

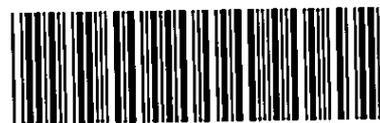
MBM Produce Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2006

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COMPANIES HOUSE

Company Registration No 426939

MBM Produce Limited

DIRECTORS AND OFFICERS

DIRECTORS

E Bascetta
K Beversluis
J Webber

(Managing Director)

SECRETARY

K Beversluis

COMPANY NUMBER

426939 (England and Wales)

REGISTERED OFFICE

Glenthorn Farm
Whittlesey Road
March
Cambridgeshire
PE15 0AW

AUDITORS

Baker Tilly UK Audit LLP
Garnck House
76-80 High Street
Old Fletton
Peterborough
Cambridgeshire
PE2 8ST

BUSINESS ADDRESS

Glenthorn Farm
Whittlesey Road
March
Cambridgeshire
PE15 0AW

MBM Produce Limited

DIRECTORS' REPORT

The directors present their report and financial statements of MBM Produce Limited for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of marketing and growing of wholesale produce

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company made significant progress in restructuring of the business (a programme which commenced in 2005) resulting in a pre-tax loss of £2,149,000 (2005 loss of £1,300,000) from sales of £114,750,000 up 20% year on year

The underlying trading performance showed an operating loss of £1,283,000 (pre exceptional costs, but including interest received) which given the market conditions and the continued level of investment in restructuring the company in 2006 was deemed as acceptable. Certain factors such as the drought in the summer of 2006 worked against the company and left some of its industrial contract positions exposed, which had to be met through higher cost spot purchases. Provision was also made for an understated liability of £1,874,000 in respect of goods received not invoiced.

As part of the restructuring of the business the operations at Chatters were ceased and consolidated into other MBM Produce Limited sites. This consolidation will result in improved productivity and operating efficiencies in 2007. Redundancy and closure costs of £866,000 were taken in 2006.

Significant resource and investment has gone into improving the business systems within MBM and in particular its financial control.

The company was bought out of Premier Foods plc on the 31st March 2007, by Abbanoy Produce Holding Limited, a company controlled by Emanuele Bascetta, the Managing Director of MBM Produce Limited. MBM Produce Limited has continued to make significant progress in 2007 and subject to trading conditions at the end of year, expects to achieve full year profitability, despite very difficult market conditions and extremely challenging growing conditions.

Other key events in 2007 include the cessation of the exclusive marketing agency agreement with Meijer in the middle of the year and the acquisition of the trade and trading assets of Warrell Morton and Company Limited in August 2007. The net impact of these 2 transactions on the business in terms of volume and in terms of operating profit will be very close to offsetting each other. In December 2007 the company announced it was acquiring Strathmore Potatoes Limited.

The company has confidence it can continue to make progress in what will be a very challenging market environment. The company will continue to improve its performance in each of the business segments that it competes in and will also pursue further acquisition opportunities where rapid synergies and earnings uplift can be achieved.

Principal Risks and Uncertainties

The extreme growing conditions during 2007 and its impact on market prices and quality of supply in 2008 are uncertain and present an element of risk. Similarly the impact of world cereal prices, bio-fuels and energy price increases have paved the scene for a significant increase in raw material costs, again adding further uncertainty to the trading environment – probably to a level not experienced in the industry for a number of years. These risks are constantly being monitored and our approach to the market will change depending on the trading environment. However, the company does believe that given its broad customer base, spread of business segments and committed grower base, that it is well placed and can continue to make progress in 2008 despite these market uncertainties.

MBM Produce Limited

DIRECTORS' REPORT (CONTINUED)

The company's operations expose it to a variety of financial risks that include the effects of currency risk, credit risk, liquidity and interest rate risk

Currency Risk

The company pays for the goods and services in sterling, US Dollars and euros. The company does not use derivatives to manage this risk.

Credit Risk

The company maintains insurance cover in respect of trade debtors under a group insurance policy negotiated by the parent company.

Liquidity and interest rate risk

The company's liquidity and interest rate exposure is managed by the parent company treasury department.

Key Performance Indicators

The company uses the same Key Performance Indicators as that of its parent company, Premier Foods Plc. Details of these can be found within Premier Foods Plc's accounts which are available to the public.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £1,619,000 (2005 loss £1,000,000).

