Equipment & Vehicles 2007 £'000
The Group and the Company				
Operating leases which expire :				
Within one year	16	16	40	15
In second to fifth year inclusive	239	30	170	30
	255	46	210	45