

WHITWORTHS GROUP LIMITED

Report and Financial Statements

30 April 2005



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COMPANIES HOUSE 26/05/2006

REPORT AND FINANCIAL STATEMENTS 2005

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REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D Pratt
G K Vicary

SECRETARY

E M W Secretaries Limited

REGISTERED OFFICE

Orchard House
Irthlingborough
Wellingborough
Northamptonshire
NN9 5DB

BANKERS

Bank of Scotland
Leicester Branch
14 Friar Lane
Leicester
LE1 5RA

AUDITORS

Deloitte & Touche LLP
Liverpool

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of the Company and the Group for the year ended 30 April 2005.

ACTIVITIES

During the year, Whitworths Group Limited acted as the holding company of a Group engaged in the production of food products.

REVIEW OF DEVELOPMENTS

The Group's principal activities during the year were the packaging and distribution of ambient food products and provision of food services to its customer base.

The Group continues to operate in its key food markets of vine fruit, tree fruit, culinary nuts, beans, pulses and cereals, stuffings and other miscellaneous ambient food products. Many of the Group's markets reflect today's consumer trends of healthy eating and snacking, these sectors continue to show positive growth. These positive trends will facilitate the Group's continued development focusing particularly on new product innovation.

During the year to 30 April 2005, the Group has performed well; and for the fourth consecutive year since the management buy out in 2001, increased operating profits from continuing operations, which have risen to £2,187,000.

The Group has been able to improve its operating profits from continuing operations as a result of ongoing improvements in productivity and other cost reduction initiatives.

RESULTS AND DIVIDENDS

The results for the year are detailed on page 6.

The directors recommend the payment of a participating dividend of £458,000 (2004 - £104,000) in addition to the payment of a preferred dividend of £34,000 (2004 - £34,000 was accrued but not paid due to insufficient reserves) in respect of the A ordinary shares.

The directors also recommend the payment of a preference dividend of £544,000 (2004 - £544,000 was accrued but not paid due to insufficient reserves).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and since the year end were as follows:

| | |
|---------------------|------------------------------|
| I Woodhead | (resigned 18 May 2005) |
| J K A Barbour-Smith | (resigned 18 May 2005) |
| P D Naylor | (resigned 29 September 2004) |
| D Pratt | |
| G K Vicary | |

The directors interests in the B shares of the company were:-

| | 30 April 2005 No. | 30 April 2004 No. |
|------------|-------------------------|-------------------------|
| I Woodhead | 21,819 | 21,819 |
| D Pratt | 100,000 | 100,000 |
| G K Vicary | 100,000 | 100,000 |

EMPLOYEE INVOLVEMENT

The Group has developed procedures for good communication and employee involvement. Joint committees operate on a regular basis to discuss matters affecting communication of information about the business to all levels of employees.

Team briefing sessions are conducted regularly and provide a regular communication of information about the business to all levels of employees.

DIRECTORS' REPORT

In addition to normal salary, the introduction of a performance bonus system across key areas has resulted in improved commitment and success.

EMPLOYMENT OF DISABLED PEOPLE

It is the policy of the Group to employ people who are handicapped by disablement provided that it is practicable to offer them suitable employment; also to make every effort to provide appropriate employment for employees who become disabled.

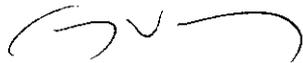
It is the Group's intention to give disabled people opportunity for training, career development and promotion consistent with their capabilities.

The individual needs of the disabled will be taken into consideration and where practicable, special arrangements will be made to enable them to carry out their work.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 18 May 2006



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statement on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WHITWORTHS GROUP LIMITED

We have audited the financial statements of Whitworths Group Limited for the year ended 30 April 2005 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets of the group and the company, the reconciliation of movements in group shareholders' funds, the consolidated cashflow statement and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group are not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 circumstances of the company and the group, 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 of the state of affairs of the group and the company as at 30 April 2005 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

