

Consolidated Financial Statements

Harvest Midco Limited

For the 18 Month Period Ended 30 September 2017



Registered number: 09453817

Harvest Midco Limited

Company Information

| | |
|----------------------------|---|
| Directors | M Johnson M Stott (appointed 3 May 2016) |
| Registered number | 09453817 |
| Registered office | 2 The Square Southall Lane Southall Middlesex UB2 5NH |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 1020 Eskdale Road Winnersh Reading Berkshire RG41 5TS |
| Bankers | The Royal Bank of Scotland plc 9th floor, 280 Bishopsgate London EC2M 4RM |

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Harvest Midco Limited

Chairman's Statement

For the 18 Month Period Ended 30 September 2017

This trading period represented a challenging time for the Group and the Vision that we set out to be the preferred choice in food to go, delivering the perfect mix of quality, innovation, value and service required that significant restructuring projects and major customer commitments needed to be delivered simultaneously. So, I am delighted that the team have successfully delivered their plan and this has strengthened all aspects of the business.

We now have a strong position in the market and a highly competitive and unique proposition that our customers enjoy. Our ability to deliver an end to end, 'turnkey' service from consumer insight, tailored products and ranges, through to manufacture and delivery to store, nationally and internationally, is second to none and we have worked hard to achieve this. We have expanded our offer to the market in a number of areas, for example in our new topped and toasted facility and our capability in hot prepared meals, both of which have seen overwhelmingly positive consumer feedback.

As a result of these achievements, we are enjoying a period of growth with existing and new customers and like for like trading at the time of writing in June 2018 is strong. We have a significant new business pipeline, the results of which we expect to be able to comment upon in the next report once they are mobilised.

I would like to thank the whole team in the group for their contribution to the success so far.

M Mitchell, Chairman, Intermediate Capital Group

Date 27 June 2018

Group Strategic Report

For the 18 Month Period Ended 30 September 2017

Business review

Harvest Midco Limited is the holding company for a group of 'Food to Go' businesses focused on the manufacture and daily distribution of high added-value, branded and private label sandwiches, wraps, salads, protein snacks and hot-eating products. It has a broad customer base across coffee shops, food service catering, events, convenience stores, grocery retail stores and travel operators.

The Group's mission is to be the preferred choice in 'Food to Go', delighting customers and consumers with the perfect mix of quality, innovation, value and service. This is brought to life in the business's leadership, culture, people, assets, processes and technical expertise.

During the period, the Group was acquired by Intermediate Capital Group ("ICG") plc. The acquisition by ICG has delivered an improved capital structure and a debt reduction for Harvest Midco Limited. These improvements have ensured that the Group has the facilities to deliver its strategic objectives and growth plans through investment in people, technology and manufacturing infrastructure in pursuit of its strategic goals.

The period was exceptional in nature, with the group undergoing a significant restructure to deliver the right assets, capabilities and product offer to enable it to take maximum advantage of market opportunities as well as diversifying its customer base to ensure that it does not rely on any one customer for significant revenues

That work has been successfully executed and the group is, at the time of writing in June 2018, experiencing significant growth in volumes, revenues and profitability across its broad and diverse customer base, with a large step on in growth from September 2018 following from contracts already won but not yet mobilised.

Looking forward, the Group has some exciting commercial and financial developments in the pipeline that will be in place before December 2018 and will further strengthen the business.

The business has incurred one-off exceptional costs in delivering some of these achievements, most significantly from:

- Manufacturing and distribution rationalisation resulting in fewer sites and lower operational cost;
- Investment in new distribution centres with greater capacity and capability;
- Investment in manufacturing capability, notably topped and toasted grilled products, line automation, building fabric upgrades and higher line speed technologies;
- Customer end point technology in the distribution business to deliver push messaging to clients on their order status and deliveries;
- Rationalisation of vehicle fleet with the use of double deck HGVs to deliver lower operational costs.

Group Strategic Report (continued)

For the 18 Month Period Ended 30 September 2017

Principal risks and uncertainties

As with any holding company, the directors keep under review the ability of the company's subsidiary undertakings to generate sufficient profits to support the carrying value of the company's investment in those businesses and to generate sufficient free cash flow to pay dividends to the company to enable it to settle its obligations. The directors are satisfied that no significant risks exist in this regard.

The Board has overall responsibility for the Group's risk management and internal control systems and for reviewing their effectiveness. The systems are designed to provide reasonable control over the activities of the Company and the Group and to enable the Board to comply with the Directors' responsibilities. The management of the business and the execution of the Group's strategy are subject to a number of risks. These are reviewed and led from the executive team through the entire organisation, with colleagues working to ensure that everyone is engaged in managing risks associated with their role in delivering successful business performance across all aspects.

An example of key elements that are managed successfully in the business:

- Operational – Quality, Food Safety, Hygiene, Health and Safety, employee wellbeing, environmental compliance, customer service, product integrity and consistency, efficiency and productivity, operational resilience and agility, vehicle safety and statutory compliance, building and equipment design.
- Commercial – Customer satisfaction, product design and development, product consumer acceptance, delivery of growth and profit plan
- Financial – Focus on cash, EBITDA, margin and mix optimisation, property and estates
- Procurement and inbound supply – Supplier performance, pricing, availability, service
- People – Employer brand, statutory compliance, recruitment, performance, rewards, equality and fairness, succession planning, development and training, competence and capability
- IT, systems, data, GDPR compliance, security, integrity

Financial key performance indicators

The Group relies on different KPIs at an operational level. Such KPIs are used by the management team to monitor performance on a regular basis and are reported to the Board.

The main KPIs are as follows:

- EBITDA – earnings before exceptional items, interest, tax, depreciation and amortisation
- Sales growth
- Material and activity costs
- Debtor/creditor/stock turn
- Cashflow from operations after capital expenditure and tax

The main non-financial KPIs include:

- Food Safety
- Product quality
- Health and Safety
- Customer service
- Operational efficiency
- Environmental compliance
- Continuous improvement progress
- Procurement efficiency

Group Strategic Report (continued)

For the 18 Month Period Ended 30 September 2017

Research and development

We continue to invest in new innovative product development and new packaging formats. Innovation is at the core of our vision, mission and strategic goals. In the past period we have delivered a number of industry firsts and have won a number of awards recognising our product development prowess which is also widely recognised by our customers. We have a number of exciting developments in this year's pipeline.

