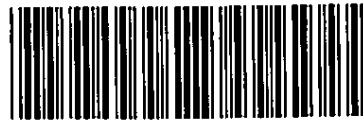


REGISTERED NUMBER: 5899807 (England and Wales)

**REPORT OF THE DIRECTORS AND**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008**  
**FOR**  
**FARMACY PLC**

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**FARMACY PLC**

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**FOR THE YEAR ENDED 31 DECEMBER 2008**

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**FARMACY PLC**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

<b>DIRECTORS:</b>	M W Bellamy J P French V R Hedley Lewis K J Matthews M F Young
<b>SECRETARY:</b>	K J Matthews
<b>REGISTERED OFFICE:</b>	Brook House 42 Manor Street Ruskington Sleaford Lincolnshire NG34 9EP
<b>REGISTERED NUMBER:</b>	5899807 (England and Wales)
<b>AUDITORS:</b>	Wheeler Chartered Accountants, Tax Consultants & Registered Auditors 16 North Street Wisbech Cambridgeshire PE13 1NE
<b>BANKERS:</b>	Barclays Bank PLC 12 Old Market Wisbech Cambridgeshire PE13 1NN

**FARMACY PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their report with the financial statements of the company for the year ended 31 December 2008.

**PRINCIPAL ACTIVITY**

The company specialises in the provision of professional agronomic and environmental services.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

These financial statements cover the first full year of trading following the acquisition of the business in August 2007. The directors are pleased to report an increase in turnover and consider the gross margin of 8.6% (2007: 8.4%) to be satisfactory.

Further comments on the factors affecting the industry can be found in the Chairman's Statement of the ultimate holding company, Hutchinson Group Limited.

**FUTURE DEVELOPMENTS**

The directors intend to pursue the same policies that have proved successful during 2008. The company is constantly seeking to widen its customer base and will continue to provide innovative advice and solutions to the farming industry.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2008.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2008 to the date of this report.

V R Hedley Lewis  
K J Matthews  
M F Young

Other changes in directors holding office are as follows:

M W Bellamy - appointed 17 January 2008  
J P French - appointed 17 January 2008

**COMPANY'S POLICY ON PAYMENT OF CREDITORS**

The Companies Act 1985 (Miscellaneous Accounting Amendments) Regulations 1997 requires the company to make a statement of its policy on the payment of creditors.

The company's policy is to comply with suppliers' credit terms.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing 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). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

**FARMACY PLC**

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.


**AUDITORS**

The auditors, Wheelers, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
K J Matthews - Secretary

Date:  .....

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF**  
**FARMACY PLC**

We have audited the financial statements of Farmacy plc for the year ended 31 December 2008 on pages five to fourteen. 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 a Report of the Auditors 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on pages two and three.

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 Report of the Directors 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 Report of the Directors 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its 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 Report of the Directors is consistent with the financial statements.

Wheelers  
Chartered Accountants, Tax Consultants  
& Registered Auditors  
16 North Street  
Wisbech  
Cambridgeshire  
PE13 1NE

Date: 15/7/2009

**FARMACY PLC**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	31.12.08 £'000	31.12.07 £'000
<b>TURNOVER</b>		3,353	1,080
Cost of sales		<u>3,065</u>	<u>989</u>
<b>GROSS PROFIT</b>		288	91
Administrative expenses		<u>247</u>	<u>102</u>
		41	(11)
Other operating income		<u>-</u>	<u>1</u>
<b>OPERATING PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	41	(10)
Tax on profit/(loss) on ordinary activities	5	<u>10</u>	<u>(2)</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>31</u>	<u>(8)</u>

**CONTINUING OPERATIONS**

All of the company's activities were acquired during 2007.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

