MCN Investments Limited

FINANCIAL STATEMENTS

for the year ended

31 December 2008

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Company Registration No. 03147030

MCN Investments Limited
FINANCIAL STATEMENTS

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MCN Investments Limited
OFFICERS AND PROFESSIONAL ADVISERS

Directors	BR Cardy GJ Brasser J Koster
Secretary	WJ Pendleton
Registered Office	Atherton Road Aintree Liverpool L9 7AQ
Bankers	HBOS Douglas House 117 Foregate Street Chester CH1 1HE
Solicitors	DWF 5 Castle Street Liverpool L2 4XE
Auditors	Baker Tilly UK Audit LLP Chartered Accountants No.1 Old Hall Street Liverpool L3 9SX

The directors present their report and financial statements of MCN Investments Limited for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the group is the manufacture and marketing of snack foods.

REVIEW OF THE BUSINESS

The year under review has been satisfactory, given the competitive nature of the snack nut market and the ongoing problem of increased raw material and energy costs. Sterling's decline against the dollar also was a setback towards the end of the year although a considerable amount of the requirement had been covered earlier in the year at better rates.

The group continues to invest in new product development and in the efficiency of its manufacturing operations. The benefits of the investment are being realised through both improved productivity and reduced wastage. Price increases were and will continue to be pushed through to recover raw material cost increases in sterling terms at the start of 2009.

Measures have been taken to achieve further cost efficiencies, particularly in relation to further improvements in productivity, wastage reduction programs and energy efficiency.

Significant improvements have also been seen in the 'on time in full' delivery performance and the group has achieved its aim of providing the highest levels of customer service across the entire extensive product offering.

Additional resources have also been devoted to sales and marketing activities to enable the group to maintain its sales level and margin performance despite intensive competition through focus on added value products. In particular, significant marketing expenditure was invested in new brand development during 2008 some of which have been listed in UK supermarkets. A greater spread of customers has been achieved.

Review of 2008 Results

Sales Turnover in the year was £18,286,381, an increase of 6.4% on the £17,185,102 achieved in the previous year. There were no sales from the Boston Food Company. Overall gross profit margin rates reduced however from 12.2% to 10.6% due to increased raw material costs.

Raw Materials and other costs related to the production of finished goods rose by 8.3% to £16,345,622 and represented 89.4% of turnover compared to 87.8% in 2007.

Significant cost increases were experienced in gas charges in the year. Distribution charges amounted to 3.9% of turnover compared to 3.6% in the previous year as a result of increased fuel costs.

Administration expenses, which includes marketing and new product development costs, fell to 5.5% of turnover from 6.4%.

Staff Costs increased by 3.8% in 2008 with tight control of direct manufacturing labour especially in the latter half of the year.

Profit before Interest, Tax and Depreciation decreased by £110,335 to £762,481 (2007: £872,816). After depreciation and interest, the group recorded a Profit on Ordinary Activities before Taxation in the year of £38,503 (2007: loss £166,888).

Capital expenditure in the year was £300,392 (2007: £457,505).

REVIEW OF THE BUSINESS (continued)

Stocks of finished goods for re-sale were higher than last year at the year end at £514,931 (2007: £290,880). Stocks of Raw Materials were higher than last year at £1,325,845 (2007: £1,090,773).

Total Assets less Current Liabilities dropped by £27,117 to £1,306,995. This includes an increase in Bank Borrowing to £2,943,020 (2007: £2,021,533).

Pensions

The Trigon Snacks Pension Scheme, which with effect from 6 April 1997, provided future service benefits on a money purchase basis, was closed to new members on 1 October 2007. The Scheme was replaced by a Group Personal Pension Plan managed by Norwich Union. The last valuation of the Trigon Snacks Pension Scheme was on 31 March 2007 and the actuarial opinion on that date was that the value of the assets was 100% of the liabilities of the scheme.

KEY PERFORMANCE INDICATORS

The group has established key performance indicators to measure the progress of the group in achieving both its business objectives and strategy. The Board reviews performance against these at monthly meetings.

