LISTING PARTICULARS

Bakkavor Finance (2) plc

£350,000,000 $8^1/_4$% Senior Secured Notes due 2018

Bakkavor Finance (2) plc, a public limited company incorporated under the laws of England and Wales (the "Issuer"), is offering (the "Offering") £350 million aggregate principal amount of its $8^1/_4$% Senior Secured Notes due 2018 (the "Notes"). Interest on the Notes will be payable semi-annually on each February 15 and August 15, commencing on August 15, 2011. The Notes will mature on February 15, 2018. Prior to February 15, 2015, the Issuer will be entitled to redeem all or a part of the Notes by paying the relevant "make-whole" premium. At any time on or after February 15, 2015 the Issuer may redeem all or part of the Notes by paying a specified premium to you. In addition, prior to February 15, 2015 the Issuer may redeem at its option up to 35% of the Notes with the net proceeds from certain equity offerings. If the Issuer undergoes a change of control or sells certain of its assets, the Issuer may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes.

The Notes will be the senior secured obligations of the Issuer and will rank *pari passu* in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated to the Notes. The Notes will be guaranteed on a senior secured basis by certain of the Issuer's wholly-owned subsidiaries (the "Guarantors"). The full and unconditional guarantee of the Notes by each Guarantor (each a "Note Guarantee" and, collectively, the "Note Guarantees") will rank *pari passu* in right of payment with all of such Guarantor's existing and future indebtedness that is not subordinated to such Note Guarantee. Upon issue, the Notes and the Guarantees will be secured by first-priority liens over the Collateral (as defined herein). Please see "Description of Notes—Security". Application has been made to the Irish Stock Exchange to approve these Listing Particulars and to admit the Notes to listing on the Official List, and to trading on the Global Exchange Market, of the Irish Stock Exchange.

Investing in the Notes involves a high degree of risk. Please see "Risk Factors" beginning on page 15 of these Listing Particulars.

Price for the Notes: 100% plus accrued interest from the issue date, if any.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in accordance with Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, please see "Notice to Investors".

We expect that delivery of the Notes will be made to investors in book-entry form through Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), on or about February 7, 2011. Interests in each global note will be exchangeable for the relevant definitive notes only in certain limited circumstances. Please see "Book-Entry, Delivery and Form".

Joint Physical Bookrunners

Global Coordinator

Barclays Capital **The Royal Bank of Scotland**

Joint Bookrunners

BofA Merrill Lynch **HSBC**

Co-managers

BNP PARIBAS **Mizuho International plc** **Rabobank International**

The date of these Listing Particulars is May 12, 2011.

TABLE OF CONTENTS

IMPORTANT INFORMATION

We have prepared these Listing Particulars (the "Listing Particulars") based on information we have or have obtained from sources we believe to be reliable. Summaries of documents contained in these Listing Particulars may not be complete. We will make copies of actual documents available to you upon request. None of us, Barclays Bank PLC, The Royal Bank of Scotland plc, HSBC Bank plc, Merrill Lynch International, BNP Paribas, Mizuho International plc and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. ("Rabobank International") (collectively, the "Initial Purchasers"), represent that the information herein is complete. The information in these Listing Particulars is current only as at the date on the cover, and our business or financial condition and other information in these Listing Particulars may change after that date. You should consult your own legal, tax and business advisers regarding an investment in the Notes. Information in these Listing Particulars is not legal, tax or business advice.

You should base your decision to invest in the Notes solely on information contained in these Listing Particulars. Neither we nor the Initial Purchasers have authorised anyone to provide you with any different information.

We are offering the Notes, and the Guarantors will issue the Guarantees, in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that does not involve a public offering. If you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "Notice to Investors". You may be required to bear the financial risk of an investment in the Notes for an indefinite period. Neither we nor the Initial Purchasers are making an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is prohibited. We do not make any representation to you that the Notes are a legal investment for you. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose.

Each prospective purchaser of the Notes must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Initial Purchasers shall have any responsibility therefor.

None of the U.S. Securities and Exchange Commission, any U.S. state securities commission nor any non-U.S. securities authority or other authority has approved or disapproved of the Notes or determined if these Listing Particulars is truthful or complete. Any representation to the contrary is a criminal offence.

We accept responsibility for the information contained in these Listing Particulars. We have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in these Listing Particulars with regard to us, our subsidiaries and affiliates, and the Notes is true and accurate in all material respects, that the opinions and intentions expressed in these Listing Particulars are honestly held and that we are not aware of any other facts, the omission of which would make these Listing Particulars or any statement contained herein misleading in any material respect.

We have prepared these Listing Particulars solely for use in connection with the offer of the Notes to qualified institutional buyers under Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States under Regulation S under the U.S. Securities Act. You agree that you will hold the information contained in these Listing Particulars and the transactions contemplated hereby in confidence. You may not distribute these Listing Particulars to any person, other than a person retained to advise you in connection with the purchase of the Notes.

We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

The information set out in relation to sections of these Listing Particulars describing clearing and settlement arrangements, including the section entitled "Book-Entry, Delivery and Form", is subject to change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream currently in effect. While we accept responsibility for accurately summarising the information concerning Euroclear and Clearstream, we accept no further responsibility in respect of such information.

We cannot guarantee that our application for the admission of the Notes to be listed on the Official List of the Irish Stock Exchange and to be traded on the Global Exchange Market of the Irish Stock Exchange will be approved as at the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. Prospective purchasers should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Please see "Notice to Investors".

STABILISATION

IN CONNECTION WITH THIS OFFERING, BARCLAYS BANK PLC (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED 1995, AS AMENDED, WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

The Listing Particulars is not a prospectus and is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the issue of the Notes. These Listing Particulars has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive (as defined below), as implemented in Member States of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of securities. Accordingly, any person making or intending to make any offer within the EEA of the Notes, which are the subject of the placement contemplated in the Listing Particulars, should only do so in circumstances in which no obligation arises for the Issuer or the Initial Purchasers to produce a prospectus for such offer. Neither the Issuer nor the Initial Purchasers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in the Listing Particulars.

In relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the

competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in the Relevant Member State at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net revenue of more than €50,000,000 as shown in its last annual or consolidated accounts;

(c) by the Initial Purchasers to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive as permitted under the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of the Notes shall result in a requirement for the publication by the Issuer or the Initial Purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive,

For the purposes of this provision, the expression an "offer of the Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an Investor to decide to purchase or subscribe to the Notes, as the same may be varied in that Relevant Member State. For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC, including that Directive as amended by the 2010 PD Amending Directive to the extent implemented in the Relevant Member State in question, and includes any relevant implementing measure in the Relevant Member State in question; and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Austria. These Listing Particulars has not been or will not be approved and/or published pursuant to the Austrian Capital Markets Act (*Kapitalmarktgesetz*), as amended. Neither these Listing Particulars nor any other document connected herewith constitutes a prospectus according to the Austrian Capital Markets Act and neither these Listing Particulars nor any other document connected herewith may be distributed, passed on or disclosed to any other person in Austria. No steps may be taken that would constitute a public offering of the Notes in Austria and the offering of the Notes may not be advertised in Austria. Any offer of the Notes in Austria will only be made in compliance with the provisions of the Austrian Capital Markets Act and all other laws and regulations in Austria applicable to the offer and sale of the Notes in Austria.

Belgium. The Notes are not offered, directly or indirectly, to the public in Belgium. The Notes are being offered in Belgium to qualified investors only, within the meaning of Article 3, §2, a) and 10 of the Belgian law of June 16, 2006 on the public offering of securities and admission of securities to trading on a regulated market ("Belgian Prospectus Law") and/or on the basis of the other exemptions set out in Article 3, §2 of the Belgian Prospectus Law. Accordingly, these Listing Particulars has not been and will not be notified to, or approved by, the Belgian banking, finance and insurance commission (*Commissie voor het bank-, financie- en assurantiewezen/Commission bancaire, financi`ere et des assurances*). This offering can not be advertised and these Listing Particulars and any other information, circular, brochure or similar documents may not be distributed, directly or indirectly, in Belgium other than to said qualified investors or, as the case may be, other than on the basis of the other exemptions set out in Article 3, §2 of the Belgian Prospectus Law.

France. These Listing Particulars has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général* of the *Autorité des marchés financiers* (the "AMF") and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restraint d'investisseurs*) acting for their own accounts, as defined in and in accordance with

Articles L. 411-2 and D. 411-1 of the *Code of Monétaire et Financier*. Neither these Listing Particulars nor any other offering material may be distributed to the public in France.

Germany. The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004, as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. The Listing Particulars has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or Directive 2003/71/EC and accordingly the Notes may not be offered publicly in Germany.

Italy. No action has been or will be taken which could allow an offering of the Notes to the public in the Republic of Italy. Accordingly, the Notes may not be offered or sold directly or indirectly in the Republic of Italy, and neither these Listing Particulars nor any other offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer, the Guarantors or the Notes may be issued, distributed or published in the Republic of Italy, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. The Notes cannot be offered or sold to any natural persons or to entities other than qualified investors (according to the definition provided for by the Prospectus Directive) either on the primary or on the secondary market.

Grand Duchy of Luxembourg. The terms and conditions relating to these Listing Particulars have not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither these Listing Particulars nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except for the sole purpose of the admission to trading and listing of the Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities.

Netherlands. The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in the Netherlands unless a prospectus relating to the offer is available to the public which is approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) or by a supervisory authority of another Member State of the European Union (the "EU"). Article 5:3 Financial Supervision Act (the "FSA") and article 53 paragraph 2 and 3 Exemption Regulation FSA provide for several exceptions to the obligation to make a prospectus available such as an offer to qualified investors within the meaning of article 5:3 FSA.

Spain. This offering has not been registered with the *Comisión Nacional del Mercado de Valores* (the "CNMV") and therefore the Notes may not be offered in Spain by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valore*), as amended, and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripcion y del folleto exigible a tales efectos*).

Switzerland. The Notes offered hereby are being offered in Switzerland on the basis of a private placement only. These Listing Particulars does not constitute a prospectus within the meaning of Article 652A of the Swiss Federal Code of Obligations.

United Kingdom. The issue and distribution of these Listing Particulars is restricted by law. These Listing Particulars are not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") by, a person authorised under the FSMA. These Listing Particulars are for distribution only to persons who (i) have professional experience in matters relating to investments (being investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order")), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with

the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). These Listing Particulars are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. No part of these Listing Particulars should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the prior written consent of the Issuer. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

NOTICE TO U.S. INVESTORS

This Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. Please see "Notice to Investors".

These Listing Particulars are being provided (1) to a limited number of U.S. investors that the Issuer reasonably believes to be "qualified institutional buyers" under Rule 144A of the U.S. Securities Act, as amended ("Rule 144A") for informational use solely in connection with their consideration of the purchase of the Notes, and (2) to investors outside the United States in connection with offshore transactions complying with Rule 903 or Rule 904 under Regulation S of the U.S. Securities Act, as amended ("Regulation S"). The Notes described in these Listing Particulars have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such securities commission or authority passed upon the accuracy or adequacy of these Listing Particulars. Any representation to the contrary is a criminal offence.

THIS LISTING PARTICULARS CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISIONS WITH RESPECT TO AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

These Listing Particulars includes "forward-looking statements" within the meaning of the U.S. securities laws and certain other jurisdictions, based on our current expectations and projections about future events. All statements other than statements of historical facts included in these Listing Particulars including, without limitation, statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties, including those identified under the "Risk Factors" section in these Listing Particulars. Words such as "aim", "anticipate", "assume", "believe", "continue", "could", "estimate", "expect", "forced", "guidance", "intend", "may", "plan", "potential", "predict", "projected", "risk", "should", "will" and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. In addition, from time to time we or our representatives, acting in respect of information provided by us, have made or may make forward-looking statements orally or in writing and these forward-looking statements may be included in but are not limited to press releases (including on our website), reports to our security holders and other communications. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend upon circumstances that may or may not occur in the future. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct and that such statements are not guarantees of future performance because they are based on numerous assumptions. Any forward-looking statement speaks only as at the date on which it is made and we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to:

- the safety of our products and/or the food industry in general;
- our ability to develop successful and innovative products or to keep up with consumer preferences;
- fluctuations in the price and availability of raw materials, packaging materials and freight;
- our ability to maintain strong relationships with leading UK and global grocery retailers;
- the effect of the global economic downturn on our suppliers, other counterparties and our own liquidity and capital resources;
- the highly competitive nature of the industry in which we operate;
- regulatory changes;
- whether our retailer customers start producing fresh prepared food products in-house;
- the efficiency of our supply chain and information technology system;
- failure by our third-party suppliers to comply with food safety, environmental or other regulations;
- the seasonality of our business;
- organised strikes or work stoppages by unionised employees;
- changes in consumer preferences from fresh prepared foods;
- increase in labour costs;
- the loss of any of our major customers;
- fluctuation in currency exchange rates; and
- other factors discussed in these Listing Particulars.

All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in these Listing Particulars, including those set out under the section entitled "Risk Factors".

The risks described in the "Risk Factors" section in these Listing Particulars are not exhaustive. Other sections of these Listing Particulars describe additional factors that could adversely affect our business, financial condition or results of operations. We urge you to read the sections of these Listing Particulars entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Industry" and "Business" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results.

PRESENTATION OF FINANCIAL AND OTHER DATA

The Issuer is a public limited company for purposes of the Offering prior to the Issue Date. We do not present historical financial statements for the Issuer, except an audited balance sheet as at January 21, 2011 included on page F-2 of these Listing Particulars. Unless otherwise indicated, the financial information presented in these Listing Particulars is the historical consolidated financial information of Bakkavor Holdings Limited, the indirect parent company of the Issuer, and its subsidiaries.

The consolidated financial statements presented in these Listing Particulars are those of Bakkavor Holdings Limited. Bakkavor Holdings Limited prepares its financial statements on the basis of a 52- or 53-week financial period, ending on the Saturday closest to December 31 of each year.

Accordingly, these Listing Particulars contains:

- the statement of financial position for the Issuer as at January 21, 2011, which has been prepared in accordance with IFRS; and

- the consolidated financial statements of Bakkavor Holdings Limited as at and for the 52 weeks ended December 29, 2007, the 52 weeks ended December 27, 2008, the 53 weeks ended January 2, 2010, and the 52 weeks ended January 1, 2011, prepared in accordance with IFRS as adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. These standards also require management to exercise its judgment in the process of applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the financial statements.

The financial information presented in these Listing Particulars is presented in pounds rounded to the nearest hundred thousand, unless otherwise stated.

Non-IFRS Financial Information

These Listing Particulars contains non-IFRS measures and ratios, including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, free cash flow and operating working capital, as defined by us, that are not required by, or presented in accordance with, IFRS. We have included these measures because management uses them to measure operating performance, in presentations to our Directors and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of our operating cash flows and liquidity. Our non-IFRS measures are defined by us as follows:

- "EBITDA" is generally defined as profit/(loss) for the period before income tax (credit)/charge, finance cost, depreciation and amortisation. In our definition of EBITDA, we further exclude other gains and losses, share of results of associates, and asset impairments.

- "Adjusted EBITDA" is defined by us as EBITDA, less restructuring charges, product recall costs and amounts paid under the Bakkavör Group ehf. TLA (as defined below).

- "Adjusted EBITDA margin" is defined by us as Adjusted EBITDA divided by revenue.

- "Free cash flow" is defined by us as net cash flow from operations, plus interest received, dividends received from associates, less purchases of property, plant and equipment, and excluding cash payments under the Bakkavör Group ehf. TLA and cash costs associated with debt financing.

- Working capital is generally defined as current assets, less current liabilities. "Operating working capital" is defined by us as the sum of inventories, trade and other receivables excluding tax recoverable, short-term deposits and interest receivable, less trade and other payables excluding deferred and contingent consideration related to acquisitions.

For a reconciliation of our non-IFRS financial measures to the nearest IFRS measure, please see "Summary—Summary Historical Financial Data" and "Selected Historical Financial Data".

We present in these Listing Particulars certain *pro forma* financial data which has been adjusted to give *pro forma* effect to the Refinancing. Please see "Summary—Summary Historical Financial Data," "Capitalisation," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results may not be indicative of our future results following consummation of the Refinancing. The *pro forma* financial data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *pro forma* financial data have been audited or reviewed in accordance with any generally accepted auditing standards.

The non-IFRS measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. These non-IFRS measures and ratios such as are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating income or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles, or as alternatives to cash flow from operating, investing or financing activities.

Our non-IFRS measures have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under IFRS as set out in our financial statements. Some of these limitations related to EBITDA and Adjusted EBITDA are:

- they do not reflect our cash expenditures or future requirements for capital commitments;

- they do not reflect changes in, or cash requirements for, our working capital needs;

- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;

- they do not reflect any cash income taxes that we may be required to pay;

- they are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows;

- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;

- assets are depreciated or amortised over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and

- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, our non-IFRS measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS measures only supplementally to evaluate our performance. Please see "Summary—Summary Historical Financial Data", "Selected Historical Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and our consolidated financial statements and the related notes included elsewhere in these Listing Particulars.

HISTORICAL AND CURRENT MARKET AND INDUSTRY DATA

These Listing Particulars includes market share and industry data, which were obtained by us from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. The market, economic and industry data have primarily been derived and extrapolated from reports provided by the Institute of Grocery Distributors ("IGD") and Kantar Worldpanel. The aforementioned third-party sources generally state that the information they contain has been obtained from sources believed to be reliable. These third-party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. All such information has been accurately reproduced and no facts have been omitted which would render the information inaccurate or misleading.

In addition, certain information in these Listing Particulars is not based on published data obtained from independent third parties or extrapolations therefrom, but is information and statements reflecting our best estimates based upon information obtained from trade and business organisations and associations, consultants and other contacts within the industries in which we compete, as well as information published by our competitors and our internal estimates, experiences and our own interpretation of material conditions. Such information is based on the following: (i) in respect of our market position, information obtained from trade and business organisations and associations and other contacts within the industries in which we compete; (ii) in respect of industry trends, our senior management team's business experience and experience in the industry and the local markets in which we operate; and (iii) in respect of the performance of our operations, our internal analysis of our own audited and unaudited information.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in these Listing Particulars is the property of its respective holder.

CURRENCY PRESENTATION

In these Listing Particulars, unless otherwise indicated, all references to "pounds" and "£" are to the lawful currency of the United Kingdom; all references to "U.S. dollars" or "$" are the lawful currency of the United States of America; all references to "ISK" or "Icelandic Króna" are to the lawful currency of Iceland; and all references to "euro" and "€" are to the single currency of the Member States of the European Union participating in European Monetary Union.

EXCHANGE RATE INFORMATION

The following chart shows for the period from January 1, 2006 through January 27, 2011, the high, low, average and period end Bloomberg Composite Rate expressed as euro per £1.00. The Bloomberg Composite Rate is a "best market" calculation, in which at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in these Listing Particulars. None of the Issuer, the Guarantors or the Initial Purchasers represent that the euro amounts referred to below could be or could have been converted into pounds sterling at any particular rate indicated or any other rate.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or a shorter period, as the case may be.

	Euro per £1.00			
Year	**High**	**Low**	**Average[1]**	**Period end**
2006	1.5034	1.4259	1.4670	1.4838
2007	1.5257	1.3545	1.4565	1.3598
2008	1.3611	1.0209	1.2514	1.0442
2009	1.1851	1.0414	1.1259	1.1269
2010	1.2358	1.0961	1.1691	1.1665

Month	**High**	**Low**	**Average[2]**	**Period end**
July 2010	1.2141	1.1751	1.1954	1.2033
August 2010	1.2249	1.2031	1.2137	1.2086
September 2010	1.2162	1.1548	1.1904	1.1548
October 2010	1.1570	1.1265	1.1413	1.1514
November 2010	1.1950	1.1418	1.1699	1.1950
December 2010	1.1941	1.1605	1.1791	1.1665
January 2011 (through January 27, 2011)	1.2042	1.1585	1.1827	1.1613

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

The exchange rate of the euro on January 27, 2011 was €1.1613 = £1.00.

The following chart shows for the period from January 1, 2006 through January 27, 2011, the period end, average, high and low exchange rates as published by Bloomberg expressed as U.S. dollar per £1.00.

	U.S. dollar per £1.00			
Year	**High**	**Low**	**Average[1]**	**Period end**
2006	1.98	1.72	1.86	1.96
2007	2.11	1.92	2.01	1.98

2008	2.03	1.44	1.84	1.46
2009	1.70	1.37	1.57	1.61
2010	1.64	1.43	1.54	1.56

Month	High	Low	Average[2]	Period end
July 2010	1.57	1.50	1.53	1.57
August 2010	1.59	1.53	1.57	1.53
September 2010	1.58	1.53	1.56	1.57
October 2010	1.60	1.57	1.59	1.60
November 2010	1.63	1.56	1.60	1.56
December 2010	1.59	1.54	1.56	1.56
January 2011 (through January 27, 2011)	1.60	1.55	1.57	1.59

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

The exchange rate of the U.S. dollar on January 27, 2011 was $1.59 = £1.00.

The above rates may differ from the actual rates used in the preparation of the combined financial statements and other financial information appearing in these Listing Particulars. Our inclusion of these exchange rates is not meant to suggest that the pound amounts actually represent such euro or U.S. dollar amounts or that such amounts could have been converted into euro or U.S. dollars at any particular rate, if at all.

DEFINED TERMS USED IN THIS LISTING PARTICULARS

The following terms used in these Listing Particulars have the meanings assigned to them below:

"Albert Heijn"	Albert Heijn BV, a leading grocery retailer based in the Netherlands.
"Aldi"	ALDI Einkauf GmbH & Co. oHG, a leading grocery retailer based in Germany.
"Asda"	Asda Stores Limited, a leading grocery retailer based in the United Kingdom.
"Bakkavör"	Bakkavor Holdings Limited and its consolidated subsidiaries (including any of their respective predecessors), except where the context requires otherwise.
"Bakkavor Acquisitions (2008) Term Loan"	The multicurrency term loan facility dated April 21, 2008 (as amended from time to time) between, among others, Bakkavor Acquisitions (2008) Limited as borrower and Mizuho Corporate Bank, Ltd. as agent.
"Bakkavor China Term Loans"	The credit agreement dated August 29, 2007 (as amended from time to time) between Bakkavor China Ltd. as borrower and HAF Funding 2008-1 Limited as lender, and the facility letter dated December 21, 2007 (as amended from time to time) between Bakkavor China Ltd. as borrower and Mizuho Corporate Bank, Ltd. as lender.
"Bakkavor Estates Term Loan"	The facility agreement dated September 26, 2008 (as amended from time to time) between Bakkavor Estates Limited as borrower and Kaupthing Singer & Friedlander Limited as agent.
"Bakkavör Group" or "Group"	Bakkavör Group ehf. and its consolidated subsidiaries.
"Bakkavör Group ehf. TLA"	The trademark licensing agreement between Bakkavor Holdings Limited and Bakkavör Group ehf., whereby Bakkavör Group ehf. has granted Bakkavor Holdings Limited a licence to use the Bakkavör name and trademark.
"Bakkavor London Revolving Credit Facility"	The multicurrency revolving credit facility dated March 30, 2007 (as amended from time to time) between, among others, Bakkavor (London) Limited as a borrower and Barclays Bank PLC as agent.
"Capital Expenditure"	The cash paid for the purchases of property, plant and equipment.
"Carrefour"	Carrefour S.A., a leading grocery retailer based in France.
"Collateral"	The collateral with respect to the Notes, which will be comprised of a pledge of all of the capital stock of the Issuer and certain of its subsidiaries and the other assets of the Issuer and the Guarantors as described in "Description of Notes—Security".
"Company", "we", "us" or "our"	Collectively, Bakkavor Finance (2) plc and its consolidated subsidiaries (including any of their respective predecessors) or Bakkavor Holdings Limited and its consolidated subsidiaries (including any of their respective predecessors), each in the context so required.
"Convertible Loan Agreement"	The convertible loan agreement dated April 8, 2010 (as amended from time to time) between, among others, Bakkavör Group ehf. as the borrower and Arion Banki, hf as agent.
"DataMonitor"	The Datamonitor Group, a provider of global business information and independent data, analysis and opinion across the Automotive, Consumer Packaged Goods, Energy & Sustainability, Financial Services, Logistics & Express, Pharmaceutical & Healthcare, Retail, Sourcing, Technology and Telecoms industries.
"EU"	European Union.
"Europe"	Includes Member States of the European Union, excluding the United Kingdom and Ireland.
"Existing Credit Facilities"	The existing credit facilities that the Issuer or one of its subsidiaries has with various lenders under the Bakkavor London Revolving Credit Facility, Bakkavor Acquisitions (2008) Term Loan, the Bakkavör China Term Loans and the Bakkavor Estates Term Loan.
"Fiscal Year 2007"	The 52-week period ended December 29, 2007.
"Fiscal Year 2008"	The 52-week period ended December 27, 2008.
"Fiscal Year 2009"	The 53-week period ended January 2, 2010.
"Fiscal Year 2010"	The 52-week period ended January 1, 2011.

"fresh prepared food products"	Food products that are not frozen or artificially preserved, and that are ready for consumption with minimal preparation.
"Guarantors"	Anglia Crown Limited, Bakkavor Acquisitions (2008) Limited, Bakkavor Asia Limited, Bakkavor Central Finance Limited, Bakkavor China Limited, Bakkavor Estates Limited, Bakkavor Finance Limited, Bakkavor Finance (3) Limited, Bakkavor Foods Limited, Bakkavor Fresh Cook Limited, Bakkavor Invest Limited, Bakkavor Limited, Bakkavor (London) Limited, Bakkavör USA Inc., Bakkavor USA Limited, Butterdean Products Limited, Exotic Farm Produce Limited, Notsallow 256 Limited, Two Chefs On A Roll Inc., Bakkavör European Marketing BV, Sogesol S.A. and Vaco BV.
"IAS".....	International Accounting Standards.
"IFRS".....	International Financial Reporting Standards as adopted by the European Union.
"IGD"	The Institute of Grocery Distribution, which provides research reports and other information concerning food and grocery sales, trends and best practices.
"Indenture".....	The indenture governing the Notes offered hereby.
"Initial Purchasers".....	Collectively, Barclays Bank PLC, The Royal Bank of Scotland plc, HSBC Bank plc, Merrill Lynch International, BNP Paribas, Mizuho International plc and Rabobank International.
"Intercreditor Agreement".....	The Intercreditor Agreement, dated on or about the Issue Date of the Notes, among the Issuer, Barclays Bank PLC as administrative agent under the Amended and Restated Revolving Credit Facility (as defined below), the Trustee (on behalf of itself and the holders of the Notes) and the Security Agent, establishing the relative rights of these creditors.
"Issue Date"	The date on which the Notes are issued.
"Issuer".....	Bakkavor Finance (2) plc. The Issuer is a public limited company under the laws of England and Wales.
"Kantar Worldpanel".....	Formerly TNS Research International UK, Kantar Worldpanel is a provider of market research reports that cover consumer and retail trends in the United Kingdom.
"listing"	Unless otherwise stated or the context otherwise requires, any reference to the Notes having a "listing" or being "listed" on the Irish Stock Exchange shall be construed to mean that such Notes have been or, as applicable, are to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on the Irish Stock Exchange's Global Exchange Market.
"Marks & Spencer".....	Marks and Spencer plc, a leading grocery retailer based in the United Kingdom.
"Morrisons".....	Wm Morrison Supermarkets plc, a leading grocery retailer based in the United Kingdom.
"New Senior Credit Facility"	The new Term Loan to be entered into by, among others, the Issuer, the Guarantors, Barclays Bank PLC, Bakkavor Finance (1) Limited, Barclays Capital, Rabobank International, Mizuho Corporate Bank, Ltd and The Royal Bank of Scotland plc as mandated lead arrangers on the Issue Date providing for £260 million in term loans, which loans will be secured by a first priority lien on the Collateral (the "New Term Loan"), and the amended and restated revolving credit facility to be entered into by the Issuer, the Guarantors, Barclays Bank PLC, Bakkavor Finance (1) Limited, Barclays Capital, Rabobank International, Mizuho Corporate Bank, Ltd and The Royal Bank of Scotland plc as arrangers as mandated lead arrangers, and Barclays Bank PLC, as facility agent and security agent, on the Issue Date providing for up to £120 million in revolving loans, which loans will be secured by a first priority lien on the Collateral (the "Amended and Restated Revolving Credit Facility"). Please see "Description of Certain Financing Arrangements".
"New Senior Credit Facility Agreement".....	The agreement setting forth the terms of the New Senior Credit Facility.
"Offering"	The offering of the Notes by the Issuer and the application of the net proceeds therefrom in the manner set out herein under "Use of Proceeds".

"Planet Retail"	Plant Retail is a leading retail analyst firm that provides analysis, news and market data.
"Refinancing"	The transaction described herein under "Summary—The Refinancing".
"Restricted Subsidiary"	All of the Issuer's subsidiaries will be considered "Restricted Subsidiaries" as at the Issue Date for purposes of the Indenture. Please see "Description of Notes—Certain Definitions—Restricted Subsidiary".
"Sainsbury's"	Sainsbury's Supermarkets Ltd., a leading grocery retailer based in the United Kingdom.
"Schwarz"	Lidl Schwarz Stiftung Co Kg, a group of leading grocery retailers based in Germany.
"Security Documents"	The (a) debentures securing (i) fixed and floating charges over the real property, plant, machinery, accounts, shares, intellectual property, book debts, investments, goodwill and other assets, present and future; and (ii) assignments over rights to insurance policies, contracts and accounts in favour of the Security Agent; (b) share pledge agreements relating to the shares of the Issuer and of certain subsidiaries of the Issuer; (c) the security agreement creating security interests in the Collateral and the collateral documents to be executed by the Issuer upon completion of the Offering in favour of the Security Agent, as security agent for the holders of the Notes; (d) an assignment over Bakkavor Finance (1) Limited's intercompany receivables; and (e) any other agreements or instruments from time to time governing a grant of a Lien to secure Obligations under the Notes and/or Guarantees.
"Security Agent"	Barclays Bank PLC is expected to serve as security agent under the Intercreditor Agreement.
"Tesco"	Tesco PLC, a leading grocery retailer based in the United Kingdom.
"Trustee"	Deutsche Trustee Company Limited.
"Waitrose"	Waitrose Ltd., a leading grocery retailer based in the United Kingdom.

SUMMARY

This summary highlights selected information contained elsewhere in these Listing Particulars and does not contain all of the information that you should consider before investing in the Notes. The following summary should be read in conjunction with and is qualified in its entirety by the more detailed information included elsewhere in these Listing Particulars. You should carefully read the entire Listing Particulars to understand our business, the nature and terms of the Notes and the tax and other considerations which are important to your decision to invest in the Notes, including the more detailed information in the financial information and the related notes included elsewhere in these Listing Particulars, before making an investment decision. Please see the section entitled "Risk Factors" for factors that you should consider before investing in the Notes and the section entitled "Forward-Looking Statements" for information relating to the statements contained in these Listing Particulars that are not historical facts.

Our Company

We are a leading provider of fresh prepared food products in the United Kingdom. We are the number one producer by value in 12 of the 18 key product categories we produce. According to Kantar Worldpanel, 89% of UK households buy at least one product from our product categories every month. We develop and produce innovative fresh prepared food products for every occasion and every budget. In partnership with some of our long-standing retailer customers, we introduced the fresh prepared foods concept to consumers in the United Kingdom more than 40 years ago and have helped establish the United Kingdom as the world's most innovative fresh prepared foods market. Our customers include some of the United Kingdom's most reputable and well-known grocery retailers, including Tesco, Marks & Spencer, Sainsbury's, Waitrose, Asda and Morrisons, which sell our products to consumers under their respective retailer brands. According to management estimates, we held a 29% share of the UK fresh prepared foods retailer-branded market by revenue in 2009. We have also established a significant presence in developing markets for fresh prepared and retailer-branded food products, including Europe, the United States and China. Our industry expertise and relationships with eight of the world's ten leading grocery retailers in these geographical regions have us well positioned to lead the growth of the fresh prepared and retailer-branded foods markets.

Our extensive knowledge of consumer food preferences and our experience creating product offerings that align with these preferences have enabled us to develop close and long-lasting relationships with leading retailers. These retailers rely on our more than 300 product developers and chefs to develop and produce innovative, high-quality products that meet their customers' needs, and our marketing teams to help them market these products to their customers. Our commitment to product development and innovation allows us to constantly refresh our product offerings to ensure we remain at the forefront of current trends. For example, in the 52 weeks ended January 1, 2011, we created and launched more than 1,000 new products, including 700 new ready meal products, 155 new desserts and 130 new pizza products, and we currently offer more than 6,000 products across 18 key product categories worldwide.

We have more than 18,000 employees who produced approximately 250 million ready meals, 165 million desserts, 217 million bags of leafy salads and 135 million pizzas across our 57-facility global manufacturing network in 2009. The nature of our product offering requires us to ensure that our products are fresh when they reach the end consumer. As such, we have spent £184.2 million in capital expenditure over the last three fiscal years, developing highly efficient supply chain and manufacturing processes that enable us to take the products we make from field (raw materials) to fork (the end consumer) very quickly. This well-invested, sophisticated "just-in-time" manufacturing process allows us to consistently and reliably deliver fresh products that are prepared according to our customers' high standards.

We have successfully increased our sales over the last three years despite economic uncertainty in our key markets from £1.62 billion for Fiscal Year 2008 to £1.64 billion for Fiscal Year 2010. For Fiscal Year 2010, we derived £1.38 billion, or 84%, of our total revenue from our operations in the United Kingdom. In Fiscal Year 2010 we generated revenue and Adjusted EBITDA of £1.64 billion and £132.0 million, respectively.

Our Competitive Strengths

Leading Market Position with Attractive Market Dynamics. We hold a leading position in the UK fresh prepared foods market, having attained either the top or second-highest market share in all of our key fresh prepared food product categories in 2009. The UK fresh prepared foods market is the world's most developed market, having nearly tripled in size from 1994, when it was valued at less than £2.5 billion, to 2009, when it was

valued at approximately £8.1 billion, according to Kantar Worldpanel. Despite its relative maturity, the UK market for fresh prepared food products generally continues to grow at a faster pace than overall food sales, and its growth rate continues to exceed that of alternative food options such as frozen prepared foods and fresh produce. For example, according to Kantar Worldpanel, the UK fresh prepared foods market grew by 5.3% from June 2009 to June 2010 compared to just 3.0% growth in the UK foods market as a whole, 1.2% growth in the UK fresh produce market and a decline of 0.1% in the UK frozen prepared foods market. We believe that the UK fresh prepared foods market will continue to grow faster than the foods market generally, as its growth is underpinned by long-term global consumer mega-trends in favour of health, convenience, pleasure and responsibility. Please see "Industry—Drivers Behind the Growth of the Fresh Prepared Foods Market—Long-Term Global Consumer Trends".

Long-Standing Relationships with the United Kingdom's Most Reputable Grocery Retailers. We have long-standing and strong relationships with the United Kingdom's most reputable grocery retailers, including Tesco, Marks & Spencer, Sainsbury's and Waitrose. For example, we worked closely with Marks & Spencer to introduce and develop the fresh prepared foods market in the United Kingdom for more than 40 years. Our expertise in analysing changing consumer needs and desires and our ability to develop a diverse and innovative portfolio of fresh prepared food products that fulfil those needs makes Bakkavör a supplier of choice for leading retailers. They consider us integral partners in their respective efforts to maximise profits and enhance their own brands. Because our customers look to us for consumer trend analysis, product development and promotional ideas, we have developed relationships at all levels of the decision-making process and have enjoyed stable relationships with these core customers for many years. The strength of our relationships with these core customers also allows us to play a role in key pricing decisions, and encourages our customers to approach us when considering new product lines, geographic growth opportunities and promotional campaigns.

Extensive Retailer Brand Expertise. We have helped our retailer customers develop the fresh prepared foods market in the United Kingdom as an opportunity for them to build brand loyalty and introduce new and innovative products. We have built up a high level of expertise and goodwill among leading international retailers after decades of experience helping our customers develop their brands through fresh prepared food offerings. As a result, leading retailers continue to look to us for support when attempting to launch new product lines or expand into new geographic markets. For example, during the last three years, Tesco has asked us to help them develop fresh prepared food products that would appeal to local tastes in three new markets: Asia, the United States and Central Europe.

Large-Scale, Well-Invested and Efficiently Run Facilities. We produce on average approximately 685,000 ready meals, 452,000 desserts, 595,000 bags of leafy salads and 366,000 pizzas per day across 57 facilities around the world. Because we produce fresh food products with relatively short shelf lives, it is crucial that we source raw materials quickly and move those materials swiftly through our production facilities. For example, we have the capability to take raw materials such as baby leaf lettuce from the field and prepare, pack and distribute the finished product so that it can be bought in the supermarket and eaten by the consumer within 24 hours. The large scale of our operations, combined with the just-in-time nature of our products, has required us to create and maintain an efficient manufacturing and operating structure, in which we have made significant investments over many years, with £184.2 million in capital expenditure over the last three fiscal years. As a result, we believe our 57 manufacturing facilities are some of the most efficient facilities in the global fresh prepared foods industry, and are well prepared to accommodate our forecasts for growth over the next five years.

In order to remain leaders in the fresh prepared foods market, we must maintain high volumes of production to ensure pricing stays competitive. This level of production in turn creates two strengths for our company: it makes competitor entry into the fresh prepared foods market difficult; and it increases efficiencies in our manufacturing facilities as the high demand leads to optimal manufacturing capacity utilisation. In addition, food safety is one of the biggest risks in the production of fresh prepared food products. In order to ensure that we produce safe and fresh food products, our factories are precisely designed and laid out to exacting specifications, our machinery and tools are frequently cleaned and sanitised and are designed specifically for their purpose, and we constantly maintain and upgrade our production processes.

Diverse and Innovative Product Range. We believe we offer one of the widest ranges of fresh prepared food products in terms of number of stock-keeping units ("SKUs") in the industry. We offer our customers more than 6,000 different fresh prepared food products across 18 key product categories, including ready meals and desserts. Our wide range of products spans multiple retail price tiers (value, standard and premium), allowing us to capture a larger spectrum of consumers and take advantage of changing consumer behaviours such as the recent shift in consumer preferences to "value" options during the current economic downturn.

We believe that successful product innovation comes from teams of people working together sharing knowledge and understanding. For example, our marketing managers use detailed market information and analysis to identify and share key consumer trends, our 120 developments chefs understand the latest culinary trends and instill a passion for food and culinary excellence, and our 190 development managers turn the consumer knowledge and chef-inspired product ideas into commercially viable products. This process means that we are able to continuously review, refresh or replace our product ranges to ensure that we always offer our customers innovative and interesting choices, successfully introducing an average of more than 1,000 new products a year. We believe we are the only manufacturer that has the scale, technology, expertise and experience to introduce this many new fresh prepared food products every year.

Unique Global Footprint in Developing Markets. We are the only foods producer to supply such a diverse range of fresh prepared food products on an international scale. We have established ourselves as pioneers in developing fresh prepared foods markets that we believe offer the most attractive opportunities for growth, such as France, Italy, the Czech Republic, the United States and China, and where we believe we can use our industry expertise and relationships with leading retailers to lead the growth and development of these markets. Our global footprint provides several advantages: we have the capability to support our retailer partners as they expand to new markets, deepening our partnerships with these retailers and providing us additional contact points within their businesses; it provides us with opportunities to leverage the significant industry expertise and the consumer knowledge we have gained in our primary market in far less mature markets, allowing us to quickly become leaders in the development of new fresh prepared foods markets; it diversifies our risk profile; and it allows us to widen our distribution channels and gain purchasing power through increased volumes and proximity to raw materials.

Strong Cash Conversion. Our focus on reducing costs and making disciplined capital expenditures, combined with growing retailer brand sales in the markets in which we operate, has allowed us to generate strong levels of cash flow in recent periods despite the global economic downturn. In Fiscal Years 2009 and 2010, we generated £81.8 million and £76.5 million, respectively, of cash flows from operating activities. Our strong cash flow generation has allowed us to invest in our business to achieve additional cost reductions and develop new products to further strengthen our market positions.

Experienced Management Team. Our senior management team has an average of more than 20 years' experience in the fresh prepared foods industry, and has demonstrated the flexibility and commitment to innovative thinking that we believe is necessary to successfully lead the development of the fresh prepared foods market. For example, we were able to undertake a large-scale operational restructuring project in Fiscal Year 2008 and continuing into Fiscal Year 2009 without experiencing significant manufacturing downtime. Our management's focus on innovation and flexibility has enabled us to build a highly sophisticated, yet flexible, just-in-time production process and create successful products that lead to the development of long-standing and strong relationships with our customers.

