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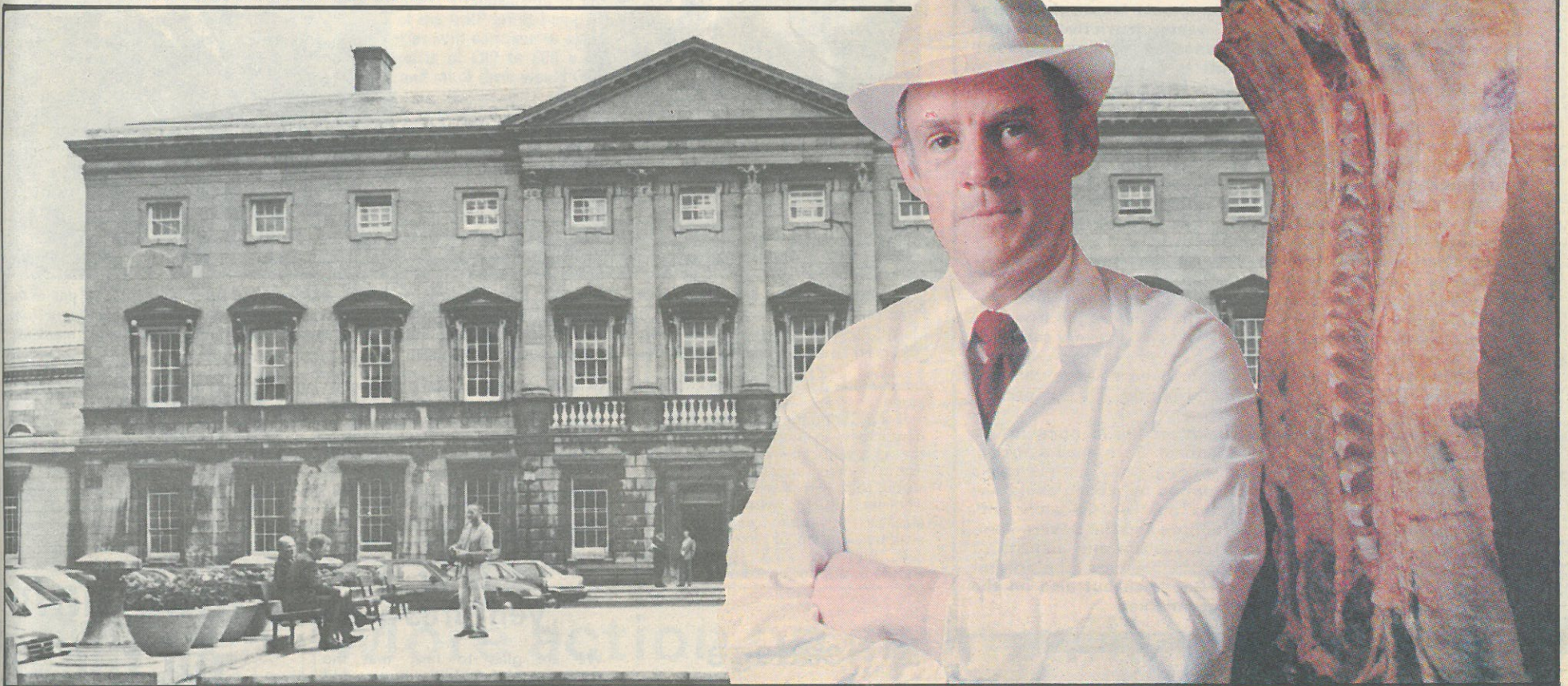
IRISH
FARMERS JOURNAL

THE VOICE OF IRELAND'S BIGGEST INDUSTRY

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Pictures: Steve Treacy

Goodman on the brink

THE APPOINTMENT of an examiner by the High Court today Thursday seems inevitable following the statement of the financial affairs of the Goodman International Group by the Minister for Industry and Commerce, Des O'Malley in the Dail this week.

It now seems likely that with the sheer size of the financial problems facing the group, substantial sales of assets of the group will take place on a phase basis under the possible control of the examiner. The impact of the the current Goodman crisis on the beef trade is likely to reduced significantly in the absence of an autumn APS this year which normally condenses the peak slaughtering period into 10 weeks at most. This year the killing period is likely to be over 20 weeks.

With Larry Goodman locked in a battle between the financial institutions for survival it remains unclear at this stage whether Larry Goodman himself would be able to buy back some of the plants. It has been estimated that it would take almost £45 million to service the existing stated level of debt.

Report by Paul Meade

While the existence of such a high level of unsecured short term loans of almost £460 million which is repayable on demand remains a constant threat to the future of the organisation, farmers can continue to do business with all the company's outlets provided payment continues to be made on the day of slaughter, bank drafts have been given in some cases.

The IFA is seeking protection for producers trading with the Goodman group once an examiner has been appointed. Alan Gillis, IFA president said that it was the legitimate right of farmers supplying cattle to Goodman plants to continue to be paid on the day as has been normal practice and that IFA wants to ensure that farmers supplying stock will not be exposed to any risk of non-payment.

In addition to the short term loans, the Goodman group is liable for bank guarantees of £200 million. The group's problems are very evident from the financial statement which shows that the meat side of the Goodman lent almost £203 million to the

nonmeatside of the business, of which only £90 million is recoverable at this stage. The loss of £113 million has been allocated to the non meat related activities including the share dealing which the Goodman group entered into. The use of Section 84 loans as a form of cheap finance has been estimated by the Company to be £40 million saving almost £10 in interest per year.

The meat side of the operation is evidently very profitable but that the level of the Iraqi debts placed a heavy burden on the company. The Minister also stated financial details relating to the balance sheet of December 1989 which do not have any provision for the Iraqi debts. While the Iraqis have been slow to pay in the past, the imposition of the UN sanctions have prevented any further payments being made.

The BSE status of UK meat has also added to the financial problems of the group with thousands of tonnes of beef purchased and paid for from other companies to fill world wide contracts. This beef is now worth less than the initial price paid for it and has accumulated significant storage costs in the meantime. It is understood that Goodman has upwards of 1,700

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