The principal performance measures are summarised below:

Sales Turnover
Our aim is to increase turnover each year through a combination of growth in volume and increased sales of higher value added items; with specific attention to new products.

To focus on sales growth, the group measures sales to new customers, sales of new products to existing customers as well as the retention of existing customers comparing them against budget and prior year.

Sales Margin
Our aim is to increase or maintain margins each year. This is an indicator of the extent to which productivity gains and sales of higher value added products have been able to offset any cost increases. In addition the principal cost elements are measured as a proportion of sales.

Delivering Value to Customers
Our aim is to deliver added value to our customers through quality and product innovation. We aim to maintain a high standard of customer service and measure weekly the level of 'On time in full' performance.

Employee Skills and Morale
Our aim is to recruit and retain sufficient skilled and motivated employees to meet the needs of the business. The required skills have been defined and are regularly re-assessed with targets set for the number of these skills per employee. These form the basis for recruitment and training. The requirements to meet the group's policies, procedures and practices together with assessing any training needs are achieved by periodic appraisals of employees.

Cash Generation
Our aim is to generate sufficient cash to service the costs of capital and future taxation liabilities and to enable profitable re-investment in the business. In addition to profit targets, measures of capital expenditure and working capital are also in place, including the number of days in relation to sales represented by stock and debtors.

RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the group's performance:

Global Political and Economic Conditions
Demand for the group's products is ultimately a function of economic confidence and prosperity. Whilst the snack industry is forecast to continue to grow, growth can be interrupted by natural disasters, wars and acts of terrorism as well as by lower disposable incomes.

The group has a wide customer base mainly in the UK and a wide range of nut and fruit based snack products and it is the group's intention to widen that customer base thus minimizing the impact of any single event.

Commercial Relationships
The group benefits from close commercial relationships with a number of key customers and suppliers. The loss of any of these key customers or suppliers, or a significant worsening in commercial terms could have a material impact on results. The group devotes significant resources to supporting these relationships to ensure they continue to operate satisfactorily. Wherever practical, the group endeavours to maintain more than one source of a particular supply.

Competitors
The group operates in a competitive market. Design and product innovation, technical advances or the intensification of price competition could all affect the group's results.

The group invests significant resources in engineering, marketing and research and development in order to ensure the introduction of both new products and improved production processes to remain at the forefront of developments. The group continually works to streamline its cost base to ensure it remains competitive.

Maintaining High Quality
The group has an established reputation for the quality of its products and suitability of its premises to manufacture such products. The group has established policies and operating procedures which are periodically subject to both internal and external audit. These audits, usually undertaken by professional bodies, often lead to recommendations and failure to comply with a recommendation could mean losing a customer. Measurements are given to the senior management team to ascertain the level of progress made against such recommendations. The Directors are aware that any lowering of quality standards that is not quickly rectified could significantly damage the group's reputation and performance.

Health and Safety
A significant number of the group's employees work in a manufacturing environment in close proximity to machinery. In addition to the possible injury to individuals, serious accidents could result in prosecution and fines and damage the reputation and performance of the group.

The group works to identify and minimize all Health and Safety risks in order to provide a safe and healthy workplace for employees and visitors. Risk assessments and workplace training is undertaken in all areas of the business. The group is committed to providing a safe working environment and serious accidents are reviewed at Board level.

Energy and Raw Materials
The group's products contain a number of raw materials and its operations require significant levels of energy; notably gas and electricity. Any increases or volatility in prices or any prolonged interruption in supply could have a material impact on the group's results. The group regularly undertakes purchasing reviews and uses forwarding buying or other contractual means where appropriate to manage the risks.

FINANCIAL INSTRUMENTS

Credit Risk
At any one time, the group has outstanding debts due from customers. The failure of an individual large customer to honour its debts or a general worsening of overdue debts could have a material impact on cash flow and results. The group maintains contact with customers and regularly reviews limits, terms and aged debtors.

Liquidity Risk
The group policy is to have internally generated cash and committed bank facilities to satisfy working capital requirements in the near to medium term.