Future outlook

With the many achievements over the past period, including securing long-term contracts for a high proportion of our business, operational consolidation and the investment in new capability, we are confident that we are well placed to grow revenues and margins in our chosen markets. We also expect to significantly grow our leading URBAN eat brand in the year ahead on the back of our product investment.

The Group will continue its focus on excellence in category management and innovation to deliver growth for its customers ahead of the general market. This will be achieved by a combination of developing customer insights which will drive product, packaging and process innovation and commercial excellence. Adelle will continue to drive the most compelling and ambitious offer and lead the Food to Go market.

At the time of writing in June 2018, the Group is experiencing significant growth in volumes, revenues and profitability across its broad and diverse customer base, with a large step on in growth from September 2018 following from contracts already won but not yet mobilised.

Looking forward, the Group has some exciting commercial and financial developments in the pipeline that will be in place before December 2018 and will further strengthen the business.

Financial instruments

The Group maintains a centralised treasury function which operates under Board approved treasury policies and guidelines covering funding and management of net debt.

Financial risk management

The Group's operations expose it to a number of financial risks that include the effect of changes in credit risk, liquidity risk and interest rate risk. The Group has in place a risk management policy that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Given the size of the Group, the directors do not delegate the responsibility of monitoring financial risk management to a separate sub-committee of the Board. The policies set by the Board of Directors are implemented by the Group's risk management and finance departments.

Price risk

The Group is exposed to increases in fuel costs, through its distribution activities, and to raw material price and energy price fluctuations. The Group closely monitors any changes in prices and actively seeks to mitigate the net impact through negotiations with both customers and suppliers.

Harvest Midco Limited

Group Strategic Report (continued)

For the 18 Month Period Ended 30 September 2017

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before credit is granted. The Group's risk management section is responsible for continually monitoring the credit risks associated with both new and existing customers.

Liquidity risk

The Group has access to committed credit facilities and intra group lending lines to ensure the Group has sufficient funds available for operations and any planned expansion. Management closely monitor the cash position of the Group on a rolling basis to ensure the Group meets its working capital requirements and medium-term liabilities.

Employees

During the period the Company gave full and fair consideration to applications for employment from disabled persons having regard to their particular aptitudes when related to any suitable opportunities available. Company policy provides that existing employees who become disabled shall continue employment with the Company if possible, subject to any appropriate training.

The Group is an equal opportunity employer and makes every effort to ensure that disabled people are not discriminated against on the grounds of their disability. In the event of staff becoming disabled, every effort would be made to ensure that their employment continues and that suitable training is arranged.

The group recognises that it has a responsibility to take a robust approach to anti slavery and human trafficking. It is committed to the highest ethical standards. A statement on modern Slavery can be found on the Adelle Foods website.

Training, career development and promotion apply equally to all employees, taking into consideration their aptitudes and abilities.


Matters of interest and concern are regularly circulated to employees. Meetings are held at various staff levels on a regular basis to discuss matters of mutual interest, including financial and economic factors which affect the performance of the Company, and the views of employees are taken into account when making decisions which are likely to affect their interests.

Employees are kept informed regarding the Group's affairs and the financial and economic factors that affect the Group's performance, and are consulted with on a regular basis wherever feasible and appropriate.

Employees are encouraged to participate and contribute to the Group's performance through remuneration rewards and incentives.

This report was approved by the Board on and signed on its behalf.

M Johnson
Director



Date:

27/6/18

Directors' Report

For the 18 Month Period Ended 30 September 2017

The directors present their report and the financial statements for the 18 month period ended 30 September 2017.

Principal activity

The group's principal activities are the manufacture and distribution of food and food related products. The Company's principal activity is that of a holding company.

The Group strategy is to continue to develop its leading position in the Food To Go market.

On September 2016, the Company was acquired by New Midco Limited (company no: 10353865) a subsidiary of New Topco Limited (company no: 10326830). New Topco Limited is considered to have no Person with Significant Control or Relevant Legal entity. The shares of New Topco Limited are owned by funds managed by a subsidiary of Intermediate Capital Group plc.

Results and dividends

The Group reported an EBITDA loss of £4,706,000 in the period.

After incurring the following costs the Group reported a loss for the period before taxation of £54,311,000 (2016: loss £27,166,000).

| | |
|--|-------------|
| • Exceptional administrative expenses | £16,111,000 |
| • Non-cash amortisation of intangible assets | £18,185,000 |
| • Non-cash depreciation of tangible assets | £ 5,416,000 |
| • Interest | £ 9,893,000 |

No dividends were paid or proposed during the period.

Directors

The directors who served during the 18 month period were:

M I Tentori (resigned 27 April 2016)

P Canning (resigned 26 September 2016)

M Johnson

M Stott (appointed 3 May 2016)

A S Bellau (resigned 26 September 2016)

Directors' Report (continued)

For the 18 Month Period Ended 30 September 2017

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

Having considered the expected future trading performance of the Group and made appropriate enquiries of the directors of all subsidiary companies, the directors have concluded that the group and Company will have adequate financial resources to meet its obligations for the foreseeable future.

On the 27 September 2016, the Company was acquired by New Midco Limited (Company no. 10353865) a subsidiary of New Topco Limited (Company no. 10326830). New Topco Limited is considered to have no Person with Significant Control or Relevant Legal Entity. The shares of New Topco Limited are owned by funds managed by a subsidiary of Intermediate Capital Group plc.

As a result of the restructuring, the obligations of the Group by way of bank loans were reduced to £30,000,000. As part of these arrangements they also had intercompany loan balances due to former superior parent companies that amounted to £63,000,000 which have been waived.

For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)

For the 18 Month Period Ended 30 September 2017

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant reportable events affecting the Company since the period end.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf. 27/6/18

M Johnson
Director



Date:



Independent Auditor's Report to the Members of Harvest Midco Limited

We have audited the financial statements of Harvest Midco Limited for the 18 month period ended 30 September 2017, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor

As explained more fully in the Directors' Responsibilities Statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC Ethical Standards website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 September 2017 and of the Group's loss for the 18 month period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report to the Members of Harvest Midco Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial 18 month period for which the financial statements are prepared is consistent with those financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read "Grant Thornton" followed by a flourish.