Our Strategy

Maintain and Strengthen Our Leading Market Positions. We intend to maintain and further strengthen our leading market positions by continuing to produce high-quality products that span the retail price tiers and effectively fulfil our customers' needs. We will continue to use our knowledge of consumer needs and preferences and product development capabilities to strive to remain at the forefront of consumer trends in each of the countries and markets in which we operate. Our development of new products will continue to include evaluations of our portfolio of existing products to determine whether any can be replaced with new higher-margin products, and close discussions with our retailer customers to develop new retailer-branded products.

Maintain and Deepen Our Relationships with Leading Retailers. Our retailer customers have grown to rely on our leadership and expertise in analysing and exploiting food and consumer trends, and we intend to continue using our industry expertise and innovative and diverse product offering to help our customers differentiate their retailer brands and maintain their positions as leaders in their chosen markets. We intend to deepen these relationships by continuing to suggest new products to our customers, provide them with promotional ideas and support, including product combinations across our range, and by helping them expand into new geographic markets.

Continue to Increase Efficiency and Reduce Costs. In order to continue generating profitable growth in the long term, and to address changes in consumer demand resulting from the economic downturn, we recently completed a significant restructuring programme that focused on addressing under-performing manufacturing sites

and optimising production capacity across the businesses. As a result, we consolidated production facilities in the United Kingdom and France, substantially improving operational efficiencies, management information and financial controls. This process has led to a strong business recovery, improved profitability and a significant increase in cash generation. Driving operational efficiencies remains a high priority going forward. In line with this strategy, we are reviewing all aspects of our operations and business, and further efficiency programmes have been implemented in 2010, especially in our European operations. We plan to continue to improve our productivity and lower costs across our entire business by investing selectively in new production equipment, implementing process improvements and evaluating our product lines. We will also continue to seek ways to consolidate our production in order to maximise our use of manufacturing lines and to realise fully other economies of scale in production and purchasing.

Focus on Cash Flow Growth and Reducing Leverage. We believe that our focus on reducing costs, increasing efficiencies and helping to drive profitable sales growth will allow us to expand our profit margins and improve our cash flow position. In Fiscal Year 2009, these efforts led to a £116.9 million improvement in free cash flow, and Fiscal Year 2010 we generated £62.3 million in free cash flow. We are seeking additional opportunities to increase efficiencies and exploit our advantageous market positions to generate new cash flow, and we intend to use increased free cash flow to reduce leverage.

Continue to Drive Selective Growth. We intend to continue our efforts to grow within the UK fresh prepared foods market, which continues to expand and add new shelf space despite its relative maturity. We also intend to use the consumer and operational expertise, economies of scale and relationships we have developed within the United Kingdom to drive growth in targeted international markets. Our current operations in Europe, the United States and China leave us well positioned to grow organically within these promising fresh prepared foods markets. In addition, we plan to continue to evaluate acquisition opportunities and may seek to acquire select businesses that can improve our market share and expand our product offerings, and to support our retailer customers as they seek to expand into new geographic markets.

The Refinancing

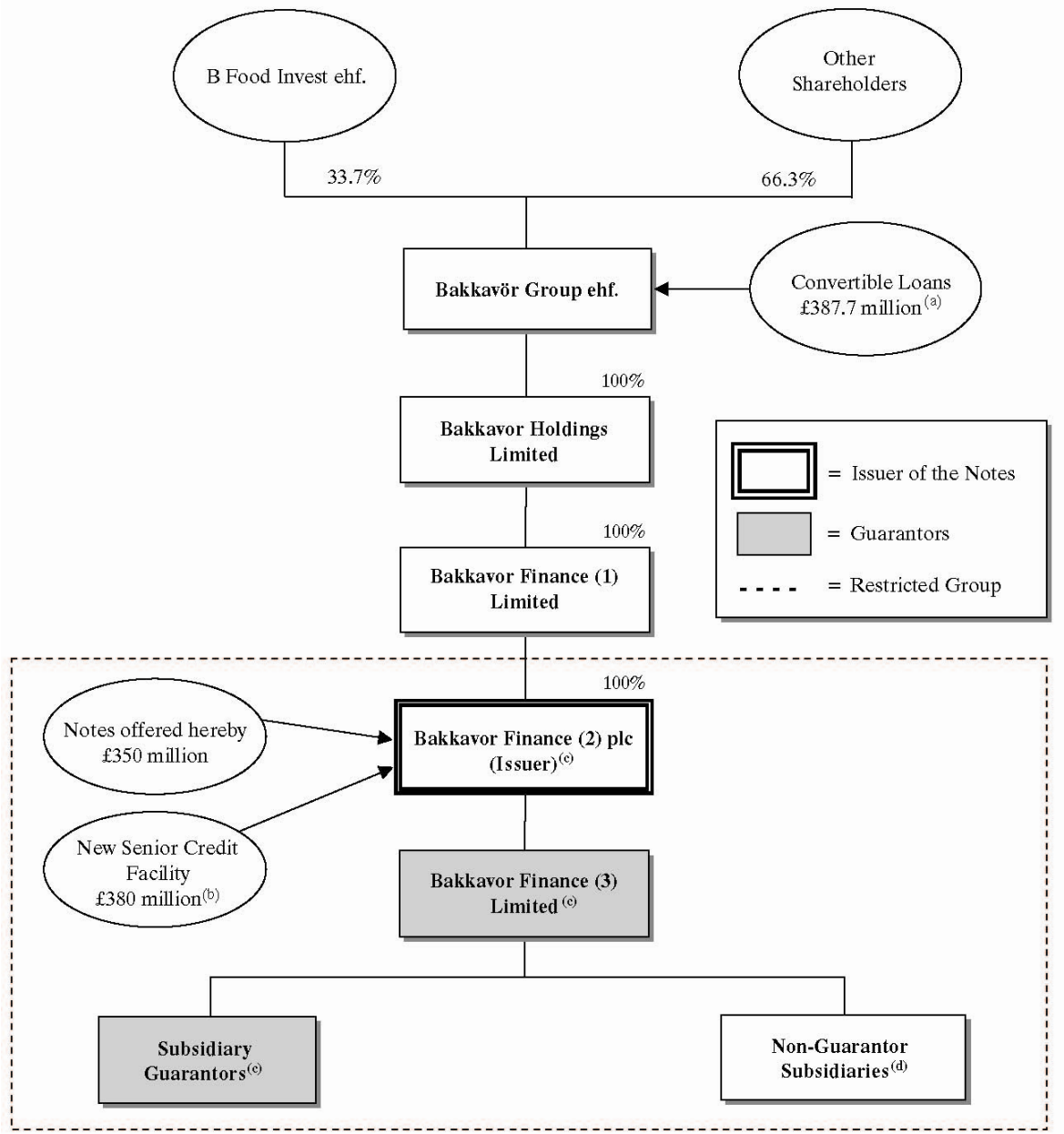
The net proceeds of the Offering will be used, together with the proceeds from the New Term Loan, drawdowns from the Amended and Restated Revolving Credit Facility and existing cash reserves, to refinance the entire amounts outstanding under the Existing Credit Facilities and to pay fees and expenses related to the Offering. Please see "Use of Proceeds" and "Description of Certain Financing Arrangements—New Senior Credit Facility".

The Issuer

The Issuer is Bakkavor Finance (2) plc, which was incorporated under the name Bakkavor Finance (2) Limited as a private limited company under the laws of England and Wales on January 21, 2011, with registration number 7501697. As a condition to the closing of the Offering the Issuer re-registered as a public limited company on February 2, 2011. The Issuer's principal office is located at West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom.

Summary Corporate and Financing Structure

The following diagram shows a simplified overview of the corporate and financing structure of the Issuer, on a *pro forma* basis, giving effect to the Refinancing and an internal reorganisation. The diagram does not include all entities in the Issuer, or all of the debt obligations thereof. Outstanding debt amounts are based on the book value figures as at October 2, 2010 adjusted to reflect the effects of the Refinancing. For a summary of the debt obligations referenced in this diagram, please see "Description of Notes" and "Description of Certain Financing Arrangements".



(a) The total value of the Convertible Loans includes the convertible loan notes plus accrued interest (£217.6 million) and the share value of the C-Shares in Bakkavör Group ehf. that convert into ordinary share capital of the Issuer if the convertible loan notes and the C-Shares are not redeemed and repaid on June 30, 2014 (£170.1 million), as at October 2, 2010.

(b) The New Senior Credit Facility is comprised of the New Term Loan in the amount of £260 million and the Amended and Restated Revolving Credit Facility, which will provide for up to £120 million to be drawn by the Issuer and the Guarantors, of which £35 million will be drawn in respect of cash as at the Issue Date.

(c) The Notes will be guaranteed on a senior secured basis by (1) fixed and floating charges over all the undertakings, goodwill, property, assets and rights; present and future, of the Issuer and the UK Guarantors (as defined below); (2) assignments over the Issuer's and each of the UK Guarantors' rights in its insurance policies, contracts and accounts; (3) a share pledge over the capital stock of the Issuer; (4) a share pledge over the capital stock of Bakkavor USA Inc., ItalPizza S.r.l. and Two Chefs on a Roll Inc.; (5) a share charge over the capital stock of Bakkavor USA Limited; (6) fixed charges of the goods, accounts receivables, intellectual property, goodwill and moveable property of Bakkavor USA Inc. and Two Chefs on a Roll Inc.; and (7) an assignment over Bakkavor Finance (1) Limited's intercompany receivables. During Fiscal Year 2010, the Guarantors generated 83.5% of Bakkavor Holdings Limited's consolidated revenues and 94.4% of Bakkavor Holdings Limited's EBITDA and as at January 1, 2011 held 87.1% of Bakkavor Holdings Limited's consolidated total assets.

Bakkavor Foods Limited accounts for 73% of Bakkavor Holdings Limited's consolidated revenues, 76% of Bakkavor Holdings Limited's EBITDA and, as at January 1, 2011 held 66% of Bakkavor Holdings Limited's consolidated assets. Bakkavor Foods Limited was incorporated on July 7, 1972 and its registered address is West Marsh Road, Spalding, Lincolnshire, PE11 2BB. Bakkavor Foods Limited is Bakkavor Holdings Limited's primary operating subsidiary in the UK, and therefore produces fresh prepared food products.

(d) As at October 2, 2010, the Issuer's subsidiaries that are not guaranteeing the Notes had Net debt of £12.5 million, excluding intercompany obligations, all of which would have ranked structurally senior to the Notes and the Guarantees. Any of the debt that our non-guarantor subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

The Offering

The following is a brief summary of certain terms of this Offering. It may not contain all the information that is important to you. For additional information regarding the Notes and the Guarantees, please see "Description of Notes" and "Description of Certain Financing Arrangements—Intercreditor Agreement".

Issuer ..... Bakkavor Finance (2) plc, a public limited company organised under the laws of England and Wales.

Notes Offered..... £350.0 million aggregate principal amount of $8^1/_4$% Senior Secured Notes due 2018.

Issue Date..... On or about February 7, 2011.

Issue Price..... 100% (plus accrued and unpaid interest from the Issue Date).

Maturity Date..... Februry 15, 2018.

Interest Rate and Payment Dates..... We will pay interest in arrears on the Notes semi-annually on February 15 and August 15 of each year, commencing on August 15, 2011 at a rate of 8.25% per annum. Interest will accrue from the Issue Date.

Ranking..... The Notes will:

- be general obligations of the Issuer;
- together with obligations under the New Senior Credit Facility Agreement and certain Hedging Obligations, be secured by first-priority Liens over the Collateral;
- rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the Notes, including under the New Senior Credit Facility Agreement;
- rank senior in right of payment to any and all future obligations of the Issuer that are expressly subordinated to the Notes, if any;
- be guaranteed by the Guarantors (excluding Bakkavör European Marketing BV, Sogesol S.A. and Vaco BV) as at the Issue Date (the "Note Guarantee") and Bakkavör European Marketing BV, Sogesol S.A. and Vaco BV when Bakkavör European Marketing BV, Sogesol S.A. and Vaco BV acceded to the New Senior Credit Facility Agreement;
- rank effectively senior to the existing and future senior Indebtedness of the Issuer and the Guarantors that is unsecured to the extent of the value of the Collateral; and
- effectively subordinated to all obligations of the Issuer's subsidiaries that are not Guarantors.

The Guarantee of the Notes to be provided by each Guarantor will:

- be a general obligation of each Guarantor;
- together with obligations of such Guarantor under the New Senior Credit Facility Agreement and certain Hedging Obligations, be secured by first-priority Liens over the Collateral;
- rank *pari passu* in right of payment with all existing and future senior Indebtedness of such Guarantor that is not subordinated in right of payment to its Note Guarantee, including its obligations under the New Senior Credit Facility;
- rank senior to all future Indebtedness of such Guarantor, if any, that is subordinated in right of payment to its Note Guarantee;
- rank effectively senior to the existing and future senior Indebtedness of the Issuer and the Guarantors that is unsecured to the extent of the value of the Collateral; and
- structurally subordinated to all existing and future Indebtedness of any Guarantor's subsidiaries that do not Guarantee the Notes.

Subject to the terms of the Security Documents, the Notes and the Guarantees will be secured by first-ranking liens on the same assets (subject to certain exceptions) that will secure the obligations under the New Senior Credit Facility.

Form and Denomination..... The Issuer will issue the Notes on the Issue Date in global form in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than £100,000 will not be available.

Security; Enforcement of Security ..... The Notes and the Note Guarantees will initially be secured by: (1) fixed and floating charges over all the undertakings, goodwill, property, assets and rights, present and future, of the Issuer, Anglia Crown Limited, Bakkavor Acquisitions (2008) Limited, Bakkavor Asia Limited, Bakkavor Central Finance Limited, Bakkavor China Limited, Bakkavor Estates Limited, Bakkavor Finance Limited, Bakkavor Finance (3) Limited, Bakkavor Foods Limited, Bakkavor Fresh Cook Limited, Bakkavor Invest Limited, Bakkavor Limited, Bakkavor (London) Limited, Bakkavor USA Limited, Butterdean Products Limited, Exotic Farm Produce Limited and Notsallow 256 Limited (collectively, the "UK Guarantors");

(2) assigments over the Issuer's and each of the UK Guarantors' rights in its insurance policies, contracts and accounts;

(3) a share pledge over the capital stock of the Issuer;

(4) a share pledge over the capital stock of each of Bakkavor USA Inc., ItalPizza s.r.l. and Two Chefs On A Roll Inc.;

(5) a share charge over the capital stock of Bakkavor USA Limited;

(6) fixed charges over the goods, accounts, receivables, intellectual property, goodwill and moveable property of Bakkavor USA Inc. and Two Chefs On A Roll Inc.; and

(7) an assignment over Bakkavor Finance (1) Limited's intercompany receivables.

The Security Agent has entered into or will enter into the Security Documents relating to the Collateral set out above with the other relevant parties thereto. The Collateral will secure the payment and performance when due of all of the obligations of the Issuer and the Guarantors under the Indenture, the Notes and the Note Guarantees as provided in the relevant Security Document. Please see "Risk Factors—Risks Relating to the Notes and Our Capital and Corporate Structure—It may be difficult to realise the value of the Collateral securing the Notes" and "—Your ability to recover under the share pledge and other security interests not found may be limited" and "Description of Notes—Security".

Pursuant to the Intercreditor Agreement, the liens securing the Notes will be first priority liens that rank equally with the liens that secure (i) obligations under the New Senior Credit Facility, (ii) certain other future indebtedness permitted to be incurred under the Indenture and (iii) certain priority hedging obligations. Such liens will be evidenced by security documents for the benefit of the holders of the Notes, the lenders under the New Senior Credit Facility, the counterparties to certain priority hedging obligations and the holders of certain other future indebtedness and obligations. Under the terms of the Intercreditor Agreement and the Security Documents, the Notes and the Guarantees will be secured by first-ranking liens on the same assets (subject to certain exceptions) that will secure the obligations under the New Senior Credit Facility expected to be entered into on the Issue Date.

Liens on Collateral to be granted by the Issuer and the Guarantors will (subject to certain limited exceptions) be granted on the closing date. By the closing date, the Guarantors will also be required to grant certain additional liens on relevant collateral held by them outside the United Kingdom and the United States. As at October 2, 2010, on an as adjusted basis after giving effect to the Refinancing, we would have had, in addition to the Notes, £1 million outstanding under our Amended and Restated Revolving Credit Facility, with approximately £119 million available for borrowing thereunder; £260 million outstanding under the New Term Loan; £8.8 million in letters of credit outstanding; and £30.4 million of priority hedging obligations. In addition, our non-guarantor subsidiaries would have had as at such date, £12.5 million of Net debt, excluding intercompany obligations.

The Intercreditor Agreement restricts the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action and the Security Agent will act only at the direction of creditors with respect to the then outstanding Senior Secured Debt, other than holders of the Notes and any Additional Notes, until the aggregate amount of committed and uncancelled

Senior Secured Debt (including under the Senior Credit Facility Agreement and certain Hedging Obligations), other than debt under the Notes and any other senior secured notes that may accede to the Intercreditor Agreement in the future, is less than 30% of the aggregate principal amount of all committed and uncancelled Senior Secured Debt (including the Notes and any other senior secured notes that may accede to the Intercreditor Agreement). At any time after the aggregate amount of committed and funded Senior Secured Debt (other than debt under the Notes and any other senior secured notes that may accede to the Intercreditor Agreement) is less than 30% of the aggregate principal amount of all committed and uncancelled Senior Secured Debt, creditors holding a majority in aggregate principal amount of committed or funded debt under the Senior Credit Facility Agreement, secured Hedging Obligations, the Notes and any other Senior Secured Debt incurred in the future will be able to instruct the Security Agent to enforce the Collateral. For a description of security enforcement and other intercreditor provisions, please see "Description of Certain Financing Arrangements—Intercreditor Agreement".

Bakkavor European Marketing BV, Sogesol S.A. and Vaco BV acceded to the New Senior Credit Facility Agreement after the Issue Date. Accordingly, the Notes and the Note Guarantees are also secured by certain assets of each of Bakkavor European Marketing BV, Sogesol S.A. and Vaco BV, to the extent such assets serve as obligations under the New Senior Credit Facility Agreement.

Use of Proceeds..... We will use the net proceeds from the issue of the Notes, together with borrowings under our New Senior Credit Facility and existing cash resources to refinance the Existing Credit Facilities and pay associated transaction fees and expenses. Please see "Use of Proceeds".

Additional Amounts; Optional Redemption for Tax Reasons .. All payments in respect of the Notes or the Guarantees will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer (or the Guarantor, as appropriate) will pay additional amounts so that the net amount each holder of the Notes receives is no less than the holder would have received in the absence of such withholding or deduction. Please see "Description of Notes—Additional Amounts".

If certain changes in the law of any relevant taxing jurisdiction become effective that would impose withholding taxes or other deductions on the payments on the Notes, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption. Please see "Description of Notes—Redemption for Changes in Taxes".

Optional Redemption ..... Prior to February 15, 2015, we will be entitled at our option to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the applicable "make-whole" premium described in these Listing Particulars and accrued and unpaid interest to the redemption date.

On or after February 15, 2015, we will be entitled at our option to redeem all or a portion of the Notes at the redemption prices set out under "Description of Notes—Optional Redemption" plus accrued and unpaid interest to the redemption date.

Prior to February 15, 2015, we will be entitled at our option on one or more occasions to redeem the Notes in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Notes, as the case may be, with the net cash proceeds from certain equity offerings at a redemption price equal to 108.25% of the principal amount outstanding in respect of the Notes, plus accrued and unpaid interest to the redemption date, so long as at least 65% of the aggregate principal amount of the Notes, as applicable, remains outstanding immediately after each such redemption and each such

	redemption occurs within 90 days after the date of the relevant equity offering.
Change of Control	Upon the occurrence of certain defined events constituting a "Change of Control", the Issuer will be required to offer to repurchase the Notes at 101% of their aggregate principal amount thereof on the date of repurchase plus accrued and unpaid interest to the date of repurchase. Please see "Description of Notes—Certain Covenants—Change of Control".
Certain Covenants	The Indenture will limit, among other things, our ability to: • incur or guarantee additional indebtedness and issue certain preferred stock; • create or permit to exist certain liens; • pay dividends on, redeem or repurchase our capital stock and make certain other restricted payments; • make certain investments; • impose restrictions on the ability of subsidiaries to pay dividends or other distributions, loans or advances to, and on the transfer of assets to the Issuer or any of its Restricted Subsidiaries; • transfer or sell assets; • merge or consolidate with other entities; • enter into certain transactions with affiliates; and • impair the security interests for the holders of the Notes. Each of the covenants is subject to a number of important exceptions and qualifications. Please see "Description of Notes—Certain Covenants".
Transfer Restrictions	The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale. Please see "Notice to Investors". Holders of the Notes will not have the benefit of any exchange or registration rights.
No Established Market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to undertake limited market making activities, they are not obliged to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing and Trading	Application will be made to list the Notes on the Official List of the Irish Stock Exchange and to trade the Notes on the Irish Stock Exchange's Global Exchange Market.
Governing Law	The Indenture will be governed by the laws of the State of New York. The Intercreditor Agreement will be governed by English law. The Security Documents will be governed by applicable local law of the jurisdiction under which the security interests are granted.
Trustee	Deutsche Trustee Company Limited.
Registrar and Irish Listing Agent	Deutsche Bank Luxembourg S.A.
Paying Agent and Transfer Agent	Deutsche Bank AG, London Branch.
Security Agent	Barclays Bank PLC.

Risk Factors

Investing in the Notes involves substantial risks. You should consider carefully all the information in these Listing Particulars and, in particular, you should evaluate the specific risk factors set out in the "Risk Factors" section in these Listing Particulars before making a decision whether to invest in the Notes.

Additional Information

The Issuer's principal executive offices are located at West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom.

Summary Historical Financial Data

The Issuer was incorporated on January 21, 2011 for the purpose of the Offering. We do not present historical financial information for the Issuer, except an audited balance sheet as at January 21, 2011, which has been prepared in accordance with IFRS.

The following tables present Bakkavor Holdings Limited's summary historical consolidated financial data for the periods, and at the dates indicated below. Bakkavor Holdings Limited is the indirect parent company of the Issuer. We have derived the summary historical consolidated financial data as at the end of, and for Fiscal Year 2007, Fiscal Year 2008, Fiscal Year 2009 and Fiscal Year 2010 from the audited consolidated financial statements of Bakkavor Holdings Limited, which are included elsewhere in these Listing Particulars.

These Listing Particulars includes unaudited consolidated *pro forma* financial data which has been adjusted to reflect certain effects of the Refinancing on the financial position as of January 1, 2011. The unaudited consolidated *pro forma* financial data has been prepared for illustrative purposes only and does not purport to represent what the actual consolidated financial position would have been if the Refinancing had occurred on January 1, 2011, nor does it purport to project our consolidated financial position at any future date. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial data set forth in these Listing Particulars are based on available information and certain assumptions and estimates that we believe are reasonable and may differ materially from the actual adjusted amounts.

The financial data below also includes certain non-IFRS measures used to evaluate our economic and financial performance. These measures are not identified as accounting measures under IFRS and therefore should not be considered as alternative measures to evaluate our performance. See "Presentation of Financial and Other Data—Non-IFRS Financial Information".

We present in these Listing Particulars certain *pro forma* financial data which has been adjusted to give *pro forma* effect to the Refinancing. Please see "Summary—Summary Historical Financial Data," "Capitalisation," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results may not be indicative of our future results following consummation of the Refinancing. The *pro forma* financial data has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. Neither the assumptions underlying the *pro forma* adjustments nor the resulting *pro forma* financial data have been audited or reviewed in accordance with any generally accepted auditing standards.

The following summary financial data set out below should be read in conjunction with "Use of Proceeds", "Capitalisation", "Selected Historical Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of Bakkavor Holdings Limited and the notes thereto, included elsewhere in these Listing Particulars.

(£ in millions, except in ratios)	Fiscal Year 2007 (52 weeks)	2008 (52 weeks)	2009 (53 weeks)	2010 (52 weeks)
Consolidated Statement of Income Data:				
Revenue	1,468.1	1,618.9	1,650.4	1,643.2
Cost of sales	(1,233.9)	(1,419.5)	(1,405.1)	(1,406.3)
Gross profit	234.2	199.4	245.3	236.9
Administrative costs				
Restructuring costs	(3.4)	(24.3)	(5.4)	(3.7)
Impairment of assets	—	(17.4)	—	—
Product recall costs	(5.7)	—	—	
Other administrative costs	(136.6)	(149.8)	(175.1)	(154.8)
Total administrative costs	(145.7)	(191.5)	(180.5)	(158.5)
Share of results of associates	0.4	0.1	1.0	1.0
Operating profit	88.9	8.0	65.8	79.4
Investment revenues	2.9	7.8	1.2	0.1
Other gains and losses	(3.1)	(37.5)	2.4	9.7
Finance costs	(53.0)	(72.4)	(84.0)	(67.8)
(Loss)/profit before tax	35.7	(94.1)	(14.6)	21.4
Income tax	(3.2)	5.0	19.1	(14.2)
(Loss)/profit for the period	32.5	(89.1)	4.5	7.2
Statement of Financial Position Data (at end of period):				
Cash and cash equivalents	35.0	79.8	37.4	40.8
Operating working capital[1]	(57.3)	(23.4)	(40.1)	(59.3)
Total assets	1,395.3	1,714.2	1,425.6	1,424.1
Property, plant and equipment	337.6	361.4	330.8	314.6
Total debt[2]	(543.2)	(897.3)	(662.5)	(626.2)
Total equity	252.2	185.1	173.6	188.4
Consolidated Statement of Cash Flows Data:				
Net cash from/(used in) operating activities	66.1	(21.9)	81.8	76.5
Net cash generated from/(used in) investing activities	(85.0)	(241.5)	98.6	(36.1)
Net cash (used in)/generated from financing activities	15.2	317.0	(224.2)	(36.9)
Net (decrease)/increase in cash and cash equivalents	(3.7)	53.6	(43.8)	3.5
Other Financial Data:				
EBITDA[3]	135.3	79.8	119.1	132.4
Adjusted EBITDA[3]	158.5	115.5	136.5	132.0
Net debt excluding loans from related parties[4]	(508.2)	(686.8)	(625.1)	(585.4)
Free cash flow[5]	61.9	(23.6)	93.3	62.3

(1) We define "operating working capital" as the sum of inventories, trade and other receivables excluding tax recoverable, short term deposits and interest receivable, less trade and other payables excluding deferred and contingent consideration related to acquisitions.

	As of December 29, 2007	December 27, 2008	January 2, 2010	January 1, 2011
	(£ in millions)			
Inventories	46.3	57.5	50.5	56.6
Current trade and other receivables	220.1	376.7	188.0	189.7
Less: Current tax recoverable	—	—	(1.8)	—
Less: Current short-term deposits[a]	—	(130.7)	—	—
Less: Current interest receivables	—	(0.9)	—	—
Current trade and other payables	(323.7)	(327.3)	(279.9)	(310.6)
Add back: Current contingent consideration	—	—	—	5.0
Add back: Current deferred consideration	—	—	3.1	—

Add back: Current Interest payable	—	1.3	—	—
Operating working capital	(57.3)	(23.4)	(40.1)	(59.3)

(a) Current trade and other receivables include short-term deposits relating to monies held in a restricted bank account in Iceland. Those monies have been removed to normalise operating working capital. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(2) We define "total debt" as bank overdrafts and loans, plus obligations under finance leases. This amount excludes liabilities owed to Bakkavör Group ehf. in the amount of £205.0 million as of January 1, 2011, which was converted into share capital of Bakkavor Holdings Limited with effect from February 7, 2011.

(3) EBITDA and Adjusted EBITDA are supplemental measures of financial performance that are not required by, or presented in accordance with, IFRS. "EBITDA" is generally defined as profit/(loss) for the period before income tax (credit) charge, finance cost, depreciation and amortisation. In our definition of EBITDA, we further exclude other gains and losses, share of results of associates, and asset impairments. We define "Adjusted EBITDA" as EBITDA adjusted to exclude restructuring charges, product recall costs and amounts paid under the Bakkavör Group ehf. TLA, as set forth in the table below. Neither EBITDA nor Adjusted EBITDA is a measure of performance under IFRS and you should not consider EBITDA or Adjusted EBITDA as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our operating performance, (b) cashflows from operating investing and financing activities as a measure to meet our cash needs or (c) any other measures of performance under generally accepted accounting principles. You should exercise caution in comparing EBITDA and Adjusted EBITDA as reported by us to EBITDA or Adjusted EBITDA of other companies.

In evaluating Adjusted EBITDA, we encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemented analysis. You should be aware that, as an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. See "Presentation of Financial and Other Data—Non-IFRS Financial Information". In addition, you should be aware that we are likely to incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.
EBITDA and Adjusted EBITDA have been included in these Listing Particulars because they are measures that our management uses to assess our operating performance. Please see "Presentation of Financial and Other Data—Non-IFRS Financial Information" for information on the limitations of these measures as analytical tools.

The following is a reconciliation of EBITDA and Adjusted EBITDA to profit/(loss) for the period, the most directly comparable IFRS measure:

	Fiscal Year			
	2007 (52 weeks)	**2008 (52 weeks)**	**2009 (53 weeks)**	**2010 (52 weeks)**
(£ in millions)				
Profit/(loss) for the period	32.5	(89.1)	4.5	7.2
Income tax (credit)/charge	3.2	(5.0)	(19.1)	14.2
Finance costs	53.0	72.4	84.0	67.8
Other gains and losses	3.1	37.5	(2.4)	(9.7)
Investment revenues	(2.9)	(7.8)	(1.2)	(0.1)
Share of results of associates	(0.4)	(0.1)	(1.0)	(1.0)
Depreciation and amortisation	47.3	53.3	53.6	53.7
Asset impairments	—	17.4	—	—
(Profit)/loss on disposal of assets	(0.5)	1.2	0.7	0.3
EBITDA	135.3	79.8	119.1	132.4
Fire insurance claim	—	—	—	(0.6)
Defined benefit pension scheme credit	—	—	—	(15.8)
Restructuring costs	3.4	24.3	5.4	3.7
Product recall costs	5.7	—	—	—
Bakkavör Group ehf. royalty charges[(a)]	14.1	11.4	12.0	12.3
Adjusted EBITDA	158.5	115.5	136.5	132.0

(a) Royalty charges under the Bakkavör Group ehf. TLA have been excluded to remove the effects of these payments, which will be restricted by the terms of the New Senior Credit Facility and the Indenture as of the Issue Date. For additional information regarding these charges, please see "Related Party Transactions—Bakkavör Group ehf. Royalty Fee".

(4) Represents total debt less cash and cash equivalents and short term deposits.

(5) We define "free cash flow" as net cash flow from operations, plus interest received, dividends received from associates, proceeds on disposal of property, plant and equipment, less purchases of property, plant and equipment, and excluding cash payments under the Bakkavör Group ehf. TLA and cash costs associated with debt refinancing.

	Fiscal Year			
	2007 (52 weeks)	2008 (52 weeks)	2009 (53 weeks)	2010 (52 weeks)
Net cash from/(used in) operating activities	66.1	(21.9)	81.8	76.5
Interest received	2.8	3.5	1.2	0.1
Dividends received	0.2	0.3	0.6	1.3
Proceeds on disposal of property, plant and equipment	—	—	—	0.1
Capital expenditure	(47.9)	(50.3)	(23.5)	(20.9)
Cash impact of restructuring costs and product recall costs	8.0	7.5	17.9	2.4
	29.2	(60.9)	78.0	59.5
Bakkavör Group cash payments	25.6	32.8	2.2	1.2
Refinancing costs (included in interest costs)	7.1	4.5	13.1	1.6
Free cash flow	61.9	(23.6)	93.3	62.3

Cash impact of restructuring costs and product recall costs is the restructuring costs and product recall costs included in the income statement less the restructuring creditors and provisions at the end of the period and adding the restructuring creditors and provisions at the start of the period.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in these Listing Particulars, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could materially adversely affect our business, financial condition or results of operations. If these events occur, the trading prices of the Notes could decline, and the Issuer may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. The risks and uncertainties we describe below are not the only ones we face. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect our business, financial condition, results of operations and/or your investment.

These Listing Particulars also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in these Listing Particulars.

Risks Relating to Our Business

Adverse developments with respect to the safety of our products and/or the food industry in general may damage our reputation, increase our costs of operation or decrease demand for our products.

Food safety and the perception by our customers and the general public that our products are safe are essential to our image and business. We are subject to food safety risks, and in particular product contamination and the potential cost and disruption of a product recall or withdrawal, each of which could cause customers to lose confidence in the safety and quality of our products and subsequently damage our relationship and image with our customers. We could also be subject to claims or lawsuits relating to an actual or alleged illness stemming from product contamination.

We are also subject to risks affecting the food industry generally, including risks posed by widespread contamination and evolving nutritional and health- related concerns. Although we sell a wide variety of products, any risks, whether actual or perceived, associated with our products, ingredients or industry, including any adverse publicity concerning these risks, could have a material adverse effect on our business, results of operations and financial condition. We maintain systems designed to control food safety risks and we require each of our suppliers to also maintain such systems. Although we endeavour to control the risks related to product quality and security through the implementation of, and strict adherence to, our quality standards, we cannot guarantee that such risks will not materialise.

For example, we issued a recall of several batches of our hummous products in February 2007 after salmonella was discovered in some of the raw materials we used to produce those products. Because we immediately investigated the cause of the incident and followed our procedures for coordinating our communications with all stakeholders, the incident was effectively managed and hummous production recommenced within 10 days with no long-term detriment to our reputation or sales.

Even if our own products are not affected by contamination or any other incidents that compromises the safety of our products, our industry may face adverse publicity if the products of other producers or retailers become contaminated, which could result in reduced consumer demand for our products. As a result, any such damage to our reputation for quality could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our products must also comply with strict national and international hygiene regulations. We routinely inspect the production facilities and warehouses we operate. A number of these inspections are unannounced to ensure that compliance is consistent at all times. We risk-assess all our raw materials for both microbiological and non-microbiological (such as foreign bodies) food safety risks. All of our raw materials are approved either by questionnaire or inspection for compliance. In addition, we are subject to regular inspection by food safety and other authorities for compliance with hygiene regulations applicable to the sale, storage and manufacturing of foodstuffs and the traceability of genetically modified organisms, meats and other raw materials. Despite the precautions we undertake, should any non-compliance with food safety regulations be discovered during an inspection, authorities may temporarily shut down the warehouse and/or facility concerned and levy a fine in respect of such non-compliance, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our retailer customers also inspect our facilities, generally on an annual basis, and score us based on our compliance with their criteria for suppliers. These criteria are generally more stringent than those set by food safety regulators, and include compliance with protocols for the traceability of genetically modified organisms, hygiene applicable to the sale, storage and manufacturing of foodstuffs, critical control point management and quality control. Despite structuring our procedures to comply with the criteria imposed on us by our retailer customers, should any of our facilities score poorly, our customers may find other suppliers for their fresh prepared food products or factory efficiency could be adversely impacted during a period of recovery and remedy, which would have a material adverse effect on our business, results of operations, financial condition and prospects.

Failure to develop successful and innovative products or to keep up with consumer preferences could adversely affect our business.

The success of our business depends on the continued popularity of the range of products we offer through our ability to predict, identify and interpret demand—anticipating the tastes and dietary habits of consumers and introducing successful new products to meet their needs.

We are dedicated to developing successful and innovative new products through research and development activities. This enables us to create and adapt products throughout the year to stimulate demand from new and existing consumers. Many of our retail grocer customers also carry out their own research and development and propose fresh prepared food products for us to manufacture on an exclusive basis. This means we not only introduce hundreds of new products every year in order to continuously renew our product offering, but we also introduce alternative recipe combinations, sizes and packaging for our existing products, which we believe is essential to keep up with changes in the market and to create demand. If we are unable to continue developing a sufficient range of new products, we could become less competitive, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

There are inherent risks associated with new product or packaging introductions, including uncertainties about trade and consumer acceptance and demand. Our sales will decline if we are unable to accurately predict shifts in tastes and preferences, or to introduce new and improved products to satisfy changing needs. In addition, given the variety of backgrounds and identities of consumers, we must offer a sufficient array of products to satisfy the broad spectrum of consumer preferences. Shifts in consumer preferences away from our product offerings, whether due to our failure to continue to anticipate changes in consumer preferences or otherwise, may have an adverse effect on our business.

We are vulnerable to fluctuations in the price and availability of raw materials, packaging materials and freight.

Although our range of products is diverse, the prices of the raw materials, packaging materials and freight we and our suppliers use are subject to fluctuations in price. Such fluctuations are attributable to, among other things, changes in the supply and demand of crops or other commodities, fuel prices, and government-sponsored agricultural and livestock programmes. In particular, the availability and the price of fresh produce and other agricultural commodities, including meat and fish, can be volatile. Epidemics in animal populations and local, national or international quarantines can also adversely affect commodity prices in the long and short terms. Government commodity programmes and export enhancement programmes can also have a material effect on commodity prices. These fluctuations may adversely affect our suppliers, who could be forced to raise their prices for our products when renegotiating supply contracts or earlier if not contracted.

We and our suppliers use significant quantities of agricultural products as well as packaging materials provided by non-exclusive third-party suppliers. We buy from a variety of producers and manufacturers, and alternate sources of supply are generally available. However, the supply and price are subject to market conditions and are influenced by other factors beyond our control, such as general economic conditions, unanticipated demand, problems in production or distribution, natural disasters, weather conditions during the growing and harvesting seasons, and plant and livestock diseases. Our ability to avoid the adverse effects of a pronounced, sustained price increase in raw materials is limited. We attempt to reduce our exposure to price fluctuations to some extent over the short term by contracting when possible at opportune moments during the year. However, while we generally have long-term relationships with our producers and suppliers, long-term contracts are not available in some key areas, and, as a result, suppliers could increase prices or fail to deliver.

Unlike in the United States, Europe does not have a sufficiently liquid futures market or other market through which price guarantees for the various ingredients we use to make our fresh prepared food products can be carried out, which makes our raw materials price risks difficult to hedge.

Our ability to pass along higher costs through price increases to our customers is dependent upon competitive pricing conditions employed in the market in which we compete. Customers may prefer to go to tender rather than accept a price increase, with the inherent risk of business loss. Alternatively, we may have to absorb changes to our costs, which in turn impacts our gross margins. Therefore, changes in our input costs could impact our gross margins. Any events leading to price increases or scarcity of ingredients, packaging materials or freight required for our products could increase our costs and disrupt our operations, and subsequently have a material adverse effect on our business, results of operations and financial condition, both temporarily and permanently.

We are exposed to economic and other trends that could adversely impact our operations in the United Kingdom, Europe, the United States and Asia.

We base our operations principally in, and derive most of our revenue from, the United Kingdom. We are therefore particularly impacted by economic developments and changes in consumer habits in the United Kingdom. A significant economic downturn in the United Kingdom could have a material adverse effect on our business. In addition, we conduct operations in Europe and are consequently exposed, although to a much lesser extent than in the United Kingdom, to any economic downturn in that region. We are also exposed to the risk of economic downturns in the United States and Asia.

Our business (along with the retail food industry as a whole) has been affected by the global economic downturn that started in 2008 when negative macroeconomic trends affected the economy and domestic consumer confidence in the markets in which we operate. Although we believe that our business model has proven resilient during the downturn, we cannot predict if it will continue to be successful in the future. While we seek to manage our selling prices and production costs, volumes, inventories and working capital through the global economic downturn, we cannot predict whether the global economic downturn will have any long-term effects on consumer confidence, selling prices and production costs, demand for particular types of products or volatility of raw materials prices, nor can we predict if the state of the global economy will deteriorate further. These factors may therefore continue to adversely affect our business, results of operations and financial condition.

The loss of any of our major customers could adversely affect our business.

During Fiscal Year 2009, our four largest retail customers accounted for 69% of our revenues. This concentration in our customer base makes us more vulnerable to pricing pressure from our customers, which could adversely affect our sales and margins. Our industry is highly competitive, and we could lose any of our large customers to one of our competitors. Customers will, from time to time, test the market through tender. Such customers could also develop an exclusive relationship with one of our competitors to produce retailer- branded fresh prepared food products, acquire one of our competitors through vertical integration or make demands upon us that we are unable or unwilling to meet, which could result in our partial or total loss of such customer's business, which would adversely affect our results of operations. Similarly, should any of our largest customers either (a) go out of business or (b) be acquired by one of their competitors who is not one of our customers, we could lose a portion or all of such customer's business, which would adversely affect our results of operations.

Our retailer customers may start producing fresh prepared food products in-house.