25 May 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the Year ended 30 April 2005

| | Note | £'000 | 2005 £'000 | £'000 | 2004 £'000 |
|--|------|--------|---------------------|--------------------|---------------|
| TURNOVER | 2 | | | | |
| Continuing operations | 4 | 72,394 | | 63,278 | |
| Discontinued operations | 4 | - | | 209 | |
| | | | <u>72,394</u> | <u>63,487</u> | |
| Cost of sales | | | <u>(54,852)</u> | <u>(48,561)</u> | |
| GROSS PROFIT | | | 17,542 | 14,926 | |
| Distribution costs | | | <u>(4,479)</u> | <u>(3,986)</u> | |
| Administrative expenses | | | <u>(10,876)</u> | <u>(9,500)</u> | |
| OPERATING PROFIT | 4,5 | | | | |
| Continuing operations | 4 | 2,187 | | 1,391 | |
| Discontinued operations | 4 | - | | 49 | |
| | | | <u>2,187</u> | <u>1,440</u> | |
| Profit on sale of subsidiary undertaking | 6 | | 7,047 | - | |
| Interest payable and similar charges | 7 | | <u>(425)</u> | <u>(707)</u> | |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | | 8,809 | 733 | |
| Tax on profit on ordinary activities | 8 | | <u>(725)</u> | <u>-</u> | |
| PROFIT FOR THE FINANCIAL YEAR ON ORDINARY ACTIVITIES AFTER TAXATION | | | 8,084 | 733 | |
| Non-equity dividends | 9 | | <u>(1,036)</u> | <u>(682)</u> | |
| Difference between non-equity finance costs and the related dividends | | | <u>(149)</u> | <u>(96)</u> | |
| RETAINED PROFIT/(LOSS) FOR THE YEAR | 19 | | <u><u>6,899</u></u> | <u><u>(45)</u></u> | |

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year amounted to £5,508,000 (2004 £2,235,000).

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the Year ended 30 April 2005

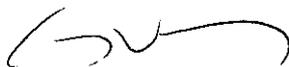
| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Profit for the financial year | 8,809 | 733 |
| Currency differences on foreign exchange translation | (29) | (32) |
| Total recognised gains and losses relating to the year | <u>8,780</u> | <u>701</u> |

CONSOLIDATED BALANCE SHEET
30 April 2005

| | Note | £'000 | 2005 £'000 | £'000 | 2004 £'000 |
|--|------|-----------------|---------------|-----------------|----------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 10 | 2,904 | | 3,084 | |
| Tangible assets | 11 | 8,888 | | 10,206 | |
| Investments | 12 | 25 | | 25 | |
| | | | <u>11,817</u> | | <u>13,315</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 13 | 5,921 | | 5,793 | |
| Debtors | 14 | 8,132 | | 6,600 | |
| Cash at bank and in hand | | 7,563 | | 10 | |
| | | 21,616 | | 12,403 | |
| CREDITORS: amounts falling due within one year | 15 | <u>(17,252)</u> | | <u>(14,493)</u> | |
| NET CURRENT ASSETS/(LIABILITIES) | | | <u>4,364</u> | | <u>(2,090)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 16,181 | | 11,225 |
| CREDITORS: amounts falling due after more than one year | 16 | | (2,561) | | (2,951) |
| Provisions for liabilities and charges | 8 | | (408) | | - |
| NET ASSETS | | | <u>13,212</u> | | <u>8,274</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 18 | | 358 | | 358 |
| Share Premium | 19 | | 7,948 | | 7,948 |
| Profit and loss account | 19 | | 4,906 | | (1,964) |
| Other reserves | 9,19 | | - | | 1,932 |
| SHAREHOLDERS' FUNDS | | | <u>13,212</u> | | <u>8,274</u> |
| Shareholders' funds are attributable to:- | 20 | | | | |
| Non-equity shareholders' funds | | | | | |
| - 'A' ordinary shares | | | 1,018 | | 534 |
| - Redeemable preference shares | | | 9,839 | | 9,428 |
| Equity shareholders' funds/(deficit) | | | 2,355 | | (1,688) |
| | | | <u>13,212</u> | | <u>8,274</u> |

These financial statements were approved by the Board of Directors on 18 May 2006