James Rogers (Senior statutory auditor)
for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Reading

Date: 29 June 2018

Consolidated Statement of Comprehensive Income

For the 18 Month Period Ended 30 September 2017

| | | 18 month period ended 30 September 2017 £000 | Restated 13 month period ended 31 March 2016 £000 |
|--|------|--|--|
| | Note | | |
| Turnover | 4 | 372,982 | 327,614 |
| Cost of sales | | (290,167) | (247,483) |
| Gross profit | | 82,815 | 80,131 |
| Distribution costs | | (36,357) | (24,381) |
| Administrative expenses | | (74,765) | (58,562) |
| Exceptional administrative expenses | | (16,111) | (11,853) |
| Operating loss | 5 | (44,418) | (14,665) |
| Interest receivable and similar income | 10 | 7 | 7 |
| Interest payable and expenses | 11 | (9,900) | (12,508) |
| Loss before taxation | | (54,311) | (27,166) |
| Tax on loss | 12 | 3,265 | 513 |
| Loss for the financial period | | (51,046) | (26,653) |
| Capital contribution | | 49,971 | 18,560 |
| Other comprehensive income for the period | | 49,971 | 18,560 |
| Total comprehensive income for the period | | (1,075) | (8,093) |
| Loss for the period attributable to: | | | |
| Owners of the parent Company | | (51,046) | (26,653) |

There were no recognised gains and losses for 2017 or 2016 other than those included in the Consolidated Statement of Comprehensive Income.

See note 2.3 of the accounting policy for detail on restatement.

The notes on pages 18 to 44 form part of these financial statements.

Consolidated Balance Sheet

As at 30 September 2017

| | Note | 30 September 2017 £000 | 31 March 2016 £000 |
|--|------|---------------------------------|--------------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 88,308 | 106,224 |
| Tangible assets | 15 | 9,487 | 10,856 |
| | | <u>97,795</u> | <u>117,080</u> |
| Current assets | | | |
| Stocks | 17 | 3,786 | 4,413 |
| Debtors: amounts falling due within one year | 19 | 43,369 | 61,397 |
| Cash at bank and in hand | 20 | 80 | 17,532 |
| | | <u>47,235</u> | <u>83,342</u> |
| Creditors: amounts falling due within one year | 21 | (51,699) | (60,230) |
| Net current (liabilities)/assets | | <u>(4,464)</u> | <u>23,112</u> |
| Total assets less current liabilities | | <u>93,331</u> | <u>140,192</u> |
| Creditors: amounts falling due after more than one year | 22 | (33,492) | (140,050) |
| Provisions for liabilities | | | |
| Deferred taxation | 25 | (2,003) | (5,264) |
| Other provisions | 26 | (2,018) | (2,971) |
| | | <u>(4,021)</u> | <u>(8,235)</u> |
| Net assets/(liabilities) | | <u><u>55,818</u></u> | <u><u>(8,093)</u></u> |
| Capital and reserves | | | |
| Called up share capital | 27 | 64,986 | - |
| Other reserves | 28 | 68,531 | 18,560 |
| Profit and loss account | 28 | (77,699) | (26,653) |
| Equity attributable to owners of the parent Company | | <u><u>55,818</u></u> | <u><u>(8,093)</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M Johnson
Director



Date: 27/6/18

The notes on pages 18 to 44 form part of these financial statements.

Harvest Midco Limited
Registered number:09453817

Company Balance Sheet

As at 30 September 2017

| | Note | 30 September 2017 £000 | 31 March 2016 £000 |
|--|------|---------------------------------|--------------------------|
| Fixed assets | | | |
| Investments | 16 | 82,073 | 17,087 |
| | | <u>82,073</u> | <u>17,087</u> |
| Current assets | | | |
| Debtors: amounts falling due in more than one year | 18 | 48,942 | 44,052 |
| | | <u>48,942</u> | <u>44,052</u> |
| Creditors: amounts falling due within one year | 21 | (578) | - |
| | | <u></u> | <u></u> |
| Net current assets | | <u>48,364</u> | <u>44,052</u> |
| Total assets less current liabilities | | <u>130,437</u> | <u>61,139</u> |
| Creditors: amounts falling due after more than one year | 22 | - | (44,052) |
| | | <u></u> | <u></u> |
| Net assets | | <u>130,437</u> | <u>17,087</u> |
| Capital and reserves | | | |
| Called up share capital | 27 | 64,986 | - |
| Capital contribution reserve | 28 | 63,092 | 17,087 |
| Profit and loss account | 28 | 2,359 | - |
| Equity attributable to owners of the parent Company | | <u>130,437</u> | <u>17,087</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

M Johnson
Director



27/6/18

Consolidated Statement of Changes in Equity

For the 18 Month Period Ended 30 September 2017

| | Called up share capital £000 | Capital Contribution £000 | Profit and loss account £000 | Equity attributable to owners of parent Company £000 | Total equity £000 |
|---------------------------------|------------------------------------|---------------------------------|------------------------------------|---|----------------------|
| At 1 April 2016 | - | 18,560 | (26,653) | (8,093) | (8,093) |
| Loss for the period | - | - | (51,046) | (51,046) | (51,046) |
| Capital contribution in period | - | 49,971 | - | 49,971 | 49,971 |
| Shares issued during the period | 64,986 | - | - | 64,986 | 64,986 |
| At 30 September 2017 | 64,986 | 68,531 | (77,699) | 55,818 | 55,818 |

Consolidated Statement of Changes in Equity

For the 13 Month Period Ended 31 March 2016

| | Called up share capital £000 | Capital contribution £000 | Profit and loss account £000 | Equity attributable to owners of parent Company £000 | Total equity £000 |
|--------------------------------|------------------------------------|---------------------------------|------------------------------------|---|----------------------|
| Loss for the period | - | - | (26,653) | (26,653) | (26,653) |
| Capital contribution in period | - | 18,560 | - | 18,560 | 18,560 |
| At 31 March 2016 | - | 18,560 | (26,653) | (8,093) | (8,093) |

The notes on pages 18 to 44 form part of these financial statements.