The notes form part of these financial statements

**FARMACY PLC**

**BALANCE SHEET**  
**31 DECEMBER 2008**

	Notes	31.12.08 £'000	£'000	31.12.07 £'000	£'000
<b>FIXED ASSETS</b>					
Intangible assets	7		-		153
Tangible assets	8		<u>11</u>		<u>18</u>
			11		171
<b>CURRENT ASSETS</b>					
Stocks	10	4		4	
Debtors	11	1,025		803	
Cash at bank		<u>43</u>		<u>2</u>	
		1,072		809	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>980</u>		<u>848</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>92</u>		<u>(39)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			103		132
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<u>30</u>		<u>90</u>
<b>NET ASSETS</b>			<u><u>73</u></u>		<u><u>42</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		50		50
Profit and loss account	15		<u>23</u>		<u>(8)</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u><u>73</u></u>		<u><u>42</u></u>

The financial statements were approved by the Board of Directors on 15/7/2009 and were signed on its behalf by:

  
.....  
K J Matthews - Director

The notes form part of these financial statements



**FARMACY PLC**

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	31.12.08 £'000	31.12.07 £'000
<b>Net cash inflow from operating activities</b>	1	102	127
<b>Taxation</b>		-	2
<b>Capital expenditure</b>	2	(1)	(10)
<b>Acquisitions and disposals</b>	2	<u>(60)</u>	<u>(117)</u>
<b>Increase in cash in the period</b>		<u>41</u>	<u>2</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
Increase in cash in the period		<u>41</u>	<u>2</u>
Change in net funds resulting from cash flows		<u>41</u>	<u>2</u>
<b>Movement in net funds in the period</b>		41	2
<b>Net funds at 1 January</b>		<u>2</u>	<u>-</u>
<b>Net funds at 31 December</b>		<u>43</u>	<u>2</u>

The notes form part of these financial statements

**FARMACY PLC**

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

1. **RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.12.08	31.12.07
	£'000	£'000
Operating profit/(loss)	41	(10)
Depreciation charges	161	69
Profit on disposal of fixed assets	-	(1)
Increase in stocks	-	(1)
Increase in debtors	(222)	(708)
Increase in creditors	<u>122</u>	<u>778</u>
<b>Net cash inflow from operating activities</b>	<b><u>102</u></b>	<b><u>127</u></b>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.12.08	31.12.07
	£'000	£'000
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(1)	(11)
Sale of tangible fixed assets	<u>-</u>	<u>1</u>
<b>Net cash outflow for capital expenditure</b>	<b><u>(1)</u></b>	<b><u>(10)</u></b>
<b>Acquisitions and disposals</b>		
Assets and liabilities acquired	-	(51)
Goodwill	-	(216)
Deferred consideration	<u>(60)</u>	<u>150</u>
<b>Net cash outflow for acquisitions and disposals</b>	<b><u>(60)</u></b>	<b><u>(117)</u></b>

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.08	Cash flow	At
	£'000	£'000	31.12.08
			£'000
Net cash:			
Cash at bank	<u>2</u>	<u>41</u>	<u>43</u>
	<u>2</u>	<u>41</u>	<u>43</u>
<b>Total</b>	<b><u>2</u></b>	<b><u>41</u></b>	<b><u>43</u></b>

The notes form part of these financial statements

## **FARMACY PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. ACCOUNTING POLICIES**

##### **Accounting convention**

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

##### **Consolidation**

These financial statements give information on Farmacy plc as an entity only. Consolidated financial statements have not been prepared on the grounds that the subsidiary undertakings, as detailed in note 9, are immaterial both individually and collectively.

The results of the company and its subsidiaries are consolidated in the financial statements of the ultimate parent company in which intra group sales and profits are eliminated and all sales and profit figures relate to external transactions only.

##### **Turnover**

Turnover represents the invoiced value, net of value added tax, of services provided both directly to third parties and through other group companies. Income under annual contracts is accounted for on a straight line basis over the period of the agreement.

##### **Goodwill**

Purchased goodwill, relating to the acquisition of a business in 2007, is capitalised as an intangible asset and amortised on a straight line basis over an appropriate period not exceeding 20 years. Where goodwill has been impaired the amount of impaired goodwill is charged through the profit and loss account in the year of impairment. See note 4 for details.