Signed on behalf of the Board of Directors



Director

COMPANY BALANCE SHEET
30 April 2005

| | Note | 2005 £'000 | 2004 £'000 |
|--|------|----------------|----------------|
| FIXED ASSETS | | | |
| Investments | 12 | 11,454 | 11,454 |
| CURRENT ASSETS | | | |
| Debtors | 14 | 1,718 | 3,841 |
| Cash at bank and in hand | | 5,670 | - |
| | | <u>7,388</u> | <u>3,841</u> |
| CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | 15 | <u>(3,564)</u> | <u>(2,018)</u> |
| NET CURRENT ASSETS | | <u>3,824</u> | <u>1,823</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 15,278 | 13,277 |
| CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | 16 | <u>(2,561)</u> | <u>(2,951)</u> |
| NET ASSETS | | <u>12,717</u> | <u>10,326</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 18 | 358 | 358 |
| Share premium | 19 | 7,948 | 7,948 |
| Profit and loss account | 19 | 4,411 | 88 |
| Other reserves | 9,19 | - | 1,932 |
| SHAREHOLDERS' FUNDS | 20 | <u>12,717</u> | <u>10,326</u> |
| Shareholders' funds are attributable to:- | 20 | | |
| Non-equity shareholders' funds | | | |
| - 'A' ordinary shares | | 1,018 | 534 |
| - Redeemable preference shares | | 9,839 | 9,428 |
| Equity shareholders' funds | | <u>1,860</u> | <u>364</u> |
| | | <u>12,717</u> | <u>10,326</u> |

These financial statements were approved by the Board of Directors on 13 May 2006

Signed on behalf of the Board of Directors



Directors

CONSOLIDATED CASHFLOW STATEMENT
For the Year ended 30 April 2005

| | Note | £'000 | 2005 £'000 | £'000 | 2004 £'000 |
|--|------|-------|---------------|-------|---------------|
| Net cash inflow from operating activities | 24 | | 4,705 | | 1,496 |
| Returns on investments and servicing of finance | | | | | |
| Interest paid | | (300) | | (575) | |
| Net cash outflow from returns on investments and servicing of finance | | | (300) | | (575) |
| Taxation | | | | | |
| UK corporation tax paid | | | | | - |
| Capital expenditure and financial investment | | | | | |
| Payments to acquire tangible fixed assets | | (122) | | (190) | |
| Receipts from sales of fixed assets | | - | | 297 | |
| Net cash (outflow)/inflow from capital expenditure and financial investment | | | (122) | | 107 |
| Acquisitions and disposals | | | | | |
| Sale of subsidiary undertaking | | 6,996 | | - | |
| Net cash inflow from acquisitions and disposals | | | 6,996 | | - |
| Net cash inflow before use of liquid resources and financing | | | 11,279 | | 1,028 |
| Financing | | | | | |
| Repayment of loans | 25 | (240) | | (180) | |
| Net cash outflow from financing | | | (240) | | (180) |
| Increase in cash | 25 | | 11,039 | | 848 |

NOTES TO THE ACCOUNTS
Year ended 30 April 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidation

The group financial statements consolidate the results of the company and its subsidiary undertakings. The results of subsidiaries acquired are included in the group accounts from the effective date of acquisition.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at cost less accumulated depreciation.

Depreciation is provided at rates appropriate to write off fixed assets over their expected useful lives. Annual rates of depreciation most widely used are:

| | |
|-----------------------|----------------|
| Freehold Land | nil |
| Freehold Buildings | 2% |
| Plant and Machinery | 5% to 20% |
| Fixtures and fittings | 10% to 33 1/3% |

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

Monetary assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligations is included in creditors. The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge.

Costs incurred in respect of operating leases are charged in arriving at the operating profit for the year.

Pensions

The Group operates a defined contribution pension scheme for the benefit of employees. The costs of Group contributions are charged to the profit and loss account in the period in which they occur.

Goodwill and intangible fixed assets

On the acquisition of a business fair values are attributed to the group's share of net assets. Where the costs of acquisition exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition. The goodwill is amortised over its estimated useful life up to a maximum of 20 years with a full year's charge in the year of acquisition. The directors regard 20 years as a reasonable maximum for the estimated useful life of goodwill. The profit or loss on disposal or closure of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business not previously charged through the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving and defective stocks. Cost comprises direct expenses and such overheads as are appropriate to the location and condition of the stock and work-in-progress. Net realisable value is based on estimated selling price less further costs to be incurred on completion and disposal.

NOTES TO THE ACCOUNTS

Year ended 30 April 2005

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date at the closing rate. Trading items denominated in foreign currencies are translated at the exchange rate ruling on the date due the transactions occurred. Exchange differences thus arising are reported as part of the profit for the year.

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment.

Research and development

All research and development expenditure is written off in the year during which it is incurred.

2. TURNOVER

Turnover represents the value of goods and services invoiced to customers during the year excluding Value Added Tax. Turnover is recognised at the point of despatch.