Cash Flow
Cash flow forecasts are prepared weekly and any facilities reviewed to cover any foreseeable funding requirements with an allowance for unforeseen events

HEDGING FORECAST TRANSACTIONS

A large proportion of the group's purchases are made in dollars. The group sets internal exchange rates for determining pricing and enters into forward contracts based on forecast transactions to achieve or better these rates.

DERIVATIVES

The group's local currency is pounds sterling but many of the purchases are from suppliers in the United States. These purchases are denominated in US dollars. As a result, the group is subject to foreign currency exchange risk due to exchange rate movements between pounds sterling and US dollars. The group seeks to reduce this risk by entering into forward contracts.

The group has forward contracts with the following unrealised gains/(losses) at the end of the year:

	2008	2007
	£	£
Unrealised gain/(loss) on forward contracts at year end	**828,859**	(25,129)

At the year end there were US Dollar forward currency contracts in place for $6,075,000 (2007: $2,731,133). This equates to only 40% of the requirement for 2009.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend (2007: £372,379 dividend on preference shares).

CAPITAL RESTRUCTURING

In December 2008 a subscription agreement was signed with the following terms:

- The company's Preference Shares and A Preference Shares were converted on a one-to-one basis into 2,998,235 New Ordinary Shares of £1 each.
- The Preference Shareholders and the A Preference Shareholders agreed to waive all and any claims against the company to the Preference Shareholders' entitlement and all and any claims to dividends and interest on the Preference Shares and the A Preference Shares.
- In consideration of the above waivers the company issued, fully paid, 1,700,569 New Ordinary Shares of £1 each.

DIRECTORS

The following directors have held office since 1 January 2008.

BR Cardy
GJ Brasser
J Koster

Third party indemnity provision for the benefit of the directors was in force during the financial year.

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

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 to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board

WJ Pendleton
Secretary

19th March. 2009

MCN Investments Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the group and of the profit or loss of the group 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. 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MCN INVESTMENTS LIMITED

We have audited the financial statements on pages 9 to 28.

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 other transactions 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.

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 group's and parent company's affairs as at 31 December 2008 and of the group's profit 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
No. 1 Old Hall Street
Liverpool
L3 9SX
26 March 2009

MCN Investments Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	Note	**2008** £	2007 £
TURNOVER	1	**18,286,381**	17,185,102
Cost of sales		**(16,345,622)**	(15,087,531)
GROSS PROFIT		**1,940,759**	2,097,571
Distribution costs		**(707,100)**	(610,731)
Administrative expenses		**(997,398)**	(1,100,624)
OPERATING PROFIT		**236,261**	386,216
Interest payable and similar charges	2	**(197,758)**	(553,104)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	**38,503**	(166,888)
Taxation	5	**-**	-
PROFIT FOR THE FINANCIAL YEAR	17	**38,503**	(166,888)

The turnover and operating profit for the year arises from the group's continuing operations.

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.

MCN Investments Limited
CONSOLIDATED BALANCE SHEET
As at 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
FIXED ASSETS					
Intangible assets	8		**20,592**		29,184
Tangible assets	9		**2,336,772**		2,558,008
			2,357,364		2,587,192
CURRENT ASSETS					
Stocks	11	**1,840,776**		1,381,653	
Debtors	12	**3,384,006**		2,783,303	
Cash at bank and in hand		**718**		1,311	
		5,225,500		4,166,267	
CREDITORS: Amounts falling due within one year	13	**(6,275,869)**		(5,419,347)	
NET CURRENT LIABILITIES			**(1,050,369)**		(1,253,080)
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,306,995**		1,334,112
CREDITORS: Amounts falling due after more than one year	14		**(38,502)**		(2,864,122)
NET ASSETS/(LIABILITIES)			**1,268,493**		(1,530,010)
CAPITAL AND RESERVES					
Called up share capital	15		**6,598,804**		2,138,235
Share premium account	16		**207,376**		207,376
Other reserves	16		**-**		1,700,569
Profit and loss account	17		**(5,537,687)**		(5,576,190)
SHAREHOLDERS' FUNDS			**1,268,493**		(1,530,010)

The financial statements on pages 9 to 28 were approved by the board of directors and authorised for issue on March 19th 2009 and are signed on its behalf by:

BR Cardy

BR Cardy
Director

MCN Investments Limited
COMPANY BALANCE SHEET
As at 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
FIXED ASSETS					
Investments	10		**1,257,821**		1,257,821
CREDITORS: Amounts falling due within one year	13	**(431,299)**		(409,880)	
NET CURRENT LIABILITIES			**(431,299)**		(409,880)
TOTAL ASSETS LESS CURRENT LIABILITIES			**826,522**		847,941
CREDITORS: Amounts falling due after more than one year	14		**-**		(2,760,000)
NET ASSETS/(LIABILITIES)			**826,522**		(1,912,059)
CAPITAL AND RESERVES					
Called up share capital	15		**6,598,804**		2,138,235
Share premium account	16		**207,376**		207,376
Other reserves	16		**-**		1,700,569
Profit and loss account	17		**(5,979,658)**		(5,958,239)
SHAREHOLDERS' FUNDS			**826,522**		(1,912,059)

The financial statements on pages 9 to 28 were approved by the board of directors and authorised for issue on MARCH 19TH 2009 and are signed on its behalf by:

BR Cardy
Director

MCN Investments Limited
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	20		**(350,522)**		428,130
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		**(186,319)**		(200,446)	
Interest element of finance lease rental payments		**(11,439)**		(2,424)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			**(197,758)**		(202,870)
TAXATION			**-**		-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Purchase of tangible fixed assets		**(300,392)**		(337,115)	
Sale of tangible fixed assets		**4,000**		-	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			**(296,392)**		(337,115)
CASH OUTFLOW BEFORE FINANCING			**(844,672)**		(111,855)
FINANCING					
Capital element of finance lease rental payments		**(77,408)**		(35,571)	
NET CASH OUTFLOW FROM FINANCING			**(77,408)**		(35,571)
DECREASE IN CASH IN THE YEAR	21		**(922,080)**		(147,426)

MCN Investments Limited

CONSOLIDATED RECONCILIATIONS OF MOVEMENTS IN SHAREHOLDERS' FUNDS

For the year ended 31 December 2008

	Group		Company	
	2008	2007	**2008**	2007
	£	£	**£**	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**38,503**	(166,888)	**(21,419)**	(369,590)
Redemption premium on 'A' preference shares	**-**	(23,824)	**-**	(23,824)
Appropriations and related finance costs	**-**	372,379	**-**	372,379
Share conversion (see note 15)	**2,760,000**	-	**2,760,000**	-
NET ADDITION TO/(REDUCTION IN) SHAREHOLDERS' FUNDS	**2,798,503**	181,667	**2,738,581**	(21,035)
Opening shareholders' funds	**(1,530,010)**	(1,711,677)	**(1,912,059)**	(1,891,024)
CLOSING SHAREHOLDERS' FUNDS	**1,268,493**	(1,530,010)	**826,522**	(1,912,059)

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

BASIS OF ACCOUNTING

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

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the MCN Investments Limited group.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of MCN Investments Limited and its subsidiary undertaking for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as purchased goodwill and amortised through the profit and loss account over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 December 2008.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 230(4) of the Companies Act 1985, the company has not presented its own profit and loss account.

GOING CONCERN

The directors have concluded that it is appropriate to prepare the accounts on a going concern basis as financial projections indicate that the group will continue to trade within its existing bank overdraft facilities and the bank has confirmed the availability of current loan facilities for the foreseeable future subject to no change in the existing circumstances.

INTANGIBLE FIXED ASSETS

Purchased licences and trademarks are capitalised at their fair value to the company. Amortisation is provided in equal annual instalments over the estimated useful lives of the assets.

TANGIBLE FIXED ASSETS

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

Long leasehold buildings	25 years
Plant and machinery	3 to 18 years
Office equipment, fixtures and fittings	3 to 10 years

STOCKS

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and attributable overheads. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

PREPAID NEW-PRODUCT COSTS
Where the group incurs costs associated with the introduction of new products these costs are held in debtors and are amortised to the profit and loss account over the period of the introduction which is typically between 6-18 months.

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 company'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 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.