The trading environment has become highly competitive over recent years, with grocery retailers striving to increase market share on both a domestic and global level while trying to manage costs and resources. To increase their competitive advantage, in some limited cases, grocery retailers have recently begun to consider adopting a more integrated business model by taking greater control of certain areas of the supply chain, for example by directly sourcing goods such as fresh produce and processing some of their own food products. Should our customers embrace or strongly consider this model in terms of fresh prepared foods, we could face downward pressure on our pricing capabilities and lose business to in-house rivals. These developments may therefore adversely affect our business, results of operations and financial condition.

The global economic downturn could impair the solvency of our suppliers and other counterparties.

There could be a number of effects from the ongoing challenging economic environment. The inability of suppliers to access liquidity, or the insolvency of suppliers, could lead to delivery delays or failures. In addition, failures of other counterparties, including banks, insurance providers and counterparties to contractual arrangements, could negatively impact our business.

The global economic downturn could have a material adverse effect on our liquidity and capital resources.

Recently, the general economic and capital market conditions in the United Kingdom and other parts of the world have undergone significant turmoil. These conditions have adversely affected access to capital and increased the cost of capital. Although we believe that our capital structure and credit facilities will provide sufficient liquidity through the downturn, there can be no assurance that our liquidity will not be affected by changes in the financial markets or that our capital resources will at all times be sufficient to satisfy our liquidity needs. If conditions continue or become worse, our future cost of debt and equity capital and access to the capital markets could be adversely affected.

The efficiency of our supply chain and information technology system is critical to our business and operations.

Our performance depends upon accurate, timely information and numerical data from key software applications to aid day-to-day business and decision- making processes. We and our suppliers are exposed to operational risks, such as the breakdown or failure of equipment; the interruption of our power supply or processes; fire, flood or other natural disasters; acts of sabotage or vandalism; and industrial accidents. We rely on our information technology systems for communication among manufacturing facilities, warehouses and headquarters. While we maintain certain controls designed to manage operational risk, including continual upgrading of modern technology for breakdown diagnosis, we may be adversely affected if our controls fail to detect or contain operational risks. Any disruption caused by failings in our information technology infrastructure, our underlying equipment or our communication networks could delay or otherwise impact our day-to-day business and decision-making processes and have materially adverse effects on our performance.

In addition, we use outsourcing arrangements with third parties, notably in our transportation operations, and we do not have control over the facilities or operations of our suppliers. An interruption of operations at any of their or our facilities or any failure by them to deliver on their contractual commitments may have an adverse effect on our business, financial condition and results of operations.

We are subject to increasingly stringent health, safety and environmental regulations.

As a manufacturer of food products for human consumption, we are subject to health, safety and environmental regulations, including regulations promulgated and enforced by local, national, European and U.S. (through the Food and Drug Administration) authorities. These directives and regulations relate to the remediation of water supply and use, water discharges, air emissions, waste management, noise pollution, and workplace and product health and safety. We are also subject to stringent production, packaging, health, quality, labelling and distribution standards. In addition, we are subject to regulations relating to asbestos in the workplace. Health, safety and environmental legislation in Europe, the United States and elsewhere has tended to become broader and stricter over time, and enforcement has tended to increase over time.

Any failure to comply with health and safety regulations may lead to increased costs and fines, as well as damage to our reputation. If health, safety and environmental laws and regulations in the countries in which we have operations and from which we source ingredients are gradually strengthened in the future, the extent and timing of investments required to maintain compliance may differ from our internal planning and may limit the availability of funding for other investments. In addition, if the costs of compliance with health, safety and environmental laws and regulations continue to increase and it is not possible for us to integrate these additional costs into the price of our products, any such changes could reduce our profitability.

Although we monitor the exposure of our employees and neighbours to risks connected with our operations, future health claims actually or allegedly resulting from past, present or future exposure to hazardous materials cannot be excluded. We could be subject to claims by government authorities, individuals and other third parties seeking damages for alleged personal injury or property damage resulting from hazardous substance

contamination or exposure caused by our operations. In the event of an accident or other incident, we could also become subject to such claims. Any of these events could adversely impact our customers' perception of us.

Health, safety and environmental laws and regulations and civil liability rules could expose us to liabilities. Under some of these laws and regulations, we could be liable for investigation or remediation of contamination at properties we own or occupy, even if the contamination was caused by a party unrelated to us and was not our fault, and even if the activity causing the contamination was legal. The discovery of previously unknown contamination, or the imposition of new obligations to investigate or remediate contamination at our properties, could result in substantial unanticipated costs. In some circumstances, we could be required to pay fines or damages under these laws and regulations. Regulatory authorities may also require us to curtail operations or close facilities temporarily or permanently, including for the purpose of preventing imminent risks.

We maintain liability insurance covering certain potential health, safety and environmental risks. Although we believe that we conduct our operations in a way that reduces health, safety and environmental risks and have in place appropriate systems for identifying and managing potential liabilities, there can be no assurance that we have identified and are addressing all sources of health, safety and environmental risks. There can be no assurance that we will not incur health, safety and environmental losses or that any losses incurred will not have a material adverse effect on our results of operations or financial condition. In addition, future changes in health, safety and environmental laws or regulations may have a material adverse effect on our results of operations and financial condition.

Failure by third-party suppliers of raw materials to comply with food safety, environmental or other regulations may disrupt our supply of certain products and adversely affect our business.

We rely on third-party suppliers to supply raw materials. Such suppliers, whether in or outside the United Kingdom, are subject to a number of regulations, including food safety and environmental regulations. Failure by any of our suppliers to comply with regulations, or allegations of compliance failure, may disrupt their operations. Disruption of our suppliers' operations could disrupt our supply of product or raw materials, which could have an adverse effect on our business, consolidated financial condition, results of operations or liquidity. Additionally, actions we may take to mitigate the impact of any such disruption or potential disruption, including increasing inventory in anticipation of a potential production or supply interruption, may adversely affect our business, consolidated financial condition, results of operations or liquidity.

We are subject to extensive regulations and require various licences and permits to operate our business.

Our manufacturing facilities, transportation vehicles and products, including the processing, packaging, storage, distribution, advertising and labelling of our products, are subject to extensive regional, national and EU laws and regulations in the food safety area, including constant government inspections and governmental food processing controls. In accordance with EU laws and regulations, we are required to maintain various licences and permits to operate our business. The loss of or failure to obtain necessary permits and registrations could delay or prevent us from meeting current product demand, introducing new products, building new facilities or acquiring new businesses and could adversely affect operating results. We are required to comply with applicable hygiene and food safety standards in relation to our production processes. Any non-compliance with applicable laws and regulations, particularly if it relates to or compromises food safety, could subject us to civil remedies, including fines, injunctions, recalls or asset seizures, as well as potential criminal sanctions, any of which could have an adverse effect on our financial results. In addition, future material changes in food safety regulations could result in increased operating costs or could be required to be implemented on schedules that cannot be met without interruptions in our operations.

Due to the seasonality of our business, our revenue and operating results may vary from quarter to quarter.

Our sales and cash flows have historically been somewhat affected by seasonal cyclicality. Sales of fresh prepared foods have historically tended to be marginally higher during the summer months and in the weeks leading up to Christmas. Our sales have historically increased during the Easter holiday season and decreased at the end of the summer vacation period. For these reasons, sequential quarterly comparisons may not be a reliable indication of our performance or how we may perform in the future. In addition, increases in raw material costs, and time taken to engage with customers on price increases, can further distort comparisons. If seasonal fluctuations are greater than anticipated, there could be an adverse effect on our financial condition, results of operations or cash flows.

Significant changes in consumer preferences away from fresh prepared foods could have a significant adverse impact on our business.

We rely on continued consumer demand for our products. We market our products in several different markets in the United Kingdom, Europe, the United States and Asia, each of which has its own tastes and preferences. If we are not able to effectively produce and market products that meet the desires of consumers in each of our markets, our operating results will be adversely impacted.

Consumer preferences for fresh prepared products change from time to time, and our failure to anticipate, identify or react to these changes could result in reduced demand for our products. Successfully introducing innovative products that reflect consumers' needs on a regular basis is important to our ability to maintain our level of sales. As a result, the future degree of market acceptance of any of our new products, which may be accompanied by significant levels of promotional expenditures, is likely to have an important impact on our future financial results.

If general demand for fresh prepared foods in our geographic markets falls substantially below current levels, our results could be negatively impacted. The popularity of our prepared foods is impacted by a variety of factors, and could decline as a result of lifestyle, nutrition and health considerations. Any decline in the popularity of our food products could have a significant impact on our customers and could have a material adverse impact on our business, financial condition and results of operations.

Higher labour costs could adversely affect our business.

We compete with other manufacturers for good and dependable employees. The supply of such employees is limited and competition to hire and retain them may result in higher labour costs. These higher labour costs could adversely affect our profitability if we are not able to pass them on to our customers.

Organised strikes or work stoppages by unionised employees may have a material adverse effect on our business, financial condition and results of operations.

We have 15 union recognition agreements in place in the United Kingdom, 11 with Unite the Union and four with Britain's General Union ("GMB"). Relationships with unions are managed at site level and most agreements have been in place for several years and, although they do not have expiry dates, we periodically review the terms for potential updates. Our inability to renegotiate acceptable terms with Unite the Union and GMB could result in strikes by the affected workers and/or increased operating costs as a result of higher wages or benefits paid to union members as the result of a successful strike. We believe our relations with our employees, Unite the Union and GMB are good and we have not experienced any significant labour disputes or work stoppages. However, there can be no assurance that our operations will not be affected by problems in the future. If the unionised workers were to engage in a strike or other work stoppage, we could experience a significant disruption of operations and/or higher ongoing labour costs, which may adversely affect our profitability.

We operate in a highly competitive industry and our market share and results of operations could be adversely affected if we fail to compete effectively in the future.

The fresh prepared foods industry is highly competitive. Our products compete on the basis of quality, innovation, delivery timeliness and price. Because of this, our product offerings must constantly evolve to meet changing consumer needs. Some of our competitors have greater resources available to them. These competitors could use their significant resources to increase their marketing, develop new products or reduce their prices in a manner that adversely impacts our ability to sell our products at prices that generate the same margins we have earned in the past, if any margin at all. It may be possible for our current or future competitors to develop new product manufacturing technology or processes that may allow them to offer fresh prepared food products at a cost or quality that has a significant advantage over the products we manufacture and sell. We cannot assure you that we will continue to be able to compete successfully against existing or future competitors.

Certain of our competitors, or our retailer customers themselves, could produce new products that compete directly with our products, or new competitors could choose to enter our markets. If our competitors increase their promotional spending in the future or lower their prices for marketing purposes, we may be required to do so as well. These could adversely affect our profitability, or our sales may be reduced as a result of our customers choosing their products over ours. We expect levels of strong competition in our markets to continue,

and if we fail to compete successfully, our market share, results of operations and financial condition will be materially and adversely affected.

Further, grocery retailers generally do not want to become reliant on a single supplier, so they typically tender fresh prepared food products in order to maintain a reliable source of supply. Even if our products compare favourably with our competitors' products, we may lose market share as the result of such a process. Our results of operations and financial condition could be materially and adversely affected by such an event.

Consolidation among our customer base and continued growth of our existing customers could result in increased pricing pressure and other changes that could be harmful to our business.

Our customers have consolidated in recent years and we expect this consolidation to continue. These consolidations have resulted in large, sophisticated customers with increased buying power who are more capable of applying pricing pressure on us, resisting price increases, demanding promotional programmes or discounts and operating with reduced inventories. Further, because we have no long-term sales contracts, consolidation may lead to us having to renegotiate all standing terms, and the demands of these large customers may have an adverse effect on our results of operations.

From time to time, our large customers may also re-evaluate or refine their business practices and impose new or revised requirements upon their suppliers, including us. These business demands may relate to inventory practices, logistics or other aspects of the customer–supplier relationship. Compliance with the requirements imposed by significant customers may be costly and may have an adverse effect on our results of operations.

We rely on distributors to deliver certain of our products, and any disruption in their services or increase in shipping costs could adversely affect our business.

The success of our business depends, to some degree, upon the maintenance of a strong distribution network. We rely on independent distributors to store and deliver certain of our products to some of our customers. If any such distributor fails to properly store or timely deliver our products to our customers, the results of our operations could be adversely affected. There can be no guarantee that we will maintain relationships with all of our current independent distributors. A delay in distribution could, among other things, have an adverse impact on our reputation, result in disposal of an amount of our products that could not be shipped in a timely manner or require us to contract with alternative, and possibly more expensive and/or less reliable, distributors. In addition, many of our current distributors have refrigerated facilities located near our manufacturing plants, which provide us with convenient facilities in which to store our products and which reduces our costs of transportation. If we were required to change distributors, our business would be disrupted, which could have a material adverse effect on our business and results of operations.

Any significant damage to one of our factories could cause a production disruption.

The production at our factories could be adversely affected by extraordinary events, including fire, an explosion, the release of high-temperature steam or water, structural collapse, machinery failure, mechanical failure, extended or extraordinary maintenance, road construction or closures of primary access routes, flooding, windstorms or other severe weather conditions. Although we carry insurance covering losses at these facilities and insurance to cover interruptions in our business, such insurance will be subject to limitations such as deductibles and maximum liability amounts and therefore may not cover all of our losses. We may also incur losses that are outside of the coverage of our insurance policies. In the future, we may not be able to obtain insurance coverage at current levels if at all, and our premiums may increase significantly on the coverage that we maintain. As a result, we could experience significant losses if any of our manufacturing facilities were damaged or ceased operation for any other reason.

Damage to our or our customers' image and reputation could adversely impact our results of operations.

Our success in the retail market depends partially on our ability to maintain our image and corporate reputation. Adverse publicity, whether justified or not, or allegations of quality issues, even if false or unfounded, could tarnish our reputation and cause our customers to choose competitors' products. In addition, the proliferation of new methods of mass communication facilitated by the Internet makes it easier for false or unfounded allegations to adversely affect our brand image and reputation. If customers no longer maintain a preference for our products, our operating results may be adversely affected.

Negative publicity regarding our customers could cause consumers to reduce purchasing from them, which could negatively impact our operating results. Additionally, because our retailer-branded products bear the names of our retailer customers, negative publicity against our customers could tarnish our reputation by association, which could negatively impact our operating results.

We rely on a limited number of key personnel to operate our business, and the loss of any of these personnel or our inability to attract new personnel could have a material adverse impact on our business.

Our success is significantly dependent on the services of Ágúst Gudmundsson, Lýdur Gudmundsson, Peter Gates, Gordon Pates, John Dutton, Einar Gústafsson and Ann Savage. In addition, our future growth and success depends on our ability to attract, train, retain and motivate skilled managerial, sales, administrative, operating and professional and technical personnel. The loss of one or more of our key management or operating personnel, or the failure to attract and retain additional key personnel, could have a material adverse impact on our business, financial condition and results of operations.

We may be adversely affected by fluctuations in currency exchange rates.

Although we report our results in pounds, we conduct a significant portion of our business in countries that use other currencies, and as a result we are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the pound. The euro and U.S. dollar are the primary currencies giving rise to this risk. To the extent we are unable to match sales received in foreign currencies with costs paid in the same currency, exchange rate fluctuations in that currency could have a material adverse effect on our business. For example, where we have significantly more costs than sales generated in a foreign currency, we are subject to risk if that foreign currency appreciates against the pound because the appreciation effectively increases our costs in that location. Generally, any strengthening of the euro or U.S. dollar related to the pound will adversely affect the contributions of our sales denominated in those currencies to our profitability. For example, a 10% strengthening in the pound to euro exchange rate, with all other variables held constant, would have resulted in a £5.3 million increase in our Fiscal Year 2009 profit and other equity. A 10% strengthening in the pound to dollar exchange rate, with all other variables held constant, would have resulted in a £3.3 million increase in our Fiscal Year 2009 profit and other equity. A 10% weakening of the pound against the euro and U.S. dollar, respectively, would have had an equal and opposite impact on profit and other equity. In addition, our business may be negatively affected if foreign currency movements provide non-local suppliers with competitive pricing advantages.

From time to time, as and when we determine it is appropriate and advisable to do so, we will seek to mitigate the effect of exchange rate fluctuations through the use of derivative financial instruments. We have put in place hedges to mitigate foreign currency exposure. However, these hedges will only cover approximately 86% of our costs denominated in euros and 90% of our costs denominated in U.S. dollars for Fiscal Year 2010 and, as a result, a portion of our non-pound and non-dollar costs remain unhedged. We cannot assure you that we will continue to hedge any portion of our currency exposure in the future or, if we do, that we will be successful in these efforts.

Because our consolidated financial statements are presented in pounds, we must translate our assets, liabilities, sales and expenses into pounds at then-applicable exchange rates. Consequently, increases or decreases in the value of the pound may affect the value of these items in our consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger pound will reduce the reported results of operations of the non-pound businesses and, conversely, a weaker pound will increase the reported results of operations of the non-pound businesses. These translations could significantly affect the comparability of our results between financial periods and/or result in significant changes to the carrying value of our assets and liabilities.

Our operations are subject to the general risks of litigation.

We are involved, on an ongoing basis, in litigation arising in the ordinary course of business or otherwise. Litigation may include class actions involving consumers, shareholders, employees or injured persons, and claims related to commercial, labour, employment, antitrust, securities or environmental matters. Moreover, the process of litigating cases, even if we are successful, may be costly, and may approximate the cost of damages sought. These actions could also expose us to adverse publicity, which might adversely affect our brands and reputation and/or customer preference for our products. Litigation trends and expenses and the outcome of

litigation cannot be predicted with certainty and adverse litigation trends, expenses and outcomes could adversely affect our financial results and cash flow.

We may incur liabilities in connection with our pension plans.

In certain countries, we have pension plans under which we have an obligation to provide agreed benefits to current and former employees. See "Business—Employees". Our net liabilities under the defined benefit plans may be significantly affected by changes in the discount rate, the expected return on the plans' assets, the social security rate, the rate of increase in salaries and pension contributions, changes in demographic variables or other events and circumstances. Changes to local legislation and regulation relating to defined benefit plan funding requirements may result in significant deviations in the timing and size of the expected cash contributions under such plans. There can be no assurance that we will not incur additional liabilities relating to our pension plans, and these additional liabilities could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We may have difficulties integrating future acquisitions or identifying new acquisitions.

Part of our strategy has been to grow through acquisition. However, we may be unable to identify and consummate additional acquisitions or may be unable to successfully integrate and manage the product lines or businesses that we may acquire in the future. In addition, we may be unable to achieve a substantial portion of any anticipated cost savings from future acquisitions or other anticipated benefits in the time frame we anticipate, if at all. Any acquired product lines or businesses may require a greater amount of trade, promotional and capital spending than we anticipate. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, services and products of the acquired companies, personnel turnover and the diversion of management's attention from other business concerns. Any inability by us to integrate and manage any product lines or businesses we acquire in the future in a timely and efficient manner, any inability to achieve a substantial portion of any anticipated cost savings or other anticipated benefits from these acquisitions in the time frame we anticipate or any unanticipated required increases in trade, promotional or capital spending could adversely affect our business, consolidated financial condition, results of operations or liquidity. Moreover, future acquisitions by us could result in us incurring substantial additional indebtedness, being exposed to contingent liabilities or incurring the impairment.

We are exposed to risks related to conducting operations in several different countries.

We currently have manufacturing facilities located in Belgium, China, the Czech Republic, France, Italy, South Africa, Spain, the United Kingdom and the United States. Notwithstanding the benefits of geographic diversification, our business is subject to risks related to the differing legal, political, social and regulatory requirements and economic conditions of many jurisdictions. Risks inherent in international operations include the following, among other risks:

- general economic, social or political conditions in the countries in which we operate could have an adverse effect on our earnings from operations in those countries;
- compliance with a variety of laws and regulations in various jurisdictions may be burdensome;
- unexpected or adverse changes in laws or regulatory requirements in various jurisdictions may occur;
- the imposition of withholding taxes or other taxes or royalties on our income, or the adoption of other restrictions on foreign trade or investment, including currency exchange controls;
- adverse changes in export duties, quotas and tariffs and difficulties in obtaining export licences;
- intellectual property rights may be more difficult to enforce;
- transportation and other shipping costs may increase;
- staffing difficulties, national or regional labour strikes or other labour disputes;

- the imposition of any price controls; and

- difficulties in enforcing agreements and collecting receivables.

Any of these factors could require us to change our current operational structure and could have a material adverse impact on our results of operations.

Risks Relating to the Notes and Our Capital and Corporate Structure

Our substantial leverage and debt service obligations may make it difficult for us to service our debt, including the Notes, and operate our business.

Upon consummation of the Offering, we will have a substantial amount of outstanding indebtedness with significant debt service requirements. As at October 2, 2010, on a *pro forma* basis after giving effect to the Refinancing, our total borrowings would have been £634.1 million, including the Notes and the New Senior Credit Facility. We also would have had approximately £119.0 million available for borrowing under our Amended and Restated Revolving Credit Facility.

Our significant leverage could have important consequences for holders of the Notes, including, but not limited to:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt and liabilities;

- requiring us to dedicate a substantial portion of our cash flow to payments on our debt instead of operations, thus reducing the availability of our cash flow to fund internal growth through working capital, capital expenditures, acquisitions, joint ventures, product research and development, and other general corporate purposes;

- increasing our vulnerability to, and reducing our flexibility to respond to, a downturn in our business, or generally adverse economic or industry conditions;

- placing us at a competitive disadvantage compared to our competitors that are not as highly leveraged as us;

- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and industry;

- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and

- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Our ability to service our indebtedness will depend on our future performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. Some of these factors are beyond our control. If we cannot service our indebtedness and meet our other obligations and commitments, we might be required to refinance our debt or dispose of assets to obtain funds for such purpose. We cannot assure you that refinancings or asset disposals could be effected on a timely basis or on satisfactory terms, if at all, or would be permitted by the terms of our debt instruments.

Despite our high level of indebtedness, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional debt in the future. Following this Offering, we expect to have £85.0 million available for borrowing under the Amended and Restated Revolving Credit Facility. Although the Indenture and the agreement governing the Amended and Restated Revolving Credit Facility contain restrictions on the incurrence of additional debt, these restrictions are subject to a number of significant qualifications and exceptions and, under certain limited circumstances, the amount of debt that could be incurred in compliance with these restrictions could be substantial. Under the Indenture, in addition to specified

permitted debt, we will be able to incur additional debt so long as on a *pro forma* basis our fixed charge coverage ratio (as defined in the Indenture) is at least 2.25 to 1.0. In addition, the Indenture and the agreement governing the New Senior Credit Facility will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. If new debt is added to our and our subsidiaries' existing debt levels, the risks associated with our substantial indebtedness described above, including our possible inability to service our debt, will increase.

We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate.

Our ability to make scheduled payments on the Notes and to meet our other debt service obligations, including under the New Senior Credit Facility, or to refinance our debt, and to fund our ongoing operations will depend on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors mentioned in these "Risk Factors", many of which are beyond our control.

If our business does not generate sufficient cash flow from operations or other funding sources are not available to us in an amount sufficient to enable us to pay our indebtedness, including the Notes, or to fund our other liquidity needs, we may need to refinance all or a portion of our indebtedness, including the Notes, on or before the maturity thereof, sell assets, reduce or delay capital investments or seek to raise additional capital, any of which could have a material adverse effect on our operations. In addition, we may not be able to affect any of these actions, if necessary, on commercially reasonable terms, if at all. Any refinancing of our debt could be at higher interest rates and may require us to comply with more-onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including the Indenture, may limit or prevent us from taking any of these actions. If we default on the payments required under the terms of certain of our indebtedness, that indebtedness, together with debt incurred pursuant to other debt agreements or instruments that contain cross-default or cross- acceleration provisions, may become payable on demand, and we may not have sufficient funds to repay all of our debts, including the Notes. Please see "Description of Certain Financing Arrangements". As a result, our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on commercially reasonable terms, if at all, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of the Notes.

Restrictive covenants in the agreement governing the New Senior Credit Facility and the Indenture may restrict our ability to operate our business. Our failure to comply with these covenants, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our financial condition and results of operations.

The New Senior Credit Facility Agreement will contain negative covenants restricting, among other things, our ability to:

- make acquisitions or investments;
- make loans or otherwise extend credit to others;
- incur indebtedness or issue guarantees;
- create security;
- sell, lease, transfer or dispose of assets;
- merge or consolidate with other companies;
- make a substantial change to the general nature of our business;
- pay dividends, redeem share capital or redeem or reduce subordinated indebtedness;
- issue shares, options or warrants;

- enter into joint venture transactions;
- pay certain investors and creditors;
- make certain derivative transactions;
- enter into transactions other than at arm's length;
- enter into sale and leaseback transactions; and
- modify certain agreements, including agreements governing the Notes and other indebtedness.

In addition, the New Senior Credit Facility Agreement will require us to comply with certain affirmative covenants and certain specified financial covenants which require us to ensure that our leverage ratio (calculated as the ratio of total net debt on the last day of that relevant period of EBITDA) and our capital expenditure do not exceed an agreed level. Furthermore, our interest cover (calculated as the ratio of EBITDA to consolidated net finance charges) and cashflow cover (calculated as the ratio of cashflow to consolidated net finance charges) must meet an agreed level. A full list of the financial covenants and ratios that we must comply with is included in "Description of Certain Financing Arrangements—New Senior Credit Facility".

The Indenture will also contain negative covenants restricting, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or permit to exist certain liens;
- pay dividends on, redeem or repurchase our capital stock and make certain other restricted payments;
- make certain investments;
- impose restrictions on the ability of subsidiaries to pay dividends or other distributions, loans or advances to, and on the transfer of assets to the Issuer or any of its Restricted Subsidiaries;
- transfer or sell assets;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests for the holders of the Notes.

Each of the covenants is subject to a number of important exceptions and qualifications. Please see "Description of Notes—Certain Covenants".

The restrictions contained in the New Senior Credit Facility Agreement and the Indenture could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organisation or finance our capital needs. Additionally, our ability to comply with these covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions. If we breach any of these covenants or restrictions, we could be in default under the New Senior Credit Facility Agreement, the Indenture and our other indebtedness.

If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross-defaults under our other debt instruments, including the Notes. Our ability to make principal or interest payments when due on our indebtedness, including the Notes and our New Senior Credit Facility, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which to a certain extent is

subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in these "Risk Factors", many of which are beyond our control. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay our obligations under the Notes in such an event.

The Convertible Loan Agreement requires us to appoint creditor directors to our board of directors, comply with certain restrictive covenants which limit our operating and financial flexibility, requires that certain designated matters may not be approved by our board without the prior approval of the board of directors of Bakkavör Group ehf. and enables the creditors under the Convertible Loan Agreement to take control of the shares in Bakkavor Holdings Limited and Bakkavor Finance (1) Limited in an event of default under the Convertible Loan Agreement.

The provisions of the Convertible Loan Agreement require Bakkavör Group ehf. and Bakkavor Holdings Limited to each appoint two directors who are nominated by the lenders under the Convertible Loan Agreement to their boards of directors and to procure the appointment of two directors who are nominated by the Lenders under the Convertible Loan Agreement to our board of directors and the boards of directors of Bakkavor Finance (1) Limited and Bakkavor Finance (3) Limited and, in certain circumstances, a single director so nominated to the board of directors of Bakkavor (London) Limited (all such directors, the "Creditor Directors"). Notice of all board meetings must be provided to such Creditor Directors and our board meetings shall not be duly convened unless due notice has been provided to all directors of each company, including the Creditor Directors. The inclusion of the Creditor Directors in our board of directors may result in operational restrictions being imposed on our board of directors, as we will not have complete flexibility over appointments to our board.

The Convertible Loan Agreement will require us to comply with customary operating and negative covenants (including restrictive covenants that largely replicate those contained in the New Credit Facility Agreement). These restrictions could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. Furthermore, such restrictions could adversely affect our ability to finance our operations, make strategic investments, acquisitions and disposals, restructure our organisation or finance our capital needs. If we breach any of these restrictions or covenants, which may be beyond our control, we could be in default under the terms of the Convertible Loan Agreement and thus the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately.

In addition, the Convertible Loan Agreement requires us, Bakkavor Holdings Limited, Bakkavor Finance (1) Limited and Bakkavor Finance (3) Limited to comply with the Reserved Matters Protocol (as defined in and set out in the Convertible Loan Agreement), which stipulates that certain designated matters may not be approved by us, Bakkavor Holdings Limited, Bakkavor Finance (1) Limited and Bakkavor Finance (3) Limited without the prior written approval of the board of directors of Bakkavor Group ehf. For example, we require Bakkavör Group ehf.'s approval to change our share capital structure, including any reductions in our share capital, share issues and share buybacks, to borrow more than £5,000,000 from any person or entity, to form or acquire subsidiaries, to give guarantees, indemnities or grant security over assets worth more than £1,000,000 and to prepay any loans that are valued at greater than £10,000,000. These restrictions could also significantly restrict our ability to operate our business, finance our capital needs and make strategic acquisitions, investments and disposals.

Under the event of default provisions contained in the Convertible Loan Agreement, the creditors named therein may take control of the shares in Bakkavor Holdings Limited and Bakkavor Finance (1) Limited, our direct parent company if an event of default was not cured or waived. Our ability to cure or waive our noncompliance with covenants and restrictions may be affected by events beyond our control. These include prevailing economic, financial and industry conditions.

The Issuer and certain of the Guarantors are holding companies dependent upon cash flow from subsidiaries to meet their obligations on the Notes and the Guarantees, respectively.

The Issuer, Bakkavor Asia Limited, Bakkavor China Limited, Bakkavor Holdings Limited, Bakkavor Acquisitions (2008) Limited, Bakkavor (USA) Inc., Bakkavor USA Limited, Bakkavor Limited, Bakkavor Finance Limited, Bakkavor Finance (3) Limited, Bakkavor (London) Limited, Bakkavor Invest Limited and Bakkavor Foods Limited are each holding companies with no independent business operations or significant assets other than investments in their subsidiaries. Each of these holding companies depends upon the receipt of sufficient funds from its subsidiaries to meet its obligations. If our operating subsidiaries do not distribute cash to

the Issuer to make scheduled payments on the Notes, we do not expect the Issuer to have any other source of funds that would allow it to make payments to the holders of the Notes.

Various agreements governing our debt may restrict and, in some cases may actually prohibit, the ability of these subsidiaries to move cash within their restricted group. Applicable tax laws may also subject such payments to further taxation. Applicable law may also limit the amounts that some of our subsidiaries will be permitted to pay as dividends or distributions on their equity interests, or even prevent such payments.

The inability to transfer cash among entities within their respective consolidated groups may mean that even though the entities, in aggregate, may have sufficient resources to meet their obligations, they may not be permitted to make the necessary transfers from one entity in their restricted group to another entity in their restricted group in order to make payments to the entity owing the obligations.

Holders of the Notes will not control certain decisions regarding the Collateral.

The Notes will be secured by the same Collateral securing the obligations under the New Senior Credit Facility. In addition, under the terms of the Indenture, we will be permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the Collateral securing the Notes and the liens on the Collateral securing our other secured debt.

As a result of the voting provisions set out in the Intercreditor Agreement, the lenders under the New Senior Credit Facility, together with the counterparties to certain secured hedging, will have effective control on all decisions with respect to enforcement of the Collateral. The Intercreditor Agreement provides that Barclays Bank PLC who will serve as the Security Agent for the secured parties under the New Senior Credit Facility and the Notes, will (subject to certain limited exceptions) act with respect to such Collateral (and with respect to the filing of claims necessary to enforce such Collateral) only at the direction of the majority ($66^2/_3$%) with respect to the then undrawn committed or funded first priority secured debt (which includes creditors in respect of certain hedging obligations and which excludes creditors in respect of the Notes and any additional Notes), until the aggregate amount committed or funded under such first priority secured debt (excluding the Notes and any additional Notes) is less than 30% of the aggregate principal amount of all such undrawn committed or funded first priority secured debt (including the Notes and any additional Notes). Thereafter, creditors holding more than 50% of the aggregate amount of undrawn committed and funded first priority secured debt (including the Notes and any additional Notes) will be able to instruct the Security Agent to enforce the Collateral. No holder of the Notes will have any separate right to enforce or to require the enforcement of the Collateral. Please see "Description of Certain Financing Arrangements—Intercreditor Agreement". The lenders under the New Senior Credit Facility may have interests that are different from the interests of holders of the Notes and they may not elect to pursue their remedies under the Security Documents at a time when it would otherwise be advantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells the shares of our subsidiaries that have been pledged as Collateral through an enforcement of their security interest in accordance with the Intercreditor Agreement, claims under the guarantees of the Notes and the liens over any other assets securing the Notes and the Guarantees may be released. Please see "Description of Certain Financing Arrangements—Intercreditor Agreement" and "Description of Notes—Security".

As a result, until the aggregate of the undrawn committed and funded first priority secured debt (other than debt under the Notes and any additional notes) has fallen below 30% of the aggregate amount of the undrawn committed and funded first priority secured debt, lenders under the New Senior Credit Facility, together with the counterparties to certain secured hedging, will have effective control of all decisions with respect to the Collateral. It is possible that disputes may occur between the holders of the Notes and lenders under the New Senior Credit Facility as to the appropriate manner of pursuing enforcement remedies with respect to the Collateral (as well as with respect to the filing of claims necessary to enforce such Collateral). In such an event, the holders of the Notes will be bound by any decisions of the lenders under the New Senior Credit Facility, which may result in enforcement actions against the Collateral that are not approved by the holders of the Notes or that may be adverse to such holders. The effective control of the lenders under the New Senior Credit Facility may delay enforcement against the Collateral. Please see "Description of Certain Financing Arrangements—Intercreditor Agreement".

Enforcing your rights as a noteholder or under the guarantees or security across multiple jurisdictions may prove difficult.

The laws of certain of the jurisdictions in which the Guarantors are organised limit the ability of these subsidiaries to guarantee debt of other companies. As a result, a court in those jurisdictions may deem the guarantees to being valid, which would reduce the amount of Collateral available to satisfy claims under the Notes. Please see "Limitations on Validity and Enforceability of the Guarantees and the Security Interests".

The Issuer and the Guarantors will have control over the Collateral, and the operation of the business or the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors may, among other things, without any release or consent by the Trustee or Security Agent, conduct ordinary-course activities with respect to the Collateral such as selling, modifying, factoring, abandoning or otherwise disposing of

Collateral and making ordinary-course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the collateral.

In addition, the operation of our manufacturing activities is subject to hazards such as fire, explosion, the release of high-temperature steam or water, structural collapse and machinery failure. These and other hazards can cause severe damage to and destruction of the property, plant and equipment that serve as Collateral. While we intend to continue to maintain insurance or otherwise insure against hazards in the manner described in these Listing Particulars, there are certain losses that may be either uninsurable or not economically insurable, in whole or in part. Further, insurance proceeds may not compensate us fully for our losses and, as a result, if there is a loss of any of the Collateral the insurance proceeds may not be sufficient to replace the Collateral. Even if there is sufficient insurance coverage there may be significant delays in obtaining the insurance proceeds or replacement Collateral. As a result, if we incur an event that damages or destroys Collateral, it could reduce the aggregate value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of that collateral.

There are circumstances other than repayment or discharge of the Notes under which the Collateral will be released automatically and under which the Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, Collateral will be released automatically, including:

- in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person who is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

- in connection with any sale or other disposition of capital stock of that Guarantor (or capital stock of any direct or indirect parent entity of such Guarantor (other than the Issuer)) to a person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

- if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

- upon release of the guarantee or Indebtedness that resulted in the creation of the Note Guarantee or security under the covenant described under "Description of Notes—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness", so long as no event of default would arise as a result and no other Indebtedness is at that time guaranteed by the relevant Guarantor;

- in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness as provided under the Intercreditor Agreement as described under "Description of Certain Financing Arrangements—Intercreditor Agreement";

- upon legal defeasance, covenant defeasance or the satisfaction and discharge of the Indenture as provided below under "Description of Notes—Legal Defeasance and Covenant Defeasance" and "Description of Notes—Satisfaction and Discharge"; or

- as described under the caption "Description of Notes—Amendment, Supplement and Waiver".

Even though the holders of the Notes share in the Collateral rateably with the lenders under the New Senior Credit Facility, the lenders under the New Senior Credit Facility will initially control enforcement actions with respect to the Collateral through the Security Agent, whether or not the holders of the Notes agree or disagree with those actions. Please see "Description of Notes—Security".

It may be difficult to realise the value of the Collateral securing the Notes.

The Collateral securing the Notes will be subject to any and all exceptions, defects, imperfections encumbrances and other liens permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, imperfections and other liens could adversely affect the value of the Collateral securing the Notes as well as the ability of the Security Agent to realise or foreclose on that Collateral.

Further, the first-priority ranking of security interests can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterisation under the laws of certain jurisdictions.

The security interests of the Security Agent will be subject to practical problems generally associated with the realisation of security interests in collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets and the value of the Collateral may significantly decrease.

In addition, our business requires a variety of national, state and local permits and licences. The continued operation of properties that comprise part of the Collateral and which depend on the maintenance of such permits and licences may be prohibited. Our business is subject to regulations and permitting requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or changes in applicable regulations or requirements. In the event of foreclosure, the transfer of such permits and licences may be prohibited or may require us to incur significant cost and expense. Further, we cannot assure you that the applicable governmental authorities will consent to the transfer of all such permits. If the regulatory approvals required for such transfers are not obtained or are delayed, the foreclosure may be delayed, a temporary shutdown of operations may result and the value of the Collateral may be significantly decreased.

The assets that constitute the Collateral hereunder are also pledged, on a *pari passu* basis, for the benefit of the lenders and letter of credit issuers under the New Senior Credit Facility and counterparties under certain priority hedging obligations. In addition, the Indenture will allow us to incur certain additional permitted indebtedness in the future that is secured by the Collateral. Please see "Description of Notes—Certain Covenants—Limitation on Liens". The incurrence of any additional secured indebtedness would reduce amounts payable to you from the proceeds of any sale of the Collateral.

The value of the Collateral and the amount to be received upon a sale of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, the condition of the economies in which operations are located and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realisable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the share pledges of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. The Collateral will be released in connection with an enforcement sale pursuant to the Intercreditor Agreement and lenders under the New Senior Credit Facility (together with certain hedge counterparties) will, on the Issue Date, and so long as certain circumstances continue (as described in the risk factor entitled "Holders of the notes will not control certain decisions regarding the Collateral"), have effective control of all decisions with respect to the Collateral.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can be properly perfected, and its priority retained only through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the Security Agent fails or is unable to take the actions we are required to take to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

The Trustee or the Security Agent for the Notes may not properly monitor, or we may not comply with our obligations to inform the Trustee or Security Agent of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. Such failure may result in the invalidity of the security interest in the Collateral or adversely affect the priority of the security interest in favour of the Notes against third parties. Neither the Trustee nor the Security Agent for the Notes has any obligation to monitor the acquisition of additional property or rights by us or the perfection of any security interest.

The Notes will be structurally subordinated to the liabilities and preference shares (if any) of our non-guarantor subsidiaries.

Some, but not all, of our subsidiaries will guarantee the Notes. Generally, creditors of, including indebtedness and trade creditors, and preference shareholders (if any) of non-guarantor subsidiaries are entitled to payments of their claims from the assets and earnings of such subsidiaries before these assets and earnings are made available for distribution to any Guarantor, as direct or indirect shareholder.

Accordingly, in the event that any non-guarantor subsidiary becomes subject to foreclosure, dissolution, winding-up, liquidation, reorganisation, administration or other bankruptcy or insolvency proceeding:

- the creditors of the Issuer (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary; and

- creditors of such non-guarantor subsidiary, including trade creditors, and preference shareholders (if any) will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before any Guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes (as well as the New Senior Credit Facility) will be structurally subordinated to creditors including trade creditors and preference shareholders (if any) of our non-guarantor subsidiaries.

During Fiscal Year 2010, the Guarantors generated 83.5% of Bakkavor Holdings Limited's consolidated revenues and 94.4% of Bakkavor Holdings Limited's EBITDA and as at January 1, 2011 held 87.1% of Bakkavor Holdings Limited's consolidated total assets. As at October 2, 2010, the Issuer's subsidiaries that are not guaranteeing the Notes had Net debt of £12.5 million, excluding intercompany obligations, all of which would have ranked structurally senior to the Notes and the Guarantees. Any of the debt that our non-guarantor subsidiaries incur in the future in accordance with the Indenture will rank structurally senior to the Notes and the Guarantees.

The New Senior Credit Facility Agreement will restrict our ability to repay the Notes or make certain amendments to the Notes.