Segmental reporting

Analysis of turnover by geographical market supplied:

| | 2005 £'000 | 2004 £'000 |
|----------------|---------------|---------------|
| United Kingdom | 70,006 | 61,476 |
| Rest of Europe | 293 | 216 |
| Rest of World | 2,095 | 1,795 |
| | <u>72,394</u> | <u>63,487</u> |

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Directors' emoluments:

| | 2005 £'000 | 2004 £'000 |
|-------------------------|---------------|---------------|
| Fees | 30 | 30 |
| Management remuneration | 347 | 347 |
| Pensions | 43 | 43 |
| | <u>420</u> | <u>420</u> |

The emoluments, excluding pension contributions, of the highest paid director was £158,000 (2004 - £178,000). Pension contributions amounted to £21,000 (2004 - £21,000).

| | No. | No. |
|---|----------|----------|
| The number of directors who were members of a money purchase scheme was | <u>2</u> | <u>2</u> |

Average number of persons employed

| | | |
|--------------------------|------------|------------|
| Production | 183 | 232 |
| Sales and administration | 79 | 85 |
| | <u>262</u> | <u>317</u> |

NOTES TO THE ACCOUNTS
Year ended 30 April 2005

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

| | 2005 £'000 | 2004 £'000 |
|------------------------------------|---------------|---------------|
| Staff costs during the year | | |
| Wages and salaries | 6,685 | 6,659 |
| Social security costs | 673 | 731 |
| Pension costs | 191 | 197 |
| | <u>7,549</u> | <u>7,587</u> |

4. ANALYSES OF CONTINUING AND DISCONTINUED OPERATIONS

| | 2005 Continuing £'000 | 2005 Dis- Continued £'000 | 2005 Total £'000 | 2004 Continuing £'000 | 2004 Dis- Continued £'000 | 2004 Total £'000 |
|-------------------------|-----------------------------|------------------------------------|------------------------|-----------------------------|------------------------------------|------------------------|
| Turnover | 72,394 | - | 72,394 | 63,278 | 209 | 63,487 |
| Cost of sales | (54,852) | - | (54,852) | (48,415) | (146) | (48,561) |
| Gross profit | <u>17,542</u> | <u>-</u> | <u>17,542</u> | <u>14,863</u> | <u>63</u> | <u>14,926</u> |
| Net operating expenses | | | | | | |
| Distribution costs | (4,479) | - | (4,479) | (3,983) | (3) | (3,986) |
| Administrative expenses | (10,876) | - | (10,876) | (9,489) | (11) | (9,500) |
| | <u>(15,355)</u> | <u>-</u> | <u>(15,355)</u> | <u>(13,472)</u> | <u>(14)</u> | <u>(13,486)</u> |
| Operating profit | <u>2,187</u> | <u>-</u> | <u>2,187</u> | <u>1,391</u> | <u>49</u> | <u>1,440</u> |

5. OPERATING PROFIT

| | 2005 £'000 | 2004 £'000 |
|---|---------------|---------------|
| Operating profit is stated after charging/(crediting) the following items: | | |
| Depreciation of tangible fixed assets - owned | 644 | 685 |
| - leased | - | 16 |
| Goodwill amortisation | 180 | 173 |
| Rentals under operating leases | | |
| Other operating leases | 410 | 416 |
| Loss/(profit) on disposal of fixed assets | 494 | (236) |
| Auditors' remuneration | | |
| For audit work | 40 | 42 |
| For non-audit work | 73 | 17 |
| | <u>73</u> | <u>17</u> |

6. PROFIT ON SALE OF SUBSIDIARY UNDERTAKING

The profit on sale of subsidiary undertaking relates to the disposal of the group's 100% interest in the ordinary share capital of Silpac Limited (formerly Whitworths Limited). See note 23 for further details.