Harvest Midco Limited

Company Statement of Changes in Equity

For the 18 Month Period Ended 30 September 2017

| | Called up share capital | Capital contribution reserve | Profit and loss account | Total equity |
|---------------------------------|----------------------------|------------------------------------|----------------------------|----------------|
| | £000 | £000 | £000 | £000 |
| At 1 April 2016 | - | 17,087 | - | 17,087 |
| Profit for the period | - | - | 2,359 | 2,359 |
| Capital contribution in period | - | 46,005 | - | 46,005 |
| Shares issued during the period | 64,986 | - | - | 64,986 |
| At 30 September 2017 | 64,986 | 63,092 | 2,359 | 130,437 |

Company Statement of Changes in Equity

For the 13 Month Period Ended 31 March 2016

| | Called up share capital | Capital contribution reserve | Total equity |
|---------------------------------|----------------------------|------------------------------------|---------------|
| | £000 | £000 | £000 |
| Capital contribution | - | 17,087 | 17,087 |
| Shares issued during the period | - | - | - |
| At 31 March 2016 | - | 17,087 | 17,087 |

The notes on pages 18 to 44 form part of these financial statements.

Consolidated Statement of Cash Flows

For the 18 Month Period Ended 30 September 2017

| | 30 September 2017 £000 | 31 March 2016 £000 |
|--|---------------------------------|--------------------------|
| Cash flows from operating activities | | |
| Loss for the financial 18 month period/period | (51,046) | (26,653) |
| Adjustments for: | | |
| Amortisation of intangible assets | 18,185 | 13,036 |
| Depreciation of tangible assets | 5,416 | 3,367 |
| Loss on disposal of tangible assets | 964 | - |
| Interest payable | 9,901 | 12,508 |
| Interest receivable | (7) | (7) |
| Taxation charge | (3,265) | (513) |
| Decrease/(increase) in stocks | 627 | (467) |
| Decrease in debtors | 16,486 | 3,143 |
| (Decrease)/increase in creditors | (17,579) | 68,038 |
| (Decrease)/increase in provisions | (954) | 1,678 |
| Taxation credit | 735 | - |
| Net cash (used)/generated from operating activities | (20,537) | 74,130 |
| Cash flows from investing activities | | |
| Purchase of intangible fixed assets | (269) | (267) |
| Purchase of tangible fixed assets | (5,685) | (5,900) |
| Purchase of unlisted and other investments | - | (124,474) |
| Interest received | 7 | 7 |
| Cash acquired with subsidiaries | - | 3,388 |
| Net cash from investing activities | (5,947) | (127,246) |

Harvest Midco Limited

Consolidated Statement of Cash Flows (continued)

For the 18 Month Period Ended 30 September 2017

| | 30 September 2017 £'000 | 31 March 2016 £'000 |
|---|--|------------------------------------|
| Cash flows from financing activities | | |
| Issue of ordinary shares | 64,986 | - |
| New secured loans | 11,659 | 92,000 |
| Repayment of bank loans | (64,986) | (7,490) |
| Repayment of loan notes | - | (3,100) |
| Payment of directors loan | - | (200) |
| Interest paid | (4,309) | (10,562) |
| Net cash generated from financing activities | 7,350 | 70,648 |
| Net (decrease)/increase in cash and cash equivalents | (19,134) | 17,532 |
| Cash and cash equivalents at beginning of the period | 17,532 | - |
| Cash and cash equivalents at the end of the period | (1,602) | 17,532 |
| Cash and cash equivalents at the end of the period comprise: | | |
| Cash at bank and in hand | 80 | 17,532 |
| Bank overdrafts | (1,682) | - |
| | (1,602) | 17,532 |

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

1. General information

Harvest Midco Limited is a private limited company incorporated in England and Wales and the registered address is 2 The Square, Southall Lane, Southall, Middlesex, UB2 5NH (Registered number: 09453817).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of the Company and the presentation currency of the financial statements are both Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the Company's accounting policies (see note 3).

Parent Company

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliation for the group and the parent company would be identical;
- No statement of cash flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Company as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent Company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

2. Accounting policies (continued)

2.3 Change in accounting policy

During the year, we reviewed the classification of expenses in our management accounts. Following this we are now showing volume related overheads for our production sites (e.g electricity, waste disposal and consumables), because we believe this is a better reflection of the total manufacturing cost.

This change has increased cost of sales, and decreased administrative expenses, by £6.0m (2016: £5.1m). There is no impact on profits.

2.4 Going concern

Having considered the expected future trading performance of the Group and made appropriate enquiries of the directors of all subsidiary companies, the directors have concluded that the group and Company will have adequate financial resources to meet its obligations for the foreseeable future.

On the 27 September 2016, the Company was acquired by New Midco Limited (company no. 10353865) a subsidiary of New Topco Limited (company no. 10326830). New Topco Limited is considered to have no Person with Significant Control or Relevant Legal Entity. The shares of New Topco Limited are owned by funds managed by a subsidiary of Intermediate Capital Group plc.

As a result of the restructuring, the obligations of the Group by way of bank loans were reduced to £30,000,000. As part of these arrangements they also had intercompany loan balances due to former superior parent companies that amounted to £63,000,000 which have been waived.

For this reason they continue to adopt the going concern basis in preparing the financial statements.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

2. Accounting policies (continued)

2.6 Intangible assets

The estimated useful lives range as follows:

| | | |
|------------------------|---|----------|
| Customer relationships | - | 10 years |
| Trade names | - | 10 years |
| Goodwill | - | 10 years |

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

i) *Software*

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Purchased software is recognised as an asset and amortised once brought into use.