##### **Tangible fixed assets**

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of last year, are:-

	%
Computer equipment	20 - 33
All other assets	10 - 25

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### **Pension costs and other post-retirement benefits**

Contributions are made to a group pension scheme providing benefits based on final pensionable pay. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of a triennial valuation.

The company also operates defined contribution schemes. Contributions are charged to the profit and loss account as they become payable.

## FARMACY PLC

### NOTES TO THE FINANCIAL STATEMENTS

#### 2. STAFF COSTS

	31.12.08	31.12.07
	£'000	£'000
Wages and salaries	1,787	638
Social security costs	190	64
Other pension costs	<u>137</u>	<u>55</u>
	<u>2,114</u>	<u>757</u>

The average monthly number of employees during the year was as follows:

	31.12.08	31.12.07
Staff	31	33
Directors	<u>5</u>	<u>2</u>
	<u>36</u>	<u>35</u>

For reasons of operational efficiency all staff are under contracts of employment with, and are remunerated by, a group company.

The costs and average number of employees engaged in the performance of duties for Farmacy plc are detailed above. All recharges are made on an actual cost basis.

#### 3. OPERATING PROFIT/(LOSS)

The operating profit (2007 - operating loss) is stated after charging/(crediting):

	31.12.08	31.12.07
	£'000	£'000
Depreciation - owned assets	8	6
Profit on disposal of fixed assets	-	(1)
Goodwill amortisation	153	63
Auditors' remuneration	<u>3</u>	<u>3</u>

	31.12.08	31.12.07
	£'000	£'000
Directors' emoluments	<u>311</u>	<u>48</u>

The number of directors to whom retirement benefits were accruing was as follows:

Defined benefit schemes	<u>2</u>	<u>1</u>
-------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 December 2008 is as follows:

	31.12.08
	£'000
Emoluments etc	<u>160</u>

#### 4. EXCEPTIONAL ITEMS

£153,000 amortisation of goodwill has been charged to the profit and loss account following an impairment review as at 31 December 2008 (2007 - £63,000).

**FARMACY PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. TAXATION**

**Analysis of the tax charge/(credit)**

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	31.12.08 £'000	31.12.07 £'000
Current tax:		
UK corporation tax	10	-
Credit for group relief	<u>-</u>	<u>(2)</u>
 Tax on profit/(loss) on ordinary activities	 <u>10</u>	 <u>(2)</u>

**6. ACQUISITIONS**

On 31 July 2007 the company acquired the trade of the former Farmacy plc and Richard Austin Associates Limited. Assets and liabilities were purchased with a net book value of £51,000 which is considered to equate to fair value. Goodwill was purchased in the sum of £216,000 including associated legal fees.

Deferred consideration of £90,000 remains outstanding at 31 December 2008 (2007 - £150,000) payable by instalments of £60,000 on 31 July 2009 and £30,000 on 31 July 2010.

**7. INTANGIBLE FIXED ASSETS**

	Goodwill £'000
<b>COST</b>	
At 1 January 2008 and 31 December 2008	 <u>216</u>
 <b>AMORTISATION</b>	
At 1 January 2008	63
Amortisation for year	<u>153</u>
 At 31 December 2008	 <u>216</u>
 <b>NET BOOK VALUE</b>	
At 31 December 2008	 <u>-</u>
 At 31 December 2007	 <u>153</u>

**FARMACY PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. TANGIBLE FIXED ASSETS**

	Plant and machinery £'000	Office equipment £'000	Totals £'000
<b>COST</b>			
At 1 January 2008	17	7	24
Additions	<u>-</u>	<u>1</u>	<u>1</u>
At 31 December 2008	<u>17</u>	<u>8</u>	<u>25</u>
<b>DEPRECIATION</b>			
At 1 January 2008	3	3	6
Charge for year	<u>6</u>	<u>2</u>	<u>8</u>
At 31 December 2008	<u>9</u>	<u>5</u>	<u>14</u>
<b>NET BOOK VALUE</b>			
At 31 December 2008	<u>8</u>	<u>3</u>	<u>11</u>
At 31 December 2007	<u>14</u>	<u>4</u>	<u>18</u>

**9. FIXED ASSET INVESTMENTS**

The company has the following wholly owned subsidiary undertakings which are stated at their historical cost of £4.