NOTES TO THE ACCOUNTS

Year ended 30 April 2005

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2005 £'000 | 2004 £'000 |
|--------------------------|---------------|---------------|
| Deferred issue costs | 125 | 125 |
| Bank loans and overdraft | 300 | 582 |
| | <u>425</u> | <u>707</u> |

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2005 £'000 | 2004 £'000 |
|---|---------------|---------------|
| United Kingdom corporation tax at 30% (2004 - 30%) based on the profit for the year | (252) | - |
| Foreign tax - current year | (15) | - |
| | <u>(267)</u> | <u>-</u> |
| United Kingdom deferred tax | | |
| - Timing differences, origination and reversal | (391) | - |
| - Adjustment in respect of prior years | (67) | - |
| | <u>(725)</u> | <u>-</u> |

Movement in deferred tax liability in the year

| | £'000 |
|--|--------------|
| Deferred tax liability at 1 May 2004 | - |
| Charge to the profit and loss account | (458) |
| Amounts arising on disposal of investments | 50 |
| | <u>(408)</u> |

Factors affecting tax charge for the current year

The tax assessed for the year is lower (2004: lower) than that resulting from applying the standard rate of corporation tax in the UK of 30% (2004 30%).

The differences are explained below:

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 8,809 | 733 |
| Tax at 30% thereon: | (2,643) | (220) |
| Effects of: | | |
| Expenses not deductible for tax purposes | (129) | (93) |
| Tax losses carried forward | - | (107) |
| Capital allowances in excess of depreciation | (92) | 99 |
| Utilisation of tax losses | 530 | 233 |
| Movement in short term timing differences | (49) | 27 |
| Overseas tax rates | 2 | 16 |
| Marginal relief | - | 1 |
| Profit on disposal covered by group capital losses | - | 44 |
| Profit on sale of investments | 2,114 | - |
| | <u>(267)</u> | <u>-</u> |

NOTES TO THE ACCOUNTS

Year ended 30 April 2005

9. NON-EQUITY DIVIDENDS

| | 2005 £'000 | 2004 £'000 |
|--|---------------|---------------|
| 7% cumulative preference dividend on preference shares | 544 | 544 |
| 8% cumulative preferred dividend on A shares | 34 | 34 |
| Cumulative participating dividend on A shares | 458 | 104 |
| | <u>1,036</u> | <u>682</u> |

In the prior year, the cumulative preference and cumulative preferred dividends could not be paid due to a lack of distributable reserves. These dividends were accrued within Other Reserves in accordance with FRS4 (see note 19). As the group now has sufficient reserves, the accrual made in other reserves has been released (see note 19).

10. INTANGIBLE FIXED ASSETS

| Goodwill | Group £'000 |
|---------------------------------|----------------|
| Cost | |
| At 1 May 2004 and 30 April 2005 | 3,592 |
| Accumulated amortisation | |
| At 1 May 2004 | 508 |
| Charge for the year | 180 |
| At 30 April 2005 | 688 |
| Net book value | |
| At 30 April 2005 | <u>2,904</u> |
| At 30 April 2004 | <u>3,084</u> |

11. TANGIBLE FIXED ASSETS

| Group | Freehold land and buildings £'000 | Plant, machinery, equipment and fixtures £'000 | Total £'000 |
|---------------------------------|--|---|----------------|
| Cost | | | |
| At 1 May 2004 | 5,500 | 6,835 | 12,335 |
| Additions | - | 122 | 122 |
| Disposals | - | (1,248) | (1,248) |
| At 30 April 2005 | <u>5,500</u> | <u>5,709</u> | <u>11,209</u> |
| Accumulated depreciation | | | |
| At 1 May 2004 | 366 | 1,763 | 2,129 |
| Charge for the year | 88 | 556 | 644 |
| Disposals | - | (452) | (452) |
| At 30 April 2005 | <u>454</u> | <u>1,867</u> | <u>2,321</u> |
| Net book value | | | |
| At 30 April 2005 | <u>5,046</u> | <u>3,842</u> | <u>8,888</u> |
| At 30 April 2004 | <u>5,134</u> | <u>5,072</u> | <u>10,206</u> |

Freehold land and buildings includes land with a cost of £3,300,000 (2004 - £3,300,000) which is not depreciated.

NOTES TO THE ACCOUNTS
Year ended 30 April 2005

12. FIXED ASSET INVESTMENTS

Group - other investments

| | |
|---------------------------------|--------------|
| Cost and net book value | £'000 |
| At 1 May 2004 and 30 April 2005 | <u>25</u> |

The other investment represents a 35% investment in Anatolia, a Turkish fruit distributor. During the year the group purchased goods to the value of £2,852,630 (2004 - £2,020,822) from Anatolia and received commission of £nil (2004 - £43,750). The balance due to Anatolia at 30 April 2005 was £233,438 (2004 - £82,478).