Software is amortised on a straight line basis of 15 - 33%.

ii) *Trade Name and Customer relationships*

The trade names acquired separately are measured on initial recognition at the fair value of consideration paid. Following initial recognition they are carried at cost less amortisation or impairment losses. Trade names and customer relationships acquired as part of a business combination are recognised outside goodwill, at fair value at the date of the acquisition, if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Amortisation is based on management's estimates of the future useful lives of the intangible assets. Estimates may change due to competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the amortisation charges.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-------------------------------|------------------------------------|
| Freehold land | - Freehold land is not depreciated |
| Short-term leasehold property | - Over the term of the lease |
| Plant and machinery | - 4% - 33% |
| Motor vehicles | - 33% |
| Fixtures and fittings | - 15% - 33% |
| Office equipment | - 15% - 33% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

2.8 Operating leases

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 23 February 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods do not include labour or attributable overheads.

At each Balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

2. Accounting policies (continued)

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties, intercompany loans and receivables and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

2. Accounting policies (continued)

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

2.18 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the period in which they are incurred.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

2. Accounting policies (continued)

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.21 Prepayments and deferred expenditure

Payments made to secure long term contracts are deferred within prepayments and charged to the Consolidated statement of comprehensive income over the term of the contract.

2.22 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

2. Accounting policies (continued)

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.24 Parental guarantee

For the 18 months ended 30 September 2017, the following companies have taken the entitled exemption from audit under section 479A of the Companies Act 2006. Harvest Midco Limited has therefore given a guarantee under section 479C of the Companies Act 2006 in respect of these subsidiaries.

| | |
|--------------------------|----------|
| Adelie Foods Bidco Ltd | 09453988 |
| Adelie Holdco UK Ltd | 07964328 |
| Adelie Investco UK Ltd | 07964346 |
| Adelie Foods Group Ltd | 07964277 |
| Food Partners Ltd | 03804549 |
| Brambles Foods Group Ltd | 04767267 |
| Superior Food Group Ltd | 05288249 |
| Brambles Foods Ltd | 03220075 |
| Superior Food Ltd | 02006417 |

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the Company is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Group and Company evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

Estimated impairment of intangible assets and investments in subsidiaries

The Company and Group tests, when there are indicators of impairment, whether goodwill, intangible assets and investments have suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.

As part of the review, sensitivity analysis is performed on the base case assumptions used to assess the carrying value. In particular, the sensitivity of the discounted cash flows to the weighted average cost of capital and the achievement of the medium term plans has been reviewed and the assumptions made are considered appropriate.

Key assumptions in the budgets and plans include future revenue volume/price growth rates, associated future levels of marketing support, cost base of manufacture and supply and directly associated overheads. These assumptions are based on historical trends and future market expectations.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

3. Judgements in applying accounting policies (continued)

Other Key assumptions applied in determining value in use are:

- i) Growth rates - cash flows beyond the five-year period are extrapolated using the estimated long term growth rate applicable for the United Kingdom being 2%. Revenue growth rates within five years are based on a prudent estimate of 3% like for like revenues and factor in known pipeline for years 2 to 5. Revenue growth of 7% is assumed in year 1.
- iii) Gross margin Gross margin assumptions are expected to be comparable with historical trends.
- ii) Discount rate - the discount rate is based on a Weighted Average Cost of Capital (WACC) for comparable companies operating in similar markets. The pre-tax WACC used in our review is 10.4%.

The Group and Company has performed sensitivity analysis around the base assumptions and, whilst the Directors have considered its judgements on key assumptions to be prudent, have concluded that reasonable possible changes in key assumptions would cause the recoverable amount to be less than the carrying value.

Provisions and contingencies

The Company may be subject to claims incidental to the normal conduct of its business, relating to and including commercial, contractual and employment matters, which are handled and defended in the ordinary course of business. The Company routinely assesses the likelihood of any adverse judgements or outcomes to these matters as well as ranges of probable and reasonably estimated losses.

Reasonable estimates involve judgements made by management after considering information including notifications, settlements, estimates performed by independent parties and legal counsel, available facts, identification of other potentially responsible parties and their ability to contribute, and prior experience. A provision is recognised when it is probable that an obligation exists for which a reliable estimate can be made after careful analysis of the individual matter. The required provision may change in the future due to new developments and as additional information becomes available. Matters that either are possible obligations or do not meet the recognition criteria for a provision are disclosed as contingent liabilities, unless the possibility of transferring economic benefits is remote.

Trade Debtors

Management applies judgement in evaluating the recoverability of debtors. To the extent that the Directors believe debtors not to be recoverable, they have been provided for in the financial statements.

Stock

Management applies judgement in evaluating stock for obsolescence. This judgement is based on management knowledge of the stock and customer demand, as well as stock age. At each balance sheet date, stocks are assessed for impairment and written down where appropriate.

Useful life of fixed assets

The useful life of fixed assets are estimated by directors.

4. Turnover

All turnover arose within the United Kingdom and Ireland. Turnover was attributable to the one principal activity of the group.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

5. Operating loss

Audit fees in respect of this Company have been borne by another group company.

The Company had no employees other than the directors.

The operating loss is stated after charging:

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|---|--|--|
| Depreciation of tangible fixed assets | 5,416 | 3,367 |
| Amortisation of intangible assets, including goodwill | 18,185 | 13,036 |
| Other operating lease rentals | 6,560 | 5,094 |

6. Exceptional administrative items

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|-------------------|--|--|
| Exceptional items | 16,111 | 11,853 |

Exceptional administration costs include expenditure on reconfiguring the operational footprint of the business following the loss of a significant contract and a corresponding decision to close two of Adelle's production facilities. Legal and consultant fees were also incurred as a result of the change of ownership in the period. The group has also expensed costs in relation to the implementation of a new warehouse management system.

£6,915,000 of exceptional expenditure relates to the closure of production sites.