The New Senior Credit Facility Agreement will contain certain restrictions on our rights under the Indenture with respect to Notes. The New Senior Credit Facility Agreement will restrict our ability to (i) repay, prepay, defease, redeem or purchase of the principal amount of the Notes, and (ii) amend, waive, vary or supplement the Notes to (a) bring forward any scheduled payment date; (b) increase the principal amount outstanding under the Notes; or (c) include any additional events of default in the Indenture governing the Notes. In addition, the New Senior Credit Facility will restrict our ability to refinance the Notes without the consent of the Super Majority Lenders (as defined therein). Accordingly, the New Senior Credit Facility Agreement may prevent us from exercising certain rights in respect of the Notes that would typically be available under the Indenture.

The interests of our controlling shareholders may conflict with yours as a holder of the Notes.

The interests of our controlling shareholders may conflict with yours as a holder of the Notes. The controlling shareholders have (directly or indirectly) the power to, among other things, affect our legal and capital structure and our day-to-day operations and may have an incentive to increase the value of their investments or cause us to distribute funds at the expense of our financial condition, which could impact our ability to make payments on the Notes. In addition, the controlling shareholders have the power to elect a majority of our board of directors and appoint new officers and management and, therefore, effectively control many other major decisions

regarding our operations. We cannot assure you that the interests of the controlling shareholders will not conflict with your interests as a holder of the Notes. For more information, please see "Principal Shareholders" and "Related Party Transactions".

Certain guarantees and security interests on the Collateral will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability.

The Indenture will provide that certain Guarantees will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee voidable or otherwise ineffective under applicable law and enforcement of each Guarantee would be subject to certain generally available defences. These laws and defences include those that relate to corporate benefit, fraudulent transfer or conveyance, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally. Please see "Description of Notes—Certain Covenants—Limitations on Validity and Enforceability of the Guarantees and the Security Interests".

Although laws differ among various jurisdictions, in general, under fraudulent conveyance and other laws, a court could subordinate or void the Guarantees or the security interests in the Collateral granted by the relevant Security Documents and, if payment had already been made under a Guarantee or upon enforcement of the Collateral, require that the recipient return the payment to the relevant Guarantor, if the court found that:

- the relevant Guarantee or security interest under a Security Document was incurred with actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor or security provider or, in certain jurisdictions, even when the recipient was simply aware that the Guarantor or security provider was insolvent when it granted the relevant Guarantee or security;

- the Guarantor or security provider did not receive fair consideration or reasonably equivalent value for the relevant Guarantee or security interest under a Security Document and the Guarantor or security provider was: (i) insolvent or rendered insolvent because of the relevant Guarantee or security interest; (ii) under-capitalised or became under-capitalised because of the relevant Guarantee or security interest; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Guarantees or Security Documents were held to exceed the corporate objects of the Guarantor or security provider or not to be in the best interests or for the corporate benefit of the Guarantor or security provider; or

- the amount paid or payable under the relevant Guarantee or the enforcement proceeds under the relevant Security Documents was in excess of the maximum amount permitted under applicable law.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon applicable governing law. Generally, an entity would be considered insolvent if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, is greater than the fair value of all its assets;

- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its existing debts and liabilities, including contingent liabilities, as they become due; or

- it cannot pay its debts as they become due.

If a court were to find that the issue of the Notes or a Guarantee was a fraudulent conveyance or held it unenforceable for any other reason, the court could hold that the payment obligations under the Notes or such Guarantee are ineffective, or require the holders of the Notes to repay any amounts received with respect to the Notes or such Guarantee. In the event of a finding that a fraudulent conveyance occurred, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of the other Guarantors under any Guarantees that have not been declared void.

Additionally, any future pledge of Collateral in favour of the Security Agent, including pursuant to Security Documents delivered after the date of the Indenture, might be avoidable by the security provider (as

debtor-in-possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the security provider is insolvent at the time of the pledge, the pledge permits the holders of the Notes to receive a greater recovery than if the pledge had not been given and a bankruptcy proceeding in respect of the security provider is commenced within 90 days following the pledge, or in certain circumstances, a longer period.

In order to receive the benefit of a security interest, some of the secured creditors must be party to the relevant Security Documents, as security interests cannot be held on behalf of third parties who do not hold secured claims (i.e. the secured party and the creditor have to be the same person). Under Italian law the concept of "parallel debt" is not expressly recognised and, therefore, in order to allow the Note holders to have their claims secured, the Security Agent is party to the relevant Security Documents—as a secured party—for itself and as legal representative (*mandatario con rappresentanza*) of the Note holders by virtue of the authority granted to the Security Agent by the holders of the Notes.

In addition, under the terms of the Indenture, we will be permitted in the future to incur additional indebtedness and other obligations that may share in the liens on the Collateral securing the Notes and the liens on the collateral securing our other secured debt. The granting of new security interests may require the releasing and retaking of security or otherwise create new hardening periods in certain jurisdictions. The applicable hardening period for these new security interests will run from the moment each new security interest has been granted or perfected. At each time, if the security interest granted or recreated were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and it may not be possible to enforce it.

Relevant insolvency laws in England and other jurisdictions may provide you with less protection than U.S. bankruptcy law.

We and certain of the Guarantors are incorporated under the laws of England and Wales. Therefore, any insolvency proceedings by or against us or such Guarantors would likely be based on English insolvency laws. The other Guarantors are incorporated in California, the Netherlands and Spain.

Please see "Limitations on Validity and Enforceability of the Guarantees and the Security Interests" for a description of the insolvency laws in England and Wales and the United States, which could limit the enforceability of the guarantees and the security interests.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Guarantees and Collateral provided by entities organised in jurisdictions not discussed in these Listing Particulars are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the Guarantees or security after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of organisation or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas at rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive.

We are subject to English insolvency laws, which pose certain risks for holders of the Notes.

The English insolvency statutes empower English courts to make an administration order in respect of an English company. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. In addition, the holder of a "qualifying floating charge" over the assets of an English company may appoint an administrator out of court, provided such floating charge has become enforceable. In this case the prospective administrator must be satisfied that the purpose of administration is reasonably likely to be achieved. An English company or the directors of such company may also appoint an administrator out of court. The purpose of an administration is comprised of three parts that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than immediate liquidation or, if neither of those objectives is reasonably practicable, and the

interests of the creditors as a whole are not unnecessarily harmed thereby, realising property to make a distribution to secured or preferred creditors.

The rights of creditors, including secured creditors, are particularly curtailed in an administration. Upon the appointment of an administrator, no step may be taken to enforce security over the company's property except with the consent of the administrator or leave of the court. The same requirements for consent or leave apply to the commencement or institution of legal process (including legal proceedings, execution, distress or diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if either the Issuer or a Guarantor incorporated in England were to enter into administration proceedings, the Notes and the Guarantees and the related security from the Issuer or such Guarantor could not be enforced while the relevant company was in administration, without the leave of the court or consent of the administrator. There can be no assurance that the Security Agent would obtain this leave of the court or consent of the administrator.

In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act 1986, dispose of the property of a company in administration (including the property subject to security).

However, the general prohibition against enforcement by secured creditors without consent of the administrator or leave of the court, and the administrators' powers with respect to floating and other security, do not apply to any security interest created or arising under a financial collateral arrangement within the meaning of the Financial Collateral Agreements (No. 2) Regulations 2003 (UK). A financial collateral arrangement includes (subject to certain other conditions) a pledge over shares in a company, where both the collateral provider and collateral taker are non-natural persons.

Under English insolvency law, the liquidator or administrator of a company may, among other things, apply to the court to unwind a transaction entered into by such company, if such company was unable to pay its debts (as defined in section 123 of The Insolvency Act 1986) (the "Insolvency Act 1986") at the time of, or as a result of, the transaction and enters into liquidation or administration proceedings within two years of the completion of the transaction. A transaction might be subject to a challenge if it was entered into by a company "at an undervalue", that is, it involved a gift by the company or the company received consideration of less value than the benefit given by such company. However, a court generally will not intervene if a company entered into the transaction in good faith for the purpose of carrying on its business and at the time it did so there were reasonable grounds for believing the transaction would benefit such company. We believe that the Notes will not be issued on terms which would amount to a transaction at an undervalue, that the offering is in good faith for the purposes of carrying on our business and that there are reasonable grounds for believing that the transaction will benefit us. However, there can be no assurance that the issuance of the Notes will not be challenged by a liquidator or administrator or that a court would support our analysis.

Similarly, a liquidator or administrator of a Guarantor incorporated in England could apply to the court to unwind the issue of its Guarantee if such liquidator or administrator believed that the issue of such Guarantee constituted a transaction at an undervalue. The analysis of such a claim would generally be the same as set out above in relation to our issue of the Notes. We believe that each Guarantee will not be provided in a transaction at an undervalue and that each Note Guarantee will be provided in good faith for the purposes of carrying on the business of each Guarantor incorporated in England and its subsidiaries and that there are reasonable grounds for believing that the transactions will benefit each such Guarantor. However, there can be no assurance that the provision of the Guarantees will not be challenged by a liquidator or administrator or that a court would support our analysis.

If the liquidator or administrator can show that we or one of our Guarantors have given "preference" to any person within six months of the onset of liquidation or administration (or two years if the preference is to a "connected person") and, at the time of the preference, we or that Guarantor were technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company's creditors (or a surety or guarantor for any of the company's debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. The

court may not make an order avoiding a preferential transaction unless it is satisfied that the company was influenced by a desire to put that person in a better position. This provision of English insolvency law may affect transactions entered into or payments made by us or any of our Guarantors during the relevant period prior to our or its liquidation or administration.

In addition, if it can be shown that a transaction entered into by an English company was made for less than fair value and was made to shield assets from creditors, then the transaction may be set aside as a transaction defrauding creditors. Any person who is a "victim" of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction.

If either the Issuer or a Guarantor were to commence administration proceedings, the Notes and the Guarantees and the related security from the Issuer or such Guarantor could not be enforced while the relevant company was in administration. The holder of a qualifying floating charge that has been created since September 15, 2003 over all or substantially all of the assets of an English company can generally no longer appoint an administrative receiver of that company. There is, however, an exception to this rule that applies to certain capital markets transactions that are expected to incur at least £50 million of debt.

Any interest accruing under or in respect of the Notes for any period from the date of commencement of administration or liquidation proceedings, to the extent not fully covered by the assets securing the Notes, could be recovered by holders of the Notes only from any surplus remaining after payment of all other debts provided in the proceeding and interest accrued that was unpaid up to the date of the commencement of the proceeding.

Under English insolvency law, certain preferential claims, including unpaid contributions to occupational pension schemes in respect of the 12-month period prior to insolvency and unpaid employees' remuneration in respect of the four-month period prior to insolvency, will, while ranking behind the claims of holders of fixed security, rank ahead of the claims of holders of floating charges. In addition, a prescribed part of floating charge realisations in respect of a company's assets (being 50% of the first £10,000 of net realisations and 20% of the net realisations thereafter, up to a maximum of £600,000) is required to be set aside for the benefit of unsecured creditors and, as such, ranks ahead of the relevant floating charge. In the event of an administration or liquidation of a company, administration expenses and liquidation expenses in relation to the company rank ahead of the claims of the holders of floating charges over that company's assets. As a result of recent case law, other liabilities in respect of an underfunded occupational pension scheme can become, in certain circumstances, administration expenses or liquidation expenses.

You may be unable to recover in civil proceedings for U.S. securities laws violations.

We are organised under the laws of England and Wales and do not have significant assets in the United States. We anticipate that some or all of our directors and executive officers and the directors and officers of the Guarantors will be non-residents of the United States and that all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us, the Guarantors or our or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. In addition, we cannot assure you that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in England and Wales. Please see "Service of Process and Enforcement of Judgments".

We may not have the ability to raise the funds necessary to finance an offer to repurchase your Notes upon the occurrence of certain events constituting a change of control as required by the Indenture, and the change of control provision in the Indenture may not afford you protection against certain corporate events.

Upon the occurrence of certain events constituting a Change of Control as defined in the Indenture, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. If a change of control were to occur, our ability to make such purchase may be limited by our then existing financial resources and we cannot assure you that we would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or to repay the New Senior Credit Facility or other indebtedness. As such, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. In addition, restrictions in our then-existing contractual obligations, including the New Senior Credit Facility, may not allow us to make such required repurchases upon the occurrence of certain events constituting a change of control. If an event constituting a

change of control occurs at a time when the Issuer is prohibited from repurchasing Notes, the Issuer may seek the consent of the lenders under such indebtedness to the purchase of Notes or may attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, the Issuer will remain prohibited from repurchasing any tendered Notes. A change of control may result in an event of default under, or acceleration of, the New Senior Credit Facility and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not. Any failure by the Issuer to offer to purchase Notes would constitute a default under the Indenture, which would in turn constitute a default under the New Senior Credit Facility, and could result in an acceleration of our indebtedness thereunder, which could have a material adverse effect on our business. Please see "Description of Notes—Certain Covenants—Change of Control".

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving us that may adversely affect holders of the Notes, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Indenture. Except as described under "Description of Notes—Certain Repurchase at the Option of Holders—Change of Control", the Indenture does not contain provisions that require us to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction.

The definition of "Change of Control" contained in the Indenture includes a disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and the Restricted Subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially be issued only in global certificated form and held through Euroclear Bank S.A./N.V. as operator Euroclear and Clearstream.

Interests in the global notes will trade in book-entry form only, and the Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners of the Notes. The common depositary, or its nominee, for Euroclear and Clearstream will be the sole registered holder of the global notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to Deutsche Bank AG, London Branch, as Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book-entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. Please see "Book-Entry, Delivery and Form".

Transfers of the Notes are restricted, which may adversely affect their liquidity and the value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture governing the Notes contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exceptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than £100,000. Further, we have not registered the Notes under any other country's securities laws. These restrictions will limit your ability to transfer your Notes and may prevent or impair an active trading market from developing. As a result, the restrictions on your ability to transfer your Notes may adversely impact the value of your Notes. Please see "Notice to Investors".

There is no established trading market for the Notes. If a market for the Notes does not develop, your ability to sell the Notes may be limited.

The Notes are new issues of securities for which there is currently no established trading market. Accordingly, we cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

We will apply for admission to trading on the Irish Stock Exchange. However, the Notes may not become or remain listed on that exchange. Although the Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable laws and regulations, they are not obliged to do so and may discontinue their market-making activities at any time at their sole discretion and without notice.

The liquidity of the trading market in the Notes and the market price quoted for the Notes may be adversely affected by many factors, including, among other things, changes in the overall market for similar securities, interest rates, our financial performance or prospects or in the prospects for companies in our industry generally. Historically, the market for non-investment-grade debt has been subject to substantial volatility, which could adversely affect the price at which you may sell your Notes. In addition, subsequent to their initial issue, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our operating performance and other factors. As a result, an active trading market for the Notes may not develop or, if developed, may not continue, and you may be unable to sell your Notes.

Further, it is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all. In addition, the Indenture will allow the Issuer to issue additional notes in the future which could adversely impact the liquidity of the Notes.

Investors in the Notes may have limited recourse against the independent auditors.

Please see "Independent Auditors" for a description of the independent auditors' reports, including language limiting the auditors' scope of duty in relation to such reports and the consolidated financial statements to which they relate. In particular, the audit reports of Deloitte LLP relating to the annual financial statements reproduced herein, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, provide: "This report is made solely to the company's directors in accordance with our engagement letter dated 24 January 2011 and solely for the purpose of inclusion within the Listing Particulars under the rules and

regulations of the Irish Stock Exchange for the proposed offering of senior secured notes by Bakkavor Holdings Limited. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an independent auditors' report and for no other purpose. To the fullest extent permitted by law, and save for any responsibility under the rules and regulations of the Irish Stock Exchange, we will not accept or assume responsibility to anyone other than that company, for our audit work, for this report, or for the opinions we have formed." The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). If a U.S. court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited.

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody's or a rating of BBB- or better from S&P and no default or event of default has occurred and is continuing, then beginning that day and continuing at all times thereafter regardless of any subsequent changes in the rating of the Notes, certain covenants will cease to be applicable to the Notes. Please see "Description of Notes—Certain Covenants—Suspension of Certain Covenants when Notes Rated Investment Grade".

If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

(This page has been left blank intentionally.)

USE OF PROCEEDS

We expect the net proceeds from this Offering will be approximately £332 million, after deducting the Initial Purchasers' discounts, commissions and expenses and our estimated Offering expenses. The anticipated sources and uses of cash in connection with the Refinancing assuming they were completed on October 2, 2010 are set out below. Actual amounts may differ from these estimates.

Sources	£ in millions	Uses	£ in millions
Notes offered hereby[1]	350	Refinance Existing Credit Facilities[2]	593
New Term Loan[3]	260	Estimated transaction fees and expenses and other payments[5]	18
Amended and Restated Revolving Credit Facility[3][4]	1		
Total sources	611	**Total uses**	611

(1) Assuming that the Notes are issued at an issue price of 100% of the principal amount thereof.

(2) Represents the partial repayment of the outstanding principal amount of the Existing Credit Facilities outstanding on the Issue Date. This amount does not reflect additional interest accrued and unpaid from October 3, 2010.

(3) For descriptions of the New Term Loan and Amended and Restated Revolving Credit Facility, please see "Description of Certain Financing Arrangements—New Senior Credit Facility".

(4) As at the Issue Date, the amounts drawn under the Amended and Restated Revolving Credit Facility is expected to total £35 million, which represents additional working capital and the repayment of additional accrued interest under the Existing Credit Facilities.

(5) The fees and expenses represents our estimates of fees and expenses related to the Refinancing, including underwriting fees and commissions, breakage costs, other financing fees, advisory fees and other transaction costs and professional fees.

CAPITALISATION

The following table sets out, on a consolidated basis, the cash and cash equivalents and capitalisation of:

- Bakkavor Holdings Limited, on a historical basis, as at October 2, 2010; and
- Bakkavor Holdings Limited, as adjusted to give effect to the Offering and the Refinancing.

This table should be read in conjunction with "Summary—The Refinancing", "Use of Proceeds", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Description of Certain Financing Arrangements" and the financial statements and related notes thereto included elsewhere in these Listing Particulars.

	Bakkavor Holdings Limited Actual	Adjustments	Bakkavor Holdings Limited as Adjusted
Cash and cash equivalent	29	—	29
Debt (including current portion)			
Existing Credit Facilities	593	(593)[1]	—
New Senior Term Loan	—	260	260
Amended and Restated Revolving Credit Facility[2]	—	1	1
Notes offered hereby	—	350	350
Other debt[3]	23	—	23
Amounts due to third parties	616	18	634
Unamortised funding costs[4]	(3)	(15)	(18)
Total debt to third parties	613	3	616
Amounts due to Related Parties[5]	200	(200)	—
Total debt	813	(197)	616
Total shareholders equity	170	197[6]	367
Total capitalisation	983	—	983

(1) The New Senior Credit Facility is included as an Existing Credit Facility. On the Issue Date, the Bakkavor London Revolving Credit Facility will be amended and restated and will be partly repaid with the proceeds of the Notes with the balance of the outstanding indebtedness thereunder being novated from Bakkavor (London) Limited to the Issuer.

(2) The Group intends to draw down on the Amended and Restated Credit Facility to the extent the net proceeds received from the Offering do not fully cover the amounts owed under the Existing Credit Facilities. This amount will be £35 million at the Issue Date, which represents working capital and to repay interest accrued and unpaid since October 2, 2010.

(3) Includes finance leases and other financial indebtedness not related to the Existing Credit Facilities.

(4) Unamortised portions of capitalised fees and expenses associated with the establishment of the Existing Credit Facilities in the amount of £3 million will be charged through net income upon the Refinancing. Estimated costs of £18 million have been deducted from the total proceeds and will be amortised over the life of the Notes as an additional finance cost.

(5) Amounts due to Related Parties represents intragroup liabilities owed to Bakkavör Group ehf., which will be converted into share capital of the Issuer with effect from February 7, 2011.

(6) Includes £199.8 million with respect to the intragroup liabilities which will be converted into share capital of the Issuer with effect from February 7, 2011, less the effect of the reduction of unamortised funding costs related to the Existing Credit Facilities.

SELECTED HISTORICAL FINANCIAL DATA

The Issuer was incorporated on January 21, 2011 for the purpose of the Offering. We do not present historical financial information for the Issuer, except an audited balance sheet as at January 21, 2011, which has been prepared in accordance with IFRS.

The following tables present Bakkavor Holdings Limited's summary historical consolidated financial data for the periods ended and at the dates indicated below. Bakkavor Holdings Limited is the indirect parent company of the Issuer. We have derived the summary historical consolidated financial data as at the end of, and for Fiscal Year 2007, Fiscal Year 2008, Fiscal Year 2009 and Fiscal Year 2010 from the audited consolidated financial statements of Bakkavor Holdings Limited, which are included elsewhere in these Listing Particulars.

The following summary financial data set out below should be read in conjunction with "Use of Proceeds", "Capitalisation", "Selected Historical Financial Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements of Bakkavor Holdings Limited and the notes thereto, included elsewhere in these Listing Particulars.

(£ in millions, except in ratios)	Fiscal Year 2007 (52 weeks)	2008 (52 weeks)	2009 (53 weeks)	2010 (52 weeks)
Consolidated Statement of Income Data:				
Revenue	1,468.1	1,618.9	1,650.4	1,643.2
Cost of sales	(1,233.9)	(1,419.5)	(1,405.1)	(1,406.3)
Gross profit	234.2	199.4	245.3	236.9
Administrative costs				
Restructuring costs	(3.4)	(24.3)	(5.4)	(3.7)
Impairment of assets	—	(17.4)	—	—
Product recall costs	(5.7)	—	—	
Other administrative costs	(136.6)	(149.8)	(175.1)	(154.8)
Total administrative costs	(145.7)	(191.5)	(180.5)	(158.5)
Share of results of associates	0.4	0.1	1.0	1.0
Operating profit	88.9	8.0	65.8	79.4
Investment revenues	2.9	7.8	1.2	0.1
Other gains and losses	(3.1)	(37.5)	2.4	9.7
Finance costs	(53.0)	(72.4)	(84.0)	(67.8)
(Loss)/profit before tax	35.7	(94.1)	(14.6)	21.4
Income tax	(3.2)	5.0	19.1	(14.2)
(Loss)/profit for the period	32.5	(89.1)	4.5	7.2
Statement of Financial Position Data (at end of period):				
Cash and cash equivalents	35.0	79.8	37.4	40.8
Operating working capital[1]	(57.3)	(23.4)	(40.1)	(59.3)
Total assets	1,395.3	1,714.2	1,425.6	1,424.1
Property, plant and equipment	337.6	361.4	330.8	314.6
Total debt[2]	(543.2)	(897.3)	(662.5)	(626.2)
Total equity	252.2	185.1	173.6	188.4
Consolidated Statement of Cash Flows Data:				
Net cash from/(used in) operating activities	66.1	(21.9)	81.8	76.5
Net cash generated from/(used in) investing activities	(85.0)	(241.5)	98.6	(36.1)
Net cash (used in)/generated from financing activities	15.2	317.0	(224.2)	(36.9)
Net (decrease)/increase in cash and cash equivalents	(3.7)	53.6	(43.8)	3.5

(1) We define "operating working capital" as the sum of inventories, trade and other receivables excluding tax recoverable, short term deposits and interest receivable, less trade and other payables excluding deferred and contingent consideration related to acquisitions.

	As of December 29, 2007	December 27, 2008	January 2, 2010	January 1, 2011
		(£ in millions)		
Inventories	46.3	57.5	50.5	56.6
Current trade and other other receivables	220.1	376.7	188.0	189.7
Less: Current tax recoverable	—	—	(1.8)	—
Less: Current short-term deposits[a]	—	(130.7)	—	—
Less: Current interest receivables	—	(0.9)	—	—
Current trade and other payables	(323.7)	(327.3)	(279.9)	(310.6)
Add back: Current contingent consideration	—	—	—	5.0
Add back: Current deferred consideration	—	—	3.1	—
Add back: Current Interest payable	—	1.3	—	—
Operating working capital	(57.3)	(23.4)	(40.1)	(59.3)

(a) Current trade and other receivables include short-term deposits relating to monies held in a restricted bank account in Iceland. Those monies have been removed to normalise operating working capital. Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations".

(2) We define "total debt" as bank overdrafts and loans, plus obligations under finance leases. This amount excludes liabilities owed to Bakkavör Group ehf. in the amount of £205.0 million as of January 1, 2011, which was converted into share capital of Bakkavor Holdings Limited with effect from February 7, 2011.

.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the results of operations and financial condition based upon the audited consolidated financial statements of Bakkavor Holdings Limited as at and for Fiscal Year 2007, Fiscal Year 2008 and Fiscal Year 2009, in each case, as prepared in accordance with IFRS and for the 40-week period ended October 3, 2009 and as at and for the 39-week period ended October 2, 2010, in each case, as prepared in accordance with IAS 34. You should read the following discussion in conjunction with the financial statements and related notes thereto included elsewhere in these Listing Particulars. The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in the "Risk Factors" and "Forward-Looking Statements" sections of these Listing Particulars. Our actual results may differ materially from those contained in, or implied by, any forward-looking statements.

Overview

We are a leading provider of fresh prepared food products in the United Kingdom. Our extensive knowledge of consumer food preferences and our experience creating product offerings that align with these preferences have enabled us to develop close and long-lasting relationships with leading retailers. These retailers rely on our more than 300 product developers and chefs to develop and produce innovative, high-quality products that meet their customers' needs, and our marketing teams to help them market these products to their customers. Our commitment to product development and innovation allows us to constantly refresh our product offerings to ensure we remain at the forefront of current trends. For example, we create and launch on average more than 1,000 new products each year, and we currently offer more than 6,000 products across 18 key product categories worldwide.

We currently have more than 18,000 employees working across our 57-facility global manufacturing network. The nature of our product offering requires us to ensure that our products are fresh when they reach the end consumer. As such, we have spent £95 million in capital expenditure in Fiscal Years 2008 to 2010, developing highly efficient supply chain and manufacturing processes that enable us to take the products we make from field (raw materials) to fork (the end consumer) very quickly. This well-invested, sophisticated "just-in-time" manufacturing process allows us to consistently and reliably deliver fresh products that are prepared according to our customers' high standards.

Events that Affected Our Results of Operations

Restructuring

In order to continue generating profitable growth in the long term, and to address changes in consumer demand resulting from the economic downturn, we recently completed a significant restructuring programme that focused on addressing under-performing manufacturing sites and optimising production capacity across our businesses. As a result, we consolidated production facilities in the United Kingdom and Europe, substantially improving operational efficiencies and financial controls. Beginning in Fiscal Year 2008 and continuing into Fiscal Year 2009, we incurred substantial costs in connection with the restructuring programme. The restructuring process involved closing eleven under-performing manufacturing sites and consolidating production across sites in both the United Kingdom and France to optimise capacity and reduce costs.

In particular, we closed:

- our Biggleswade factory, and relocated the ready meals lines it produced to other parts of the Group while discontinuing unprofitable soup lines;
- two Grimsby ready meal factories, and moved the profitable ready meal ranges they produced to other parts of the Group, while discontinuing unprofitable ranges;
- our Scunthorpe pasta factory, and withdrew from the fresh pasta market in the United Kingdom; and

- two of our leafy salad facilities in France, and successfully transferred the product ranges these facilities produced to other factories in France.

We also reorganised several other smaller factory units to maximise efficiency. As a result of this process, we estimate that we transferred more than 300 products, representing an estimated £200 million of revenue annually, from inefficient or unprofitable production facilities.

We estimate that the restructuring process will significantly reduce our operating costs in future periods. During Fiscal Year 2009 we returned to positive operating cash flows and profit growth and we believe we have strengthened our competitive advantage in our core markets. The non-recurring nature of these items and their impact on the results of our operations may affect the comparability of different accounting periods, and may also impact the comparability of our results of operations in future periods with historical results of operations.

Sale of International Produce Limited

On October 13, 2009, we sold our interest in International Produce Limited ("IPL"), a provider of fresh produce to UK retailers, to our joint venture partner Asda, pursuant to an option set forth in an agreement we entered into with Asda in 2004. The arrangement allowed us to focus on our higher-margin fresh prepared foods business.

As a result of the sale of IPL, our revenues from the sale of fresh produce decreased substantially in Fiscal Year 2009 and the 39 weeks ended October 2, 2010 when compared to Fiscal Year 2008 and the 40 weeks ended October 3, 2009, respectively. Further, as part of our joint venture agreement, Asda began transferring its produce purchases from wholly owned Bakkavör entities to IPL over the course of Fiscal Year 2009, thereby reducing the revenues we derived from the sale of produce in Fiscal Year 2009 as compared to Fiscal Year 2008.

Icelandic Financial and Banking Crisis of 2008-09

The Icelandic financial and banking crisis that began in the third quarter of 2008 profoundly damaged the Icelandic economy and affected us in several ways that had a negative effect on our results of operations, particularly during the third and fourth quarters of Fiscal Year 2008 and the first and second quarters of Fiscal Year 2009. As a result of the financial crisis, the Icelandic Central Bank restricted foreign currency payments from Iceland in October 2008. The crisis initially prevented us from moving approximately £150 million held in Bakkavör London ehf. bank accounts in Iceland to the United Kingdom. Through a combination of negotiations with the Icelandic Central Bank and asset exchanges, we were able to recover the restricted amount in full. However, the restriction of these deposits had a negative impact on our operational liquidity. While our deposits were restricted in Iceland, we lost the use of a relatively low-interest £70 million uncommitted credit facility when banks in the United Kingdom restricted their lending practices due to the financial crisis, forcing us to rely on our higher-interest primary credit facility to provide operating liquidity to our businesses. This resulted in higher finance costs primarily in the third and fourth quarters of Fiscal Year 2008 and the first and second quarters of Fiscal Year 2009, when the Icelandic Central Bank allowed the release of money held in Bakkavör London ehf. bank accounts. In addition, our working capital position suffered over the same period as our suppliers' credit insurers temporarily ceased the extension of credit insurance to receivables related to our purchases due to concerns over the Icelandic banking crisis and the perceived instability of the food industry as a whole. Accordingly, our suppliers demanded earlier payment for raw materials. Our working capital position improved beginning in April 2010 as credit insurers re-extended insurance to our suppliers, who subsequently eased their payment terms.

Acquisitions

We have acquired several businesses since the beginning of Fiscal Year 2007, including businesses in the United Kingdom, Europe, the United States and China, and we may continue to do so in the future. Our acquisitions may affect our results of operations and the period-to-period comparability of our financial statements. We account for our acquisitions using the purchase method, and the results of the acquired businesses are included in our results from the date of the acquisition. Our acquisitions have generally been paid for with cash, with a portion of the consideration to be deferred to a later date, or contingent on certain operating results and based on the estimated fair value at the date of the acquisition. Our recent acquisitions have included:

- *4G Financiere SAS* (France). In May 2007, we acquired 100% of the issued share capital of 4G Financiere SAS ("4G") for cash consideration of £11.3 million. 4G produces prepared salads in France.

- *Creative Food Group Limited* (China). In June 2007 we acquired an additional stake in Creative Food Group Limited ("Creative Food"), a Chinese salad manufacturer in which we had previously held a minority stake, for cash consideration of £8.2 million. We now hold an 80% share in Creative Food. Creative Food was previously treated as an associate, but was consolidated as of the acquisition date.

- *Heli Food Fresh A.S.* (Czech Republic). In July 2007, we acquired 51% of the issued share capital of Heli Food Fresh a.s. ("Heli Foods") for cash consideration of £3.8 million and deferred consideration valued at £2.3 million. Heli Foods manufactures fresh prepared foods in the Czech Republic.

- *Exotic Farm Produce Group* (United Kingdom). In August 2007, we acquired 100% of the issued share capital of Notsallow 256 Limited, which included the operations of the Exotic Farm Produce Group ("Exotic Farm") for cash consideration of £11.8 million and deferred consideration valued at £5.0 million. Exotic Farm is a produce and fresh prepared foods company with operations in the United Kingdom.

- *Welcome Food Ingredients Limited* (United Kingdom). In October 2007, we acquired 100% of the issued share capital of Welcome Food Ingredients Limited ("Welcome Foods") for cash consideration of £7.4 million and deferred consideration valued at £9.9 million. Welcome Foods is a flavourings and sauce producer with operations in the United Kingdom.

- *Yantai Longshun Food Co. Limited* (China). In January 2008, we acquired 80% of the issued share capital of Yantai Longshun Food Co. Limited ("Yantai Longshun") for cash consideration of £1.4 million. Yantai Longshun provides fruits and vegetables to the retail and food service markets in China.

- *Two Chefs on a Roll, Inc.* (United States). In January 2008, we acquired the entire issued share capital of Two Chefs on a Roll, Inc. ("Two Chefs on a Roll") for a cash consideration of £11.0 million and contingent consideration valued at £15.1 million. Two Chefs on a Roll produces custom and retailer-branded savoury and bakery products for the United States market.

- *ItalPizza Srl.* (Italy). In April 2008, we acquired 90% of the issued share capital of ItalPizza Srl ("ItalPizza") for a cash consideration of £37.2 million. ItalPizza makes fresh prepared and frozen pizzas in its factory near Modena, Italy.

- *Bakkavör Traiteur* (France). In July 2008, we acquired 100% of the issued share capital of Fram Foods SA for a cash consideration of £1.4 million. Fram Foods SA produces taramasalata dip and blini in its factories in France, and has sold principally to retailers in France, with some sales in the United Kingdom. We renamed this business Bakkavör Traiteur.

Financial Periods

Bakkavor Holdings Limited presents its annual accounts as at the Saturday closest to December 31 of each year, which occasionally results in a 53 week financial year. This was the case in Fiscal Year 2009, which means that results for that year are not directly comparable to results for Fiscal Year 2007, Fiscal Year 2008 or Fiscal Year 2010.

Additional Factors that Affect Our Results of Operations

You should also consider the following factors when analysing our financial condition and results of operations.

Consumer Preferences

We derive a substantial portion of our revenue and profits from the production of fresh prepared food products sold to grocery retailer customers, who resell these products to consumers in the United Kingdom. Our results of operations and financial condition are therefore affected by economic developments in the United Kingdom that affect consumer spending generally, as well as specific factors that affect consumer demand for retailer-branded fresh prepared foods. Please see "Industry—Drivers Behind the Growth of the Fresh Prepared Foods Market—Long-Term Global Consumer Trends".

General economic factors affecting consumer spending on food products include consumer confidence and levels of disposable income. A decline in either of these factors encourages consumers to adopt a cautious approach to grocery spending, and to seek to economise by taking advantage of promotional offers, price reductions and value ranges offered by retailers seeking to attract customers. For example, more than one-third of the approximately three billion fresh prepared food products sold within our product categories in 2009 were purchased as part of a retailer promotion. During such times of economic stress, consumers tend to shop around to find the best deals and retailers seek to earn consumer loyalty by offering more products under their own brands and by using loyalty bonus schemes such as the Tesco "Clubcard".

Increased promotional activity negatively affects our profit margins, however, as we bear much of the cost of these activities. For example, our revenue increased from £1.47 billion in Fiscal Year 2007 to £1.65 billion in Fiscal Year 2009 due to increased sales volume, but our operating profit declined from £88.9 million in Fiscal Year 2007 to £65.8 million in Fiscal Year 2009, largely due to increased promotional sales activity by our customers.

Consumer spending on fresh prepared food products is also influenced by long-term consumer trends towards health, convenience, responsibility and pleasure. Accordingly, our financial performance depends on our ability to develop and produce fresh prepared food products that are in line with these consumer trends and any future trends that may develop.

Retail Trends

We focus on providing major grocery retailers with fresh prepared food products, nearly all of which are sold under the retailers' own brands. Accordingly, our results of operations and financial condition depend on our ability to help our customers anticipate and respond to trends in the retail food industry so that their customers will purchase the products we make.

For example, retailers are increasingly turning to retailer-branded products as a way to achieve greater margins and enhance customer loyalty. We are actively working with retailers such as Tesco, Marks & Spencer, Sainsbury's and Waitrose to develop new products that fulfil this retail trend.

Changes in Prices of Raw Materials

The raw materials we use for ingredients and packaging accounted for approximately 60% of total costs of sales in Fiscal Year 2010. We source meats, seafood, dairy, bakery, grocery and fresh salads, fruits and vegetables to create our food products. Many of the raw materials we use in our manufacturing processes are commodities and are subject to significant price volatility. In total, our raw materials costs, including packaging costs, increased during Fiscal Year 2010 as compared to Fiscal Year 2009 by approximately 2%.

We continue to take actions to reduce overall material costs and exposure to price fluctuations. This is done in a number of ways. For example, we buy raw materials from suppliers all over the world, thereby decreasing geographic risk and we frequently tender to benchmark market prices. In general our raw materials requirements are managed using long-term supply contracts for periods of between three to 12 months forward. We also manage our local currency exposure in line with agreed contracts and we control costs by engaging in ongoing price negotiations with our suppliers, consolidating our supplier base and utilising in-house processes instead of outsourcing.

As raw materials prices rise, we attempt to recover our additional costs by negotiating manufacturing sales price increases with our customers. Manufacturing sales price increases are difficult to obtain, however, because retailers must then raise their retail sales prices or face margin erosion. Retailers are typically locked in

fierce competition to have the lowest retail sales prices; this is particularly true in the current trading environment. If retailers will not agree to manufacturer sales price increases, we must either look to recover our margins indirectly, either by agreeing on lower promotional contributions on future activity, or reducing agreed discounts offered to our customers based on a percentage of product sales, or make changes to the product specification (for example, by reducing product weights or substituting lower priced ingredients) or changes to the supply chain specification (for example, by moving a product from plastic packaging trays into less expensive cardboard boxes or reducing packaging weight). If any of these options are implemented, each affected manufacturing site records the benefit and links it back to the original product to ensure the required price inflation recovery has been achieved whenever possible.

Seasonality

Our cash flows are affected by seasonal variations. Sales of fresh prepared food have historically tended to be somewhat higher during the summer months and in the weeks leading up to Christmas. Our sales have historically increased during the Easter holiday season and decreased at the end of the summer vacation period. We generally have higher Adjusted EBITDA margins during the summer months because we are able to source locally produced raw materials during that period, which reduces our costs. In Fiscal Year 2010, our Adjusted EBITDA margin increased to 9.0% during the period from April to September, compared with an average Adjusted EBITDA margin of 7.0% during the rest of the year.

Supply Chain and Sourcing Fundamentals

Our results of operations and financial condition are affected by the economic effects of our supply chain. Our just-in-time manufacturing process enables us to move inventory quickly through our manufacturing facilities and gives us the platform to source key raw materials on a preferential or exclusive basis. Further, our leading market position and the significant sales volumes we generate provide us with strong buying power with our suppliers and enable us to achieve economies of scale and cost efficiencies across our supply chain and high standards of product quality, exclusivity and competitive pricing. These factors have positive effects on our profit margins.

Currency Fluctuations

As a result of our operations in various countries, we incur a portion of our expenses in currencies other than the pound, including the euro and the U.S. dollar. During Fiscal Year 2010, 16% of our revenue was derived from subsidiaries whose functional currency is other than the pound, largely the euro. Typically, our costs and the corresponding sales are denominated in the same currency. Occasionally, however, we are unable to match sales received in foreign currencies with costs paid in the same currency, and our results of operations are consequently impacted by currency exchange rate fluctuations. Therefore, from time to time, as and when we determine it is appropriate and advisable to do so, we will seek to mitigate the effect of exchange rate fluctuations through the use of derivative financial instruments.

Bakkavor Holdings Limited presents its consolidated financial statements in pounds. As a result, we must translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than the pound into pounds at the applicable exchange rates, being the spot rate for assets and liabilities, and the average period rate for revenue and expenses. Consequently, increases or decreases in the value of the pound may affect the value of these items with respect to our non-pound businesses in our consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger pound will reduce the reported results of operations of the non-pound businesses and conversely a weaker pound will increase the reported results of operations of the non-pound businesses. These translations could significantly affect the comparability of our results between financial periods or result in significant changes to the carrying value of our assets, liabilities and stockholders' equity. We record the effects of these translations in our consolidated statement of comprehensive income as exchange differences on translation of foreign operations.

A 10% strengthening in the pound to euro exchange rate, with all other variables held constant, would have resulted in a £2.3 million increase in our Fiscal Year 2010 profit and other equity. A 10% strengthening in the pound to U.S. dollar exchange rate, with all other variables held constant, would have resulted in a £2.7 million increase in our Fiscal Year 2010 profit and other equity. A 10% weakening of the pound against the euro and U.S. dollar, respectively, would have had the opposite impact on profit and other equity.

For example, a stronger pound will reduce the reported results of operations of the non-pound businesses and conversely a weaker pound will increase the reported results of operations of the non-pound businesses. These translations could significantly affect the comparability of our results between financial periods or result in significant changes to the carrying value of our assets, liabilities and stockholders' equity. We record the effects of these translations in our consolidated statement of consolidated income as exchange differences on translation of foreign operations.