It has not been accounted for as an associate as the group does not exert any significant controlling influence over the operating and financial policies of the company.

| | |
|---------------------------------|---|
| Company | Loans to subsidiary undertakings |
| | £'000 |
| Cost and net book value | |
| At 1 May 2004 and 30 April 2005 | <u>11,454</u> |

Principal subsidiaries are wholly owned and operate in the food preparation business. At 30 April 2005, principal subsidiaries were as follows:

| | |
|---|--------------------------------|
| | Country of registration |
| Whitworths Investments Limited | England and Wales |
| Whitworths Limited (formerly Seckloe 231 Limited) | England and Wales |
| Trent Foods Limited | England and Wales |
| Whitworths Inc. | USA |

13. STOCKS

| | | |
|-------------------------------------|-------------------|-------------------|
| | Group 2005 | Group 2004 |
| | £'000 | £'000 |
| Raw materials and consumables | 2,672 | 2,687 |
| Work in progress | 268 | 170 |
| Finished goods and goods for resale | 2,981 | 2,936 |
| | <u>5,921</u> | <u>5,793</u> |

The company does not hold any stock (2004 - £nil).

14. DEBTORS

| | | | | |
|---------------------------------------|-------------------|---------------------|-------------------|---------------------|
| | Group 2005 | Company 2005 | Group 2004 | Company 2004 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 7,561 | - | 5,897 | - |
| Amounts due from subsidiary companies | - | 1,696 | - | 3,800 |
| Other debtors | 498 | 22 | 621 | 41 |
| Prepayments and accrued income | 73 | - | 82 | - |
| | <u>8,132</u> | <u>1,718</u> | <u>6,600</u> | <u>3,841</u> |

NOTES TO THE ACCOUNTS
Year ended 30 April 2005

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2005 £'000 | Company 2005 £'000 | Group 2004 £'000 | Company 2004 £'000 |
|--|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Bank loans and overdrafts (note 17) | 515 | 515 | 3,726 | 1,693 |
| Trade creditors | 9,417 | - | 7,056 | - |
| Amounts owed to subsidiary companies | - | 73 | - | - |
| Corporation tax | 267 | - | - | - |
| Other creditors including taxation and social security | 699 | 149 | 708 | 221 |
| Accruals and deferred income | 3,527 | - | 2,899 | - |
| Proposed dividend | 2,827 | 2,827 | 104 | 104 |
| | <u>17,252</u> | <u>3,564</u> | <u>14,493</u> | <u>2,018</u> |

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group 2005 £'000 | Company 2005 £'000 | Group 2004 £'000 | Company 2004 £'000 |
|---------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Bank loan (note 17) | <u>2,561</u> | <u>2,561</u> | <u>2,951</u> | <u>2,951</u> |

17. BORROWINGS

| | Group 2005 £'000 | Company 2005 £'000 | Group 2004 £'000 | Company 2004 £'000 |
|------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|
| Bank overdraft | - | - | 3,486 | 1,453 |
| Bank loans | <u>3,201</u> | <u>3,201</u> | <u>3,441</u> | <u>3,441</u> |
| | 3,201 | 3,201 | 6,927 | 4,894 |
| Deferred issue costs | <u>(125)</u> | <u>(125)</u> | <u>(250)</u> | <u>(250)</u> |
| Total borrowings | <u>3,076</u> | <u>3,076</u> | <u>6,677</u> | <u>4,644</u> |
| Due within one year | 515 | 515 | 3,601 | 1,568 |
| Due after one year | <u>2,561</u> | <u>2,561</u> | <u>3,076</u> | <u>3,076</u> |
| Total borrowings | <u>3,076</u> | <u>3,076</u> | <u>6,677</u> | <u>4,644</u> |
| Analysis of loan repayments: | | | | |
| Loans and overdrafts | | | | |
| Within one year | 515 | 515 | 3,601 | 1,568 |
| Between one and two years | 640 | 640 | 115 | 115 |
| Between two and five years | <u>1,921</u> | <u>1,921</u> | <u>2,961</u> | <u>2,961</u> |
| | <u>3,076</u> | <u>3,076</u> | <u>6,677</u> | <u>4,644</u> |

Bank loans and overdrafts are secured on fixed and floating charges over various of the group's assets. The loans bear interest at LIBOR plus a margin of 2%.

There is a cross corporate guarantee between all UK group companies.