The directors do not recommend the payment of a dividend (2005 £Nil).

DIRECTORS

The following directors have held office since 1 January 2006

E Bascetta	
P Pattnick	(Resigned 23 March 2007)
N Devine	(Resigned 5 June 2006)
A Simpson	(Resigned 4 May 2006)
K Beversluis	(Appointed 16 October 2006)
J Webber	(Appointed 7 July 2006)

DIRECTORS' INTERESTS IN SHARES

The interests of the directors, who were directors at the year end, in Premier Foods Plc (the ultimate parent company) are shown below.

P Pattnick had options over ordinary shares of £0.01 each in Premier Foods Plc of 1,640 at 1 January 2006 and 31 December 2006. The exercise price per share was £2.31, and the exercise period from 1 June 2008 to 30 November 2008.

The company also awarded shares to directors under a long term incentive plan. The following figures represent the maximum reward. All long-term incentive plan options have an exercise price of £0.01.

P Pattnick had 14,876 of awards held at 31 December 2006. The end of the period when qualifying conditions must be met is 26 May 2008. The vesting of such awards is subject to the fulfillment of performance conditions based on TSR, as measured over a three year period. TSR measures the growth in share price, as adjusted for reinvested dividends over the performance period. It is the current intention that the vesting of the awards granted in 2005 be subject to a minimum requirement that EPS must have exceeded the growth in the UK Retail Prices Index by an average of at least 2% per annum, over the three year performance period.

MBM Produce Limited

DIRECTORS' REPORT (CONTINUED)

On the date of the awards, the market price of ordinary shares of Premier Foods Plc was 302 5p

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that there is no significant difference between the book and market value of land and buildings of the company

EMPLOYEE INVOLVEMENT

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance

DISABLED PERSONS

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

CREDITOR PAYMENT POLICY

The company agrees payment terms with its suppliers when it enters into binding purchase contracts. The company seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not have a standard or code which deals specifically with the payment of suppliers. The trade creditor payment days outstanding for the company as at 31 December 2006 were 41 days (2005 40 days)

AUDITORS

Baker Tilly UK Audit LLP were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

On behalf of the board



25.1.08

MBM Produce Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors' are responsible for preparing the Annual 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 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MBM PRODUCE LIMITED

We have audited the financial statements on pages 8 to 22

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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 transactions with the company 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MBM PRODUCE LIMITED
(CONTINUED)

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 2006 and of its loss for the year then ended and 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

Baker Tilly UK Audit LLP
BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Garrick House
76-80 High Street
Old Fletton
Peterborough
Cambridgeshire
PE2 8ST

25 January 2008

MBM Produce Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2006

	<i>Notes</i>	2006 £000	2005 £000
TURNOVER	1		
Continuing operations		90,109	95,498
Acquisitions	9	24,645	-
		<u>114,754</u>	<u>95,498</u>
Cost of sales		99,892	77,274
		<u>14,862</u>	<u>18,224</u>
Gross profit			
Other operating expenses	2	(18,161)	(17,818)
Exceptional operating expenses	4	(866)	(3,331)
		<u>(4,165)</u>	<u>(2,925)</u>
OPERATING LOSS			
Continuing operations		(3,756)	(2,925)
Acquisitions		(409)	-
		<u>-</u>	<u>(397)</u>
Provision for loss on disposal of fixed assets	4	-	(397)
		<u>(4,165)</u>	<u>(3,322)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST			
Interest receivable and similar income	5	2,016	2,022
		<u>(2,149)</u>	<u>(1,300)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6		
Taxation	8	(545)	(300)
		<u>(1,604)</u>	<u>(1,000)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	17		

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

The total figures for continuing operations in 2006 include the following amounts relating to acquisitions cost of sales £21,665,000, other operating expenses £3,389,000 (namely, distribution costs £2,732,000, administrative expenses £657,000 and other operating income £Nil)