Explanation of Key Income Statement Items

Below is a summary description of the elements comprising the key line items of our income statement.

Revenue

Revenue represents the revenue received from the sale of our products to our customers in the ordinary course of business, less allowances, trade discounts and volume rebates including discounts and rebates we give our customers in connection with promotional activities. Revenue from sales of products is recognised when the significant risks of ownership have been transferred to the buyer (which, for nearly all of the products we produce, is when the retailer customer or its agent takes possession of the goods at the facility where it was produced). Our relationships with our retailer customers do not include a right of return for unsold merchandise.

Cost of Sales

Cost of sales comprises the costs of products that we sell. Cost of sales includes directly attributable costs such as raw material, labour, energy, product-specific research and development, maintenance and consumables costs. Our costs of sales are primarily variable in nature, based on the amount of products we are producing at a given time.

Total Administrative Costs

Total administrative costs are comprised of four components: other administrative costs, restructuring costs, impairment of assets and product recall costs.

Restructuring Costs. Restructuring costs represent the cost of making significant changes to our operations. These fall under two main headings: personnel related costs such as redundancy and relocation, and property costs, such as onerous leases and delapidations.

Impairment of Assets. Impairment of assets reflects the reduction in asset values where we believe there is a permanent reduction in the carrying value of those assets.

Product Recall Costs. Product recall costs are the costs we incur as a result of major product recalls. These costs include the destruction of recalled products and compensation to customers.

Other Administrative Costs. Other administrative costs include the costs of support functions, such as salaries and benefits, systems costs, insurance and professional services. In addition, we paid £11.4 million in cash to Bakkavör Group ehf. under the Bakkavör Group ehf. TLA in Fiscal Year 2007, £10.8 million in Fiscal Year 2008 and £2.2 million in Fiscal Year 2009. Payments were restricted beginning in 2009 as part of our bank refinancing, and will be restricted under our New Senior Credit Facility. For more information, please see "Related Party Transactions—Bakkavör Group ehf. Royalty Fee". Following the closing of the Offering, the future payment of this royalty fee may be made only in compliance with the terms of the New Senior Credit Facility and the Indenture governing the Notes. Please see "Description of Certain Financing Arrangements—New Senior Credit Facility" and "Description of Notes".

Other Gains and Losses

The following items are classified in other gains and losses:

Fair value movements in financial instruments. We use interest rate swaps and collars to fix the interest rates on Group borrowings and foreign currency forward contracts to manage our foreign currency transaction

exposure. The values of these swaps, collars and forward contracts change as market conditions change, and these adjustments are reflected in our financial statements as other gains and losses.

Exchange rate movements on cash and loans held in foreign currencies. Some of our indebtedness is denominated in currencies other than the pound and relate to the acquisition of businesses in foreign markets, including: (i) U.S. dollars, related to our acquisition of Two Chefs on a Roll and our acquisitions in China and (ii) euro, related to our acquisition of ItalPizza.

Finance Costs

Finance costs include interest charges payable on our outstanding indebtedness in addition to amortisation of fees and expenses incurred in connection with the Restructuring and refinancing of our borrowings.

Tax

Our income tax provision includes taxes paid on income derived in the United Kingdom and foreign countries. Most of our revenue is earned in the United Kingdom and is taxed at 28%. Revenue not derived from the United Kingdom is subject to taxation at local rates, which vary from 33% to 40%. The actual tax charges or credits we report may differ from these nominal rates, however, because taxable income or losses are in many cases calculated differently from accounting income. Further, we have adopted a proactive tax minimisation strategy aimed at reducing our tax charge wherever possible. In particular, major transactions such as acquisitions and refinancings are often carried out in a tax efficient manner. These strategies are intended to reduce our overall tax liability.

Other Financial Information

EBITDA

"EBITDA" is generally defined as profit/(loss) for the period before income tax (credit) charge, finance cost, depreciation and amortisation. In our definition of EBITDA, we further exclude other gains and losses, share of results of associates, and asset impairments. Please see footnote (3) under the caption "Summary—Summary Historical Financial Data".

"Adjusted EBITDA" is defined by us as EBITDA, less restructuring charges, product recall costs and charges under the Bakkavör Group ehf. TLA. Please see footnote (3) under the caption "Summary—Summary Historical Financial Data".

EBITDA and Adjusted EBITDA are supplemental measures of financial performance that are not required by, or presented in accordance with, IFRS. "EBITDA" is generally defined as profit/(loss) for the period before income tax (credit) charge, finance cost, depreciation and amortisation. In our definition of EBITDA, we further exclude other gains and losses, share of results of associates, and asset impairments. We define "Adjusted EBITDA" as EBITDA adjusted to exclude restructuring charges, product recall costs and amounts paid under the Bakkavör Group ehf. TLA, as set forth in the table below. Neither EBITDA nor Adjusted EBITDA is a measure of performance under IFRS and you should not consider EBITDA or Adjusted EBITDA as an alternative to (a) operating profit or profit for the period (as determined in accordance with IFRS) as a measure of our operating performance, (b) cash flows from operating investing and financing activities as a measure to meet our cash needs or (c) any other measures of performance under generally accepted accounting principles. You should exercise caution in comparing EBITDA and Adjusted EBITDA as reported by us to EBITDA or Adjusted EBITDA of other companies.

In evaluating Adjusted EBITDA, we encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemented analysis. You should be aware that, as an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. See "Presentation of Financial and Other Data—Non-IFRS Financial Information". In addition, you should be aware that we are likely to incur expenses similar to the adjustments in this presentation in the future and that certain of these items could be considered recurring in nature. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

EBITDA and Adjusted EBITDA have been included in these Listing Particulars because they are measures that our management uses to assess our operating performance. Please see "Presentation of Financial and Other Data—Non-IFRS Financial Information" for information on the limitations of these measures as analytical tools.

Results of Operations

The following table sets out, for the periods presented, our consolidated income statement data. The information contained in the table below should be read in conjunction with our consolidated financial statements and the related notes.

	Fiscal Year			
	2007 (52 weeks)	2008 (52 weeks)	2009 (53 weeks)	2010 (52 weeks)
(£ in millions)				
Consolidated Statement of Income Data:				
Revenue	1,468.1	1,618.9	1,650.4	1,643.2
Cost of sales	(1,233.9)	(1,419.5)	(1,405.1)	(1,406.3)
Gross profit	234.2	199.4	245.3	236.9
Total administrative costs	(145.7)	(191.5)	(180.5)	(158.5)
Share of results of associates	0.4	0.1	1.0	1.0
Operating profit	88.9	8.0	65.8	79.4
Investment revenues	2.9	7.8	1.2	0.1
Other gains and losses	(3.1)	(37.5)	2.4	9.7
Finance costs	(53.0)	(72.4)	(84.0)	(67.8)
(Loss)/profit before tax	35.7	(94.1)	(14.6)	21.4
Tax	(3.2)	5.0	19.1	(14.2)
Profit/(loss) for the period	32.5	(89.1)	4.5	7.2
Other Financial Information:				
EBITDA[1]	135.3	79.8	119.1	132.4
Restructuring costs	3.4	24.3	5.4	3.7
Fire insurance claim	—	—	—	(0.6)
Defined benefit pension scheme credit	—	—	—	(15.8)
Product recall costs	5.7	—	—	—
Bakkavör Group ehf. royalty charges[2]	14.1	11.4	12.0	12.3
Adjusted EBITDA[1]	158.5	115.5	136.5	132.0

(1) Please see footnote (3) under the caption "Summary—Summary Historical Financial Data" for a discussion as to how we define and calculate EBITDA as well as a discussion as to other considerations with respect to using EBITDA to assess our financial performance.

(2) Royalty payments made under the Bakkavör Group ehf. TLA have been excluded to remove the effects of these payments, which will be restricted by the terms of the New Senior Credit Facility and the Indenture as of the Issue Date. For additional information regarding these charges, please see "Related Party Transactions—Bakkavör Group ehf. Royalty Fee".

The table below sets out the consolidated statement of income data expressed as a percentage of revenues for the periods indicated:

(% of revenues)	Fiscal Year 2007 (52 weeks)	2008 (52 weeks)	2009 (53 weeks)	2010 (52 weeks)
Consolidated Income Statement Data:				
Cost of sales	(84.0)	(87.7)	(85.1)	(85.6)
Gross profit	16.0	12.3	14.9	14.4
Total administrative costs	(9.9)	(11.8)	(10.9)	(9.6)
Share of results of associates	0.0	0.0	0.1	0.0
Operating profit	6.1	0.5	4.0	4.8
Investment revenues	0.2	0.5	0.1	0.0
Other gains and losses	(0.2)	(2.3)	0.1	0.6
Finance costs	(3.6)	(4.5)	(5.1)	(4.1)
(Loss)/profit before tax	2.4	(5.8)	(0.9)	1.3
Tax	(0.2)	0.3	1.2	(0.9)
Profit/(loss) for the period	2.2	(5.5)	0.3	0.4
Other Financial Information:				
EBITDA[1]	9.2	4.9	7.2	8.1
Adjusted EBITDA[1]	10.8	7.2	8.3	8.0

(1) Please see footnote (3) under the caption "Summary—Summary Historical Financial Data" for a discussion as to how we define and calculate EBITDA, as well as a discussion as to other considerations with respect to using EBITDA to assess our financial performance.

Discussion and Analysis of our Results of Operations

The tables and discussions set out below provide a separate analysis of each of the line items that comprise our income statement for each of the periods described below. In each case, the tables present the amounts reported by us for the comparative periods and the percentage change from period to period.

Fiscal Year 2010 Compared to Fiscal Year 2009

The table below presents consolidated income statement data for the periods indicated, including the amount and percentage changes for the periods indicated:

	Fiscal Year 2009	Fiscal Year 2010	Amount of Change	% Change
	(£ in millions)			
Consolidated Income Statement Data:				
Revenue	1,650.4	1,643.2	(7.2)	(0.4)
Cost of sales	(1,405.1)	(1,406.3)	(1.2)	0.1
Gross profit	245.3	236.9	(8.4)	(3.4)
Total administrative costs	(180.5)	(158.5)	22.0	12.2
Share of results of associates	1.0	1.0	—	-
Operating profit	65.8	79.4	13.6	20.7
Investment revenues	1.2	0.1	(1.1)	(91.7)
Other gains and losses	2.4	9.7	7.3	304.2
Finance costs	(84.0)	(67.8)	16.2	19.3
(Loss)/profit before tax	(14.6)	21.4	36.0	246.6
Tax	19.1	(14.2)	(33.3)	(174.3)
Profit/(loss) for the period	4.5	7.2	2.7	60.0
Other Financial Information:				
EBITDA	119.1	132.4	13.3	11.2
Adjusted EBITDA	136.5	132.0	(4.5)	(3.3)

Revenue

Revenue decreased £7.2 million, or 0.4%, to £1,643.2 million in Fiscal Year 2010 compared to £1,650.4 million in Fiscal Year 2009. This decrease is due primarily to the sale of IPL in October 2009 and in inclusion of the 53rd trading week in Fiscal Year 2009. The impact of these two movements on Fiscal Year 2009 was £38.8 million and £28.7 million respectively. Like-for-like sales for the Group increased by 2.5%.

Revenue derived from the sale of fresh prepared food products in the United Kingdom represented £1,274.0 million, or 77.5%, of our revenue in Fiscal Year 2010, compared to £1,231.7 million, or 74.6%, of our revenue in Fiscal Year 2009, a 3.4% increase.

The UK fresh prepared foods market as a whole grew by 4.6% in Fiscal Year 2010, which compares with the growth of the overall food sector of 3.3% over the same period. In Fiscal Year 2010 our UK Prepared like-for-like revenue growth was 5.3% (excluding the impact of the 53rd week in Fiscal Year 2009). The Group had particularly strong sales growth in our desserts (+8%), ready meals (+10%), and pizza (+5%) categories, offset by a decline in sales in our leafy salads category.

Following the downscaling of our fresh produce business, and in line with our expectations, revenue derived from our produce business declined by 30.3%, from £155.6 million in Fiscal Year 2009 to £108.5 million in Fiscal Year 2010. This decrease was due in part to the sale of IPL in October 2009, which contributed £38.8 million in revenue for Fiscal Year 2009 and Asda's decision to shift purchases previously made from our English Village Salads business to IPL following Asda's purchase of IPL from us in October 2009.

Sales in Europe represented £202.9 million, or 12.3%, of our revenue in Fiscal Year 2010, compared to £211.2 million, or 12.8%, of our revenue in Fiscal Year 2009, a 3.9% decrease. A majority of sales are denominated in euro; the average exchange rate for Fiscal Year 2010 was € 1.1659:£1.00, a weakening of 3.8% when compared to the average exchange rate of €1.1233:£1.00 for Fiscal Year 2009.

Sales made in the rest of the world represented £57.8 million, or 3.5%, of our revenue in Fiscal Year 2010, compared to £51.9 million, or 3.1%, of our revenue in Fiscal Year 2009, a 11.4% increase primarily due to increased volume in the U.S. market.

Cost of Sales

Cost of sales increased by £1.2 million, or 0.1%, to £1,406.3 million in Fiscal Year 2010, compared to £1,405.1 million in Fiscal Year 2009. This primarily reflects inflationary pressures on raw materials, offset by the impact of the sale of IPL in October 2009.

Cost of sales has otherwise trended upwards. For example, butter prices increased substantially between September 2009 and September 2010, driven by an imbalance in global supply and demand. The global supply of butter has tightened for several reasons: increased demand outside the European Union, management of European Union stocks using intervention schemes; and reported large purchases of whole milk powder by China. From mid-June 2010 the market price for flour has continued to rise due to a supply shortfall in wheat following poor harvests in several regions around the world. While our advance purchases of flour protected us from higher prices during Fiscal Year 2010, we believe that prices will increase further in 2011 affecting our cost of sales in future periods. As a direct result of wheat price increases, we also expect meat prices to rise in 2011 due to increased animal feed costs.

Total Administrative Costs

The following table sets out the key elements of our total administrative costs for Fiscal Year 2009 and Fiscal Year 2010:

	Fiscal Year 2009	Fiscal Year 2010	Amount of Change	% Change

		(£ in millions)		
Restructuring costs	(5.4)	(3.7)	1.7	31.5
Impairment of assets	—	—	—	—
Fire insurance claim	—	0.6	0.6	—
Defined benefit pension scheme credit	—	15.8	15.8	—
Other administrative costs	(175.1)	(171.2)	3.9	2.2
Total administrative costs	(180.5)	(158.5)	22.0	12.2

Restructuring Cost. We incurred £3.7 million of restructuring costs in Fiscal Year 2010 compared with £5.4 million in restructuring costs in Fiscal Year 2009. In Fiscal Year 2009 we incurred £3.7 million costs relating to the restructuring of our French businesses (including the closure of two of the French factories), and £1.7 million as a consequence of the restructuring of our operations in the United Kingdom. In Fiscal Year 2010 we incurred a further £1.5 million of costs relating to the restructuring of our French Business and £2.2 million in relation to redundancies and related costs in our UK leafy salads factory as further necessary rationalisation has been undertaken.

Fire Insurance Claim. We received £0.6 million of insurance proceeds relating to Filo Pastry equipment that was damaged in a fire at the Katsouris ready meals factory in 2009.

Defined Benefit Pension Scheme Credit. In Fiscal Year 2010 we decided that there should be no future discretionary pension increases whilst our main UK defined benefit pension scheme remained in deficit on an actuarial funding basis. As a result of the removal of the allowance for discretionary pension increases, we have been able to recognise immediately a £15.8 million credit to our income statement.

Other Administrative Costs. Other administrative costs decreased by £3.9 million, or 2.2%, to £171.2 million in Fiscal Year 2010 from £175.1 million in Fiscal Year 2009. Expressed as a proportion of our revenue, other administrative costs decreased from 10.9% to 9.6% over the period. This decrease is primarily due to savings associated with the sale of IPL and the restructuring of our UK operations in Fiscal Year 2009.

Investment Revenues

Investment revenues decreased by £1.1 million to £0.1 million in Fiscal Year 2010 as compared to £1.2 million in Fiscal Year 2009. This decrease reflects lower cash balances held within the business during Fiscal Year 2010 as compared to Fiscal Year 2009.

Other Gains and Losses

Other gains increased £7.3 million to £9.7 million in Fiscal Year 2010 as compared to £2.4 million in Fiscal Year 2009. This increase was attributable to the reversal of an interest rate swap liability relating to our subsidiary Bakkavor Estates Limited following the renegotiation of its loan agreement during Fiscal Year 2010. The resulting increase in other gains was partially offset, however, by an increase in the fair value liability of fixed interest rate swaps attributable to other loans as a result of the continuing expectation of low interest rates over the next few years.

Finance Costs

Finance costs decreased £16.2 million, or 19.2%, to £67.8 million in Fiscal Year 2010 compared to £84.0 million in Fiscal Year 2009. This decrease was attributable to a reduction in interest paid during Fiscal Year 2010, due in part to a decrease in average indebtedness during the period. The reduction in our average indebtedness also allowed us to benefit from a provision in certain of our floating rate loans in which the applicable interest rate margin decreased beginning in April 2010 as a result of a decrease in our leverage ratio.

Tax

The tax credit of £19.1 million for Fiscal Year 2009 became a tax charge of £14.2 million in Fiscal Year 2010. The tax credit in Fiscal Year 2009 was comprised of a tax benefit resulting from an intragroup leasing transaction that was agreed with HM Revenue & Customs ("HMRC") and the recognition of losses in Fiscal Year 2009 that were brought forward from Fiscal Year 2008. The tax credit for Fiscal Year 2009 was not available to us in Fiscal Year 2010. Our effective tax rate was 66% for Fiscal Year 2010. This overall rate exceeds the 28% tax

rate in the United Kingdom because it includes tax paid on foreign profits that are taxed at higher rates and restriction of tax benefits on the TLA royalty payable to Bakkavör Group ehf.

EBITDA

Adjusted EBITDA was £132.0 million in Fiscal Year 2010, compared to £136.5 million in Fiscal Year 2009, a decrease of 3.3%. EBITDA was £132.4 million in Fiscal Year 2010, compared to £119.1 million in Fiscal Year 2009, with the Fiscal Year 2010 EBITDA included a credit of £15.8 million following the policy change by the Group that no future discretionary pensions increases should be allowed whilst the scheme remains in deficit on an actuarial funding basis.

Fiscal Year 2009 Compared to Fiscal Year 2008

The table below presents consolidated income statement data, including the amount and percentage changes for the periods indicated:

	Fiscal Year			
	2008 (52 weeks)	2009 (53 weeks)	Amount of Change	% Change
	(£ in millions)			
Consolidated Income Statement Data:				
Revenue	1,618.9	1,650.4	31.5	1.9
Cost of sales	(1,419.5)	(1,405.1)	14.4	1.0
Gross profit	199.4	245.3	45.9	23.0
Total administrative costs	(191.5)	(180.5)	11.0	5.7
Share of results of associates	0.1	1.0	0.9	900.0
Operating profit	8.0	65.8	57.8	722.5
Investment revenues	7.8	1.2	(6.6)	(84.6)
Other gains and losses	(37.5)	2.4	39.9	106.4
Finance costs	(72.4)	(84.0)	(11.6)	(16.0)
(Loss)/profit before tax	(94.1)	(14.6)	79.5	84.5
Tax	5.0	19.1	14.1	282.0
Profit/(loss) for the period	(89.1)	4.5	93.6	105.1
Other Financial Information:				
EBITDA[(1)]	79.8	119.1	39.3	49.2
Adjusted EBITDA[(1)]	115.5	136.5	21.0	18.2

(1) Please see footnote (3) under the caption "Summary—Summary Historical Financial Data" for a discussion as to how we define and calculate EBITDA, as well as a discussion as to other considerations with respect to using EBITDA to assess our financial performance.

Revenue

Revenue increased by £31.5 million, or 1.9%, to £1,650.4 million in Fiscal Year 2009 compared to £1,618.9 million in Fiscal Year 2008. This increase is due primarily to increased sales volume generally attributable to the development of value and economy private label ranges for our customers, extensive promotional activity across our product portfolio and the inclusion of a 53rd week in Fiscal Year 2009, compared to 52 weeks in Fiscal Year 2008.

Revenue derived from sales in our UK prepared foods business represented £1,231.7 million, or 74.6%, of our total revenue in Fiscal Year 2009, compared to £1,181.4 million in Fiscal Year 2008, or 73.0%, of our total revenue. The 53rd week in Fiscal Year 2009 contributed £22.2 million to Fiscal Year 2009 revenues. When excluding the extra week, revenues grew by 2.4% in Fiscal Year 2009, primarily due to increased volume attributable to retailer promotional activities.

UK Produce sales decreased by 24.9% due to the sale of IPL in October 2009, and Asda's shifting of purchases from other Bakkavor produce businesses to IPL as part of the transfer.

Sales in Europe represented £211.2 million, or 12.8%, of our total revenue in Fiscal Year 2009, compared to £184.1 million, or 11.4%, in Fiscal Year 2008. This 14.7% increase is due in part to the full year

impact of the acquisition of Ital Pizza (acquired in April 2008) and Bakkavör Traiteur (acquired in June 2008). European revenues were also affected by downward customer price pressure at our French leafy salad business, offset by a strengthening of the average euro exchange rate from €1.2588 to £1.00 in Fiscal Year 2008 to €1.1233 to £1.00 in Fiscal Year 2009.

Sales made in the rest of the world represented 3.1% of our total revenue in Fiscal Year 2009, amounting to £51.9 million, compared to £46.3 million in Fiscal Year 2008, a 13.6% increase.

Cost of Sales

Cost of sales decreased by £14.4 million, or 1.0%, to £1,405.1 million in Fiscal Year 2009, compared to £1,419.5 million in Fiscal Year 2008. This decrease was attributable in part to the sale of IPL in the fourth quarter of Fiscal Year 2009, a slight decrease in the cost of raw materials and cost savings associated with the restructuring we completed in 2008. Costs associated with IPL were £26.3 million in Fiscal Year 2009, as compared to £33.3 million in Fiscal Year 2008. The decrease was partially offset, however, by the full year impact of the acquisitions of ItalPizza, Bakkavör Traiteur and Two Chefs on a Roll.

Total Administrative Costs

The following table sets out the key elements of our total administrative costs for Fiscal Year 2008 and Fiscal Year 2009:

	Fiscal Year			
	2008 (52 weeks)	2009 (53 weeks)	Amount of Change	% Change
	(£ in millions)			
Restructuring costs	(24.3)	(5.4)	18.9	77.8
Impairment of assets	(17.4)	—	17.4	—
Product recall costs	—	—	—	—
Other administrative costs	(149.8)	(175.1)	(25.3)	(16.9)
Total Administrative Costs	(191.5)	(180.5)	11.0	5.7

Restructuring Costs. Restructuring costs amounted to £5.4 million in Fiscal Year 2009 and were primarily the result of personnel-related redundancy costs and property dilapidation costs following the closure of two of our factories in France and the rationalising of our French manufacturing base. In Fiscal Year 2008 we incurred £24.3 million in costs due to the restructuring of our businesses in the United Kingdom, £19.2 million of which is attributable to personnel-related redundancy and relocation costs, and £5.1 million of which was attributable to building-related exit costs.

Impairment of Assets. We did not impair any assets during Fiscal Year 2009. In contrast, in Fiscal Year 2008 we incurred £17.4 million in costs associated with the restructuring of our businesses in the United Kingdom, including related impairment of assets consisting primarily of redundant plants and equipment.

Other Administrative Costs. Our other administrative costs increased by £25.3 million, or 16.9%, to £175.1 million in Fiscal Year 2009, from £149.8 million in Fiscal Year 2008. Expressed as a proportion of our revenue, our other administrative costs increased from 9.3% to 10.6% over the period. The increase is due to the full-year impact of the acquisitions of ItalPizza, Bakkavör Traiteur and Two Chefs on a Roll. Further, we released several property accruals during Fiscal Year 2008 following the successful sublease of some of our more expensive property leases, and took the release of a one-off credit to Other administrative costs.

Investment Revenues

Investment revenues decreased by £6.6 million, or 84.6%, to £1.2 million in Fiscal Year 2009, compared to £7.8 million in Fiscal Year 2008. This decrease is primarily attributable to a return to historical levels following the exceptional amount of investment revenues we received during Fiscal Year 2008. In Fiscal Year 2008, we received £4.3 million in interest from our interest rate swap contracts when interest rates rose above swap rate. Further, we held large amounts of cash on deposit during Fiscal Year 2008, particularly during the second half of the year following the withdrawal of the uncommitted credit facilities we historically used to pay operational expenses.

Other Gains and Losses

Other gains and losses increased by £39.9 million to a £2.4 million gain in Fiscal Year 2009 compared to a £37.5 million loss in Fiscal Year 2008. This increase was attributable to a £6.0 million foreign currency gain primarily related to our U.S. dollar and euro loans as the U.S. dollar and the euro weakened against the pound. Please see "—Qualitative and Quantitative Disclosures about Market Risk—Foreign Currency Risk". Further, the fair value of interest rate swaps declined by £3.6 million in Fiscal Year 2009, compared to £28.2 million in Fiscal Year 2008, as a result of the significant reductions in bank base rates that occurred during the last quarter of Fiscal Year 2008, compared with a lower interest environment in Fiscal Year 2009.

Finance Costs

Finance costs increased by £11.6 million, or 16.0%, to £84.0 million in Fiscal Year 2009 compared to £72.4 million in Fiscal Year 2008. This increase was attributable to an increase in our average indebtedness in early 2009, which became necessary to effectively conduct operations while a £130.7 million deposit was held in Bakkavör London ehf.'s accounts in Iceland as part of the Icelandic Central Bank's response to the banking crisis of 2008–09. Cash interest payments increased by £27.1 million, from £41.2 million in Fiscal Year 2008 to £68.3 million in Fiscal Year 2009 due to the structure of several of our term loans, which allowed us to defer the payment of interest that accrued in Fiscal Year 2008 to early in Fiscal Year 2009.

Tax

Tax credits increased by £14.1 million to a £19.1 million credit in Fiscal Year 2009, compared to a £5.0 million credit in Fiscal Year 2008. This increase occurred because we accounted for tax benefits we received due to favourable tax treatment of an intragroup leasing transaction that was agreed with UK tax authorities in Fiscal Year 2009, resulting in a large tax credit.

EBITDA

Adjusted EBITDA was £136.5 million in Fiscal Year 2009, compared to £116.4 million in Fiscal Year 2008, a 17.3% increase. EBITDA was £119.1 million in Fiscal Year 2009, compared to £79.8 million in Fiscal Year 2008, a 49.2% increase. Please see footnote (3) under the caption "Summary—Summary Historical Financial Data" for a discussion as to how we define and calculate EBITDA, as well as a discussion as to other considerations with respect to using EBITDA to assess our financial performance.

Fiscal Year 2008 Compared to Fiscal Year 2007

The table below presents consolidated income statement data, including the amount and percentage changes for the periods indicated:

	Fiscal Year			
	2007 (52 weeks)	2008 (53 weeks)	Amount of Change	% Change
	(£ in millions)			
Consolidated Income Statement Data:				
Revenue	1,468.1	1,618.9	150.8	10.3
Cost of sales	(1,233.9)	(1,419.5)	(185.6)	(15.0)
Gross profit	234.2	199.4	(34.8)	(14.9)
Total administrative costs	(145.7)	(191.5)	(45.8)	(31.4)
Share of results of associates	0.4	0.1	(0.3)	(75.0)
Operating profit	88.9	8.0	(80.9)	(91.0)
Investment revenues	2.9	7.8	4.9	169.0
Other gains and losses	(3.1)	(37.5)	(34.4)	(1109.7)
Finance costs	(53.0)	(72.4)	(19.4)	(36.6)
(Loss)/profit before tax	35.7	(94.1)	(129.8)	(363.6)
Tax	(3.2)	5.0	8.2	256.3
Profit/(loss) for the period	32.5	(89.1)	(121.6)	(374.2)
Other Financial Information:				
EBITDA[(1)]	135.3	79.8	(55.5)	(41.0)

Adjusted EBITDA[1]	158.5	115.5	(43.0)	(27.1)

(1) Please see footnote (3) under the caption "Summary—Summary Historical Financial Data" for a discussion as to how we define and calculate EBITDA, as well as a discussion as to other considerations with respect to using EBITDA to assess our financial performance.

(a) The group considers these items to be non-recurring items.

(b) Royalty payments made under the Bakkavör Group ehf. TLA have been excluded to remove the effects of these payments, which will be restricted by the terms of the New Senior Credit Facility and the Indenture as at the Issue Date. For additional information regarding these charges, please see "Related Party Transactions—Bakkavör Group ehf. Royalty Fee".

Revenue

Revenue increased £150.8 million, or 10.3%, to £1,618.9 million in Fiscal Year 2008, compared to £1,468.1 million in Fiscal Year 2007, primarily due to the reflection of the full-year impact of acquisitions made in 2007 on Fiscal Year 2008 results, as well as the impact of acquisitions made during Fiscal Year 2008.

Revenue derived from sales of prepared food products in the United Kingdom represented £1,181.4 million, or 73.0%, of our revenue in Fiscal Year 2008, compared to £1,160.8 million, or 79.1%, of our revenue in Fiscal Year 2007, a decrease of 1.8%. This decrease was attributable to falling consumer confidence and spending, and was further impacted by cooler than usual summer weather in the United Kingdom.

Revenue derived from the sale of produce in the United Kingdom was £207.1 million, or 12.8%, of our revenue in Fiscal Year 2008, compared to £172.4 million, or 11.7% of our revenue in Fiscal Year 2007, an increase of 20.1%. This increase was due mainly to increased revenues at IPL and the full-year impact of the acquisition of Exotic Farm Produce Limited in August 2007.

European sales represented 11.4% of our revenue in Fiscal Year 2008, amounting to £184.1 million, compared to £124.4 million in Fiscal Year 2007, a 48.0% increase. Sales made in the rest of the world represented 2.9% of our revenue in Fiscal Year 2008, amounting to £46.3 million, compared to £10.5 million in Fiscal Year 2007. This increase was primarily attributable to the acquisition of ItalPizza and Bakkavör Traiteur in Europe, and Two Chefs on a Roll in the United States during Fiscal Year 2008.

Cost of Sales

Cost of sales increased by £185.6 million, or 15.0%, to £1,419.5 million in Fiscal Year 2008 compared to £1,233.9 million in Fiscal Year 2007. This increase was attributable to the costs associated with our increased sales volume, including sales attributable to ItalPizza, Bakkavör Traiteur and Two Chefs on a Roll and rising raw materials and energy costs.

Total Administrative Costs

The following table sets out the key elements of our total administrative costs for Fiscal Year 2007 and Fiscal Year 2008:

	Fiscal Year			
	2007 (52 weeks)	2008 (53 weeks)	Amount of Change	% Change
	(£ in millions)			
Restructuring costs	(3.4)	(24.3)	(20.9)	(614.7)
Impairment of assets	—	(17.4)	(17.4)	—
Product recall costs	(5.7)	—	5.7	—
Other administrative costs	(136.6)	(149.8)	(13.2)	(9.7)
Total Administrative Costs	(145.7)	(191.5)	(45.8)	(31.4)

Restructuring Costs. We incurred £24.3 million in restructuring costs in Fiscal Year 2008, which were attributable primarily to costs associated with the restructuring of our businesses and facilities in the United Kingdom. This restructuring process impacted 11 factories in the United Kingdom and involved the closure of several factories and the transfer of SKUs produced by those factories to other facilities. Restructuring costs of £3.4 million in Fiscal Year 2007 were attributable to the restructuring of two of our ready meal factories and our

dressings factory, which led to personnel related redundancy and relocation costs of £1.6 million in 2007. In addition, we incurred personnel costs of £1.8 million related to the restructuring of our head office structure.

Impairment of Assets. We impaired certain assets in Fiscal Year 2008 within the context of our UK restructuring process. This impairment totalled £17.4 million.

Product Recall Costs. We incurred £5.7 million in costs in Fiscal Year 2007 in connection with the voluntary recall of several batches of our hummus products in February 2007, after salmonella was discovered in some of the raw materials we use to produce those products. There have been no such costs during other periods.

Other Administrative Costs. Our other administrative costs increased by £13.2 million, or 9.7%, to £149.8 million in Fiscal Year 2008 from £136.6 million in Fiscal Year 2007. Expressed as a proportion of our revenue, our other administrative costs were generally flat, at 9.3% in Fiscal Year 2008 and Fiscal Year 2007. The increase in other administrative costs during Fiscal Year 2008 is due to the addition of administrative costs incurred by ItalPizza, Bakkavör Traiteur and Two Chefs on a Roll and the full-year impact of acquisitions made during Fiscal Year 2007. Further, we incurred £14.1 million in royalty charges to Bakkavör Group ehf. in Fiscal Year 2007, compared to £11.4 million in Fiscal Year 2008.

Investment Revenues

Investment revenues increased by £4.9 million, to £7.8 million in Fiscal Year 2008, compared to £2.9 million in Fiscal Year 2007. Interest rate swap interest income contributed £4.3 million of this increase; the remainder is attributable to the maintenance of higher cash balances in Fiscal Year 2008 compared with Fiscal Year 2007.

Other Gains and Losses

Other losses increased by £34.4 million to a loss of £37.5 million in Fiscal Year 2008 compared to a loss of £3.1 million in Fiscal Year 2007. This increase was attributable to increases in non-cash losses from fair value losses on interest rate swaps of £28.2 million, compared to a loss of £3.1 million in Fiscal Year 2007, due to the reduction in UK bank base rates during the last quarter of Fiscal Year 2008, and foreign exchange losses on euro and U.S. dollar-denominated loans of £9.3 million, against no foreign currency loans in Fiscal Year 2007.

Finance Costs

Finance costs increased by £19.4 million, or 36.6%, to £72.4 million in Fiscal Year 2008 compared to £53.0 million in Fiscal Year 2007. This increase was partially attributable to the cost of acquisitions made during Fiscal Year 2007 and Fiscal Year 2008, which were funded by bank borrowings. Finance costs also increased as a result of the financial downturn that began late in Fiscal Year 2008. Beginning in October 2008, the Icelandic Central Bank responded to the financial downturn in Iceland by restricting deposits held in Icelandic banking institutions, including a £150 million deposit held in Bakkavor London's accounts. This restriction forced us to rely more heavily on our credit facilities for operating liquidity, increasing our interest costs. Our interest costs increased further when we were forced to draw on our main credit facility for operating liquidity after our £70 million uncommitted bank facility, which extended us credit at a rate just above the London Interbank Offered Rate, was withdrawn at the height of the financial downturn.

Tax

Our tax charge decreased by £8.2 million to a £5.0 million credit in Fiscal Year 2008 compared to a £3.2 million charge in Fiscal Year 2007. This decrease resulted from an accounting loss of £94.1 million before taxes in Fiscal Year 2008, compared to a £35.7 million accounting profit before taxes in 2007. Our tax credit was lower than expected in Fiscal Year 2008, however, because we incurred a one-off deferred tax charge of £22.4 million that reflected changes in UK tax legislation which greatly reduced the amount of tax depreciation we were allowed to claim on industrial buildings. Our effective tax charge was 9% in Fiscal Year 2007, which reflected the favourable tax treatment of an intragroup leasing transaction comparable to the treatment we received on a similar transaction during Fiscal Year 2009.

EBITDA

Adjusted EBITDA was £115.5 million in Fiscal Year 2008, compared with £158.5 million in Fiscal Year 2007, a decline of £43.0 million, or 27.1%. EBITDA totalled £79.8 million in Fiscal Year 2008 compared with £135.3 million in Fiscal Year 2007, a £55.5 million or 41.0% decrease. Please see footnote (3) under the caption "Summary—Summary Historical Financial Data" for a discussion as to how we define and calculate EBITDA, as well as a discussion as to other considerations with respect to using EBITDA to assess our financial performance.

Liquidity and Capital Resources

Our financial condition and liquidity is and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness and the indebtedness of our subsidiaries, and the interest we are obligated to pay on such indebtedness, which affects our finance costs;
- prevailing interest rates, which affect our debt service requirements;
- our ability and the ability of our subsidiaries to continue to borrow funds from financial institutions; and
- our capital expenditure requirements, which consist primarily of costs to maintain and improve our production facilities.

Our cash requirements consist mainly of the following:

- funding capital expenditures;
- operating costs and working capital;
- servicing our indebtedness and the indebtedness of our subsidiaries;
- paying dividends; and
- paying taxes.

Our sources of liquidity will consist mainly of the following:

- cash generated from our operating activities;
- borrowings under Amended and Restated Revolving Credit Facility; and
- potential future borrowings under debt securities.

Consolidated Cash Flow

Fiscal Years 2008, 2009 and 2010 compared

The following table summarises our consolidated cash flow statement for Fiscal Year 2008, Fiscal Year 2009 and Fiscal Year 2010:

	Fiscal Year		
	2008 (52 weeks)	**2009 (53 weeks)**	**2010 (52 weeks)**
	(£ in millions)		
Net cash (used in)/from operating activities	(21.9)	81.8	76.5
Net cash (used in)/ generated from investing activities	(241.5)	98.6	(36.1)
Net cash generated from/(used in) financing activities	317.0	(224.2)	(36.9)
Net increase/(decrease) in cash and cash equivalents	53.6	(43.8)	3.5
Net cash and cash equivalents at beginning of fiscal year	35.0	79.8	37.4
Effect of foreign exchange rates	(8.8)	1.4	(0.1)
Net cash and cash equivalents at end of fiscal year	79.8	37.4	40.8

Net cash (used in)/from operating activities

Our operating activities generated £76.5 million in net cash in Fiscal Year 2010, a reduction of £5.3 million over what was achieved in Fiscal Year 2009, when we generated £81.8 million of cash from our operating activities. This reduction in net cash from operating activities is primarily due to the reduction of

Adjusted EBITDA by £4.5 million to £132.0 million, a reduction in cash generated from working capital changes, but is offset by reduced interest paid that reflects the lower levels of debt in the Group during Fiscal Year 2010.

We generated £81.8 million in net cash from our operating activities in Fiscal Year 2009, an increase of £103.7 million over Fiscal Year 2008, when we used £21.9 million in cash in our operating activities. This increase in net cash from operating activities is primarily due to recovery following an unusual performance during Fiscal Year 2008, during which we saw our working capital position reduced due to effects of the financial downturn, particularly the industry-wide withdrawal of credit insurance that had been previously extended to our suppliers. As a result, our suppliers tightened payment terms on the products they supplied to us.

Our operating activities once again generated high levels of cash in Fiscal Year 2009 as our suppliers were able to obtain extended credit insurance as part of the industry-wide restoration of credit insurance and we returned to overall profitability. This improvement was offset to some degree by higher interest payments than in previous years, including £13.1 million of refinancing costs in Fiscal Year 2009 that are reflected in the interest cashflows.

Net cash (used in)/ generated from investing activities

We used £36.1 million of net cash in investing activities in Fiscal Year 2010, compared to cash generated from investing activities of £98.6 million in Fiscal Year 2009, a decrease of £134.7 million. The decrease was primarily the result of heightened net cash generated in Fiscal Year 2009 that resulted from the recovery of £130.7 million of cash that was in a restricted bank account in Iceland by April 2009. Capital expenditure was £20.9 million in Fiscal Year 2010 compared with £23.5 million in Fiscal Year 2009, with both years experiencing restrained capital expenditure plans.

Our investing activities generated £98.6 million in net cash in Fiscal Year 2009, an increase of £340.1 million over the £241.5 million in net cash we used in our investing activities in Fiscal Year 2008. This increase in net cash generated from investing activities was attributable to the recovery of £130.7 million of cash that was in a restricted bank account in Iceland at the end of 2008 and that was recovered by April 2009, as well as significant reductions in our capital expenditures and acquisition activity in Fiscal Year 2009 as compared to Fiscal Year 2008 due to the global economic downturn and financing restraints.

Net cash generated from/(used in) financing activities

We used £36.9 million net cash in financing activities in Fiscal Year 2010, as we repaid £32.2 million of borrowings and £4.3 million in obligations under finance leases.

In Fiscal Year 2009, we used £224.2 million in net cash in financing activities to repay £217.8 million in borrowings and £5.9 million in obligations under finance leases.

We generated £317.0 million in net cash from financing activities in Fiscal Year 2008, including £335.8 million when we entered into new bank loan facilities and drew on old facilities. During Fiscal Year 2008, we also repaid borrowings in the amount of £10.7 million, repaid £7.8 million in obligations under finance leases and paid a dividend of £0.3 million.