NOTES TO THE ACCOUNTS
Year ended 30 April 2005

18. CALLED UP SHARE CAPITAL

| | Group and company 2005 £'000 | Group and company 2004 £'000 |
|--|---------------------------------------|---------------------------------------|
| Authorised | | |
| 429,092 'A' ordinary share of 1p each | 4 | 4 |
| 298,182 'B' ordinary shares of £1 each | 298 | 298 |
| 7,770,908 preference shares of 1p each | 78 | 78 |
| | <u>380</u> | <u>380</u> |
| Allotted and fully paid | | |
| 429,092 'A' ordinary shares of 1p each | 4 | 4 |
| 276,362 'B' ordinary shares of £1 each | 276 | 276 |
| 7,770,908 preference shares of 1p each | 78 | 78 |
| | <u>358</u> | <u>358</u> |

The 'A' ordinary shareholders are entitled to receive a fixed cumulative preference dividend of 8% p.a., on the issue price. In addition, they are entitled to a cumulative participating dividend of an amount equal to a percentage of the net profit of the Group as follows:

| Financial year ended | % |
|----------------------|----|
| 2004 | 10 |
| 2005 | 15 |
| 2006 | 20 |
| 2007 and beyond | 25 |

The preference shareholders are entitled to receive a fixed cumulative preference dividend of 7% on the issue price.

Preference shares are redeemable on the following dates:-

| Financial year ended | No of shares to be redeemed |
|----------------------|-----------------------------------|
| 20 December 2006 | 500,000 |
| 20 December 2007 | 1,000,000 |
| 20 December 2008 | 1,000,000 |
| 20 December 2009 | 1,000,000 |
| 20 December 2010 | 1,000,000 |
| 20 December 2011 | 1,000,000 |
| 20 December 2012 | 1,000,000 |
| 20 December 2013 | 1,270,908 |

'A' and 'B' ordinary shares carry one vote per share. Preference shares carry no vote.

In the event of a winding up of the company the order of distribution would be:

- (a) Preference shares and 'A' ordinary shares – accrued/unpaid dividends
- (b) Preference shares and 'A' ordinary shares – issue price
- (c) 'B' ordinary shares - issue price
- (d) 'B' ordinary shares - balance of assets.

NOTES TO THE ACCOUNTS
Year ended 30 April 2005

19. RESERVES

| | Other reserves | | Share premium | | Profit and loss account | |
|---|----------------|------------------|----------------|------------------|-------------------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| At 1 May 2004 | 1,932 | 1,932 | 7,948 | 7,948 | (1,964) | 88 |
| Dividends on non-equity shares (note 9) | | | | | | |
| - prior years | (1,776) | (1,776) | - | - | - | - |
| Difference between non-equity finance costs and the related dividends | | | | | | |
| - prior years | (156) | (156) | - | - | - | - |
| Foreign exchange translation differences on foreign currency net investment in subsidiary | - | - | - | - | (29) | - |
| Retained profit for the year | - | - | - | - | 6,899 | 4,323 |
| At 30 April 2005 | <u>-</u> | <u>-</u> | <u>7,948</u> | <u>7,948</u> | <u>4,906</u> | <u>4,411</u> |

20. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

| | 2005 | | 2004 | |
|---|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Profit for the year | 8,084 | 5,508 | 733 | 2,235 |
| Dividends | (1,036) | (1,036) | (682) | (682) |
| Difference between non-equity finance costs and the related dividends | (149) | (149) | (96) | (96) |
| Transfer (to)/from other reserve | (1,932) | (1,932) | 674 | 674 |
| Foreign exchange translation differences on foreign currency net investment in subsidiary | (29) | - | (32) | - |
| | <u>4,938</u> | <u>2,391</u> | <u>597</u> | <u>2,131</u> |
| Opening shareholders' funds | <u>8,274</u> | <u>10,326</u> | <u>7,677</u> | <u>8,195</u> |
| Closing shareholders' funds | <u>13,212</u> | <u>12,717</u> | <u>8,274</u> | <u>10,326</u> |

21. CAPITAL COMMITMENTS

| | Group 2005 £'000 | Group 2004 £'000 |
|---|------------------------|------------------------|
| Capital expenditure contracted but not provided | <u>-</u> | <u>-</u> |

NOTES TO THE ACCOUNTS

Year ended 30 April 2005

22. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2005 the group was committed to making the following payments during the next year in respect of operating leases:

| | Other 2005 £'000 | Other 2004 £'000 |
|--------------------------|------------------------|------------------------|
| Leases which expire: | | |
| Within one year | 8 | 35 |
| Within two to five years | 337 | 291 |
| | <u>345</u> | <u>326</u> |

23. DISPOSAL OF SUBSIDIARY UNDERTAKING

On 17 April 2005, the group disposed of its 100% interest in the ordinary share capital of Silpac Limited (formerly Whitworths Limited). The profit up to the date of disposal was £2,000,000 and for its last financial year was a loss of £1,599,000.