LEASE ASSETS AND OBLIGATIONS
Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

RETIREMENT BENEFITS
The group operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

FOREIGN CURRENCIES
Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

TURNOVER
Turnover, which is stated net of value added tax represents amounts derived from the provision of goods and services which fall within the group's ordinary activities before the deduction of sales rebates and trade discounts.

1 SEGMENTAL REPORT

The turnover and profit before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	**17,667,866**	16,684,708
Rest of Europe	**618,515**	500,394
	18,286,381	17,185,102

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Bank loans, overdrafts and other loans repayable within five years	**155,226**	179,411
Interest payable on shareholders' loan stock	**21,419**	21,035
Interest payable on hire purchase agreements	**21,113**	4,103
Dividend on preference shares classified as debt	-	238,235
Interest on unpaid dividends on preference shares classified as debt	-	110,320
	197,758	553,104

3 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
- Owned assets	**500,393**	460,773
- Leased assets	**17,235**	17,235
Amortisation of intangible assets	**8,592**	8,592
Foreign exchange losses/(gains)	**116,157**	(237,201)
Rentals under operating leases:		
- Hire of plant and machinery	**70,825**	72,054
- Land and buildings	**100,145**	99,885
Auditors' remuneration		
- audit services – parent company and consolidation	**3,150**	3,075
- audit services – subsidiary company	**11,600**	11,275
- audit of associated pension scheme	**3,700**	3,600
- tax compliance services	**3,000**	2,950

4 EMPLOYEES

The average number of persons (including directors) employed by the group during the year was:

	2008 Number	2007 Number
Production	**105**	98
Sales and distribution	**13**	13
Administration	**8**	8
	126	119

Staff costs for the above persons:

	2008 £	2007 £
Wages and salaries	**2,550,575**	2,465,037
Social security costs	**243,680**	231,626
Other pension costs	**121,413**	111,442
	2,915,668	2,808,105

4 EMPLOYEES (continued)

DIRECTORS	2008	2007
	£	£
Emoluments	303,650	296,155
Money purchase pension contributions	16,966	10,252
	320,616	306,407

Directors' emoluments disclosed above include the following payments

	Highest paid director	
	2008	2007
	£	£
Emoluments	159,680	158,488
Money purchase pension contributions	-	-
	159,680	158,488

The number of directors to whom relevant benefits are accruing under company pension schemes was as follows:

	2008	2007
	Number	Number
Money purchase pension schemes	3	2

5 TAXATION

	2008		2007	
	£	£	£	£
Current tax:				
UK corporation tax on loss for the year	-		-	
Total current tax		-		-
Deferred tax:				
Origination and reversal of timing differences	-		-	
Total deferred tax		-		-
Tax on loss on ordinary activities		-		-

The tax assessed for the year is lower (2007: higher) than the small company rate of corporation tax in the UK (20%). The differences are explained below:

Factors affecting tax charge for the year:	2008	2007
	£	£
Profit/(loss) on ordinary activities before tax	**38,503**	(166,888)
Profit/(loss) on ordinary activities multiplied by small company rate of corporation tax in the UK 20% (2007: 19%)	**7,701**	(31,709)
Effects of:		
Expenses not deductible for tax purposes	**5,446**	71,104
Fixed asset timing differences	**42,314**	10,082
Utilisation of tax losses	**(55,461)**	(49,949)
Other timing differences	-	472
Current tax charge for the year	-	-

6 PARENT COMPANY LOSS

The parent company's loss after tax was £21,419 (2007: loss £369,590).