Capital Expenditures

Our capital expenditure programme is geared towards meeting our planned growth needs and ensuring that we can maintain cost-efficiency and infrastructure requirements. Over the last three years, we have made significant investments in both acquisitions and capacity expansions, totalling £184.2 million, of which £94.7 million was invested in our existing and newly acquired factories, including:

- expanding chilled bread factories in the United Kingdom;
- expanding a cheesecake factory in the United Kingdom;
- adding custard tart production capacity to a desserts factory in the United Kingdom;
- expanding ready meal and mashed potato production at ready meal factories in the United Kingdom;
- introducing dressing manufacturing capabilities in the United Kingdom;
- implementing wrap packaging automation;
- implementing prepared fruit manufacturing capacity in Spain, additional ready meal capacity in Belgium and additional capacity in France; and
- implementing fresh pasta production capacity and the completion of an additional facility in the United States.

We expect that capital expenditure activity will generally be in line with depreciation in future years.

Contractual Obligations and Commercial Commitments

The table below sets out our contractual obligations and commitments at December 31, 2010, on a *pro forma* basis, as adjusted for the Refinancing:

Contractual obligations	Total	Less than 1 year	1-5 years	5-7 years	More than 7 years
			(£ in millions)		
Long-term debt obligations[1]	624.3	—	274.3	350.0	—
Financing obligations arising from other operating businesses	14.5	11.5	3.0	—	—
Finance lease obligations	5.8	2.8	3.0	—	—
Principal payable to third parties	644.6	14.3	280.3	350.0	—
Commercial commitments	35.4	35.4	—	—	—
Put option consideration	5.0	5.0	—	—	—
Operating lease obligations	90.3	10.4	29.7	12.3	37.9
Total	775.3	65.1	310.0	362.3	37.9

(1) Long-term debt obligations does not include estimated total interest payments, assuming a LIBOR rate of 5.75%, of £44.6 million, £154.9 million, £57.8 million, and £nil for periods of less than 1 year, 1–5 years, 5–7 years and more than 7 years, respectively.

Historical Debt Repayment

Our borrowed funds, excluding shareholder loans of £205.0 million that did not pay cash interest and were converted into share capital as part of this bond issue process, consisted principally of the following as at January 1, 2011:

- The Bakkavor London Revolving Credit Facility of £626.8 million, of which the Group had £500.0 million outstanding as at January 1, 2011, compared with £500.1 million as at January 2, 2010;
- The Bakkavor Acquisitions (2008) Term Loan, of which £61.3 million was outstanding as at January 1, 2011, compared with £62.2 million outstanding as at January 2, 2010;
- The Bakkavor Estates Term Loan, of which £19.8 million was outstanding as at January 1, 2011, compared with £47.4 million outstanding as at January 2, 2010;
- The Bakkavor China Limited Term Loans totalling £24.8 million outstanding as at January 1, 2011, compared with £24.1 million outstanding as at January 2, 2010;
- the Group has a number of finance leases, which totalled £5.8 million as at January 1, 2011, compared with £9.7 million outstanding as at January 2, 2010;
- other loans, which amounted to £12.3 million as at January 1, 2011, compared with £9.7 million as at January 2, 2010; and
- bank overdrafts of £2.1 million as at January 1, 2011, compared with bank overdrafts of £nil at January 2, 2010.

Our cash in hand and at banks totalled £40.8 million as at January 1, 2011 as compared to £37.4 million as at January 2, 2010.

New financing arrangements upon completion of the Offering

We refinanced our Existing Credit Facilities with the proceeds of the offering of senior secured notes. Upon completion of the offering, our New Senior Credit Facility will consist of the New Term Loan of £260 million and the Amended and Restated Revolving Credit Facility of £120 million.

The New Term Loan will mature on June 30, 2014 and is subject to semi-annual repayment instalments, payable on June 30 and December 31 from June 30, 2012, with payments of £5 million at June and December in 2012, and £10 million at June and December in 2013. Any balance remaining will be repaid in full at maturity.

	Payment Due by Period[1]				
	2011	2012-2013	2014-2015	After 2015	Total
	(£ in millions)				
New Senior Credit Facility	—	30.0	244.3	—	274.3
Notes offered hereby	—	—	—	350.0	350.0
Other financial indebtedness of subsidiaries[1]	14.3	5.5	0.5	—	20.3
Total	14.3	35.5	244.8	350.0	644.6

(1) Based on historical financial information of subsidiaries as of January 1, 2011.

Revolving advances under the Amended and Restated Revolving Credit Facility must be repaid on the last day of each interest period with respect to the advance and amounts repaid may be redrawn subject to the satisfaction of certain conditions.

Under our New Senior Credit Facility, we are required to repay any outstanding amounts under the New Term Loan and the Amended and Restated Revolving Credit Facility as at the maturity date of June 30, 2011.

Our ability to make scheduled payments of principal of, or to pay the interest on, or to refinance, our indebtedness (including the notes), or to fund planned capital expenditures and working capital, will depend on our future performance and our ability to generate cash in the future, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors that are beyond our control, as well as to other factors discussed under "Risk Factors".

We cannot assure you that our business will generate sufficient cash flow from operations that currently anticipated cost savings, revenue growth and operating improvements will be realised or that future borrowings will be available under our New Senior Credit Facility in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. We will require a significant amount of cash to meet our obligations under our indebtedness and to sustain our operations, which we may not be able to generate.

Effect of the Refinancing on Cash Flow

As at January 1, 2011, our total indebtedness, consisting of bank loans, other financial indebtedness and excluding shareholder loans, amounted to £626.2 million.

Working Capital

We believe that working capital should be a source of cash over the medium term and that the current working capital, together with the amounts available under the existing debt facilities would be sufficient for current working capital requirements for at least the next 12 months. Amounts which will be available under the Amended and Restated Revolving Credit Facility will provide further flexibility in the management of cash flows.

Investment of Surplus Cash

We intend to use surplus cash, where possible, to reduce our balance under our Amended and Restated Revolving Credit Facility. Otherwise, we deposit surplus cash in either money market or deposit accounts held with banks. These deposits are made for fixed terms and interest is generally payable to us at the market rate for deposits.

Group Cash Management

Our Group-wide cash management is centralised to the extent possible and reasonable. Our UK businesses only keep liquidity to the extent needed for their daily operations, as do our European subsidiaries that are within the European cash pool. Any surplus liquidity in non-UK or European pooled businesses is

transferred to the United Kingdom. Surplus liquidity is used to service our financial indebtedness or is invested in short-term UK money market or bank deposit accounts.

Cash Pooling

The Group has two cash pools: a UK cash pool and a European cash pool.

UK Cash Pool. Our UK cash pool is run through Barclays Bank PLC and is a pooling arrangement that allows a maximum of £65 million of gross overdrafts, though the bank accounts in the pool may only have a net overdraft balance of £5 million at any one time. All UK wholly owned subsidiaries are part of the UK Cash Pool. The UK Cash Pool also includes U.S. dollar and euro pool arrangements, but with considerably lower overdraft levels.

European Cash Pool. Our European Cash Pool is a euro-denominated currency cash pool that is run through HSBC Bank plc and is used by our businesses in France, Spain and Belgium. The European Cash Pool allows certain businesses to go overdrawn, provided that the cash position in the European Cash Pool is positive or zero. If any additional funding is required to maintain the pool, the necessary funding is provided by depositing cash in an HSBC Bank plc pool account. Monies are swept daily between the HSBC bank accounts in the local countries and their UK bank accounts.

Intercompany Funding

Whenever finance requirements become necessary within the Group, we attempt to address the necessary financing from internal sources before seeking outside financing. This intercompany funding is effected either through intercompany loans or equity injections, with the form of investment depending on the subsidiary's circumstances and country-specific company law. We have established intercompany loans between most of our UK and international operating businesses.

Off-Balance Sheet Arrangements

We do not have any material off-balance sheet arrangements. We are sometimes required to provide letters of credit when importing produce from overseas or for certain key suppliers. These letters of credit provide legal evidence of our liability to a supplier or a financial institution acting on its behalf, so that if we default, the party can require payment directly from the bank and we would be liable for the debt. As at January 1, 2011, the Group had £9.0 million of letters of credit in existence.

Other off-balance sheet financial commitments from operating lease agreements amounted to £80.3 million as at January 1, 2011.

Qualitative and Quantitative Disclosures about Market Risk

Our operations are exposed to market risks primarily as a result of changes in prices of our raw materials and changes in interest and foreign currency exchange rates. Derivatives that we use are primarily foreign currency forward contracts, interest rate swaps and commodities forward contracts for certain items. Our derivative activities are subject to the management, direction, and control of our senior financial officers. Risk management practices, including the use of financial derivative instruments, are presented to the Board of Directors at least annually.

We perform a sensitivity analysis to determine the effects that market risk exposures may have on our debt and other financial instruments. Information provided by the sensitivity analysis does not necessarily represent the actual changes in fair value that would be incurred under normal market conditions because, due to practical limitations, all variables other than the specific market risk factor are held constant.

Commodity/Raw Materials Risk

We require substantial amounts of raw materials in our operations, including dairy, wheat and rapeseed oil. We are exposed to commodity price and supply risks for these raw materials, as well as for packaging materials. In addition, we are exposed to fluctuations in the price of energy (primarily electricity and natural gas), the cost of freight (which is impacted by fluctuations in the price of oil) and the cost of other components that we

use in our manufacturing process. To the extent we are not able to leverage our purchasing power in the future as successfully as we have in the past, we may not be able to increase the selling price of our products to reflect increases in the costs of raw materials, or if we experience any interruptions or shortages in the supply of raw materials, our operating margins could be adversely affected. We seek to mitigate the effects of increased costs by entering into forward contracts on items including vegetable oil, utilities and imported raw materials.

Interest Rate Risk

We are exposed to market risk from fluctuations in interest rates. In the past, we have generally sought to hedge approximately 65% of our exposure to changes in interest rates. We utilise interest rate swaps and collars, denominated in pounds, to achieve this.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts and collars outstanding as at January 1, 2011 :

	Average contract fixed interest rate	Notional principal amount	Fair value
	2010	January 1, 2011	January 1, 2011
	%	£million	£million
Interest rate swaps			
0 to 1 year	4.90	100.0	(3.0)
1 to 5 years	4.94	150.0	(10.0)
Over 5 years	5.17	50.0	(6.7)
Collars			
1 to 5 years	4.37	100.0	(5.1)
		400.0	(24.8)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is 3 months LIBOR. The Group will settle the difference between fixed and floating interest rates on a net basis.

The notional principal amount of the interest rate swap contracts and collars at January 1, 2011 was £400 million and the net fair value was a liability of £24.8 million. The 4.90% fixed rate swaps of £100.0 million will mature on September 30, 2011.

Foreign Currency Risk

We are exposed to transactional foreign currency risk on revenues and purchases that are denominated in a currency other than the pound, and translational foreign currency risk in relation to the translation of overseas operations. Our policy is for our UK businesses to hedge transactional exposures to foreign currency risk in line with supply agreements by using forward foreign exchange contracts wherever material. We monitor foreign exchange rates to assess the potential impact on our profits if exchange rates move significantly, and a summary of hedges in place is reported monthly to the Board of Directors. The currencies giving rise to these risks are primarily euros and U.S. dollars.

During Fiscal Year 2010, the euro weakened against the pound by 3.7%, with the closing rate at €1.1671 compared with €1.1255 at the end of Fiscal Year 2009. The average rate for the Fiscal Year 2010 was €1.1659, a reduction of 3.8% compared with the average rate during Fiscal Year 2009. The U.S. dollar strengthened by 3.0% during the same period, with a closing rate of $1.5657 at the end of Fiscal Year 2010 compared to a closing rate of $1.6149 at the end of Fiscal Year 2009. The average rate for Fiscal Year 2009 was $1.5449, a strengthening of 1.4% over Fiscal Year 2009. Transaction losses offset by translation gains resulted in a gain of £0.4 million during Fiscal Year 2010.

We have put hedges in place to mitigate transactional foreign currency exposure. These hedges covered approximately 86% of our euro requirement for 2010 and 90% of our U.S. dollar requirement for 2010. Consequently, we believe that the remaining foreign exchange exposure does not present a material risk in this regard. The net fair value of these hedges at January 1, 2011 was £1.0 million.

There is no assurance that we will hedge, or be able to hedge, against these types of risks in the future.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial information. Our financial statements have been prepared in accordance with IFRS. The preparation of this financial information requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial information, so we consider these to be our critical accounts policies. Due to the uncertainty inherent in these matters, actual results could differ from the estimates we use in applying the critical accounting policies described below.

Impairment of Goodwill

The Group assesses goodwill for impairment on an annual basis, or more frequently if there are indications of impairment. The recoverable amount of each cash generating unit is compared to the carrying amount and impairment is recorded if the recoverable amount is less than the carrying amount. The recoverable amount is based on the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The most significant judgments in the value in use calculations are the discount rate and the terminal growth rate.

The carrying amount of goodwill at the balance sheet date was £739.9 million for Fiscal Year 2010, £739.7 million for Fiscal Year 2009 and £750.4 million for Fiscal Year 2008. No impairment was considered necessary.

Impairment of tangible and intangible assets other than Goodwill

At each balance sheet date, or more frequently if there are indications of impairment, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The Group considers there to be an indication of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is based upon the estimated discounted future cash flows generated by the underlying assets. If the recoverable amount of the asset determined by this evaluation is less than the book value of the asset, an impairment is recognised for the difference. During 2008, in connection with our restructuring efforts related to the closure of factories in the UK and France, the Group reassessed its estimated future cash flows. As a result of this process, the Group recorded an impairment charge of £17.4 million.

Fair Value of Derivatives and Other Financial Instruments

Derivative financial instruments and certain other financial assets are recorded at fair value in the statement of financial position. The fair value of the financial instruments that do not have quoted market prices requires significant judgment and estimates. The directors use their judgment in selecting an appropriate valuation technique for these financial instruments. Valuation techniques commonly used by market practitioners are applied.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates. These assumptions are based on past and expected future performance.

Pensions

The Group maintains a number of defined benefit pension plans for which it has recorded a pension liability. The pension liability is based on an actuarial valuation that requires a number of assumptions including discount rate, mortality rates and actual return on plan assets may necessitate material adjustments to this liability in the future. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions. Details of the principal actuarial assumptions used in calculating the recognised asset for the detailed benefit plan is given in Note 34 to the consolidated financial statements for Fiscal Year 2010 and in Note 31 to the consolidated financial statements for Fiscal Year 2009.

Recognition of Deferred Tax Assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

The Group had unrecognised deferred tax assets as a result of unused tax losses of the end of Fiscal Year 2010: £18.9 million, the end of Fiscal Year, 2009: £15.7 million and the end of Fiscal Year 2008: £21.8 million available for offset against future profits. Deferred tax assets are not recognised on the losses carried forward to the extent that it is not probable that the losses will be utilised.

The Group operates in various countries and its income tax returns are subject to audit and adjustment by local tax authorities. The nature the Group's tax exposure is often complex and subject to change and the amounts at issue can be substantial. The Group develops an estimate of the potential tax liability based on the tax positions taken, historical experience and its internal tax expertise. These estimates are refined as additional information becomes known. Any outcome upon settlement that differs from a recorded provision may result in a materially higher or lower tax expense in future periods.

The Group recorded adjustments in respect of prior periods due to the closure of tax risk contingencies of fiscal year 2010: £3.3 million charge, 2009: £12.6 million credit, fiscal year 2008: £4.6 million credit. Additionally, the Group recorded a movement relating to the industrial buildings allowance in fiscal year 2008 of £22.4 million which had previously been taken due to the changes in legislation which were substantively enacted during 2008.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial information. Our financial statements have been prepared in accordance with IFRS. The preparation of this financial information requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities.

We believe that the estimates, assumptions and judgments involved in the accounting policies described below have the greatest potential impact on our financial information, so we consider these to be our critical accounts policies. Due to the uncertainty inherent in these matters, actual results could differ from the estimates we use in applying the critical accounting policies described below.

Impairment of Goodwill

The Group assesses goodwill for impairment on an annual basis, or more frequently if there are indications of impairment. The recoverable amount of each cash generating unit is compared to the carrying amount and impairment is recorded if the recoverable amount is less than the carrying amount. The recoverable

amount is based on the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The most significant judgments in the value in use calculations are the discount rate and the terminal growth rate.

The carrying amount of goodwill at the balance sheet date was £739.7 million for Fiscal Year 2009, £750.4 million for Fiscal Year 2008 and £666.2 million for Fiscal Year 2007. No impairment was considered necessary.

Impairment of tangible and intangible assets other than Goodwill

At each balance sheet date, or more frequently if there are indications of impairment, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The Group considers there to be an indication of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is based upon the estimated discounted future cash flows generated by the underlying assets. If the recoverable amount of the asset determined by this evaluation is less than the book value of the asset, an impairment is recognised for the difference. During 2008, in connection with our restructuring efforts related to the closure of factories in the UK and France, the Group reassessed its estimated future cash flows. As a result of this process, the Group recorded an impairment charge of £17.4 million.

Fair Value of Derivatives and Other Financial Instruments

Derivative financial instruments and certain other financial assets are recorded at fair value in the statement of financial position. The fair value of the financial instruments that do not have quoted market prices requires significant judgment and estimates. The directors use their judgment in selecting an appropriate valuation technique for these financial instruments. Valuation techniques commonly used by market practitioners are applied.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates. These assumptions are based on past and expected future performance.

Pensions

The Group maintains a number of defined benefit pension plans for which it has recorded a pension liability. The pension liability is based on an actuarial valuation that requires a number of assumptions including discount rate, mortality rates and actual return on plan assets may necessitate material adjustments to this liability in the future. The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions. Details of the principal actuarial assumptions used in calculating the recognised asset for the detailed benefit plan is given in Note 31 to the consolidated financial statements for Fiscal Year 2009.

Recognition of Deferred Tax Assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable

profits is also considered. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

The Group had unrecognised deferred tax assets as a result of unused tax losses of the end of fiscal year 2009: £15.7 million, the end of fiscal year 2008: £21.8 million, the end of fiscal year 2007: £13.2 million available for offset against future profits. Deferred tax assets are not recognised on the losses carried forward to the extent that it is not probable that the losses will be utilised.

The Group operates in various countries and its income tax returns are subject to audit and adjustment by local tax authorities. The nature the Group's tax exposure is often complex and subject to change and the amounts at issue can be substantial. The Group develops an estimate of the potential tax liability based on the tax positions taken, historical experience and its internal tax expertise. These estimates are refined as additional information becomes known. Any outcome upon settlement that differs from a recorded provision may result in a materially higher or lower tax expense in future periods.

The Group recorded adjustments in respect of prior periods due to the closure of tax risk contingencies of fiscal year 2009: £12.6 million, fiscal year 2008: £4.6 million. Additionally, the Group recorded a movement relating to the industrial buildings allowance in fiscal year 2008 of £22.4 million which had previously been taken due to the changes in legislation which were substantively enacted during 2008.

INDUSTRY

Certain of the projections and other information set out in this section have been derived from external sources, including reports of Kantar Worldpanel. Industry publications, surveys and forecasts generally state that the information contained therein had been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness.

The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences. Please see "Risk Factors" and "Forward- Looking Statements".

Overview

The United Kingdom is the most developed fresh prepared foods market in the world, not only in terms of the range of food products available, but also because of market participants' approach to food safety, production standards and management systems. Sales of fresh prepared foods have experienced steady growth in the United Kingdom over the last 15 years, expanding from a market size of less than £2.5 billion in 1994 to a market size of £8.1 billion in 2009. Although the UK market is established and relatively mature, it continues to experience favourable growth, with 5.3% growth in the 52 weeks ended June 13, 2010, according to Kantar Worldpanel, compared to 3.0% growth over the broad food sector during the same period. The fresh prepared foods market in the United Kingdom has generally exhibited limited sensitivity to changes in general economic conditions.

Independent market consultants forecast the UK fresh prepared foods market to grow by 5.5% annually for the period from 2009 to 2015. We believe that this growth will result primarily because fresh prepared food products are more able than other types of food products to fulfil consumer expectations and demands for convenient, healthy, responsible and special food items.

Drivers Behind the Growth of the Fresh Prepared Foods Market

Long-Term Global Consumer Trends

We believe that the growth of the fresh prepared foods market is underpinned by four robust mega-trends that affect, and that we believe will continue to affect, the sales of grocery and other food items: convenience, health, responsibility and pleasure.

Convenience

In general, we believe that consumers are looking for ways to maximise their leisure time. Consumers are therefore increasingly seeking products that reduce the amount of time spent planning and preparing meals. As a result, the demand for easy-to-prepare food options has steadily increased. In addition, changed demographic structures resulting in smaller household sizes and less-traditional, busier lifestyles have changed consumers' eating patterns, resulting in a marked shift away from traditional eating arrangements in favour of meals on the go, consumed in the car or in front of the television. Fresh prepared food products are designed to meet the demand for flexible, on-the-move, informal eating by offering ready-made and portable meals, as well as ready-to-cook ingredients which allow customers to save time on the preparation of homemade meals.

Health

According to a survey conducted by Datamonitor in April 2009, 75% of respondents considered that maintaining or improving one's health was more important than it had been two years before. Consumers are becoming more educated on and aware of health issues that affect their diets. We believe this awareness is due, in part, to recent health campaigns in the UK and Europe that have educated consumers on the benefits of fresh fruit and vegetables and encourage consumers to eat five portions of fruit and vegetables per day. The rising rates of cardiovascular disease and obesity have influenced, and we believe will continue to influence, food choice. As a result of these trends, processed food manufacturers have developed healthier recipes that are lower in salt, fat and sugar and include more fresh fruit and vegetables. We believe that the fresh prepared foods market has been one

of the most successful food sectors for delivering tasty, healthy and convenient meal solutions to consumers, and remains an attractive platform for further innovation in this area.

Pleasure

We believe that consumers have become more conscious of their spending during the economic downturn, cutting back on expensive luxury items in favour of occasional small treats such as chilled desserts that indulge their food cravings. As a result, foods that approximate or replicate the dining out experience have become an affordable alternative to more expensive restaurant dining. Moreover, consumers are seeking new and exotic tastes as they are exposed to other cultures through migration and holidays to other countries and have access to new information through mass media. We believe that the fresh prepared foods market has been one of the most successful food sectors in offering food products that meet the demand for exciting flavours and authentic cuisines.

Responsibility

As well as convenience, health and pleasure, we believe consumers are becoming more ethically and environmentally responsible. They are increasingly looking for assurance that the products they purchase are manufactured in a safe, healthy and fair environment have become more environmentally aware and are far more conscious of their personal environmental impact. The food industry has been committed to addressing issues relating to this including tackling unnecessary food waste and packaging, as well as making the supply chain more transparent and products traceable through their lifecycle. One of the ways our business has proactively steps to lessen the environmental impact of our products is through the use of more sustainable packaging. For example, all the cardboard sleeves we use for our UK products are either 100% recycled or made from sustainably managed forests.

Long-Term Global Retailer Trends

Retailers have responded to global consumer mega-trends by adopting convenience formats for the products they sell, increasing their reliance on retailer brands to better control food quality, image and product development, globalising their operations and becoming more outwardly engaged in corporate responsibility efforts and promotion.

Convenience Formats

Retailers have responded to consumer trends in favour of more convenient options by creating smaller convenience store formats situated in high traffic, desirable locations which simplify and speed up sales transactions by virtue of their smaller footprint, and include more convenience foods including fresh prepared food products. For example, Tesco has opened more than 1,000 Tesco Express convenience food stores in the United Kingdom. According to IGD Research, the convenience sector comprised 20.7% of all sales made in the retail market in 2009, and predicts the format will grow by 36.7% in the five-year period between 2009 and 2014.

Increased Reliance on Retailer Brands

In addition to the macro-trends discussed above, the UK fresh prepared foods market is experiencing steady growth in retailer brand purchasing. This growth is being driven by retailer efforts to position their own brands relative to the mega-trends of convenience, health, pleasure and responsibility, and to build brand loyalty among customers by promoting their company credentials relative to these values. According to Planet Retail, retailer brands are forecast to achieve a 41% market penetration in the United Kingdom during 2010, making the United Kingdom one of the world's most developed retailer-branded markets.

The success of retailer-branded products in the United Kingdom illustrates the potential for growth in other markets, and according to AC Nielsen the combined retailer branded sales across the United States, United Kingdom, Germany, France, Spain and Italy increased by 13% in 2008. Markets in Europe have begun to follow the United Kingdom's lead, with retailer-branded market penetration levels forecast to reach 33%, 32%, 30% and 13% in Germany, Spain, France and Italy, respectively, in 2010 according to Planet Retail.

Fresh prepared food products are sold either under brands owned or licensed and marketed by a manufacturer, or under a brand owned by the grocery retailer where the product is purchased. Retailer-branded

products have a ready-made distribution chain and rely on the retailer's brand and reputation for quality and competitive pricing. As a result, retailer-branded food products have historically been priced lower than similar branded products, while maintaining good quality, thus providing value to the consumer. Retailers have increasingly turned to retailer-branded products to enable them to respond quickly to consumer needs and preferences, as well as communicate and promote their value, premium and ethical credentials. During the current economic downturn, retailer- branded ranges have been significant in enabling retailers to reinforce their value for money proposition and offer increased promotional activity to encourage consumers to spend.

We believe there are several key underlying factors which have driven the growth of retailer brands and will continue to do so. As retailer-branded product quality continues to improve and consumer familiarity of retailer brands grows, there is a higher level of acceptance of retailer-branded products as an attractive alternative to branded products. From a retailer's perspective, their own retailer-branded products, often sold at a discount to branded products, offer consumers compelling value, thereby helping to differentiate themselves in a consolidating industry and build consumer loyalty for the retailer. By building consumer loyalty, a retailer's customers are motivated to purchase more products under the retailer's own brands. Lastly, given the difference in margin between manufacturer and retailer brands, retailers often earn a higher profit margin on their own branded products and consequently are incentivised to promote them ahead of the branded product equivalents; for example, through better shelf position and promotion in the retailer's television advertisements and on the retailer's website.

Given the growing importance of retailer-branded products to consumers and retailers, fresh prepared food manufacturers that can deliver retailer-branded products with a high level of quality and a good profit margin will be positioned to benefit from the favourable industry trends and serve as a partner to retailer customers. Despite often earning a lower gross margin than branded players, retailer-branded product manufacturers do not have to invest in advertising, promotions or research and development. Additionally, once a partnership is cemented between a manufacturer and a retailer, there would usually be a cost associated with the retailer switching to another provider.

Globalisation

In recent years leading grocery retailers such as Tesco, Wal-Mart and Carrefour have increased their focus on international expansion, accelerating the pace of grocery retail globalisation. For example, as at February 2009, 65% of Tesco's operations were located outside the United Kingdom. International expansion by grocery retailers has been motivated by a number of factors, including the maturity of retailers' home markets, limited opportunities for domestic new store developments, and perceived opportunities to capture new customers in emerging or previously untapped markets. In addition, the strong presence of leading grocery retailers in emerging markets is accelerating the development of retailer brands as they focus on expanding their brand presence and loyalty.

Corporate Responsibility

In conjunction with taking greater responsibility towards their health, consumers have also begun to equate environmental and ethical standards with a higher quality of life and personal well-being. Accordingly, many consumers have become far more conscious of their personal impact on the environment and ethical considerations have become part of their buying decisions. These consumers seek assurances that the products they buy are manufactured in a safe, healthy and fair environment. Food manufacturers and grocery retailers have responded to these concerns by seeking to source more products locally, making their supply chains more transparent and products traceable throughout their lifecycle, and looking for ways to reduce waste. In an effort to promote their company credentials, companies have begun to self-report their progress in the areas of sustainability and environmental impact by posting information in their stores and on their corporate websites.

The UK Fresh Prepared Foods Market

The UK fresh prepared foods market is a sub-segment of the broader UK grocery market, which was a £91.4 billion sector by sales in the 52 weeks ended June 30, 2010 according to Kantar Worldpanel. Fresh prepared food products constituted 22.3%, or £8.1 billion, of the £36.3 billion fresh and chilled segment, which represented 39% of the broader grocery sector in the 52 weeks ended June 30, 2010.

Fresh prepared food products have been available in the United Kingdom since the 1960s, but it was not until the early 1980s that the market significantly developed. Fresh prepared food products are sold as either cold-

or hot-eating products. Cold-eating products, such as salads, wraps, smoothies and dips, are manufactured and packaged to be eaten as is, with zero to minimal preparation time required. Hot-eating products, such as ready meals, ready-to-cook meals and fresh pizza, must be either heated or cooked before being consumed.

In contrast to standalone food items or frozen prepared food products, hot- and cold-eating fresh prepared food products are ready-made for eating soon after being purchased, with minimal preparation required prior to consumption. Unlike many processed or fast foods, which are also ready-made for consumption soon after purchase, fresh prepared food products generally offer higher nutritional quality and better taste by virtue of the fresh ingredients used and short time period between production, delivery, sale and consumption. Moreover, fresh prepared food products are attractive compared with other types of food products because they are packaged to suit smaller families or individuals, cater for a wide range of tastes and are accessible in all store formats (particularly convenience stores). Fresh prepared food products allow consumers to experience a variety of foods, such as ethnic foods and ingredient-intensive dishes, without having to purchase and store individual ingredients—delivering good value for money and helping to avoid food waste. In emerging markets such as China, the convenient, compact nature of the fresh prepared foods offering is becoming increasingly popular, due to relatively low car ownership and a preference for daily shopping.

These qualities illustrate why fresh prepared foods compares favourably to other types of food products, and has therefore been a resilient market despite the global economic downturn.

Competition with Other Food Products

Fresh prepared food products compete favourably with all other segments of the foods market, such as frozen foods and ambient groceries (such as canned food), as well as other sub-segments of the fresh and chilled segment for shelf space and sales. According to Kantar Worldpanel, fresh prepared food products outpaced these other sectors in the 52 weeks ended June 13, 2010, growing by 5.3% over the period, compared to 2.6% growth in the total fresh and chilled segment, 4.0% growth in ambient grocery sales, 0.6% growth in frozen food sales and 3.0% growth in the grocery sector overall.

The Global Fresh Prepared Foods Market

Market Trends

We believe that global fresh prepared foods markets will continue to grow for the same reasons the UK market will continue to grow: the desirability of fresh prepared food products is underpinned by trends that affect, and that we believe will continue to affect, the sales of grocery and other food items: convenience, health, pleasure and responsibility. In addition, we believe the global fresh prepared foods market will grow as UK retailers expand their businesses beyond the United Kingdom and seek to establish themselves as leaders in new markets such as Asia and the United States. For example, we have recently worked with Tesco to create local fresh prepared food products for their new stores in China and the United States.

BUSINESS

Our Company

We are a leading provider of fresh prepared food products in the United Kingdom. We are the number one producer by value in 12 of the 18 key product categories we produce. According to Kantar Worldpanel, 89% of UK households buy at least one product from our product categories every month. We develop and produce innovative fresh prepared food products for every occasion and every budget. In partnership with some of our long-standing retailer customers, we introduced the fresh prepared foods concept to consumers in the United Kingdom more than 40 years ago and have helped establish the United Kingdom as the world's most innovative fresh prepared foods market. Our customers include some of the United Kingdom's most reputable and well-known grocery retailers, including Tesco, Marks & Spencer, Sainsbury's, Waitrose, Asda and Morrisons, which sell our products to consumers under their respective retailer brands. Our industry expertise and relationships with eight of the world's ten leading grocery retailers in these geographical regions have us well positioned to lead the growth of the fresh prepared and retailer-branded foods markets.

Our extensive knowledge of consumer food preferences and our experience creating product offerings that align with these preferences have enabled us to develop close and long-lasting relationships with leading retailers. These retailers rely on our more than 300 product developers and chefs to develop and produce innovative, high-quality products that meet their customers' needs, and our marketing teams to help them market these products to their customers. Our commitment to product development and innovation allows us to constantly refresh our product offerings to ensure we remain at the forefront of current trends. For example, in the Fiscal Year 2010, we created and launched more than 1,000 new products, including 700 new ready meal products, 155 new desserts and 130 new pizza products, and we currently offer more than 6,000 products across 18 key product categories worldwide.

We have more than 18,000 employees who produced approximately 250 million ready meals, 165 million desserts, 217 million bags of leafy salads and 135 million pizzas across our 57-facility global manufacturing network in 2009. The nature of our product offering requires us to ensure that our products are fresh when they reach the end consumer. As such, we have spent £184.2 million in capital expenditure over the last three fiscal years, developing highly efficient supply chain and manufacturing processes that enable us to take the products we make from field (raw materials) to fork (the end consumer) very quickly. This well-invested, sophisticated "just-in-time" manufacturing process allows us to consistently and reliably deliver fresh products that are prepared according to our customers' high standards.

Our Competitive Strengths

Leading Market Position with Attractive Market Dynamics. We hold a leading position in the UK fresh prepared foods market, having attained either the top or second-highest market share in all of our key fresh prepared food product categories in 2009. The UK fresh prepared foods market is the world's most developed market, having nearly tripled in size from 1994, when it was valued at less than £2.5 billion, to 2009, when it was valued at approximately £8.1 billion, according to Kantar Worldpanel. Despite its relative maturity, the UK market for fresh prepared food products generally continues to grow at a faster pace than overall food sales, and its growth rate continues to exceed that of alternative food options such as frozen prepared foods and fresh produce. For example, according to Kantar Worldpanel, the UK fresh prepared foods market grew by 5.3% from June 2009 to June 2010 compared to just 3.0% growth in the UK foods market as a whole, 1.2% growth in the UK fresh produce market and a decline of 0.1% in the UK frozen prepared foods market. We believe that the UK fresh prepared foods market will continue to grow faster than the foods market generally, as its growth is underpinned by long-term global consumer mega-trends in favour of health, convenience, pleasure and responsibility. Please see "Industry—Drivers Behind the Growth of the Fresh Prepared Foods Market—Long-Term Global Consumer Trends".

Long-Standing Relationships with the United Kingdom's Most Reputable Grocery Retailers. We have long-standing and strong relationships with the United Kingdom's most reputable grocery retailers, including Tesco, Marks & Spencer, Sainsbury's and Waitrose. For example, we worked closely with Marks & Spencer to introduce and develop the fresh prepared foods market in the United Kingdom for more than 40 years. Our expertise in analysing changing consumer needs and desires and our ability to develop a diverse and innovative portfolio of fresh prepared food products that fulfil those needs makes Bakkavör a supplier of choice for leading retailers. They consider us integral partners in their respective efforts to maximise profits and enhance their own brands. Because our customers look to us for consumer trend analysis, product development and promotional

ideas, we have developed relationships at all levels of the decision-making process and have enjoyed stable relationships with these core customers for many years. The strength of our relationships with these core customers also allows us to play a role in key pricing decisions, and encourages our customers to approach us when considering new product lines, geographic growth opportunities and promotional campaigns.

Extensive Retailer Brand Expertise. We have helped our retailer customers develop the fresh prepared foods market in the United Kingdom as an opportunity for them to build brand loyalty and introduce new and innovative products. We have built up a high level of expertise and goodwill among leading international retailers after decades of experience helping our customers develop their brands through fresh prepared food offerings. As a result, leading retailers continue to look to us for support when attempting to launch new product lines or expand into new geographic markets. For example, during the last three years, Tesco has asked us to help them develop fresh prepared food products that would appeal to local tastes in three new markets: Asia, the United States and Central Europe.

Large-Scale, Well-Invested and Efficiently Run Facilities. We produce on average approximately 685,000 ready meals, 452,000 desserts, 595,000 bags of leafy salads and 366,000 pizzas per day across 57 facilities around the world. Because we produce fresh food products with relatively short shelf lives, it is crucial that we source raw materials quickly and move those materials swiftly through our production facilities. For example, we have the capability to take raw materials such as baby leaf lettuce from the field and prepare, pack and distribute the finished product so that it can be bought in the supermarket and eaten by the consumer within 24 hours. The large scale of our operations, combined with the just-in-time nature of our products, has required us to create and maintain an efficient manufacturing and operating structure, in which we have made significant investments over many years, with £184.2 million in capital expenditure over the last three fiscal years. As a result, we believe our 57 manufacturing facilities are some of the most efficient facilities in the global fresh prepared foods industry, and are well prepared to accommodate our forecasts for growth over the next five years.

In order to remain leaders in the fresh prepared foods market, we must maintain high volumes of production to ensure pricing stays competitive. This level of production in turn creates two strengths for our company: it makes competitor entry into the fresh prepared foods market difficult; and it increases efficiencies in our manufacturing facilities as the high demand leads to optimal manufacturing capacity utilisation. In addition, food safety is one of the biggest risks in the production of fresh prepared food products. In order to ensure that we produce safe and fresh food products, our factories are precisely designed and laid out to exacting specifications, our machinery and tools are frequently cleaned and sanitised and are designed specifically for their purpose, and we constantly maintain and upgrade our production processes.

Diverse and Innovative Product Range. We believe we offer one of the widest ranges of fresh prepared food products in terms of number of stock-keeping units ("SKUs") in the industry. We offer our customers more than 6,000 different fresh prepared food products across 18 key product categories, including ready meals and desserts. Our wide range of products spans multiple retail price tiers (value, standard and premium), allowing us to capture a larger spectrum of consumers and take advantage of changing consumer behaviours such as the recent shift in consumer preferences to "value" options during the current economic downturn.

We believe that successful product innovation comes from teams of people working together sharing knowledge and understanding. For example, our marketing managers use detailed market information and analysis to identify and share key consumer trends, our 120 developments chefs understand the latest culinary trends and instill a passion for food and culinary excellence, and our 190 development managers turn the consumer knowledge and chef-inspired product ideas into commercially viable products. This process means that we are able to continuously review, refresh or replace our product ranges to ensure that we always offer our customers innovative and interesting choices, successfully introducing an average of more than 1,000 new products a year. We believe we are the only manufacturer that has the scale, technology, expertise and experience to introduce this many new fresh prepared food products every year.

Unique Global Footprint in Developing Markets. We are the only foods producer to supply such a diverse range of fresh prepared food products on an international scale. We have established ourselves as pioneers in developing fresh prepared foods markets that we believe offer the most attractive opportunities for growth, such as France, Italy, the Czech Republic, the United States and China, and where we believe we can use our industry expertise and relationships with leading retailers to lead the growth and development of these markets. Our global footprint provides several advantages: we have the capability to support our retailer partners as they expand to new markets, deepening our partnerships with these retailers and providing us additional contact points within their businesses; it provides us with opportunities to leverage the significant industry expertise and the consumer

knowledge we have gained in our primary market in far less mature markets, allowing us to quickly become leaders in the development of new fresh prepared foods markets; it diversifies our risk profile; and it allows us to widen our distribution channels and gain purchasing power through increased volumes and proximity to raw materials.

Strong Cash Conversion. Our focus on reducing costs and making disciplined capital expenditures, combined with growing retailer brand sales in the markets in which we operate, has allowed us to generate strong levels of cash flow in recent periods despite the global economic downturn. In Fiscal Years 2009 and 2010, we generated £81.8 million and £76.5 million, respectively, of cash flows from operating activities. Our strong cash flow generation has allowed us to invest in our business to achieve additional cost reductions and develop new products to further strengthen our market positions.

Experienced Management Team. Our senior management team has an average of more than 20 years' experience in the fresh prepared foods industry, and has demonstrated the flexibility and commitment to innovative thinking that we believe is necessary to successfully lead the development of the fresh prepared foods market. For example, we were able to undertake a large-scale operational restructuring project in Fiscal Year 2008 and continuing into Fiscal Year 2009 without experiencing significant manufacturing downtime. Our management's focus on innovation and flexibility has enabled us to build a highly sophisticated, yet flexible, just-in-time production process and create successful products that lead to the development of long-standing and strong relationships with our customers.

Our Strategy

Maintain and Strengthen Our Leading Market Positions. We intend to maintain and further strengthen our leading market positions by continuing to produce high-quality products that span the retail price tiers and effectively fulfil our customers' needs. We will continue to use our knowledge of consumer needs and preferences and product development capabilities to strive to remain at the forefront of consumer trends in each of the countries and markets in which we operate. Our development of new products will continue to include evaluations of our portfolio of existing products to determine whether any can be replaced with new higher-margin products, and close discussions with our retailer customers to develop new retailer-branded products.

Maintain and Deepen Our Relationships with Leading Retailers. Our retailer customers have grown to rely on our leadership and expertise in analysing and exploiting food and consumer trends, and we intend to continue using our industry expertise and innovative and diverse product offering to help our customers differentiate their retailer brands and maintain their positions as leaders in their chosen markets. We intend to deepen these relationships by continuing to suggest new products to our customers, provide them with promotional ideas and support, including product combinations across our range, and by helping them expand into new geographic markets.