MBM Produce Limited

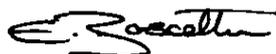
BALANCE SHEET

31 December 2006

	<i>Notes</i>	2006 £000	2005 £000
FIXED ASSETS			
Intangible assets	9	2,030	-
Tangible assets	10	17,035	15,180
Investments	11	3,043	5,288
		<u>22,108</u>	<u>20,468</u>
CURRENT ASSETS			
Stocks	12	7,353	5,784
Debtors	13	20,597	12,668
Cash at bank and in hand		27,991	35,044
		<u>55,941</u>	<u>53,496</u>
CREDITORS Amounts falling due within one year	14	38,722	32,572
		<u>17,219</u>	<u>20,924</u>
NET CURRENT ASSETS			
		<u>39,327</u>	<u>41,392</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
PROVISIONS FOR LIABILITIES AND CHARGES	15	(600)	(1,061)
		<u>38,727</u>	<u>40,331</u>
CAPITAL AND RESERVES			
Called up share capital	16	5,291	5,291
Share premium account	17	8,598	8,598
Profit and loss account	17	24,838	26,442
SHAREHOLDERS' FUNDS	18	<u>38,727</u>	<u>40,331</u>

The financial statements on pages 8 to 22 were approved by the board of directors and authorised for issue on 25.1.08 and are signed on its behalf by

Director



MBM Produce Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group, and the company is included within consolidated accounts which are publically available

GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired is capitalised and written off over 20 years as in the opinion of the directors this represents the period over which the goodwill is effective

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation

Depreciation is provided on all tangible fixed assets other than freehold land and investment properties at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Land and buildings Freehold	1 - 10% straight line
Land and buildings Leasehold	2% straight line
Plant and machinery	10 - 25% straight line

No depreciation is provided on freehold land

INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value

STOCK

Stock is valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset. Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

LEASED ASSETS

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term

MBM Produce Limited

ACCOUNTING POLICIES (CONTINUED)

PENSIONS CONTRIBUTIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year

The company participates in a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, with the fund valued at least every three years by a qualified actuary. The rate of contribution payable is determined by the actuary, and in the intervening years, the actuary reviews the continuing appropriateness of these rates. See note 22 for further details.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

GROUP ACCOUNTS

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of Premier Foods Plc, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

TURNOVER

Turnover represents the net income receivable for material delivered during the year to external customers net of VAT. In accordance with FRS 5 Application note G, turnover is shown net of rebates given to customers.

MBM Pròduce Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The contributions of the various activities of the company to turnover, which are in respect of continuing activities, are set out below

Turnover is attributed to one class of business

By geographical market

	Turnover	
	2006 £000	2005 £000
United Kingdom	112,543	94,028
Rest of Europe	2,211	1,105
Rest of World	-	365
	<u>114,754</u>	<u>95,498</u>

2 OTHER OPERATING EXPENSES

	2006 £000	2005 £000
Distribution costs	14,313	14,243
Administrative expenses	3,848	3,611
Other operating income	-	(36)
	<u>18,161</u>	<u>17,818</u>

3 COST OF SALES AND OTHER OPERATING EXPENSES (NET)

The total figures for continuing operations in 2006 include the following amounts relating to acquisitions cost of sales £21,665,000, other operating expenses £3,389,000 (namely distribution costs £2,732,000, administrative expenses £657,000 and other operating income £Nil)

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

4	EXCEPTIONAL EXPENSES	2006	2005
		£000	£000
	Redundancy payments	280	484
	Impairment of fixed assets	260	557
	Other closure costs	326	2,290
		<u>866</u>	<u>3,331</u>

Redundancy payments and other closure costs relate to the closure of the Coventry and Chatteris sites. Impairment of fixed assets relate to reducing the carrying value of fixed assets at the Chatteris site. The Chatteris site has been sold post year end.

In addition £Nil (2005 £397,000) was recorded as a loss or provision on disposal of fixed assets at several of the company's sites.

5	INTEREST RECEIVABLE AND SIMILAR INCOME	2006	2005
		£000	£000
	Bank interest	<u>2,016</u>	<u>2,022</u>

6	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2006	2005
		£000	£000
	Loss on ordinary activities before taxation is stated after charging/(crediting)		
	Amortisation of intangible assets	109	-
	Depreciation of tangible assets		
	Charge for the year		
	owned assets	1,727	916
	(Profit)/loss on disposal	(133)	76
	Operating lease rentals		
	Plant and machinery	1,121	926
	Other	171	432
	Loss on foreign exchange transactions	13	1
	Auditors' remuneration	28	-
	Baker Tilly UK Audit LLP		
	PricewaterhouseCoopers LLP	-	30
		<u> </u>	<u> </u>