After the period end one of Adelle's customers went into administration and a bad debt of £1,900,000 was recognised.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

7. Auditor's remuneration

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|--|--|--|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts | 121 | 118 |
| | <u>121</u> | <u>118</u> |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| Business risk review | 4 | 430 |
| Tax compliance | 33 | 26 |
| Tax advisory | 12 | 20 |
| Transaction advisory services | - | 744 |
| Other | 33 | 5 |
| | <u>82</u> | <u>1,225</u> |

Harvest Midco Limited

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

8. Employees

Staff costs were as follows:

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|---|---|---|
| Wages and salaries | 83,155 | 58,230 |
| Social security costs | 6,676 | 4,161 |
| Cost of defined contribution pension scheme | 1,005 | 577 |
| | 90,836 | 62,968 |

The average monthly number of employees, including the directors, during the 18 month period was as follows:

| | 18 month period ended 30 September 2017 No. | 13 month period ended 31 March 2016 No. |
|------------------------------------|--|--|
| Management and administration | 75 | 76 |
| Production, sales and distribution | 2,347 | 2,803 |
| | 2,422 | 2,879 |

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

9. Directors' and key management remuneration

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|---|--|--|
| Directors' emoluments | 1,064 | 2,681 |
| Group contributions to defined contribution pension schemes | 28 | - |
| | <u>1,092</u> | <u>2,681</u> |

The highest paid director received remuneration of £713,000 (2016: £971,000) for the 18th month period.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,000 (2016: £Nil).

Emoluments paid for the 18 month period to those considered to be Key Management (excluding directors) amounted to £1,028,000 (2016: £162,000) which includes pension contributions of £117,000 (2016: £7,000).

10. Interest receivable

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|---------------------|--|--|
| Interest receivable | <u>7</u> | <u>7</u> |

Harvest Midco Limited

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

11. Interest payable and similar charges

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|-------------------|--|--|
| Cash interest* | 4,309 | 10,562 |
| PIK interest | 3,471 | - |
| Other FV interest | 2,120 | 1,946 |
| | <u>9,900</u> | <u>12,508</u> |

*Cash interest includes £125,000 for interest on the credit facility and the balance represents cash interest on term loans for April to Sept'16 which is PIK thereafter.

12. Taxation

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|--|--|--|
| Corporation tax | | |
| Current tax on results for the period | (4) | - |
| | <u>(4)</u> | <u>-</u> |
| Total current tax | <u>(4)</u> | <u>-</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (3,261) | (513) |
| Total deferred tax | <u>(3,261)</u> | <u>(513)</u> |
| Taxation on loss on ordinary activities | <u>(3,265)</u> | <u>(513)</u> |

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

12. Taxation (continued)

Factors affecting tax charge for the 18 month period/period

The tax assessed for the period is lower than (2016: higher than) the standard rate of corporation tax in the UK of 19.67% (2016: 20%). The differences are explained below:

| | 18 month period ended 30 September 2017 £000 | 13 month period ended 31 March 2016 £000 |
|--|--|--|
| Loss on ordinary activities before tax | (54,311) | (27,166) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.67% (2016: 20%) | (10,681) | (5,433) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4,387 | 3,973 |
| Adjustments to tax charge in respect of prior periods | 4 | 124 |
| Adjustments in respect of capital allowances | (1,252) | - |
| Unwinding of Deferred Tax on intangibles amortisation | (1,256) | (907) |
| Effect of change in tax rates | 221 | - |
| Current period losses not recognised | 5,312 | 1,730 |
| Total tax charge for the period | (3,265) | (513) |

Factors that may affect future tax charges

For the purposes of deferred tax, the main rate of corporation tax changed from 20% to 19% effective from 1 April 2017 and from 19% to 17% from 1 April 2020. The rate has been substantively enacted before the balance sheet date and will be applied to the year in which the timing differences are expected to reverse or are realised.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

13. Intangible assets

Group and Company

| | Customer relationships £000 | Software £000 | Trade Names £000 | Goodwill £000 | Total £000 |
|-----------------------|-----------------------------------|------------------|------------------------|------------------|---------------|
| Cost | | | | | |
| At 1 April 2016 | 53,017 | 479 | 15,537 | 50,227 | 119,260 |
| Additions | - | 269 | - | - | 269 |
| At 30 September 2017 | 53,017 | 748 | 15,537 | 50,227 | 119,529 |
| Amortisation | | | | | |
| At 1 April 2016 | 5,744 | 168 | 1,683 | 5,441 | 13,036 |
| Charge for the period | 7,953 | 367 | 2,331 | 7,534 | 18,185 |
| At 30 September 2017 | 13,697 | 535 | 4,014 | 12,975 | 31,221 |
| Net book value | | | | | |
| At 30 September 2017 | 39,320 | 213 | 11,523 | 37,252 | 88,308 |
| At 31 March 2016 | 47,273 | 311 | 13,854 | 44,786 | 106,224 |

The Company had no intangible assets as at 30 September 2017 nor 31 March 2016.

14. Parent company profit for the period

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the 18 month period/period was £2,359NIL,000 (2016: £Nil).

Harvest Midco Limited

Notes to the Financial Statements For the 18 Month Period Ended 30 September 2017

15. Tangible fixed assets

Group

| | Freehold property £000 | Short-term leasehold property £000 | Plant and machinery £000 | Fixtures and fittings £000 | Office equipment £000 | Total £000 |
|---------------------------------------|------------------------------|--|--------------------------------|----------------------------------|-----------------------------|---------------|
| Cost or valuation | | | | | | |
| At 1 April 2016 | 135 | 1,346 | 10,733 | 1,575 | 321 | 14,110 |
| Additions | - | 271 | 3,710 | 503 | 530 | 5,014 |
| Disposals | - | (133) | (7,066) | (801) | - | (8,000) |
| At 30 September 2017 | 135 | 1,484 | 7,377 | 1,277 | 851 | 11,124 |
| Depreciation | | | | | | |
| At 1 April 2016 | - | 231 | 2,577 | 404 | 42 | 3,254 |
| Charge for the period on owned assets | - | 298 | 4,298 | 419 | 401 | 5,416 |
| Disposals | - | (65) | (6,233) | (735) | - | (7,033) |
| At 30 September 2017 | - | 464 | 642 | 88 | 443 | 1,637 |
| Net book value | | | | | | |
| At 30 September 2017 | 135 | 1,020 | 6,735 | 1,189 | 408 | 9,487 |
| At 31 March 2016 | 135 | 1,115 | 8,156 | 1,171 | 279 | 10,856 |

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

16. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding | Principal activity |
|----------------------------|--|---------|--------------------|
| Adelie Holdco UK Ltd* | Ordinary | 100 % | Holding company |
| Adelie Investco UK Ltd* | Ordinary | 100 % | Holding company |
| Adelie Foods Group Ltd* | Ordinary | 100 % | Holding company |
| Food Partners Ltd* | Ordinary | 100 % | Dormant company |
| Adelie Foods Ltd* | Ordinary, preference and deferred shares | 100 % | Trading company |
| Brambles Foods Group Ltd* | Super share | 100 % | Holding company |
| Superior Food Group Ltd* | Ordinary | 100 % | Holding company |
| Brambles Foods Ltd* | Ordinary | 100 % | Dormant company |
| Buckingham Foods Ltd* | Ordinary | 100 % | Dormant company |
| Superior Food Ltd* | Ordinary | 100 % | Dormant company |
| Adelie Foods Bidco Limited | Ordinary | 100 % | Holding company |

*Indirect holdings.

