

Agribusiness REVIEW

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Agribusiness was the Group's original core activity. Today, this division comprises two principal activities, namely agri inputs and marine proteins and oils. Both businesses have operations in Ireland and the UK. The division delivered a satisfactory trading performance for the year, with underlying sales growth of 3.0 per cent to €581.9m and a 5.4 per cent increase in operating profit* to €24.0m.

Agri inputs

The Group operates in both the feed ingredients and fertiliser markets which represent the major component of purchased farm inputs.

R & H Hall is Ireland's leading importer and supplier of raw material ingredients to the Irish animal feed manufacturing and flour milling industry, through the operation of an extensive trading, shipping and logistics capability.

* Operating profit is stated here before intangible amortisation and exceptional items.

Because Ireland is a deficit country in the production of native cereals and proteins for animal feed, production must be supplemented through the importation of feed ingredients. R & H Hall's spread of portside facilities across Dublin, Cork, Ringaskiddy, Foynes and Belfast provide a unique logistical positioning for this business.

R & H Hall's trading and shipping capability gives it access to international markets and multiple sources of supply. Ingredients are imported from over fifteen countries world-wide. The strength of the key relationships with the world's leading producers and suppliers of bulk ingredients ensure that the market is supplied with an extensive range of competitively priced raw materials.

R & H Hall delivered a satisfactory trading performance for the year.

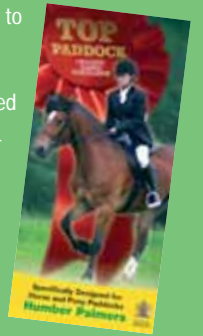
Goulding is Ireland's leading fertiliser brand, while IAWS Fertiliser UK also holds a strong position in the UK fertiliser market.

The activities of the Group's fertiliser division encompass the manufacture and distribution of agricultural fertiliser and horticulture products in Ireland and the UK. The combined volumes across these territories gives competitive purchasing power on raw materials, packaging and distribution.



HUMBER PALMERS

Humber Palmers has been the 'first choice' fertiliser for many of the well known studs throughout the UK and Ireland for over 40 years. This experience and continuing research has enabled us to develop Top Paddock, a unique nutritionally 'complete' organic based fertiliser, specifically formulated for application on all horse and pony paddocks in a safe, naturally efficient and balanced manner.



Agribusiness REVIEW

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Agri inputs (continued)

In contrast to primary fertiliser production, the Group's fertiliser manufacturing activity involves the blending of specific nutrient combinations (e.g. potash, nitrogen and potassium), tailored to particular farm production systems and regional soil deficiencies.

Grass production is the main driver of fertiliser usage in Ireland, with arable production consuming the majority of fertiliser output in the UK.

The Group's Irish and UK fertiliser business performed well in a difficult trading environment. The agriculture industry in the UK has experienced enormous change resulting in higher productivity arising from greater efficiency in the use of inputs.

The emerging biofuel industry in the UK represents a significant new outlet for UK cereal production. The potential of improved returns for arable farmers may help to

underwrite the future UK cereal crop area, thereby underpinning fertiliser consumption.

Marine proteins & oils

Marine proteins & oils delivered a satisfactory performance across all locations in the year.

IAWS, through its manufacturing facilities in Killybegs, Aberdeen, Grimsby and the Shetland Islands, is the largest producer of fishmeal and fish oil in Britain and Ireland and the fourth largest in Europe. Both fishmeal and fish oil are the key raw material ingredients of fish feed.

Fishmeal is a valuable, internationally traded protein used mostly in diets for farmed fish and for young animals, whose demand for protein is particularly high. Developing markets in both pharmaceuticals and health foods are also helping underpin the usage of fish oil.

The location of manufacturing facilities is becoming increasingly important, with rising fuel costs impacting substantially on the economics of operating fish trawlers. Killybegs is an optimal location for fish trawlers, and the Group is planning a substantial investment to facilitate projected increased landings at this port. A full planning application has been lodged with Donegal County Council.