Continue to Increase Efficiency and Reduce Costs. In order to continue generating profitable growth in the long term, and to address changes in consumer demand resulting from the economic downturn, we recently completed a significant restructuring programme that focused on addressing under-performing manufacturing sites and optimising production capacity across the businesses. As a result, we consolidated production facilities in the United Kingdom and France, substantially improving operational efficiencies, management information and financial controls. This process has led to a strong business recovery, improved profitability and a significant increase in cash generation. Driving operational efficiencies remains a high priority going forward. In line with this strategy, we are reviewing all aspects of our operations and business, and further efficiency programmes have been implemented in 2010, especially in our European operations. We plan to continue to improve our productivity and lower costs across our entire business by investing selectively in new production equipment, implementing process improvements and evaluating our product lines. We will also continue to seek ways to consolidate our production in order to maximise our use of manufacturing lines and to realise fully other economies of scale in production and purchasing.

Focus on Cash Flow Growth and Reducing Leverage. We believe that our focus on reducing costs, increasing efficiencies and helping to drive profitable sales growth will allow us to expand our profit margins and improve our cash flow position. In Fiscal Year 2009, these efforts led to a £116.9 million improvement in free cash flow, and Fiscal Year 2010 we generated £62.3 million in free cash flow. We are seeking additional opportunities to increase efficiencies and exploit our advantageous market positions to generate new cash flow, and we intend to use increased free cash flow to reduce leverage.

Continue to Drive Selective Growth. We intend to continue our efforts to grow within the UK fresh prepared foods market, which continues to expand and add new shelf space despite its relative maturity. We also intend to use the consumer and operational expertise, economies of scale and relationships we have developed within the United Kingdom to drive growth in targeted international markets. Our current operations in Europe, the United States and China leave us well positioned to grow organically within these promising fresh prepared foods markets. In addition, we plan to continue to evaluate acquisition opportunities and may seek to acquire select businesses that can improve our market share and expand our product offerings, and to support our retailer customers as they seek to expand into new geographic markets.

Our Products

We manufacture and market a wide variety of fresh prepared food products across 18 product categories to leading retailers. We offer different products within these categories in the various local markets in which we operate in order to appropriately cater to the tastes and preferences of the consumers in that area. We believe that we cater to a wide range of customer desires through our broad range of product offerings.

Our fresh prepared products can be split roughly into two broad segments: hot-eating and cold-eating. Hot-eating products are those which need to be cooked or heated. Cold-eating products are those which are ready-to-eat or need minimal preparation before consumption.

Cold-Eating Products

Cold-eating products, such as salads, wraps, smoothies and dips, are manufactured and packaged to be eaten as is, with no or minimal preparation required. Sales of cold-eating products comprised 55% of our revenue in Fiscal Year 2009. Products in this category include:

- leafy salads, which are predominantly mixes of different salad leaves and are cut, washed, dried and packed so that the salad is ready to eat;
- dressed salads, which are salads that do not contain salad leaves and are "dressed" with vinaigrette, mayonnaise or other sauces. Traditional dressed salads are potato salad and coleslaw. Some of our newer dressed salads include pasta, rice, couscous, or "super foods" like cracked bulgur wheat, beans and lentils;
- meal salads, which are primarily bought to be eaten at lunchtime or on-the-go, packaged with a plastic fork for convenience, and contain proteins such as fish or chicken or carbohydrates such as potatoes or pasta;
- dips, which generally come in two key formats: single pots of the most popular flavours and "multipacks"—typically four smaller portions. Dips can be vegetable-based, such as guacamole and salsa, or made with mayonnaise or sour cream and flavoured with fresh ingredients. Traditional Mediterranean recipes include taramasalata, tzatziki and hummus;
- chilled desserts such as cheesecakes, fruit tarts, cream cakes, crumbles and trifles that are sold as individual portions or as whole desserts;
- prepared fruit salads, most of which are fruit mixes and include mango, various types of melon, passion fruit, pineapple, kiwi, apple, citrus, blueberries, pineapple and grapes;
- fresh dressings, developed to complement our leafy salads, including traditional French vinaigrette, honey and mustard, balsamic vinegar and garlic, and yoghurt and mint;
- sandwich wraps made with Mexican tortillas and filled with ingredients such as char-grilled chicken, cheese, salad and sauce, which are then rolled and cut into an easy to eat format; and
- smoothies made from fresh fruit and yoghurt or soya.

Hot-Eating Products

Hot-eating products, such as ready meals, ready-to-cook meals and fresh pizza, must be either heated or cooked before being consumed. Sales of hot-eating products comprised 45% of our revenue in Fiscal Year 2009. Products in this category include:

- snacks, such as Chinese spring rolls and dim sum or Indian bhajis, samosas and pakoras;
- fresh pizzas, including thin crust, thick crust, Napoli, Italian or American styles, topped by a wide variety of ingredients;
- prepared vegetables and potatoes, most of which are ready to cook;
- ready meals, which are precooked complete meals or accompaniments. The majority of these products are for one or two persons, although there are also larger packs for families. Our extensive UK range includes recipes from around the world;
- ready-to-cook meals, which are similar to ready meals, the main difference being that ready-to-cook meals include raw meat and fish such as chicken, salmon, pork, beef or prawns, and therefore have to be fully cooked rather than just heated;
- sauces, most of which are developed especially to eat with pasta and include traditional Italian recipes, or sauces for stir-fries;
- soups, such as mainstays tomato and basil, carrot and coriander or broccoli and stilton; seasonal soups, such as spicy parsnip, pea and ham, Scotch broth and pumpkin and ginger in the winter; and minted pea, asparagus, watercress and gazpacho in the summer;
- specialty breads, packaged chilled and precooked, are filled or topped with fresh butter, mixed mainly with garlic or cheese;
- stir fries, composed of fresh vegetables; and
- filled and unfilled pasta.

Customers

We primarily serve a broad range of grocery retailers (such as Tesco, Carrefour and Wal-Mart) and food service providers (such as McDonald's and Yum! Brands, owners of KFC and Pizza Hut). We serve a broad range of retail customers, including supermarkets, grocery stores, convenience stores, club stores and other retailers, and have long-standing relationships that extend as far back as 40 years. Because we focus on understanding consumer trends and making products that align with fast-changing preferences, our customers have grown to rely on our product development and innovation capacity to help them launch new products, grow into new geographic markets and strengthen their own brands. Accordingly, we work in partnership with our customers to develop and produce fresh prepared food products their customers want. We have developed relationships at all levels of our customers' decision-making processes as a result.

Our retail sales are made primarily to modern retail outlets such as supermarkets and include mostly retailer-branded sales. In the United Kingdom, our primary customers include Tesco, Waitrose, Sainsbury's, Marks & Spencer, Asda and Morrisons. In Europe, our primary customers include Carrefour, Metro, Schwarz and Aldi. In the United States, we trade with Tesco and other retailer and food service operators. Our four largest retail customers represented 69% of our revenues for Fiscal Year 2009, with no single customer representing more than 26% of our global revenue. We do not enter into long-term contracts with our retailer customers.

We also supply foodservice providers with fresh prepared food products and produce, which they sell in their foodservice operations. For example, we provide McDonald's with fresh leafy salads in Europe and Starbucks with sandwich wraps, convenience salads and prepared fruit in Asia.

Marketing and Product Development

Most of our revenue is derived from retailer-branded products and we generally do not engage in the marketing of our products to the consumer. Instead, we rely on our knowledge and understanding of key food trends and our ability to translate these into successful products that we can present to our retailer customers.

The product development process begins with the gathering of new product ideas from a variety of sources around the world, including restaurant menus, consumer shopping habits and market research. Once a potential new product is identified that we are able to produce on a commercial basis, our dedicated teams develop the product by selecting appropriate ingredients and packaging and evaluating food safety and quality. We then present the product concept to one of our retailer customers and, if they find the product attractive, collaborate with them to refine the product and agree on plans for its commercial launch. Before the product is launched, we commence production trials of the new product in which products made in our manufacturing facilities are benchmarked against kitchen samples. At this stage of the product's development, we also prepare and verify cooking instructions and nutritional information, check the shelf life of the product and finalise its packaging. After the product is launched, we work with our retailer customer to closely monitor the product's performance to determine whether the product is selling successfully, who buys it and whether it needs further improvement.

We believe that we are at the forefront of innovation in the fresh prepared foods market. For example, our product development teams have, either alone or in partnership with our retailer customers, created a new prepared vegetable category (minted new potatoes), a new meal segment (naturally balanced meals), a new food-to-go segment (food to go salads as an alternative to sandwiches) and a new market for fresh prepared fruit (with Marks & Spencer). We have also worked with Tesco to develop its Tesco's Finest brand and with PizzaExpress, a well-regarded chain of more than 300 pizza restaurants based in the United Kingdom, to produce a successful branded fresh prepared pizza product for the retail market.

We believe that our high-quality product development capabilities allow us to proactively meet both our retailer customers' needs as well as those of the end consumer. Tastes and budgets vary widely among consumers and are constantly changing, which means that there is demand for a significant number of new or revised products to be introduced annually. In 2009, our product development teams developed and worked with our retailer customers to successfully launch over 1,000 new products.

Production under Licensed Brand Names

In addition to developing and manufacturing products for our retailer customers to sell under their own brands, we make several food products labelled and sold under recognised name brands. Strategically, this allows us to grow low penetration markets, stimulate growth in maturing markets, gain access to new distribution channels and defend the key positions we have already attained in the marketplace. For example, we have a contractual agreement with PizzaExpress to use its brand on some of the fresh pizzas we produce in exchange for a licensing fee. Under the licence, we produce pizzas based on popular PizzaExpress pizza recipes, package them in boxes with the PizzaExpress logo on them and sell those pizzas to grocery retailers, who then resell them in their stores. We have a similar licence with Unilever to produce and sell pizzas under its Peperami brand and we will consider similar opportunities to work with well-known brands in the future.

Operations

We currently manufacture and market fresh prepared food products in nine countries: Belgium, China, the Czech Republic, France, Italy, South Africa, Spain, the United Kingdom and the United States.

United Kingdom

We are the leading provider of fresh prepared food and produce in the United Kingdom, where we manufacture products in 16 of our 18 key categories (excluding smoothies and pasta) in 33 production facilities and employ more than 14,400 people as at October 2, 2010. We provide fresh prepared food products to the United Kingdom's most trusted and respected grocery retailers, such as Tesco, Waitrose, Sainsbury's, Marks & Spencer, Asda and Morrisons. In Fiscal Year 2009, we derived £1.39 billion in revenue, representing 84.1% of our total revenue, from our UK operations.

We benefit from the high market penetration of retailer-branded products in the United Kingdom, where we assist our retailer customers in developing and promoting their store brands. We believe that our strong customer relationships with retailers such as Tesco, Marks & Spencer, Sainsbury's and Waitrose, along with the size, scale and diversity of our product offering and reputation for innovation and development, will enable us to grow our product offerings as our retailer customers increasingly turn to retailer-branded products.

We believe our UK production facilities are among the most modern and efficient facilities in the market, and we have invested more than £160 million in these facilities since 2004. Our facilities and production lines ensure that we can create and deliver innovative products to our retailer customers quickly, helping them respond to changing consumer tastes and preferences more quickly than branded food competitors.

Europe

Although much less developed than the UK fresh prepared foods market, the market for fresh prepared foods is growing in Europe, and we are helping to drive that growth. In Fiscal Year 2009, we generated £211.2 million of revenue from Europe, which represented 12.8% of our global sales. In addition to positioning ourselves to benefit from the growth of the fresh prepared foods market, we benefit from a diverse customer base that includes the food service business. In Fiscal Year 2009, our largest customer was McDonald's (for whom we produced primarily leafy salads), followed by several of the most reputable grocery retailers that operate in Europe, such as Albert Heijn, Carrefour, Intermarché, Aldi and Schwarz.

In Fiscal Year 2009, we generated £119.4 million in sales in France, £46.7 million in sales in Italy, £29.6 million in sales in Belgium, £10.8 million in sales in Spain and £3.6 million in sales in the Czech Republic. We offer several product categories in Europe, including ready meals, leafy salads, convenience salads, pizzas, bakery products, dips, prepared fruits and vegetables, soups and sauces.

Our nine factories in Europe employed more than 1,500 people as at October 2, 2010 and we believe are positioned to enable us to reach the major markets quickly and efficiently.

Rest of the World

In addition to our European operations, we have also expanded our product offerings to the United States and Asia. In Fiscal Year 2009, we generated £51.9 million in revenue from the rest of the world, including £31.3 million in revenues from our U.S. retail and food service customers (representing 1.9% of our total revenue) and £19.7 million in revenue from our retail and food service customers in China and Hong Kong (representing 1.2% of our total revenue).

We produce desserts, convenience salads, pizzas, bakery products, dips, soups and sauces for the U.S. market through our three factories that employ 285 people. In Asia, we produce desserts, leafy salads, convenience salads, pizzas, bakery products, prepared vegetables, soups and sauces through our seven factories and three farms, which employed more than 1,300 people as at October 2, 2010.

Materials and Suppliers

The primary raw materials used in the production of our products are: salad vegetables, such as lettuce; meat and poultry, such as chicken and beef; dairy products, such as cream, butter and cheese; wheat products, such as flour; fresh fruits; and cardboard and plastic packaging materials. We source many of our raw materials directly from producers and growers. We have developed strong, long-standing relationships with several of our key suppliers and manufacturers, but our top ten suppliers represent no more than 20% of our purchasing costs. Many of the raw materials we use are generally commoditised and there are numerous sources of supply for most of our raw materials needs. This reduces the risk that a disruption at one of our suppliers will cause a supply disruption of our operations.

We continue to take actions to reduce overall materials expense and exposure to price fluctuations. The raw materials we purchase are generally commoditised and we have numerous suppliers available to us. We purchase approximately 45% of our raw materials under three to 12 month purchasing agreements to guarantee supply and price. We regularly enter into these arrangements when we believe that we can secure favourable prices for our raw materials for specified future periods in order to minimise sudden and unexpected price fluctuations while also leveraging lower prices over larger committed volumes. Certain of our purchasing

contracts inevitably coincide with crop harvests which, while securing supply and prices for that harvest, do not provide protection against occasional large price fluctuations between harvests.

Manufacturing

We currently operate 57 manufacturing facilities located in nine countries. These factories produce products across a total of 18 product categories and more than 6,000 SKUs. The chart below indicates where each of our 18 product categories is produced.

Category	Where Produced
Ready meals	United Kingdom, Belgium, Czech Republic, Hong Kong
Ready-to-cook meals	United Kingdom
Pizza and pizza bases	United Kingdom, Italy, France
Soups	United Kingdom, Belgium, United States, China, Hong Kong
Sauces	United Kingdom, Belgium, United States, China, Hong Kong
Stir fries	United Kingdom
Speciality bread & bakery products	United Kingdom, France, Italy, Hong Kong
Pasta	Hong Kong, United States
Prepared vegetables	United Kingdom, France, United States, China, Hong Kong
Ethnic snacks	United Kingdom, China
Leafy salads	United Kingdom, France, China
Convenience salads	United Kingdom, France, Spain, Czech Republic, China, Hong Kong
Dips	United Kingdom, France, United States, China
Dressings	United Kingdom, Hong Kong
Sandwiches and sandwich wraps	United Kingdom, China, Hong Kong
Prepared fruit	United Kingdom, France, Spain, South Africa, China, Hong Kong
Desserts and pastries	United Kingdom, Czech Republic, United States, Hong Kong
Fruit juices and smoothies	Hong Kong

Due to the nature of the products we make, we operate a "just-in-time" manufacturing model, meaning that we produce only what is required by our customers' specific demands. Because the vast majority of the products we manufacture require fresh raw materials, we must ensure that stock levels are kept to a level that allows us to be flexible and meet our clients' demands, while minimising waste. This process requires complex planning and scheduling to make and deliver our products on time and in the condition our customers expect. Accordingly, we work in close co-operation with our customers and suppliers to ensure accurate forecasting and optimal manufacturing, scheduling and planning throughout the supply chain.

Planning. Planning is one of the most important stages in the manufacturing process. Our planners are responsible for optimising efficiencies to maximise profitability while maintaining our key performance indicators in cost, quality, service and innovation. This requires dealing with daily order requests from customers, producing daily plans and schedules for the facility from raw materials supply to finished goods despatch, highlighting facility capacity issues and constraints and liaising with senior management regarding operational issues, customer issues and launches or delisting of products.

Purchasing and Procurement. Our purchasing and procurement teams work alongside colleagues in different functions and with our selected growers and suppliers to ensure we have the right materials at the right time at the correct quantities. Our procurement teams consist of fresh produce experts who are responsible for the supply of fresh salads, fruit and vegetables into each of our facilities. Our purchasing teams negotiate and buy all other products.

Goods In. The role of "Goods In" is to manage the receipt, co-ordination and safety of all raw materials coming through the facility's stores and to ensure the materials are transferred to the right destinations within the facility and in the right quantities.

Preparation, Assembly and Packaging. These three functions are all carried out within the production areas of our facilities. These functions are carried out by both people and machinery depending on the complexity of the product and the capabilities of the facility. Raw materials are prepared (for example, chopped or cooked), products are assembled (for example, mixed, added or topped), and products are placed in containers, labelled and

packed to be despatched to customers. Products are made to strict specifications and kept under strict temperature and hygiene controls throughout this process.

Distribution Process

We operate a just-in-time distribution model with careful management of both the inbound and outbound supply chains. Our dedicated in-house logistics specialists manage road, sea, air and rail freight, both nationally in the United Kingdom and internationally, which allows us to buy freight and supply chain services cost effectively across our operations. We have also introduced state-of-the art technology to manage the movements of raw materials. For example, we were the first company to introduce chilled rail freight from Italy to the United Kingdom. We have also created central warehousing hubs for frozen, chilled and ambient inbound materials, which allows for load consolidation, minimises distance duplication and increases efficiency.

In the United Kingdom, our dedicated distribution centre handles the distribution of over 35,000 pallets of our products per week for all of our UK sites with nationwide delivery up to four times a day to our retailer customers. This allows us to minimise the time required for us to deliver our products to our customers, who require timely service in order to keep their shelves sufficiently stocked with our products. All of our fresh products are shipped via refrigerated trucks, either as part of retailer fleets or by third-party haulage companies. This arrangement allows us to avoid the capital required to maintain our own distribution fleet. Additionally, the majority of our products are sold at the factory gate, meaning that customers collect our products directly from us, reducing our distribution costs and ensuring that risks are borne by our customers, rather than by us.

Quality Assurance

Because our retailer customers sell our products under their own brands, they demand higher standards from the products we make than they would from similar name-branded products. Accordingly, we have developed processes to ensure that the products we sell meet our customers' expectations. These quality assurance management systems are also designed to enable us to maintain strict compliance with all applicable governmental mandates regarding the safe manufacture of foods. Quality policies and procedures are regularly monitored and enforced at all manufacturing locations, and products are manufactured to agreed specifications.

We use the Hazard Analysis Critical Control Point ("HACCP") approach to food safety. HACCP is a systematic preventive approach to food safety that addresses physical, chemical, and biological hazards as a means of prevention. HACCP is used in the food industry to identify potential food safety hazards, so that key actions, known as Critical Control Points ("CCPs") can be taken to reduce or eliminate the risk of the hazards being realised. HACCP considers all key aspects of a product's manufacture, from the safety of the raw materials to the validation of processes (e.g. cooking and washing), to shelf life, and finally end-consumer usage. In addition, HACCP focuses on certain prerequisites, such as good manufacturing practices, good hygienic practices and proper training. Routine verification of the CCPs also takes place, which includes testing the finished products for the hazards which the CCPs are designed to control; for example, we conduct monthly salmonella and listeria monocytogenes testing.

We begin our quality assurance processes before the raw materials we use to produce our fresh prepared food offerings enter our manufacturing facilities. We use information derived from our agreed production specifications to assess whether the raw materials we receive are safe under our raw materials risk management system. This process comprises of separate food safety risk assessments for microbiological and non-microbiological risks (such as foreign bodies, chemical contaminants and allergens), and requires all materials to be assessed as safe prior to being taken into a manufacturing site. Our well-trained quality assurance staff checks all incoming materials to ensure compliance with our inspection procedures before each shipment of raw materials enters our facilities.

In addition, we ensure that we source safe, legal and quality ingredients through a traceability programme that ensures we know the origins and destinations of the ingredients and raw materials that pass through our facilities. We also conduct regular site visits to supplier factories, where we assess supplier quality systems and controls. The results of these inspections are monitored and appropriate action is taken if we or any of our suppliers fail to meet the food safety key indicators we have established internally. We require our Group Technical Director to report to the Board of Directors monthly on our progress toward meeting these key indicators, as well as any failing to do so.

Competitive Position

We are market leaders in the United Kingdom, our home market, where we have attained a leading position across the range of our key fresh prepared food categories. We are able to calculate the size of the market in which we operate as well as our market share using electronic point of sale data in conjunction with consumer panel data from Kantar Worldpanel. In 2009, for example, we had the largest share of the UK market (in terms of total value) for the following categories:

- Ready meals
- Ready-to-cook meals
- Desserts
- Pizza
- Leafy salads
- Prepared vegetables
- Dressed salads
- Prepared fruit
- Meal salads
- Dips
- Bread
- Sauces

We also had the second largest share of the UK market (in terms of total value) for the soups and stir fried categories.

Our primary competitors in the United Kingdom, Northern Foods and Greencore, recently announced their intention to merge as of the second quarter of 2011. As a result, we may lose our leading position in one or more product categories as our two nearest competitors' market shares will effectively be combined. We do not, however, expect that the merger will cause us to lose market share in the long term.

We are the only foods producer to supply such a diverse range of fresh prepared food products on an international scale. In each country where we manufacture and sell products outside the United Kingdom we compete with regional and national brands and retailer-branded food manufacturers. For example, in Europe we compete with, among others, Florette and Bonduelle in the market for fresh cut produce, Sodebo and Freiberger in the market for fresh pizzas, Groupe L.D.C and Plaza Food in the market for chilled ready meals and Pepsico and Unilever in the market for chilled soups. In China, where we primarily serve convenience stores and food service chains such as McDonald's and Yum! Brands outlets (owner of KFC and Pizza Hut), we compete with, among others, Husi, Sapiv, Yunong and dedicated suppliers to each chain that offer all product ranges.

The market for fresh prepared food products is driven in part by consumer demand for convenient foods that can be consumed shortly after purchase, with little or no preparation time needed. In addition to competing with other fresh prepared food producers for market share, we therefore also compete with fast food restaurants, frozen food and other types of convenient foods that require little or no preparation time.

Regulation

Many of our facilities and products are subject to various local, national, European and international laws and regulations relating to food and to the safety of products, hygiene, safety and environmental control, including laws relating to air emissions, the remediation of contaminated soil and groundwater, wastewater, discharge, noise, odour and handling and the storage and disposal of waste. Failure to comply with these requirements may result in fines and penalties and liability for compliance costs and damages.

From time to time, we receive notices and inquiries from regulatory authorities and others asserting that we are not in compliance with such laws and regulations. In some instances, litigation ensues. In addition, individuals may initiate litigation against us. Please see "—Legal and Administrative Proceedings". Many of our facilities are subject to environmental permits and other regulatory requirements, violations of which may be subject to civil and criminal sanction. In some cases, third parties may also have the right to sue to enforce compliance. We believe that we are currently in substantial compliance with all governmental laws and regulations affecting our business, including environmental and health and safety laws and regulations, and maintain all material permits and licences relating to our operations.

We work in close collaboration with the United Kingdom's Health and Safety Executive ("HSE"), the United Kingdom's independent watchdog for work-related health, safety and illness, to develop best practices in our industry. For example, we co-ordinated with one of our suppliers to develop and deliver a safety awareness training course, which was attended by two HSE inspectors, we are involved in an HSE study to assess the risks to foreign nationals working in the UK food industry and we are assisting the research arm of the HSE in its studies on industrial process equipment.

We also collaborate with the United Kingdom's Environment Agency (the "EA") when the opportunities arise. Most recently we worked in collaboration with the EA to ensure waste disposal could continue through the difficult weather conditions. This enabled our businesses to continue operations without interruption when a number of our competitors were forced to shut down.

We work closely in collaboration with our Home Authority for Food Safety, South Holland District Council ("SHDC"). SHDC are the enforcing authority for our South Holland sites and act as the enforcing authority for all of our UK sites via a formal agreement. We have a strong relationship with the SHDC, and have annual meetings to discuss Group issues, shared learning and best practice. We recently held a site tour for the Incident Management Team of the UK Food Standards Agency in partnership with SHDC. This allowed Food Standards Agency employees from non-manufacturing backgrounds to experience a factory environment and to better understand the complexities involved when they issue a food alert withdrawal or recall.

Food Safety Regulations

We are subject to extensive food safety regulations and are subject to governmental food processing controls in each of the countries in which we operate. European Commission Regulation EC/178/2002 provides the framework for a unified approach to food safety in the European Union and all Member States have implemented the requirements into national law. Among the other major requirements of Regulation EC/178/2002 are Article 17, which imposes on food business operators a general obligation to ensure that the operations under their control satisfy the relevant food law requirements and an obligation to verify that such requirements are met, and Article 18, which imposes a mandatory traceability requirement along the food chain. The traceability requirement applies to all food, animal feed, food-producing animals and all types of food chain operators including in the farming, processing, transportation, storage, distribution and retail sectors. Information including the name, address of the producer, nature of the products and date of transaction must be systematically registered by each operators' traceability system. This information must be kept for five years and upon request, must be made immediately available to the competent authorities. We have implemented careful internal recording systems to ensure that we comply with this requirement. In addition to the general requirements of Regulation EC/178/2002, we are subject to the specific food hygiene legislation, HACCP, which has been implemented in all of our operating divisions and production facilities. We are also regularly inspected by various national and local regulatory authorities.

Environmental Regulations

We are subject to a number of local, national and regional laws and other requirements relating to the protection of the environment and the safety and health of personnel and the public. These requirements relate to a broad range of our activities, including:

- the discharge of pollutants into the air and water;
- the identification, generation, storage, handling, transportation, disposal, record-keeping, labelling, reporting of, and emergency response in connection with, hazardous materials (including asbestos) associated with our operations;
- noise emissions from our facilities; and
- safety and health standards, practices and procedures that apply to the workplace and the operation of our facilities.

In order to comply with these requirements, we may need to spend substantial amounts of money and other resources from time to time to: (i) construct or acquire new equipment; (ii) acquire or amend permits to authorise facility operations; (iii) modify, upgrade or replace existing and proposed equipment; and (iv) clean up or decommission waste management facilities. Our capital and operating budgets include costs and expenses associated with complying with these laws. If we do not comply with environmental requirements that apply to our operations, regulatory agencies could seek to impose civil, administrative and/or criminal liabilities, as well as seek to curtail our operations. Under some circumstances, private parties could also seek to impose civil fines or penalties for violations of environmental laws or recover monetary damages, including those relating to property damage or personal injury.

The presence of hazardous materials at our facilities may expose us to potential liabilities associated with the clean-up of contaminated soil and groundwater, and we could be liable for (i) the costs of responding to and remediating that release and (ii) the restoration of natural resources damaged by any such release, among other things. We have not incurred, nor do we anticipate incurring, material expenditures made in order to comply with environmental laws or regulations. We are not aware of any environmental liabilities that we would expect to have a material adverse effect on our business.

Employees

At October 2, 2010, we had 18,400 employees, segmented by the following functions:

Function	United Kingdom	European Union	United States	Rest of the World	Total
Manufacturing	11,111	1,397	319	936	13,763
Commercial	87	40	8	86	221
New product development & marketing	223	28	4	24	279
Group services	176	—	—	—	176
Other	3,133	434	24	370	3,961
Total	14,730	1,899	355	1,416	18,400

Our remuneration and benefits policy is divided into two groups: managers and site grade employees. Our policy is designed to attract and retain quality people and to be in line with or above good market practice. The terms and conditions for our manager-level employees are determined at Bakkavör Group ehf.'s head office and are consistent across all facilities. We have designed this policy to facilitate the easy and rapid movement of management employees across the Group in order to maintain maximum operational flexibility. Management roles are segmented into several bands and then benchmarked against similar businesses to ensure we offer competitive salaries and benefits across the Group. We provide an annual bonus, as well as long-term and loyalty bonuses, a contributory pension scheme and other benefits at or above leading market practices. The terms and conditions for Site Grade Employees are determined at site level, because most site-level employees do not want or need the flexibility to move around the Group. Terms and conditions vary site by site and reflect the needs of the business, the skill levels required for certain jobs and the local market pay and benefit rates.

We also provide a company-sponsored pension scheme for all employees aged between 16 and 65, under either the Bakkavör Stakeholder Pension Scheme (a defined benefit scheme which as at October 2, 2010 had a deficit of £24.9 million) or the Bakkavör Pension Scheme (a defined contribution scheme). The Bakkavör Pension Scheme was closed to new employees as at April 1, 2009. Employees are eligible for the pension scheme based on the employee's grade and when the employee joined Bakkavör. We are currently consulting on the closure of the Bakkavör Pension Scheme to current members.

Many of our employees are members of UK trade unions Unite the Union or GMB. We manage our relationships with these unions at the site level. We currently have eight union recognition agreements with Unite the Union and four with the GMB. These agreements are ongoing, with no set term, and are reviewed by our human resources staff periodically. Each union recognition agreement has a "procedure for the resolution of collective disputes" in place to engage management and employees in the resolution of workplace disputes. When potential collective action arises, we initiate the resolution procedures with an agreement that there will be no partial or general stoppage of work, lockout, strike, restriction, ban or withdrawal of co-operation or any breach of the agreement until all the stages of the procedure have been completed and the result is known. If we are unable to reach a resolution at the end of this procedure, union members may initiate a ballot for strike action, which could lead to a potential strike by the union members at a particular site.

We believe that our employee relations are good and have not experienced any labour-related work stoppages during Fiscal Year 2007, Fiscal Year 2008, Fiscal Year 2009 or Fiscal Year 2010. It is our belief that our engagement with all our employees, both union and non-union, builds a level of trust within the business, so that if our unionised workers were to engage in a strike or other work stoppage, there would be as little support for this as possible, and in the event of any disruption of operations and/or higher ongoing labour cost we experience, we would be able to minimise the impact on our profitability.

Legal and Administrative Proceedings

At any given time, we may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of our businesses. We do not expect any liability arising from any of these legal proceedings to have a material impact on our results of operations, liquidity, capital resources or financial position. There are no material legal proceedings currently outstanding.

Licensing Agreements

We have entered into licensing agreements under which we manufacture, package and sell certain of our products under the brand names PizzaExpress, Peperami and Tabasco.

PizzaExpress (Gondola Holdings)

In 2003 we entered into an exclusive licensing arrangement with Gondola Holdings, the owner of the PizzaExpress trademark. This arrangement allows us to sell PizzaExpress-branded pizzas into the retail sector. We have used the PizzaExpress brand to create a premium quality offering, which in turn increased our market penetration by attracting restaurant-goers familiar with the PizzaExpress brand, while at the same time building brand loyalty for PizzaExpress restaurants.

Peperami (Unilever)

In July 2010 we entered into a licensing agreement with Unilever that allows us to sell Peperami-branded pizzas into the retail market. Peperami pizzas are seven-inch pizzas packaged on a microwaveable receptor board. The receptor board delivers a crisp base equivalent to those cooked in an oven and is currently exclusive to Bakkavör.

Tabasco (McIlhenny Company)

In August 2010, we entered into a licensing agreement with the McIlhenny Company that allows us to sell pizzas under the Tabasco brand into the retail market. Pizzas made for the Tabasco label are designed to be sold as chilled convenience products and are directed at young males between 18 and 25 years of age (traditionally this age group is associated with take-out pizzas and spicier products). The pizza is a premium offering focused on the upper mid-tier of the market.

Intellectual Property

We use a number of brand and related logos in our sales and marketing efforts, including the PizzaExpress, Peperami and Tabasco brands. Each of the trademarks, service marks and trade names that we use in conjunction with the operation of our business is registered and/or pending registration, as appropriate for the needs of our relevant business.

MANAGEMENT

The Issuer

The following table sets out certain information with respect to members of the Board of Directors of the Issuer as at the date hereof.

Name	Age	Position
Ágúst Gudmundsson	46	Chief Executive Officer and Director
Lýdur Gudmundsson[(1)]	43	Non-Executive Chairman
Ásgeir Thoroddsen[(1)]	68	Non-Executive Director
Bjarni Thórdur Bjarnason[(1)]	41	Non-Executive Director
Halldór B. Lúdvigsson[(1)]	43	Non-Executive Director

(1) These Directors were appointed to the board on March 9, 2011

(2) Peter Gates resigned as Director of Bakkavor Finance (2) plc on March 9, 2011

Please see "—Bakkavör Group ehf.—Directors" below for summary biographical information about the Directors. No potential conflict of interest exists between the duties of any member of the Board of Directors and their respective private interests, other than those listed in "Principal Shareholders" and "Related Party Transactions".

Bakkavör Group ehf.

The Issuer is a wholly owned indirect subsidiary of Bakkavör Group ehf. Bakkavör Group ehf. is organised under the laws of Iceland. The following table sets out information as at the date of these Listing Particulars regarding the individuals who serve as directors of Bakkavör Group ehf.

Directors

Name	Age	Position
Ágúst Gudmundsson	46	Chief Executive Officer and Director
Lýdur Gudmundsson	43	Non-Executive Chairman
Ásgeir Thoroddsen	68	Non-Executive Director
Bjarni Thórdur Bjarnason*	41	Non-Executive Director
Halldór B. Lúdvigsson*	43	Non-Executive Director

* Bjarni Thórdur Bjarnason and Halldór B. Lúdvigsson were appointed as directors by creditors of Bakkavör Group ehf. under the Convertible Loan Agreement.

Ágúst Gudmundsson, Chief Executive Officer and Director, founded Bakkavör Group ehf. with his brother Lýdur in 1986 and has served on the Board of Directors from the Company's founding. Mr. Gudmundsson has served as Chief Executive Officer of Bakkavör Group ehf. since 2006, and previously served as its Executive Chairman from 1986 to 2006. Mr. Gudmundsson received his education at the College of Ármúli in Reykjavik, Iceland.

Lýdur Gudmundsson, Non-Executive Chairman, founded Bakkavör Group with his brother Ágúst and has also served on its Board of Directors since its founding. He served as Chief Executive Officer of Bakkavör Group ehf. from 1986 to 2006 and has been the Chairman of the Board of Directors since 2006. Mr. Gudmundsson received his education at the Commercial College of Iceland.

Ásgeir Thoroddsen, Non-Executive Director, has served on Bakkavör Group ehf.'s Board of Directors since 2000. Mr. Thoroddsen is a lawyer and has been a partner in a Reykjavik law firm since 1977. He is an attorney to the Supreme Court of Iceland. Mr. Thoroddsen is Chairman of Intrum Iceland hf., Frjálsi lífeyrissjóðurinn and Íshestar ehf.

Bjarni Thórdur Bjarnason, Non-Executive Director, was elected to Bakkavör Group ehf.'s board of directors in May 2010. Mr. Bjarnason is Chairman of Arctica Finance hf., an advisory firm in Kópavogur, Iceland, and serves as an independent consultant. He has held various corporate advisory positions in Icelandic banks,

serving last as head of corporate advisory at Landsbanki from 2003 to 2008. Mr. Bjarnason holds a BSc. degree in Mechanical Engineering from the University of Iceland and an MBA from Southern Methodist University. He is a member of the Board of Árvakur hf., Byrjun hf., Arctica Finance hf., Arctica Eignarhaldsfélag ehf., SMI ehf., Viti fjárfestingafélag ehf. and Þórsmörk ehf.

Halldór B. Lúdvigsson, Non-Executive Director, was elected to Bakkavör Group ehf.'s Board of Directors in May 2010. Mr. Lúdvigsson serves as a Managing Director at Arion Banki's corporate finance division. Before Mr. Lúdvigsson joined the bank, he held various management positions, including serving as the CEO of Maritech, an international technology company. Mr. Lúdvigsson holds a master's degree in Mechanical Engineering and a BSc in Computer Science. He is a member of the board of Atorka hf., Exista hf, 1998 hf., Nordic photos ehf., Stiki ehf., Ármannsfell ehf., Intelscan ehf. and Interbulk plc.

Ágúst Gudmundsson and Lýdur Gudmundsson have informed us that they and certain other former directors of Exista hf. (which has since become Exista ehf.), a former 39.63% shareholder of Bakkavör Group ehf., are currently under investigation by the Office of the Special Prosecutor of Iceland in connection with three separate transactions entered into between September 2006 and September 2009. These transactions, which were all approved by the boards of the entities in question (Exista hf. and its subsidiary Exista BV), involved the alleged prohibited disposal by Exista BV of its then-shareholding in Bakkavör Group ehf. to B Food Invest ehf. in 2009, an alleged improper change in the share capital of Exista hf. in 2008 and a guarantee granted by Exista hf. in 2006 to certain employees of Exista hf. and associated companies to buy shares in Exista hf. as part of an employee share ownership scheme. Ágúst Gudmundsson and Lýdur Gudmundsson deny that any impropriety took place and have informed us that to date no criminal charges have been brought against them in connection with these investigations. None of Bakkavör Group ehf., any of its subsidiaries or any other director or officer of Bakkavör Group ehf. or any of its subsidiaries is the subject of any of these investigations.

Executive Officers

The following table sets out the names, ages and titles of Bakkavör Group ehf.'s senior management, as at the date of these Listing Particulars.

Name	Age	Position
Peter Gates	54	Chief Financial Officer, Bakkavör Group
Gordon Pates	58	CEO, Bakkavor UK and Bakkavör Europe
Ann Savage	53	Group Technical Director, Bakkavör Group
John Edward Dutton	56	President, Bakkavör USA Inc.
Einar Gústafsson	39	Managing Director, Bakkavör Asia

The following is biographical information for each of the members of Bakkavör Group ehf.'s senior management team who do not serve on the board of directors of Bakkavör Group ehf.

Peter Gates was appointed CFO of Bakkavör Group in November 2010. He is an experienced finance professional who has worked in a number of international companies, including Saatchi & Saatchi Co. plc and Avis Europe plc, and spent much of 2009 at Bakkavör as Interim Group Treasurer. Mr. Gates is a Chartered Accountant and a member of the Association of Corporate Treasurers. He received a BSc. (Hons) in Economics from the University of Southampton.

Gordon Pates was appointed CEO of Bakkavor UK in 2009 and CEO of Bakkavör Europe in January 2011. Mr. Pates is responsible for our fresh prepared food operation in the United Kingdom and Europe. Mr. Pates joined the horticulture division of Geest, one of the predecessors of Bakkavor UK in 1969 and spent 10 years in the produce business before moving into the prepared produce and prepared food businesses in the late 1990s. Mr. Pates has served within the Group for nearly 41 years.

Ann Savage was appointed Group Technical Director in 2004. Mrs. Savage is responsible for Food Safety, Health and Safety Management, Manufacturing Excellence and Environmental Management at Bakkavör. She has more than 30 years of experience in technical, research and development and manufacturing roles within the retail and food industry. Mrs. Savage studied at the Open University and received a Postgraduate Diploma in Management Studies from Nottingham University.

John Edward Dutton was appointed President of Bakkavör USA in 2007. Mr. Dutton has more than 25 years of experience in the fresh food industry, having acquired, established and managed many businesses in the United Kingdom and across Europe. He served as a managing director and member of the Board of Directors of Geest for 11 years. Mr. Dutton received a BSc. (Hons) and PhD in Biochemistry from the University of Wales.

Einar Gústafsson was appointed Managing Director for Bakkavör Asia in 2005, has served within the Group for five years and has a total of 10 years' experience in the food industry. Mr. Gústafsson began his career at Deloitte Consulting, after which he successfully turned around two businesses in the seafood industry. He received a BSc. in Business Administration from the University of Southern California and an MBA from Columbia Business School.

Compensation of Directors

The aggregate salary and fees, performance-related remuneration and bonuses, pension contributions and other benefits paid to the directors listed under "—Bakkavör Group ehf.—Directors", was £62,000 in Fiscal Year 2010, excluding compensation to Ágúst Gudmundsson as Chief Executive Officer.

Compensation of Executive Officers

For Fiscal Year 2010, we paid an aggregate of £2.2 million to our executive officers, including cash compensation for salary and bonuses. In addition, our UK executive officers received the following benefits: private health care, executive medical services, permanent health insurance, participation in a final salary pension scheme and a company car or car allowance.

PRINCIPAL SHAREHOLDERS

The Issuer

The Issuer, Bakkavor Finance (2) plc, is a public limited company incorporated under the laws of England and Wales. The share capital of the Issuer is £1. The Issuer is a wholly owned subsidiary of Bakkavor Finance (1) Limited which in turn is an indirect, wholly owned subsidiary of Bakkavör Group ehf. See "Summary—Summary Corporate and Financing Structure". The Board of Directors of the Issuer believes that all transactions and relationships between the Issuer and its principal shareholder are and will be at arms' length, such that its parent entity is not able to abuse its position as controlling shareholder.