Company

Investments
in subsidiary
companies
£000

Cost or valuation

| | |
|----------------------|--------|
| At 1 April 2016 | 17,087 |
| Additions | 64,986 |
| At 30 September 2017 | 82,073 |

Net book value

| | |
|----------------------|--------|
| At 30 September 2017 | 82,073 |
| At 31 March 2016 | 17,087 |

During the period £64,986,000 was received from the Company's parent company. The amount was subscribed for shares in the Company's subsidiaries.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

17. Stocks

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 | Company 30 September 2017 £000 | Company 31 March 2016 £000 |
|-------------------------------------|--|-----------------------------------|--|-------------------------------------|
| Raw materials and consumables | 2,698 | 3,496 | - | - |
| Work in progress (goods to be sold) | 39 | 43 | - | - |
| Finished goods and goods for resale | 1,049 | 874 | - | - |
| | <u>3,786</u> | <u>4,413</u> | <u>-</u> | <u>-</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the 18 month period as an expense was £216,394,000 (2016: £184,841,000).

18. Debtors: amounts falling due after more than one year

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 | Company 30 September 2017 £000 | Company 31 March 2016 £000 |
|------------------------------------|--|-----------------------------------|--|-------------------------------------|
| Amounts owed by group undertakings | - | - | 48,942 | 44,052 |

19. Debtors: falling due within one year

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 | Company 30 September 2017 £000 | Company 31 March 2016 £000 |
|--------------------------------|--|-----------------------------------|--|-------------------------------------|
| Trade debtors | 34,528 | 49,200 | - | - |
| Other debtors | 1,453 | 1,650 | - | - |
| Prepayments and accrued income | 7,258 | 9,812 | - | - |
| Tax recoverable | 130 | 735 | - | - |
| | <u>43,369</u> | <u>61,397</u> | <u>-</u> | <u>-</u> |

Harvest Midco Limited

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

20. Cash and cash equivalents

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 | Company 30 September 2017 £000 | Company 31 March 2016 £000 |
|--------------------------|--|-----------------------------------|--|-------------------------------------|
| Cash at bank and in hand | 80 | 17,532 | - | - |
| Less: bank overdrafts | (1,682) | - | - | - |
| | <u>(1,602)</u> | <u>17,532</u> | <u>-</u> | <u>-</u> |

21. Creditors: Amounts falling due within one year

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 | Company 30 September 2017 £000 | Company 31 March 2016 £000 |
|------------------------------------|--|-----------------------------------|--|-------------------------------------|
| Bank overdrafts | 1,682 | - | - | - |
| Other loans | 11,659 | - | - | - |
| Trade creditors | 24,970 | 35,675 | - | - |
| Corporation tax | - | - | 578 | - |
| Other taxation and social security | 1,085 | 1,377 | - | - |
| Accruals and deferred income | 12,303 | 23,178 | - | - |
| | <u>51,699</u> | <u>60,230</u> | <u>578</u> | <u>-</u> |

22. Creditors: Amounts falling due after more than one year

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 | Company 30 September 2017 £000 | Company 31 March 2016 £000 |
|---------------------------------|--|-----------------------------------|--|-------------------------------------|
| Other loans | 32,415 | 92,000 | - | - |
| Amounts owed to group companies | - | 47,850 | - | 44,052 |
| Accruals | 1,077 | 200 | - | - |
| | <u>33,492</u> | <u>140,050</u> | <u>-</u> | <u>44,052</u> |

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

23. Loans

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 | Company 30 September 2017 £000 | Company 31 March 2016 £000 |
|--|--|-----------------------------------|--|-------------------------------------|
| Amounts falling due within one year | | | | |
| Other loans | 11,659 | - | - | - |
| Amounts falling due after more than 5 years | | | | |
| Other loans | 32,415 | 92,000 | - | - |

At the period end the group had £32,415,000 (2016: £92,000,000) outstanding under various facilities due for repayment on 27 March 2023.

Payment in kind interest is compounded on a quarterly basis at a rate of 7% above LIBOR.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

24. Financial instruments

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 | Company 30 September 2017 £000 | Company 31 March 2016 £000 |
|---|--|-----------------------------------|--|-------------------------------------|
| Financial assets | | | | |
| Financial assets measured at fair value through profit or loss | 80 | 17,532 | - | - |
| Financial assets that are debt instruments measured at amortised cost | 35,981 | 50,850 | 48,942 | 44,052 |
| | <u>36,061</u> | <u>68,382</u> | <u>48,942</u> | <u>44,052</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | (84,106) | (198,903) | - | (44,052) |
| | <u>(84,106)</u> | <u>(198,903)</u> | <u>-</u> | <u>(44,052)</u> |

Financial assets measured at fair value through profit or loss comprise of cash.

Financial liabilities measured at amortised cost comprise of accruals, trade creditors and other loans.

25. Deferred taxation

Group

| | 2017 £000 | 2016 £000 |
|----------------------------------|----------------|----------------|
| At beginning of period | (5,264) | - |
| Charged to profit or loss | 3,261 | (513) |
| Arising on business combinations | - | (4,751) |
| At the end of the period | <u>(2,003)</u> | <u>(5,264)</u> |

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

25. Deferred taxation (continued)

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 |
|---------------------------------------|--|-----------------------------------|
| Accelerated capital allowances | 4,165 | 2,200 |
| Other timing differences | 41 | - |
| Deferred tax on business combinations | (6,209) | (7,464) |
| | <u>(2,003)</u> | <u>(5,264)</u> |

The group also has a potential carry forward deferred tax asset of £5,372,000. The asset has not been recognised as it is considered the recognition criteria have not been met.