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

7 EMPLOYEES

The average monthly number of persons (including directors) employed by the company during the year was	2006 No	2005 No
Management and administration	164	139
Production and distribution	321	326
	<u>485</u>	<u>465</u>

Staff costs for the above persons	£000	£000
Wages and salaries	10,340	10,164
Social security costs	1,045	927
Other pension costs	203	229
	<u>11,588</u>	<u>11,320</u>

DIRECTORS' REMUNERATION	2006 £000	2005 £000
Fees	570	646
Compensation for loss of office	47	-
Company contributions to money purchase pension schemes	25	41
	<u>642</u>	<u>687</u>

The directors' emoluments disclosed above (excluding pension contributions) include amounts paid to

The highest paid director	<u>240</u>	<u>240</u>
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The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2005- 3)

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

8 TAXATION	2006 £000	2005 £000
Domestic current year tax		
U K corporation tax	-	31
Adjustment for prior years	(136)	31
	<u>(136)</u>	<u>62</u>
Current tax charge		
Deferred tax		
Origination and reversal of timing differences	(409)	(382)
Deferred tax adjustments arising in previous periods	-	20
	<u>(409)</u>	<u>(362)</u>
	<u>(545)</u>	<u>(300)</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	<u>(2,149)</u>	<u>(1,300)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax for small companies of 30.00% (2005: 30.00%)	<u>(645)</u>	<u>(390)</u>
Effects of		
Non deductible expenses	561	138
Depreciation in excess of capital allowances	(667)	25
Unrelieved tax losses	751	-
Adjustments to previous periods	(136)	31
Group relief surrendered before payment	-	319
Additional deduction for R & D expenditure	-	(23)
Other tax adjustments	-	(38)
	<u>509</u>	<u>452</u>
Current tax charge	<u>(136)</u>	<u>62</u>

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

9 INTANGIBLE FIXED ASSETS

	<i>Goodwill</i> £000
Cost	
1 January 2006	616
Additions	2,139
	<hr/>
31 December 2006	2,755
	<hr/>
Amortisation	
1 January 2006	616
Charge in the year	109
	<hr/>
31 December 2006	725
	<hr/>
Net book value	
31 December 2006	2,030
	<hr/> <hr/>
31 December 2005	-
	<hr/> <hr/>

On 1 January 2006 the company hived up the assets and liabilities of Monument (GB) Limited, a company which had previously been held as a 100% owned subsidiary. The consideration for this transfer was based upon the book value of the subsidiary undertaking's net assets, which were not considered to be significantly different from their fair values, and took no account of goodwill inherent in this business. The goodwill of £2,139,000 arising on the acquisition of the assets is being amortised over a period of twenty years. The directors believe this amortisation period to be the best estimate of the useful economic life.

	Book and fair values at acquisition £'000
Tangible fixed assets	2,511
Stock	293
Debtors	4,133
	<hr/>
	6,937
Creditors amounts falling due within one year	(4,821)
	<hr/>
Net current assets	2,116
	<hr/>
Provisions for liabilities and charges	(134)
	<hr/>
	1,982
	<hr/> <hr/>

The consideration paid was entirely made up of cash of £4,121,000

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

10 TANGIBLE FIXED ASSETS

	<i>Land and buildings Freehold £000</i>	<i>Land and buildings Leasehold £000</i>	<i>Plant and machinery £000</i>	<i>Total £000</i>
Cost				
1 January 2006	13,401	-	18,595	31,996
Additions	79	-	2,425	2,504
Transfer on hive up	1,110	81	1,133	2,324
Disposals	(1,986)	-	(89)	(2,075)
31 December 2006	<u>12,604</u>	<u>81</u>	<u>22,064</u>	<u>34,749</u>
Depreciation				
1 January 2006	3,560	-	13,256	16,816
Impairment	-	-	260	260
Charge in the year	298	12	1,417	1,727
Disposals	(1,018)	-	(71)	(1,089)
31 December 2006	<u>2,840</u>	<u>12</u>	<u>14,862</u>	<u>17,714</u>
Net book value				
31 December 2006	<u>9,764</u>	<u>69</u>	<u>7,202</u>	<u>17,035</u>
31 December 2005	<u>9,841</u>	<u>-</u>	<u>5,339</u>	<u>15,180</u>