Richard Austin Agriculture Limited  
Richard Austin Associates (Laboratories) Limited

Both companies are registered in England and Wales and remained dormant throughout the period.

**10. STOCKS**

	31.12.08 £'000	31.12.07 £'000
Goods for resale	<u>4</u>	<u>4</u>

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.08 £'000	31.12.07 £'000
Trade debtors	653	577
Amounts owed by group undertakings	366	218
Other debtors	2	-
Prepayments and accrued income	<u>4</u>	<u>8</u>
	<u>1,025</u>	<u>803</u>

**FARMACY PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.08	31.12.07
	£'000	£'000
Trade creditors	7	10
Amounts owed to group undertakings	173	113
Tax	10	-
Social security and other taxes	163	143
Other creditors	624	579
Accruals and deferred income	<u>3</u>	<u>3</u>
	<u>980</u>	<u>848</u>

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.08	31.12.07
	£'000	£'000
Other creditors	<u>30</u>	<u>90</u>

**14. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.08	31.12.07
			£'000	£'000
50,000	Ordinary	£1	<u>50</u>	<u>50</u>

**15. RESERVES**

	Profit and loss account £'000
At 1 January 2008	(8)
Profit for the year	<u>31</u>
At 31 December 2008	<u>23</u>

## **FARMACY PLC**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **16. EMPLOYEE BENEFIT OBLIGATIONS**

##### **Defined benefit scheme**

The company does not operate its own pension scheme, but staff who perform duties on its behalf are eligible for membership of the Brown Butlin Group Limited Retirement Benefit Scheme, which is a funded defined benefit scheme.

Employer pension contributions to that scheme are paid by a group company and recharged to Farmacy plc on an actual cost basis for those staff that perform duties on Farmacy's behalf.

The company has been advised by the actuary that it is not possible to break down the assets and liabilities of the group scheme by individual group companies to meet the reporting requirements of FRS17. Details of the overall position of the scheme are disclosed in the financial statements of H L Hutchinson Limited (which is the sponsoring employer of the scheme) and Hutchinson Group Limited (which is the ultimate parent company for which group accounts are prepared).

The pension cost charged to the profit and loss account of Farmacy plc for the period amounted to £111,000 (2007 - £47,000).

##### **Defined contribution schemes**

A total of £26,000 (2007 - £8,000) has been paid into defined contribution schemes. The assets of these schemes are held separately from those of the group scheme in independently administered funds. The pension cost charge represents contributions payable by the company to these funds all of which was paid at 31 December 2008.

#### **17. ULTIMATE PARENT COMPANY**

The directors consider the ultimate parent company to be Hutchinson Group Limited, a company incorporated in England and Wales. There is no overall controlling party of Hutchinson Group Limited. Copies of the group accounts can be obtained from Companies House.

#### **18. CONTINGENT LIABILITIES**

Under a cross-guarantee and debenture in respect of composite banking arrangements with fellow group companies H L Hutchinson Limited and Brown Butlin Group Limited, the company's bankers have a right of set-off on balances. At 31 December 2008 the potential liability in respect of these arrangements was £nil.

#### **19. TRANSACTIONS WITH DIRECTORS**

During the year to 31 December 2008 M F Young was paid consultancy fees and associated travel costs amounting to £31,247.

#### **20. RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption from disclosure of transactions and balances with group entities offered under FRS8, Related Party Disclosures, as a wholly owned subsidiary included in publicly available consolidated financial statements.

#### **21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.08	31.12.07
	£'000	£'000
Profit/(Loss) for the financial year	<u>31</u>	<u>(8)</u>
Net addition/(reduction) to shareholders' funds	31	(8)
Opening shareholders' funds	<u>42</u>	<u>50</u>
Closing shareholders' funds	<u>73</u>	<u>42</u>