7 DIVIDENDS AND APPROPRIATIONS

	2008	2007
	£	£
Redemption premium on 'A' preference shares	-	23,824

8 INTANGIBLE FIXED ASSETS

Group	Licence agreements
	£
Cost	
At beginning and end of year	129,200
Amortisation	
At beginning of year	100,016
Charge for the year	8,592
At end of year	108,608
Net book value	
At 31 December 2008	**20,592**
At 31 December 2007	29,184

9 TANGIBLE FIXED ASSETS

Group	Long leasehold buildings	Plant and machinery	Office equipment fixtures and fittings	Total
	£	£	£	£
Cost				
At beginning of year	922,258	5,578,710	636,427	7,137,395
Additions	-	300,392	-	300,392
Disposals	-	(10,000)	-	(10,000)
At end of year	922,258	5,869,102	636,427	7,427,787
Accumulated depreciation				
At beginning of year	350,916	3,664,802	563,669	4,579,387
Charge for the year	29,364	481,900	6,364	517,628
Disposals	-	(6,000)	-	(6,000)
At end of year	380,280	4,140,702	570,033	5,091,015
Net book value				
At 31 December 2008	**541,978**	**1,728,400**	**66,394**	**2,336,772**
At 31 December 2007	571,342	1,913,908	72,758	2,558,008

The net book value of plant and machinery includes £83,128 (2007: £100,363) in respect of assets held under finance leases and hire purchase contracts. The depreciation charge in respect of these assets was £17,235 (2007: £17,235).

10 INVESTMENTS

Company	Investment in subsidiaries
	£
Cost	
At beginning and end of year	3,972,511
Provisions	
At beginning and end of year	2,714,690
Net book value	
At 31 December 2008	**1,257,821**
At 31 December 2007	1,257,821

The company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

Subsidiary undertaking	*Country of registration*	*Principal activity*	*Class and percentage of shares held*
Trigon Snacks Limited	United Kingdom	Manufacture of snack foods	100% ordinary
The Boston Food Company Limited	United Kingdom	Dormant	100% ordinary
Willow Marketing Limited	United Kingdom	Dormant	100% ordinary
MCN Food Company Limited	United Kingdom	Dormant	100% ordinary
Passion Shed Limited	United Kingdom	Dormant	100% ordinary

11 STOCKS

	Group	
	2008	2007
	£	£
Raw materials and consumables	**1,325,845**	1,090,773
Finished goods	**514,931**	290,880
	1,840,776	1,381,653

12 DEBTORS

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Trade debtors	**2,946,676**	2,343,550	-	-
Other debtors	**50,059**	48,044	-	-
Prepayments and accrued income	**387,271**	391,709	-	-
	3,384,006	2,783,303	-	-

13 CREDITORS: Amounts falling due within one year

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Bank overdrafts	**2,943,020**	2,021,533	-	-
Other loans	**299,992**	299,992	**299,992**	299,992
Finance leases and hire purchase contracts	**65,619**	77,407	-	-
Trade creditors	**1,937,722**	1,719,745	-	-
Amounts due to group undertakings	-	-	**2**	2
Other taxation and social security costs	**77,563**	73,288	-	-
Other creditors	**49,642**	47,164	-	-
Accruals and deferred income	**902,311**	1,180,218	**131,305**	109,886
	6,275,869	5,419,347	**431,299**	409,880

Other loans represents an unsecured loan made by shareholders to the company which accrues interest at a rate of 2.5% over HBOS base rate and is repayable on demand subject to agreement with the bank. £103,714 (2007: £82,295) is included in accruals and deferred income in respect of this interest. Upon agreement with the bank a redemption premium of 30% will be payable. As the loan is for no fixed term and repayment is not envisaged at present, no allowance has been made for the finance cost inherent within the repayment premium.

The bank overdraft is the subject of a fixed and floating charge over the property and assets of the group.

14 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2008	2007	**2008**	2007
	£	£	**£**	£
Finance lease and hire purchase contracts	**38,502**	104,122	-	-
Preference shares	-	2,760,000	-	2,760,000
	38,502	2,864,122	-	2,760,000

The obligations under finance leases and hire purchase contracts are secured over the assets to which they relate. They fall due within 2 to 5 years.

The preference shares accrued dividends at a rate of 8% per annum creating an obligation to transfer cash to the holders of the instrument, resulting in classification as a financial liability.

The preference share capital is summarised below:

	2008	2007
	£	£
Authorised		
2,760,000 preference shares of £1 each	-	2,760,000
Called up, allotted and fully paid		
2,760,000 preference shares of £1 each	-	2,760,000

In December 2008 the Preference Shares were converted into New Ordinary Shares (see note 15).