The Company had no tax losses carried forward as at 30 September 2017.

26. Provisions

Group

| | Provisions £000 |
|-----------------------------|---------------------|
| At 1 April 2016 | 2,971 |
| Charged to profit or loss | 2,419 |
| Utilised in 18 month period | (3,372) |
| At 30 September 2017 | <u>2,018</u> |

At the period end 30 September 2017 group provisions were comprised of £1,903,000 (2016: £2,816,000) in respect of onerous leases and dilapidations and £115,000 (2016: £155,000) in respect of other provisions.

The Company had no provisions as at 30 September 2017 or 31 March 2016.

Harvest Midco Limited

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

27. Share capital

| | 30 September 2017 £000 | 31 March 2016 £000 |
|---|---------------------------------|--------------------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 64,986,219 (2016: 1) Ordinary shares of £1 each | 64,986 | - |

On 27 September 2016, the Company was acquired by New Midco Limited and the original share capital of £1 held by Harvest Intermediate Holdco Limited was transferred to the new parent company. On the same date, 64,986,219 ordinary shares were issued to the new parent company, New Midco Limited.

28. Reserves

Profit and loss account

Includes all current period retained profits and losses.

Other Reserves

Capital Contribution

Intercompany loans from parent companies required to be fair valued under FRS 102 on inception have resulted in adjustments to the carrying value of those loans. In the period the loans were waived. The required credit adjustments have been taken to this reserve.

29. Contingent liabilities

As at 30 September 2017, the Company had entered into a debenture and guarantee arrangement with certain other group entities in respect of financing facilities granted to the wider group. These obligations are reflected in the consolidated financial statements presented.

30. Capital commitments

The Group and Company had no capital commitments at 30 September 2017 or 31 March 2016.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

31. Pension commitments

The pension costs charged represents contributions to group defined contribution personal pension schemes. During the period, the group paid £1,005,000 (2016: £577,000).

The Company had no pension commitments as at 30 September 2017 (2016: £Nil).

32. Commitments under operating leases

At 30 September 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 |
|--|--|-----------------------------------|
| Land and buildings | | |
| Not later than 1 year | 3,025 | 3,480 |
| Later than 1 year and not later than 5 years | 4,964 | 11,147 |
| Later than 5 years | 168 | 9,581 |
| | <u>8,157</u> | <u>24,208</u> |

At 30 September 2017 the Group had future minimum lease payments under non-cancellable other operating leases as follows:

| | Group 30 September 2017 £000 | Group 31 March 2016 £000 |
|--|--|-----------------------------------|
| Other operating leases | | |
| Not later than 1 year | 2,836 | 2,085 |
| Later than 1 year and not later than 5 years | 2,394 | 986 |
| | <u>5,230</u> | <u>3,071</u> |

The Company had no commitments under the non-cancellable operating leases as at 30 September 2017 or 31 March 2016.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

33. Related party transactions

The Group was acquired by funds managed by Intermediate Capital Group Plc (see note 35) on 27 September 2016. In the period from 1 April 2016 to 27 September 2016 the Group expensed a net charge of £73,181 by H.I.G. Capital ('HIG') and India Hospitality Corporation (IHC), the Group's previous owners. This was due to costs of £374,937 that were paid to IHC and the deduction of £301,756 being due in respect of the waiving of all fees for HIG (£250,000) and IHC (£51,756).

Consultancy fees and expenses have been paid to Mr R Deol and Mr S Vyas who were directors of the wider Group up until 27 September 2016.

Mr R Deol was paid £189,484 (2016: £971,000) for the period and Mr S Vyas was paid £71,287 (2016: £452,000). No balances for these two people were outstanding at the acquisition date nor the period end.

In the prior period, following the acquisition of the group by H.I.G. Capital on 5 March 2015 the Group was charged the sum of £1,000,000 in monitoring fees. At 31 March 2016 an amount of £250,000 was outstanding in respect of these fees. In addition a transaction fee of £2,835,000 was charged by H.I.G. Capital in respect of the acquisition of the group.

At 30 September 2017 the Company is a wholly owned subsidiary of the group headed by New Topco Limited. The Company has taken advantage of exemptions and has therefore not disclosed transactions or balances with wholly owned entities which form part of that Group.

At 31 March 2016 the Company was wholly owned subsidiary of the group headed by Harvest Holdco Limited, the Company had taken advantage of exemptions and has therefore not disclosed transactions or balances with wholly owned entities which form part of that Group.

34. Post balance sheet events

There have been no significant reportable events affecting the Company since the period end.

Notes to the Financial Statements

For the 18 Month Period Ended 30 September 2017

35. Controlling party

The Company's immediate parent undertaking is New Midco Limited (company no: 10353865) a company registered in England and Wales. Prior to 27 September 2017, the Company's immediate parent undertaking was Harvest Intermediate Holdco Limited, a Company registered in England and Wales.

The Company's ultimate parent undertaking until 27 September 2016 was H.I.G Luxembourg Holdings 65 S.A.R.L, a Company registered in Luxembourg. On the 27 September 2016 New Midco Limited, a subsidiary of New Topco Limited (company no: 10326830) acquired 100% of the issued share capital of Harvest Midco Limited. New Topco Limited is considered to have no Person with Significant Control or Relevant Legal Entity. The shares of New Topco Limited are owned by funds managed by a subsidiary of Intermediate Capital Group plc.

The smallest group for which consolidated accounts are drawn up is Harvest Midco Limited.

The largest group for which accounts are drawn up which include this entity is that headed by New Topco Limited. Copies of the consolidated financial statements are made available at Companies House.

For the 18 months ended 30 September 2017, a number of non-trading subsidiaries have taken the entitled exemption from audit under section 479A of the Companies Act 2006. Harvest Midco Limited has therefore given a guarantee under section 479C of the Companies Act 2006 in respect of these subsidiaries. See accounting policy 2.23 for full details.