Net assets disposed of and the related sale proceeds were as follows:

| | £'000 |
|--|-------|
| Fixed assets | 303 |
| Stock | 80 |
| Other creditors | (383) |
| Provisions for liabilities and charges | (51) |
| Net liabilities | (51) |
| Profit on sale | 7,047 |
| Sale proceeds | 6,996 |
| Satisfied by: | |
| Cash | 6,996 |

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2005 £'000 | 2004 £'000 |
|---|---------------|---------------|
| Operating profit | 2,187 | 1,440 |
| Depreciation and amortisation charges | 824 | 874 |
| Loss/(profit) on disposal of fixed assets | 494 | (236) |
| (Increase)/decrease in stocks | (128) | (495) |
| (Increase)/decrease in debtors | (1,532) | 919 |
| Increase/(decrease) in creditors | 2,889 | (974) |
| Other non-cash changes | (29) | (32) |
| | <u>4,705</u> | <u>1,496</u> |

NOTES TO THE ACCOUNTS
Year ended 30 April 2005

25. ANALYSIS OF NET DEBT

| | As at 1 May 2004 £'000 | Cashflow 2005 £'000 | Other non-cash changes £'000 | As at 30 April 2005 £'000 |
|--------------------------|---------------------------------|---------------------------|---------------------------------------|------------------------------------|
| Cash at bank and in hand | 10 | 7,553 | - | 7,563 |
| Bank overdrafts | (3,486) | 3,486 | - | - |
| | <u>(3,476)</u> | <u>11,039</u> | <u>-</u> | <u>7,563</u> |
| Debt due > 1 year | (3,076) | 515 | - | (2,561) |
| Debt due < 1 year | (115) | (275) | (125) | (515) |
| | <u>(3,191)</u> | <u>240</u> | <u>(125)</u> | <u>(3,076)</u> |
| | <u><u>(6,667)</u></u> | <u><u>11,279</u></u> | <u><u>(125)</u></u> | <u><u>4,487</u></u> |

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | 2005 £'000 | 2004 £'000 |
|---|---------------------|-----------------------|
| Increase in cash in the year | 11,039 | 848 |
| Cash outflow from decrease in debt and lease financing | <u>240</u> | <u>180</u> |
| Change in net debt resulting from cash flows | 11,279 | 1,028 |
| Amortisation of deferred issue costs | <u>(125)</u> | <u>(125)</u> |
| Movement in net debt in the year | 11,154 | 903 |
| Net debt at start of year | <u>(6,667)</u> | <u>(7,570)</u> |
| Net debt at end of year | <u><u>4,487</u></u> | <u><u>(6,667)</u></u> |

NOTES TO THE ACCOUNTS
Year ended 30 April 2005

27. POST BALANCE SHEET EVENTS

Since 18 May 2005, Seckloe 260 Limited has been the immediate parent company of Whitworths Group Limited.

On 18 May 2005, the company provided financial assistance of £14,357,210, which was partly funded by an £8,000,000 commercial mortgage secured on the land and buildings of the group to Seckloe 260 Limited in order to finance the acquisition of the shares in Whitworths Group Limited.

On 30 June 2005, the Group acquired 100% of the issued share capital of Sundora Foods Limited (formerly Seckloe 264 Limited). On 7 August 2005, Sundora Foods Limited (formerly Seckloe 264 Limited) acquired the trade and certain assets and liabilities of HFG Dried Fruit Limited (formerly Sundora Foods Limited). The following table sets out the provisional book values of the identifiable assets and liabilities acquired:

| | (Provisional) book value £'000 |
|-----------------|---|
| Fixed assets | 600 |
| Stock | 3,461 |
| Other creditors | (242) |
| | <hr/> |
| | 3,819 |
| Goodwill | 2,350 |
| | <hr/> |
| | 6,169 |
| Satisfied by: | <hr/> <hr/> |
| Cash | 6,169 |
| | <hr/> <hr/> |