

1 Segmental information

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products produced. The Group is segmented into two divisions, Foods and Dairies, according to the nature of the products sold and markets serviced. The Foods segment comprises predominantly branded cheese and spreads sold via the multiples. It includes both the UK Spreads business and the St Hubert business acquired in January 2007 since both supply similar product to similar markets using the same production and distribution methods. The Dairies segment comprises predominantly liquid milk sales via the multiples, middle ground or doorstep. The Household business is included within the Dairies segment as its operations are mutually interdependent with the liquid milk business. All revenue is derived from the sale of goods. Inter-segment sales of cream from Dairies to Foods amounted to £41.0 million in the year ended 31 March 2009 (2008: £42.6 million). Transfer prices are based on delivered cost to the Group.

The Group's geographical segments are based on the location of the Group's assets. The Group has two geographical segments being 'UK and Ireland' and 'Rest of world'. The Wexford business, based in Ireland, generates the majority of its revenue from sales into the UK and operates under similar economic and political conditions to the UK. As a result, the UK and Ireland businesses have been combined into one geographical segment. Sales to 'Rest of world' disclosed in geographical segments are based on the geographical location of customers. The Rest of world category comprises the St Hubert business and ingredients and finished goods exports from the UK.

Primary segment analysis: Business

	2009				2008			
	Continuing			Discontinued	Continuing			Discontinued
	Foods £m	Dairies £m	Total £m	Foods £m	Foods £m	Dairies £m	Total £m	Foods £m
Revenue and results								
Segmental revenue	537.3	1,110.3	1,647.6	–	499.6	1,070.1	1,569.7	–
Segmental results (before exceptional items)	85.3	6.8	92.1	–	64.8	30.7	95.5	–
Exceptional items	(13.8)	(10.2)	(24.0)	–	(3.6)	(17.5)	(21.1)	–
Segmental results	71.5	(3.4)	68.1	–	61.2	13.2	74.4	–
Finance costs			(29.5)	–			(26.2)	–
Other finance income – pensions			6.9	–			10.1	–
Share of joint ventures' net profit (Foods)			7.3	–			7.7	–
Profit on YDC disposal (Foods)			50.4	–			–	–
Profit before tax			103.2	–			66.0	–
Tax (expense)/relief			(28.9)	–			(12.5)	1.2
Profit for the year			74.3	–			53.5	1.2
Assets and liabilities								
Segment assets	800.2	369.6	1,169.8		739.6	418.5	1,158.1	
Investment in joint ventures	2.9	–	2.9		5.3	–	5.3	
	803.1	369.6	1,172.7		744.9	418.5	1,163.4	
Unallocated assets			148.7				75.2	
Total assets			1,321.4				1,238.6	
Segment liabilities	(110.4)	(138.4)	(248.8)		(103.2)	(144.2)	(247.4)	
Unallocated liabilities			(715.6)				(603.5)	
Total liabilities			(964.4)				(850.9)	

Segment assets consist primarily of property, plant and equipment, goodwill, intangible assets, investments in joint ventures, inventories and receivables. They exclude deferred taxation, cash and cash equivalents, derivatives held as hedges of borrowings and retirement benefit assets.

Segment liabilities comprise operating liabilities. They exclude taxation, retirement benefit obligations, borrowings and related hedges.

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1 Segmental information (continued)

	2009			2008		
	Foods £m	Dairies £m	Total £m	Foods £m	Dairies £m	Total £m
Other segment information						
Capital expenditure:						
Property, plant and equipment	24.9	12.6	37.5	18.7	18.1	36.8
Intangible assets	3.8	4.9	8.7	0.3	0.9	1.2
Acquisition of property, plant and equipment	–	–	–	–	0.4	0.4
Acquisition of intangible assets	–	–	–	0.6	2.0	2.6
Depreciation	15.0	25.0	40.0	13.9	25.6	39.5
Total amortisation of intangible assets	9.2	1.7	10.9	8.4	1.1	9.5
Impairment of property, plant and equipment	5.6	3.4	9.0	–	1.7	1.7
Impairment of intangible assets	0.4	0.4	0.8	–	–	–
Additional analysis						
	Foods £m	Dairies £m	Total £m	Foods £m	Dairies £m	Total £m
Adjusted revenue*						
Group	537.3	1,110.3	1,647.6	499.6	1,070.1	1,569.7
Share of joint ventures	70.3	–	70.3	66.9	–	66.9
Including share of joint ventures	607.6	1,110.3	1,717.9	566.5	1,070.1	1,636.6
Adjusted profit on operations*						
Profit on operations (before exceptional items)	85.3	6.8	92.1	64.8	30.7	95.5
Share of joint ventures (before exceptional items and after tax)	7.3	–	7.3	7.7	–	7.7
Acquired intangible amortisation	8.5	1.1	9.6	8.1	0.9	9.0
Including share of joint ventures	101.1	7.9	109.0	80.6	31.6	112.2

* From continuing operations, including share of joint ventures and before exceptional items and amortisation of acquired intangibles.

1 Segmental information (continued)**Secondary segment analysis: Geographical**

(i) Analysis of Group revenue from continuing operations by destination

	2009 £m	2008 £m
UK and Ireland	1,498.2	1,434.7
Rest of world	149.4	135.0
Group revenue	1,647.6	1,569.7

(ii) Analysis of assets and capital expenditure

	2009 £m	2008 £m
Segment assets (based on location of assets)		
UK and Ireland	751.3	794.7
Rest of world	418.5	363.4
	1,169.8	1,158.1
Investment in joint ventures	2.9	5.3
Unallocated assets	148.7	75.2
	1,321.4	1,238.6
Segment capital expenditure (based on location of assets)		
Property, plant and equipment		
UK and Ireland	36.0	34.8
Rest of world	1.5	2.0
	37.5	36.8
Intangibles		
UK and Ireland	7.5	0.9
Rest of world	1.2	0.3
	8.7	1.2

2 Operating costs

	Year ended 31 March 2009			Year ended 31 March 2008		
	Before exceptional items £m	Exceptional items £m	Total £m	Before exceptional items £m	Exceptional items £m	Total £m
Cost of sales	1,182.2	19.5	1,201.7	1,113.6	17.8	1,131.4
Distribution costs	301.3	–	301.3	288.1	–	288.1
Administrative expenses	76.3	–	76.3	79.1	10.0	89.1
	1,559.8	19.5	1,579.3	1,480.8	27.8	1,508.6
Loss on disposal of business (Note 4)	–	4.5	4.5	–	–	–
	1,559.8	24.0	1,583.8	1,480.8	27.8	1,508.6