Freehold land and buildings includes land not depreciated of £364,000 (2005 £364,000)

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

11 FIXED ASSET INVESTMENTS

	<i>Shares in participating interests</i>	<i>Shares in group undertakings</i>	<i>Total</i>
	£000	£000	£000
Cost			
1 January 2006	17	7,577	7,594
Disposals	-	(2,245)	(2,245)
	<hr/>	<hr/>	<hr/>
31 December 2006	17	5,332	5,349
	<hr/>	<hr/>	<hr/>
Provisions for diminution in value			
1 January 2006 and 31 December 2006	-	2,306	2,306
	<hr/>	<hr/>	<hr/>
Net book value			
31 December 2006	17	3,026	3,043
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
31 December 2005	17	5,271	5,288
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

<i>Company</i>	<i>Country of registration or incorporation</i>	<i>Shares held</i>	
		<i>Class</i>	<i>%</i>
Subsidiary undertakings			
Beeson Group Limited	England and Wales	Ordinary	100
W Beeson (London & Dunbar) Limited	England and Wales	Ordinary	100
MBM Mosspek Limited	England and Wales	Ordinary	100
Guy Morton & Sons Limited	England and Wales	Ordinary	100
Country Farms Limited	England and Wales	Ordinary	100
Curf Farms (Chatters) Limited	England and Wales	Ordinary	100
Horberry and Baker Limited	England and Wales	Ordinary	100
Welgro Limited	England and Wales	Ordinary	100
CTM (Distribution) Limited	England and Wales	Ordinary	100
F W Gedney (Produce) Limited	England and Wales	Ordinary	100
Monument (GB) Limited	England and Wales	Ordinary	100
Other significant interests			
East Broadlands Potato Growers Limited	England and Wales	Ordinary	14
Melton Growers Limited	England and Wales	Ordinary	50
High Norfolk Potato Growers (1987) Limited	England and Wales	Ordinary	14
Marcam & MDS Supplies Limited	England and Wales	Ordinary	5
Glenthorn Growers Limited	England and Wales	Ordinary	100

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

Glenthorn Growers (Storage) Limited	England and Wales	Ordinary	5
Curf Growers Limited	England and Wales	Ordinary	75
Biofresh Limited	England and Wales	Ordinary	10

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	<i>Capital and reserves</i>	<i>Profit/(loss) for the year</i>
	£	£
Beeson Group Limited	68,632	-
W Beeson (London & Dunbar) Limited	7,730	-
MBM Mosspek Limited	(1,248,000)	-
Guy Morton & Sons Limited	5,000	-
Country Farms Limited	142,713	-
Curf Farms (Chatters) Limited	54	-
Horberry and Baker Limited	536,243	-
Welgro Limited	68,632	-
CTM (Distribution) Limited	6,408	-
F W Gedney (Produce) Limited	2	-
Monument (GB) Limited	1,923,607	-
	<u> </u>	<u> </u>

None of the subsidiary undertakings were trading as at 31 December 2006

In accordance with the provisions of s229 of the Companies Act 1985 and FRS 2 'Accounting for subsidiary undertakings', consolidated accounts have not been prepared on the grounds that the results of the companies are consolidated within the accounts of Premier Foods Plc, which are available from the address shown in note 24

12	STOCKS	2006	2005
		£000	£000
	Raw materials and consumables	941	614
	Finished goods and goods for resale	6,412	5,170
		<u> </u>	<u> </u>
		7,353	5,784
		<u> </u>	<u> </u>
13	DEBTORS	2006	2005
		£000	£000
	Due within one year		
	Trade debtors	19,097	10,897
	Amounts owed by group undertakings	-	360
	Other debtors	1,057	437
	Prepayments and accrued income	443	974
		<u> </u>	<u> </u>
		20,597	12,668
		<u> </u>	<u> </u>

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

14	CREDITORS Amounts falling due within one year	2006 £000	2005 £000
	Trade creditors	11,343	8,402
	Amounts owed to group undertakings	25,310	23,182
	Company relief payable	-	31
	Other taxes and social security costs	441	312
	Other creditors	-	1
	Accruals and deferred income	1,628	644
		<u>38,722</u>	<u>32,572</u>