15 CALLED UP SHARE CAPITAL

	2008	2007
	£	£
Authorised		
3,897,059 ordinary shares of £1 each	**3,897,059**	3,897,059
4,698,804 new ordinary shares of £1 each	**4,698,804**	-
238,235 'A' preference shares of £1 each	-	238,235
	8,595,863	4,135,294
Called up, allotted and fully paid		
1,900,000 ordinary shares of £1 each	**1,900,000**	1,900,000
4,698,804 new ordinary shares of £1 each	**4,698,804**	-
238,235 'A' preference shares of £1 each	-	238,235
	6,598,804	2,138,235

In December 2008 a subscription agreement was signed with the following terms:

- The company's Preference Shares and A Preference Shares were converted on a one-to-one basis into 2,998,235 New Ordinary Shares of £1 each.
- The Preference Shareholders and the A Preference Shareholders agreed to waive all and any claims against the company to the Preference Shareholders' entitlement and all and any claims to dividends and interest on the Preference Shares and the A Preference Shares.
- In consideration of the above waivers the company issued, fully paid, 1,700,569 New Ordinary Shares of £1 each.

16 RESERVES

	Other reserves		Share premium account	
	Group	Company	Group	Company
	£	£	£	£
At beginning of year	1,700,569	1,700,569	207,376	207,376
Waiver	(1,700,569)	(1,700,569)	-	-
At end of year	-	-	**207,376**	**207,376**

17 PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
At beginning of year	**(5,576,190)**	(5,958,239)
Profit/(loss) for the financial year	**38,503**	(21,419)
At end of year	**(5,537,687)**	(5,979,658)

18 CAPITAL COMMITMENTS

	Group	
	2008	2007
	£	£
Capital expenditure contracted for but not provided in the financial statements	**20,415**	18,265

19 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008, the group was committed to making the following payments during the next year under non-cancellable operating leases as follows:

	2008		2007	
	Land and buildings	**Other**	Land and buildings	Other
	£	**£**	£	£
Expiring within one year	**-**	**9,243**	98,791	-
Expiring between two and five years	**105,000**	**20,660**	-	-
	105,000	**29,903**	98,791	-

20 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2008 £	Group 2007 £
Operating profit	**236,261**	386,216
Depreciation	**517,628**	478,008
Amortisation	**8,592**	8,592
Increase in stock	**(459,123)**	(155,101)
(Increase)/decrease in debtors	**(600,703)**	132,062
Decrease in creditors	**(53,177)**	(421,647)
	(350,522)	428,130

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£
DECREASE IN CASH IN THE YEAR	(922,080)
Cash outflow from decrease in debt	77,408
Change in net debt resulting from cash flows	(844,672)
New finance leases	-
MOVEMENT IN THE YEAR	(844,672)
Net debt at beginning of year	(2,501,743)
NET DEBT AT END OF YEAR	**(3,346,415)**

22 ANALYSIS OF NET DEBT

	At 1 January 2008 £	Cashflow £	Other non-cash changes £	**At 31 December 2008 £**
Overdraft	(2,021,533)	(921,487)	-	**(2,943,020)**
Cash at bank and in hand	1,311	(593)	-	**718**
	(2,020,222)	(922,080)	-	**(2,942,302)**
Finance leases and hire purchase contracts	(181,529)	77,408	-	**(104,121)**
Debt due within one year	(299,992)	-	-	**(299,992)**
Net debt	(2,501,743)	(844,672)	-	**(3,346,415)**

23 CONTINGENT LIABILITY

The company is part of a cross corporate guarantee dated 24 April 1996, together with other group companies, held by HBOS. The company's contingent liability in respect of this guarantee is approximately £1.9 million.

24 RETIREMENT BENEFITS

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group and amounts to £121,413 (2007: £111,442). There were no outstanding or prepaid contributions at either the start or end of the year.

25 RELATED PARTY TRANSACTIONS

In 2004 Mr Cardy, a director of the company made a loan of £50,000 to the company. The maximum balance during the year was £50,000 and the amount outstanding at 31 December 2008 was £50,000, and is included in creditors due within one year in other loans.