15 PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation</i> £000	<i>Other</i> £000	<i>Total</i> £000
Balance at 1 January 2006	814	247	1,061
Deferred tax transfer on hive up	134		134
Transfer to profit and loss account	(409)	(186)	(595)
Balance at 31 December 2006	<u>539</u>	<u>61</u>	<u>600</u>

Deferred taxation provided in the financial statements is as follows

	2006 £000	2005 £000
Excess of tax allowances over depreciation	1,156	887
Tax losses on hive up	134	-
Tax losses	(751)	(73)
	<u>539</u>	<u>814</u>

Other provisions relate to costs associated with the closure of various group sites

16	SHARE CAPITAL	2006 £000	2005 £000
	Authorised 6,000,000 Ordinary shares of £1 each	6,000	6,000
	Allotted, issued and fully paid 5,290,593 Ordinary shares of £1 each	<u>5,291</u>	<u>5,291</u>

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

17 STATEMENT OF MOVEMENT ON RESERVES

	<i>Share premium account</i> £000	<i>Profit and loss account</i> £000
1 January 2006	8,598	26,442
Loss for the year	-	(1,604)
	<hr/>	<hr/>
31 December 2006	<u>8,598</u>	<u>24,838</u>
18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2006	2005
	£000	£000
Loss for the financial year	(1,604)	(1,000)
Opening shareholders' funds	40,331	41,331
	<hr/>	<hr/>
Closing shareholders' funds	<u>38,727</u>	<u>40,331</u>
19 CAPITAL COMMITMENTS	2006	2005
	£000	£000
Capital expenditure contracted for but not provided in the financial statements	<u>97</u>	<u>146</u>

20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	2006	2005
	£000	£000
Land and buildings		
expiring in the first year	10	-
expiring in the second to fifth year	163	127
expiring after five years	23	-
Plant and machinery		
expiring in the first year	211	199
expiring in the second to fifth year	825	479
	<hr/>	<hr/>
	<u>1,232</u>	<u>805</u>

21 CONTINGENT LIABILITIES

The company have entered into a guarantee and debenture which effectively means all of its assets, property or otherwise and undertakings are charged in favour of the security agent acting on behalf of the lending banks to Premier Financing Limited, the immediate parent undertaking

In addition, the company have a bond of £50,000 (2005 £50,000) in respect of HM Revenue and Customs

MBM Produce Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2006

22 PENSION COMMITMENTS

The company operates a defined contribution pension scheme, the MBM Norwich Union Executive Plan, into which payments of £94,000 (2005 £133,000) were made. Payments are also made into the MBM Produce Limited Staff Pension Scheme (formerly Whitworth Pension Scheme) of £1,323 (2005 £2,000), which is a defined contribution pension scheme.

In addition, payments of £61,000 (2005 £55,000) were made into a number of other defined contribution pension schemes. There were £Nil amounts outstanding to the schemes at the year-end (2005 £Nil).

The company is also a member of the HF Meat and Food Processing Pension Scheme. This is a funded defined benefit pension scheme operated by Premier Foods (Holdings) Limited.

It is not possible for the company to identify their share of the underlying net assets and liabilities of the scheme, and accordingly under FRS 17, the pension scheme is accounted for as though it is a defined contribution scheme. Further details of the scheme are contained within the accounts of Premier Foods Plc.

The pension cost for the company in respect of the HF Meat and Food Processing Pension Scheme in the year ended 31 December 2006 was £44,569 (2005 £39,000).

23 TRANSACTIONS WITH DIRECTORS

During the year consultancy fees of £286,230 (2005 £240,875) were paid to Abbanoy Management Services Limited, a company in which E Bascetta is a director.

24 CONTROL

The immediate parent company is Premier Financing Limited, a company registered in England and Wales, and the ultimate parent company is Premier Foods plc, a company registered in England and Wales.

Premier Foods plc prepares group financial statements and copies can be obtained from its registered office, which is at Premier House, Centrum Business Park, Griffiths Way, St Albans, Hertfordshire, AL1 2RE.

25 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.

26 SUBSEQUENT EVENTS

During the post balance sheet period, the company has been acquired by Abbanoy Produce Holdings Limited.

In addition, the company acquired the trade and assets of Warrell Morton and Company Limited and entered into a binding agreement to acquire Strathmore Potatoes Limited.