Bakkavör Group ehf.

The ultimate parent entity of the Issuer is Bakkavör Group ehf. By voting rights, Bakkavör Group ehf. is approximately 33.7% owned by the founders, Lýdur Gudmundsson and Ágúst Gudmundsson, through B Food Invest ehf. Other larger shareholders with 2% or more voting rights in Bakkavör Group ehf. are Icelandic pension funds and Icelandic banks. At December 31, 2010, the number of Bakkavör Group ehf. shareholders was 3,050.

Bakkavör Group ehf. defaulted on the payment of the bond maturing on May 15, 2009 and a number of other debt instruments, and as a result entered into a composition agreement with its creditors. In connection with a composition agreement entered into with the creditors of Bakkavör Group ehf., the share capital of Bakkavör Group ehf. was divided into three classes of shares: Class A Shares, Class B Shares and Class C Shares, which were issued as follows:

- Class A Shares: The existing shares of Bakkavör Group ehf. were converted into 2,157,888,219 Class A Shares and issued to the existing shareholders.

- Class B Shares: 784,686,625 Class B Shares were issued to the creditors of Bakkavör Group ehf. in exchange for approximately 1% of their claims against Bakkavör Group ehf. The Class B Shares rank equally with the Class A Shares, except that the total voting rights attached to all of the Class B Shares is capped at 15% of the combined votes of the Class A Shares and the Class B Shares as compared to $26^{1}/_{3}$% of the combined economic rights.

- Class C Shares: 28,124,061,603 Class C Shares were issued to the above-referenced creditors in exchange for approximately 44.6% of their claims against Bakkavör Group ehf. and the remaining approximately 54.4% of those claims was converted into convertible loans governed by the Convertible Loan Agreement. These loans and the Class C Shares are convertible into a maximum of 20,812,987,031 Class A Shares (subject to anti-dilution adjustments). Please see "Description of Certain Financing Arrangements—Convertible Loan Agreement" for additional information regarding the terms of the Convertible Loan Agreement. The Class C Shares do not carry any voting or dividend rights but would rank senior to the Class A Shares and the Class B Shares on a hypothetical liquidation of Bakkavör Group ehf. Bakkavör Group ehf. may redeem the Class C Shares, in whole or in part, at any time at a redemption price of ISK 1 together with an amount equal to the capitalised and accrued interest that has arisen in respect of ISK 1 of principal debt under the Convertible Loan Agreement.

Upon the earlier of (i) the date on which all amounts under the Convertible Loan Agreement are repaid in full or (ii) the date on which the Convertible Loan Agreement converts into Class A Shares if not paid on maturity, the Class B Shares will automatically convert into 784,686,625 new Class A Shares at a conversion rate of one Class A share for each B Class share. Provided that the Class C shares have not been redeemed in part or in full by Bakkavör Group ehf. at maturity of the loans under the Convertible Loan Agreement, the outstanding Class C Shares will automatically convert into new Class A Shares at a conversion rate of one Class A share for each three Class C shares (in each case subject to anti-dilution adjustments). The conversion of the loans under the Convertible Loan Agreement, the Class B Shares and the Class C Shares into Class A Shares in accordance with their respective terms will not constitute a "Change of Control" under the Indenture. Please see "Description of Notes—Definitions—Change of Control".

Should the conversion of the B Shares, C Shares and convertible loans occur, Kaupthing Bank will be Bakkavör Group ehf.'s largest shareholder with 18.6% of Bakkavör Group ehf.'s Class A Shares outstanding,

followed by Arion Bank with 13.4% of Bakkavör Group ehf.'s Class A Shares outstanding. B Food Invest ehf., currently the largest holder of Bakkavör Group ehf.'s Class A Shares, will hold 3.6% of Bakkavör Group ehf.'s Class A Shares then outstanding. The foregoing percentages represent economic and voting ownership.

In connection with the composition agreement, Ágúst Gudmundsson and Lýdur Gudmundsson entered into a management incentive agreement with Bakkavör Group ehf. which will allow them to subscribe for Class A Shares representing an aggregate of up to 25% of the share capital of Bakkavör Group ehf. (on a fully diluted basis) at a subscription price of ISK 1 per Class A Share. The number of Class A Shares that may be issued under the management incentive agreement depends on the principal amount of debt under the Convertible Loan Agreement that has been repaid and the number of Class C Shares that have been redeemed by Bakkavör Group ehf. No Class A Shares may be issued under the management incentive agreement until Bakkavör Group ehf. has repaid 40% of the total principal amount of the debt under the Convertible Loan Agreement and redeemed 40% of the Class C Shares. Thereafter, the number of Class A Shares that may be issued under the management incentive agreement increases exponentially, with the entire 25% interest issuable upon full repayment of the debt under the Convertible Loan Agreement and redemption of all of the Class C Shares.

The following table sets forth certain information regarding the owners of Bakkavör Group ehf.'s share capital (following the composition agreement) as at January 21, 2011.

	Number of Shares			Percentage of Shares[1]					
Name	Class A	Class B	Class C	Class A	Class B	Class C	Percentage of Combined Voting Power of All Classes of Shares[2]	Percentage of Convertible Loan Agreement Loans Held	Percentage of Class A Shares Held on as As-Converted Basis[3]
B Food Invest ehf.[4]	855,151,478	0	0	39.7%	0%	0%	33.7%	—	3.6%
Gildi Pension Fund	194,194,596	44,884,967	1,608,728,328	9.0%	5.7%	5.7%	8.5%	5.7%	6.0%
Commerce Pension Fund	155,986,193	59,887,021	2,146,418,990	7.2%	7.6%	7.6%	7.3%	7.6%	7.6%
Icelandic State Pension Fund	132,025,157	73,647,154	2,639,597,808	6.1%	9.4%	9.4%	6.6%	9.4%	9.1%
Laurens & Alysia	80,269,613	0	0	3.7%	0.0%	0.0%	3.2%	—	0.3%
Kaupthing bank	0	160,147,670	5,739,874,752	0.0%	20.4%	20.4%	3.1%	20.4%	18.6%
Arion Bank	700,000	115,414,621	4,136,591,359	0.0%	14.7%	14.7%	2.2%	14.7%	13.4%
Íslandssjódir Investment Fund	13,434,576	42,109,505	1,509,252,590	0.6%	5.4%	5.4%	1.3%	5.4%	4.9%
Others	726,126,606	288,595,687	10,343,597,776	33.7%	36.8%	36.8%	34.1%	36.8%	36.5%
Total	2,157,888,219	784,686,625	28,124,061,603	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Based on 2,157,888,219 Class A Shares, 784,686,625 Class B Shares and 28,124,061,603 Class C Shares outstanding as at January 21, 2011.

(2) These percentages reflect the different voting rights of the Class A Shares, Class B Shares and Class C Shares.

(3) These percentages reflect the economic ownership of the Class A Shares assuming the conversion of all Class B Shares, Class C Shares and loans under the Convertible Loan Agreement to Class A Shares.

(4) B Food Invest ehf. is controlled by Ágúst Gudmundsson and Lydur Gudmundsson.

RELATED PARTY TRANSACTIONS

We have entered into the following transactions with related parties, all of which were carried out on commercial terms:

Bakkavör Group ehf. Royalty Fee

We pay a royalty fee to Bakkavör Group ehf. under the Bakkavör Group ehf. TLA. The royalty fee is due annually and is generally 1% of the total revenue of each of our business units, unless such unit's annual operating margin is 4.0% or less. We paid £11.4 million in cash to Bakkavör Group ehf. under the Bakkavör Group ehf. TLA in Fiscal Year 2007, £10.8 million in Fiscal Year 2008 and £2.3 million in Fiscal Year 2009. Payments were restricted beginning in Fiscal Year 2009 as part of our bank refinancing, and will be restricted under our New Senior Credit Facility and the Indenture. Following the closing of the Offering, the future payment of this royalty fee may only be made in compliance with the terms of the New Senior Credit Facility and the Indenture. Please see "Description of Notes—Certain Covenants—Restricted Payments".

Exista hf. Loan

Bakkavor Acquisitions (2008) Limited and Bakkavor Acquisitions (2008) ehf. borrowed $1.5 million from Exista hf. in 2008. Originally repayable in December 2008, the parties agreed to extend the repayment date to Spring 2012. Exista hf. is now attempting to rescind the extension of the repayment date so that the loan, plus interest (total of just over $1.0 million), is payable immediately. Bakkavör disputes that the amendment can be rescinded. Further, Bakkavör believes that any amount potentially recoverable by Exista hf. would be offset almost in its entirety by unpaid rents owing by Exista hf. to Bakkavör.

Bakkavör Group ehf. Intra-group Loans

Bakkavor (London) Limited borrowed £150 million and $7 million from Bakkavör Group ehf. in facilities of £50 million, £100 million and $7 million on May 25, 2005, December 12, 2006 and July 26, 2006, respectively. Total liabilities under these intra-group loans was £199.8 million as at October 2, 2010. These intra-group loans will be novated to Bakkavor Holdings Limited and converted into share capital with effect from February 7, 2011.

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a discussion of the indebtedness that we expect to be outstanding following the completion of the Refinancing, excluding the Notes offered in this Offering. The summaries below do not purport to be complete and are subject to, and qualified in their entirety by reference to, the underlying documents.

New Senior Credit Facility

Overview

On or about the Issue Date, we will enter into the New Credit Facility Agreement, which provides £260 million under the New Term Loan and £120 million under the Amended and Restated Revolving Credit Facility, with Barclays Bank PLC as agent and security trustee, the lenders thereunder, the Guarantors, Bakkavor Finance (1) Limited and certain other financial institutions named therein as original lenders (the "Lenders"). The New Term Loan will be used to refinance the Existing Credit Facilities and the Amended and Restated Revolving Credit Facility will be used to finance our general corporate and working capital needs, subject to certain prohibitions.

Repayments and Prepayments

We shall initially repay the New Term Loan in semi-annual instalments, as described below:

Repayment Date	Repayment Instalment
June 30, 2012	£5,000,000
December 31, 2012	£5,000,000
June 30, 2013	£10,000,000
December 31, 2013	£10,000,000

The balance of the New Term Loan will be due on June 30, 2014. The Amended and Restated Revolving Credit Facility will be available for utilisation until May 30, 2014 and will terminate on June 30, 2014. Any amount still outstanding at that time will be immediately due and repayable.

Subject to certain conditions, we may voluntarily prepay our utilisations and/or permanently cancel all or part of the available commitments available to us under the New Term Loan and the Amended and Restated Revolving Credit Facility in a minimum amount of £5,000,000 (and in incremental multiples of £1,000,000) by giving five business days' prior notice to the agent. If we voluntarily prepay under the New Term Loan we have the option to set off amounts so prepaid against the mandatory semi-annual repayment instalments, provided that no prepaid amount will reduce a repayment instalment by more than 50%, unless the amount prepaid is being applied pro rata across all of the stated repayment instalments. We may reborrow amounts repaid under the Amended and Restated Revolving Credit Facility, until one month prior to maturity. However, we may not reborrow any part of the New Term Loan that is repaid.

In addition to voluntary prepayments, the New Senior Credit Facility require mandatory prepayment in full or in part in certain circumstances, including:

(a) with respect to any lender (a "Lender" and, collectively, the "Lenders"), in full if it becomes unlawful for such Lender to perform any of its obligations under the New Senior Credit Facility or to fund or maintain its participation in any loan;

(b) with respect to any Lender who so requires, in full following a specified period of time after the occurrence of a change of control. Change of control means "Change of Control" as defined under "Description of Notes" or:

    (i) Bakkavör Group ehf. ceasing to control directly or indirectly the Issuer; or

    (ii) any person or group of persons (other than the Principals and Related Parties, as defined therein), acting in concert gain, direct or indirect, control of Bakkavör Group ehf; and

(c) subject to certain criteria, from the net proceeds of capital raising and asset sales and from net insurance proceeds.

Conditions Precedent

Utilisations of the New Senior Credit Facility will be subject to customary conditions precedent.

Interest and Fees

The New Senior Credit Facility will initially bear interest at a rate per annum equal to LIBOR plus certain mandatory costs and a margin of 4.50% per annum. The margin may be reduced by reference to a net leverage ratio, as described in the definition of "Margin" in the New Credit Facility Agreement. We are also required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the New Senior Credit Facility at a rate of 50% of the applicable margin. We are also required to pay an arrangement fee and certain fees to the mandated lead arrangers, the agent and the security trustee in connection with the New Senior Credit Facility.

Security and Guarantees

We will be the original borrower under the New Senior Credit Facility. The New Senior Credit Facility will be guaranteed on a joint and several basis by the Issuer and the Guarantors. The New Senior Credit Facility will also require that each of our subsidiaries whose EBITDA or gross assets represent 5% or more of the consolidated EBITDA or gross assets of the Group guarantee the New Senior Credit Facility. Furthermore, the New Senior Credit Facility will also require that the consolidated EBITDA and gross assets of the Guarantors represents not less than 85% of the EBITDA and gross assets of the Group. Although Ital Pizza S.r.l. meets the individual guarantor threshold under the terms of the New Credit Facility Agreement, as its gross assets and/or EBITDA represents 5% or more of the consolidated gross assets or EBITDA of the Group, it is not required to become an Obligor under the terms of the New Credit Facility Agreement.

It is intended that the New Senior Credit Facility will be secured by the same security interests as the Notes as set out under "Description of Notes—Security". In summary, the New Senior Credit Facility will be secured by fixed charges over the accounts, receivables and book debts of the Issuer and the UK Guarantors, floating charges over all present and future assets of the Issuer and the UK Guarantors and assignments over the Issuer's and the UK Guarantors' rights to its insurance policies. In addition, share pledges over the Issuer's and certain of the Guarantors' shares will secure the obligations under the New Senior Credit Facility and the Notes.

Covenants

The New Senior Credit Facility will require us to observe certain customary affirmative and restrictive covenants, subject to certain agreed exceptions, including:

- covenants relating to obtaining required authorisations; compliance with laws; compliance with environmental laws; information about environmental claims; payment of taxes; *pari passu* ranking of unsecured payment obligations; limitations on entering into joint ventures; restrictions on the assets that may be held by our parent, Bakkavor Finance (1) Limited; maintenance of assets; limitations on share capital; granting of access to the Company; limitations on granting security, guarantees and indemnities; limitations on disposals, loans and acquisitions; restrictions on dividend and other payments; limitations on financial indebtedness; insurance; guarantor coverage (as described above); mergers; intellectual property and pension schemes; and

- restrictions on entering into derivative transactions that are not entered into for the hedging of actual or projected real exposures arising in the ordinary course of trading activities of a member of the Group.

In addition, the New Credit Facility Agreement stipulates that we shall not, and shall procure that no member of the Group will make any repayments, prepayment, redemption or purchase of the principal amount of the Notes. Furthermore, we are prohibited from amending, waiving or supplementing the Indenture or the Notes to bring forward the date of any scheduled repayment in respect of the Notes and to increase the principal amount outstanding under the Notes.

The New Senior Credit Facility will also require us to ensure compliance with the following financial covenants:

- interest cover (calculated as the ratio of EBITDA to consolidated net finance charges) in respect of any relevant period specified in column 1 below shall not be less than the ratio set out in column 2 below, opposite that relevant period:

Column 1 Relevant Period (ending)	Column 2 Ratio
March 31, 2011	1.60:1
June 30, 2011	1.60:1
September 30, 2011	1.60:1
December 31, 2011	1.60:1
March 31, 2012	1.60:1
June 30, 2012	1.70:1
September 30, 2012	1.70:1
December 31, 2012	1.85:1
March 31, 2013	1.95:1
June 30, 2013	2.10:1
September 30, 2013	2.10:1
December 31, 2013	2.25:1
March 31, 2014	2.25:1

- leverage (calculated as the ratio of total net debt on the last day of that relevant period to EBITDA) in respect of any relevant period specified in column 1 below shall not exceed the ratio set out in column 2 below, opposite that relevant period:

Column 1 Relevant Period (ending)	Column 2 Ratio
March 31, 2011	5.75:1
June 30, 2011	5.75:1
September 30, 2011	5.75:1
December 31, 2011	5.75:1
March 31, 2012	5.75:1
June 30, 2012	5.50:1
September 30, 2012	5.25:1
December 31, 2012	5.00:1
March 31, 2013	5.00:1
June 30, 2013	4.75:1
September 30, 2013	4.50:1
December 31, 2013	4.50:1
March 31, 2014	4.50:1

- cash flow cover (calculated as the ratio of cash flow to consolidated net finance charges) in respect of any relevant period shall not be less than 1:1.

- the aggregate capital expenditure of the Group (other than capital expenditure funded from an additional equity contribution, excluded insurance proceeds, excluded disposal proceeds or excluded capital-raising proceeds (falling under paragraph (i) of that definition in the New Credit Facility Agreement)) in respect of any financial year specified in column 1 below shall not exceed the amount set out in column 2 below, opposite that financial year:

Column 1 Financial Year (ending on or about)	Column 2 Amount
December 31, 2011	£44,720,000
December 31, 2012	£45,247,000
December 31, 2013	£46,800,000

The New Credit Facility Agreement also stipulates that if in any financial year (the "Original Financial Year") the amount of the capital expenditure is less than the maximum amount permitted for that Original

Financial Year (the difference being referred to below as the "Unused Amount"), then the maximum expenditure amount set out in column 2 above for the immediately following financial year (the "Carry Forward Year") shall for the purpose of that Carry Forward Year only be increased by an amount (the "Permitted Carry Forward Amount") equal to the Unused Amount.

In any Carry Forward Year, the original amount specified in column 2 above shall be treated as having been incurred after any Permitted Carry Forward Amount carried forward into that Carry Forward Year and no amount carried forward into that Carry Forward Year be carried forward into a subsequent Financial Year.

The New Credit Facility Agreement provides that these financial covenants will be tested quarterly on a rolling 12-month basis.

In addition, the New Senior Credit Facility will require us to provide a number of financial information undertakings relating to the financial information presented under the New Credit Facility Agreement. For example, we must confirm that our financial statements give a true and fair view (if audited) or fairly represent (if unaudited) our financial condition for the period to which they relate and that each set of financial statements provided under the New Credit Facility Agreement is prepared using IFRS (or US GAAP, for the Guarantors incorporated in the United States).

Events of Default

The New Senior Credit Facility will contain customary events of default (subject in some cases to agreed grace periods, thresholds and other qualifications), the occurrence of which would allow the Lenders to cancel their commitments, declare that all or part of the loans be immediately due and payable or declare that all or part of the amounts (or cash cover in respect of those amounts) outstanding under any ancillary facilities be immediately due and payable.

The customary events of default, subject to certain agreed exceptions, include:

- failure to make payment of amounts due and payable in connection with the New Senior Credit Facility;
- a cross-default with respect to other financial indebtedness of the Group, subject to a minimum threshold of £5,000,000;
- certain insolvency events or proceedings;
- change of ownership events, including where a Guarantor ceases to be a wholly owned subsidiary of the Company;
- failure to comply with the provisions of the Intercreditor Agreement; and
- qualification of the audit report for the annual audited financial statements of Bakkavor Finance (2) plc in a way that is materially adverse to the Lenders.

Governing Law

The New Senior Credit Facility is governed by and shall be construed and enforced in accordance with English law.

Convertible Loan Agreement

Overview

On or about the issue date of the Notes, Bakkavör Group ehf. and Bakkavor Holdings Limited will enter into an amendment and restatement of the convertible loan agreement dated April 8, 2010, in respect of outstanding debts of Bakkavör Group ehf. (the "CLA"). The CLA, which is governed by English law, was entered into to give effect to the composition agreement in respect of debt of Bakkavör Group ehf. ratified by the District Court of Reykjavik pursuant to the Icelandic Bankruptcy Act (the "Composition Agreement"). By operation of the

Composition Agreement and the CLA, the aggregate debt obligations of Bakkavör Group ehf. (the "Composition Debt") as at the date of the ratification of the Composition Agreement, became outstanding on the terms set out in the CLA. The Composition Debt, in an amount of ISK63,512,544,155, therefore became 784,686,625 B Shares, 28,124,061,603 C Shares and ISK34,603,795,927 in loans under the terms of the CLA (the "CLA Loans") as though borrowed on January 18, 2010.

The amendment and restatement of the CLA was entered into to reflect the refinancing and restructuring of the Group as described in these Listing Particulars and to give effect to the consents required from the majority lenders of the CLA Loans in relation to such refinancing and restructuring. The description below is in relation to be amended and restated CLA.

Repayment and Conversion

The CLA Loans mature on June 30, 2014 (the "CLA Termination Date"). Prior to the CLA Termination Date, if an event of default occurs and the majority lenders under the CLA decide to exercise their conversion rights, the CLA Loans (together with accruals) will be converted into Class A Shares of Bakkavör Group ehf. If there is an event of default the majority lenders may require the CLA Loans (together with accruals) to be accelerated and not converted.

If there has been no election for conversion by the CLA Termination Date, then on the first day falling after the CLA Termination Date, all of the Loans (together with accruals) shall be converted into Class A Shares of Bakkavör Group ehf.

Class A Shares, once allotted and issued, shall constitute a discharge in full of all CLA Loans (together with accruals) as at the conversion date. The conversion rate is, subject to adjustment in the circumstances provided in Article 8 of the Articles of Association of Bakkavör Group ehf. for the purposes of preserving the interests of the lenders under the CLA, one Class A Share of Bakkavör Group ehf. for each ISK 5.00 outstanding under the CLA on the conversion date.

Bakkavör Group ehf. has customary voluntary prepayment rights and must prepay a lender in the event of illegality affecting that lender.

Interest

The CLA Loans bear interest at rates per annum equal to the Reykjavik Interbank Offered Rate ("REIBOR") plus the following applicable margins:

- in respect of the period from (and including) the date of the CLA to (and including) June 29, 2012, 3.00% per annum;
- in respect of the period from (and including) June 30, 2012 to (and including) June 29, 2013, 3.50% per annum; and
- in respect of the period from (and including) June 30, 2013, 4.00% per annum.

Accrued interest on the CLA Loans shall be capitalised on the last day of each Interest Period and shall thereafter form part of the principal amount of the CLA Loans and shall accordingly bear interest together with the rest of the CLA Loans in accordance with the CLA.

Security and Guarantees

The obligations and liabilities arising under the CLA will be secured by charges over the entire share capital of Bakkavor Holdings Limited and Bakkavor Finance (1) Limited.

Covenants

The CLA contains customary operating and negative covenants (including restrictive covenants that largely replicate those contained in the New Credit Facility Agreement), subject to certain agreed exceptions. The CLA also requires the Issuer and the Guarantors to observe certain customary affirmative covenants. In this

respect, our financial and operating performance will be monitored by financial covenants, which requires us to ensure that our Leverage Ratio and our Capital Expenditures do not exceed an agreed level and our Interest Cover Ratio and Cashflow Cover Ratio must meet an agreed level (such terms are as defined in, and the levels are as set by, the New Credit Facility Agreement).

In addition, the Convertible Loan Agreement requires us, Bakkavor Holdings Limited, Bakkavor Finance (1) Limited and Bakkavor Finance (3) Limited to comply with the Reserved Matters Protocol (as defined in and set out in the Convertible Loan Agreement), which stipulates that certain designated matters may not be approved by us, Bakkavor Holdings Limited, Bakkavor Finance (1) Limited and Bakkavor Finance (3) Limited without the prior written approval of the board of directors of Bakkavor Group ehf. For example, we requires Bakkavor Group ehf.'s approval to change our share capital structure, including any reductions in our share capital, shares issuances and share buybacks, to borrow more than £5,000,000 from any person or entity, to form or acquire subsidiaries, to give guarantees, indemnities or grant security over assets worth more than £1,000,000 and to prepay any loans that are valued at greater than £10,000,000. These restrictions could also significantly restrict our ability to operate our business, finance our capital needs and make strategic acquisitions, investments and disposals.

The CLA further requires that is a requirement of the CLA that the board of directors of each of Bakkavör Group ehf., Bakkavor Holdings Limited, Bakkavor Finance (1) Limited, Bakkavor Finance (2) plc and Bakkavor Finance (3) Limited include two directors nominated by the lenders of the CLA Loans and that in certain specified circumstances the board of directors of Bakkavor (London) Limited includes a director nominated by the lenders of the Loans.

Events of Default

The CLA provides for customary events of default, including: (i) failure to pay any sum when due subject to a five business day grace period for delays caused by technical or administrative error or a disruption event; (ii) breach of financial covenants; (iii) breach of other obligations subject to a 15 business day grace period if capable of remedy; (iv) representations found to be incorrect or misleading when made or deemed to be made subject to a 15 business day grace period if capable of remedy; (v) cross-default subject to a £500,000 threshold; (vi) insolvency; (vii) insolvency proceedings; (viii) creditor's process; (ix) change in ownership of any of Bakkavor Holdings Limited, Bakkavor (London) Limited, Bakkavor Finance (1) Limited, Bakkavor Finance (2) plc, Bakkavor Finance (3) Limited or Bakkavor Foods Limited; (x) unlawfulness; (xi) repudiation; (xii) failure to keep sufficient share capital available for conversion of the Loans; (xiii) cross-acceleration; (xiv) entering into financing arrangements which do not meet certain prescribed criteria; and (xv) Bakkavör Group ehf.'s failure to comply with its Articles of Association.

The CLA also provides for other events of default, broadly: (i) upon the acquisition of any shares or securities in any subsidiary of Bakkavör Group ehf. by Ágúst Gudmundsson, Lýdur Gudmundsson or any of their connected persons, directly or indirectly; (ii) failure of Ágúst Gudmundsson or Lýdur Gudmundsson to comply with certain provisions of their service contracts; and (iii) amendments to and non-compliance with the Reserved Matters Protocol, as defined and set out in the CLA. The Reserve Matters Protocol requires that certain designated matters may not be approved by any member of the Group without the prior approval of the board of directors of Bakkavör Group ehf.

Conditions Precedent

The amendment and restatement of the CLA includes customary conditions precedent relating to the effectiveness of such amendment and restatement and the effectiveness of the consents from the majority lenders of the CLA Loans described above.

Daylight Facility

Overview

On or about the Issue Date, Bakkavor Finance (2) plc and Bakkavor (Acquisitions) Limited will enter into an overdraft facility agreement (the "Daylight Facility") as borrowers under a facility provided by Barclays Bank PLC as lender (the "Daylight Facility Lender"). Bakkavor Finance (2) plc may borrow up to approximately £300 million under the Daylight Facility to finance its acquisition of shares of Bakkavor Finance (3) Limited, and

Bakkavor (Acquisitions) Limited may borrow up to approximately £581 million to finance its acquisition of the shares of Bakkavor Invest Limited. Only one loan can be outstanding at any time, and a maximum of two loans may be drawn under the Daylight Facility.

Repayments and Cancellations

Bakkavor Finance (2) plc may only request a loan from the Daylight Facility Lender under the Daylight Facility on the date on which all conditions precedent are satisfied in accordance with the implementation of the New Credit Facility Agreement and must repay that loan on the same day. Bakkavor (Acquisitions) Limited may only request a loan from the Daylight Facility Lender under the Daylight Facility in the period of 11 months following the date of utilisation of the first loan on the date on which all relevant conditions precedent have been satisfied and must repay that loan on the same day. We may not reborrow any further amounts under the Daylight Facility after the second loan is repaid. Amounts borrowed will at all times remain credited to accounts with Barclays Bank PLC charged in its favour under the Security Over Costs Agreement or the other security agreement described below.

We may choose permanently to cancel the entire or a portion of the amount available under the Daylight Facility.

In addition to voluntary prepayments, the Daylight Facility requires mandatory cancellation in full in certain circumstances, including where there is an event of illegality affecting the lender and upon the occurrence of a change of control (as defined under the New Credit Facility Agreement).

Security and Guarantees

Bakkavor Finance (2) plc and Bakkavor (Acquisitions) Limited are the borrowers under the Daylight Facility and each subsidiary of Bakkavor Finance (2) plc that is to receive any intragroup funding from the amounts borrowed under the Daylight Facility will be a guarantor under the Daylight Facility. The Company and the guarantors under the Daylight Facility will grant first-ranking security in favour of Barclays Bank PLC by way of the security over cash agreement to be entered into prior to the delivery of the first utilisation request under the Daylight Facility (the "Security Over Cash Agreement") as security for the Obligors' obligations under the Daylight Facility. There will be a separate and similar security agreement entered into by Bakkavor (Acquisitions) Limited and the relevant guarantors granting security for Bakkavor (Acquisitions) Limited's obligations under the Daylight Facility. The security will be granted over the bank accounts into which amounts borrowed under the Daylight Facility will be paid or credited in accordance with its terms. These amounts will not constitute Collateral with respect to the Notes.

Events of Default

The Daylight Facility will contain customary events of default (subject in some cases to agreed grace periods, thresholds and other qualifications), including a cross default provision in relation to the New Credit Facility Agreement and other indebtedness of the Group.

Governing Law

The Daylight Facility is governed by and shall be construed and enforced in accordance with English law.

Intercreditor Agreement

To establish the relative rights of certain of our creditors under our various financing arrangements, Bakkavor Finance (1) Limited, the Issuer's parent (the "Parent"), the Issuer and its subsidiaries and other intragroup creditors and obligors under our indebtedness expect to enter into the Intercreditor Agreement on or before the Issue Date with, among others, the Security Agent, creditors under the New Credit Facility Agreement, the agent under the New Credit Facility Agreement, the certain secured hedging counterparties and the Trustee. The Intercreditor Agreement is governed by English law and sets out, among other things, the relative ranking of certain of our debt, when payments can be made in respect of such debt, when enforcement action can be taken in respect of that debt, the terms pursuant to which certain of that debt will be subordinated upon the occurrence of

certain insolvency events and turnover provisions, as well as loss sharing arrangements and other customary intercreditor provisions governing similar debt instruments.

General

By accepting a Note, the holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement. The following description is a summary of certain provisions, among others, contained in the Intercreditor Agreement that relate to the rights and obligations of the holders of the Notes and our other senior creditors and it provides for the terms and conditions for potential subordinated notes that could be issued in the future. It does not restate the Intercreditor Agreement in its entirety nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt and debt of our Parent entities or capital expenditures. As such, you are urged to read the Intercreditor Agreement in its entirety because that agreement, and not the discussion that follows, defines certain rights of the holders of the Notes in relation to our other creditors as well as the Issuer and the Guarantors. In this discussion, capitalised terms have the meanings given to them in the Intercreditor Agreement unless the contrary is otherwise stated or the context otherwise requires. The Intercreditor Agreement also includes certain limitations on our ability to refinance or issue additional notes, refinance our senior debt or amend the documents governing our indebtedness.

Ranking and Priority

Each of the parties to the Intercreditor Agreement will agree that the liabilities owed by the Issuer or any of its subsidiaries to the lenders under the New Credit Facility Agreement (the "Senior Lender Liabilities"), the holders of the Notes and any additional notes issued under the Indenture (the "Senior Secured Notes Liabilities"), certain secured hedge counterparties (the "Hedging Liabilities", together with the Senior Lender Liabilities and the Senior Secured Notes Liabilities, the "Senior Creditor Liabilities") and the holders of any future senior notes of the Parent (the "Senior Subordinated Note Liabilities"), shall rank in right and priority of payment in the following order:

- first, the Senior Creditor Liabilities and certain amounts owed to the trustee under any senior notes of the Parent *pari passu* and without any preference between them; and

- second, the Senior Subordinated Note Liabilities.

Collateral

Each of the parties to the Intercreditor Agreement will agree that the Collateral shall rank and secure the Senior Creditor Liabilities *pari passu* and without any preference between them; *provided that*, the security interests in the Common Collateral (as defined below) shall rank and secure the Senior Creditor Liabilities and the Senior Subordinated Note Liabilities in the following order:

- first, the Senior Creditor Liabilities and certain amounts owed to the trustee under any senior notes of the Parent *pari passu* and without any preference between them; and

- second, the Senior Subordinated Note Liabilities.

Intra-group and Parent Liabilities

Each of the parties to the Intercreditor Agreement will agree that certain intragroup obligations of the Issuer and its subsidiaries (the "Intra-group Liabilities") and certain obligations of the Issuer and its subsidiaries to the Parent (the "Parent Liabilities") are postponed and subordinated to the liabilities owed by the Issuer and its subsidiaries to (i) the creditors of the Senior Lender Liabilities, the Senior Secured Notes Liabilities and the Hedging Liabilities (together, the "Senior Creditors") and (ii) the Senior Subordinated Note Liabilities (the "Senior Subordinated Note Creditors" and, together with the Senior Creditors, the "Primary Creditors").

Payment of Note Liabilities

Prior to any enforcement action, the Issuer and its subsidiaries may make payments of on the Notes at any time in accordance with the Indenture and the Notes. On or after the occurrence of any enforcement action,

the Issuer and the Guarantors will make all payments in relation to the Notes to the Security Agent and the Security Agent shall apply such payments as set forth under the caption "—Application of Proceeds".

Security and Guarantees—Senior Secured Note Creditors

The Trustee and the holders of the Notes may take, accept or receive the benefit of:

- any security in respect of the Notes in addition to the Collateral if, and to the extent legally possible, at the same time it is also offered either:

    - to the Security Agent as trustee for the other Secured Creditors (as defined below) (other than any Senior Subordinated Note Creditors) in respect of amounts owed to them; or

    - in the case of any jurisdiction in which effective security cannot be granted in favour of the Security Agent as trustee for the relevant Secured Creditors, as the case may be, to (i) the other Secured Creditors (other than any Senior Subordinated Note Creditors) in respect of amounts owed to them or (ii) the Security Agent under a parallel debt structure for the benefit of the other Secured Creditors (other than the Senior Subordinated Note Creditors),

  and ranks in the same order of priority as that contemplated above under the caption "—Ranking and Priority—Collateral" *provided that* all amounts received or recovered by any Secured Creditor with respect to such security are paid to the Security Agent to the extent required by the Intercreditor Agreement and held and applied in the manner described below under "—Application of Proceeds"; and,

- any guarantee, indemnity or other assurance against loss in respect of the Notes in addition to those described in these Listing Particulars (other than a guarantee, indemnity or other assurance against loss from the Parent) if, and to the extent legally possible, at the same time it is also offered to the other Secured Creditors and ranks in the same order of priority as that contemplated above under the caption "—Ranking and Priority" *provided that* all amounts received or recovered by any Secured Creditor with respect to such guarantee, indemnity or other assurance against loss are paid to the Security Agent to the extent required by the Intercreditor Agreement and held and applied in the manner described below under "—Application of Proceeds".

References herein to "Secured Creditors" mean the Security Agent, any receiver or delegate and each of the agents and the Primary Creditors from time to time but, in the case of each agent or Primary Creditor, only if it is a party to the Intercreditor Agreement.

Effect of an Insolvency Event

Payment of Distributions

After the occurrence of an Insolvency Event (as defined below) in relation to the Parent or its subsidiaries, any party entitled to receive a distribution out of the assets of that entity in respect of liabilities owed to that party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that entity to pay that distribution to the Security Agent until the liabilities owing to the Secured Creditors have been paid in full *provided that* with respect to an Insolvency Event in relation to the Parent, this provision will not apply to the Senior Subordinated Note Creditors except to the extent that such distribution relates to the Common Collateral. The Security Agent shall apply distributions paid to it under the provisions of this paragraph in the manner described below under "—Application of Proceeds".

Subject to certain exceptions provided for multi-account overdraft facilities and certain hedging arrangements, to the extent that any liabilities of the Parent or its subsidiaries are discharged by way of set off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to the Parent or its subsidiaries, any creditor that benefited from that set off shall pay an amount equal to the amount of the liabilities owed to it that were discharged by that set off to the Security Agent for application in the manner described below under "—Application of Proceeds" *provided that* with respect to an Insolvency Event in relation to the Parent, this provision will not apply to any Senior Subordinated Note Creditors except to the extent that such set off arises in connection with a Distressed Disposal (as defined below) relating to the Common Collateral.

If the Security Agent or any other Secured Creditor receives a distribution in a form other than in cash, the liability owed to the Security Agent or such Secured Creditor, as the case may be, will not be reduced by that distribution until and except to the extent that the realisation proceeds are actually applied towards such liability.

Filing of Claims and Creditor's Actions

Subject to certain exceptions provided for multi-account overdraft facilities, after the occurrence of an Insolvency Event in relation to the Parent or any of its subsidiaries, each creditor party to the Intercreditor Agreement will irrevocably authorise the Security Agent (acting in accordance with the relevant provisions of the Intercreditor Agreement), on its behalf, to:

- take any enforcement action (in accordance with the terms of the Intercreditor Agreement) against that member of the group;
- demand, sue, prove and give receipt for any or all of that member of the group's liabilities;
- collect and receive all distributions on, or on account of, any or all of that member of the group's liabilities; and
- file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that member of the group's liabilities,

provided that in respect of an Insolvency Event in relation to the Parent, the Security Agent will not be entitled to do so in relation to the rights of any Senior Subordinated Note Creditors against the Parent other than in connection with a Distressed Disposal relating to the Common Collateral.

In addition, the Intercreditor Agreement will provide that each creditor will (i) do all things that the Security Agent (acting in accordance with the relevant provisions of the Intercreditor Agreement) requests in order to give effect to the provisions described in this "—Effect of an Insolvency Event" section and (ii) if the Security Agent is not entitled to take any of the actions contemplated by the Intercreditor Agreement or if the Security Agent (acting in accordance with the relevant provisions of the Intercreditor Agreement) requests that a creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent (acting in accordance with the relevant provisions of the Intercreditor Agreement) or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require) to enable the Security Agent to take such action.

For the purposes of the Intercreditor Agreement, the Security Agent shall act (i) on the instructions of the group of Primary Creditors entitled, at that time, to give instructions as set forth below under "—Enforcement" or (ii) in the absence of any such instructions, as the Security Agent sees fit.

Turnover

Subject to certain limited exceptions in the Intercreditor Agreement, if at any time prior to the date on which all Senior Creditor Liabilities and Senior Subordinated Note Liabilities, if any, are fully paid and discharged, any creditor receives or recovers:

- any payment or distribution of, or on account of or in relation to, any of the Liabilities which is not either (i) a Permitted Payment (as defined in the Intercreditor Agreement); (ii) made in the manner described below under "—Application of Proceeds"; or (iii) a payment by the Parent to the Senior Subordinated Note Creditors not prohibited by the Intercreditor Agreement;
- other than as set forth above under the second paragraph under the heading "—Effect of an Insolvency Event—Payment of Distributions", any amount by way of set off in respect of any of the liabilities owed to it that does not give effect to a Permitted Payment;
- notwithstanding the preceding bullet points, and other than as set forth above under the second paragraph under the heading "—Effect of an Insolvency Event—Payment of Distributions", any amount (i) paid to a creditor (a) after the occurrence of certain distress events or (b) as a result of any other litigation or proceedings against the Parent or any of its subsidiaries (other than after the

occurrence of an Insolvency Event in respect of that member of the group) or (ii) by way of set off in respect of any of the liabilities owed to it after the occurrence of certain distress events, other than, in the case of (i) and (ii) above, any amount received or recovered in accordance with the provisions described below under "—Application of Proceeds";

- the proceeds of any enforcement of the Collateral, except in accordance with the provisions described below under "—Application of Proceeds";

- the proceeds of any enforcement of the Common Collateral (as defined below), except in accordance with the provisions described below under "—Application of Proceeds"; or

- other than as set forth above under the second paragraph under the heading "—Effect of an Insolvency Event—Payment of Distributions", any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any member of the group which is not in accordance with the provisions described below under "—Application of Proceeds" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that member of the group,

that creditor will:

- in relation to receipts and recoveries not received or recovered by way of set-off:

  - hold an amount of that receipt or recovery equal to the amount owed to such creditor (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

  - promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the amount owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Enforcement

Instructions

Subject to the provisions below, the Security Agent may refrain from enforcing the Collateral unless instructed otherwise by an Instructing Group.

For purposes of the Intercreditor Agreement an "Instructing Group" means (i) at any time prior to the date on which all Senior Creditor Liabilities have been fully and finally discharged to the satisfaction of the agent under the New Credit Facility Agreement (the "Senior Discharge Date") at which the aggregate amount of committed and undrawn and outstanding Senior Secured Debt of the Senior Lenders and hedge counterparties amount to more than 30% of the aggregate committed and undrawn and outstanding Senior Secured Debt of the Senior Creditors, the Majority Senior Facility Creditors; (ii) at any other time prior to the Senior Discharge Date, the Majority Senior Creditors; and (iii) on or after the Senior Discharge Date, the trustee for the Senior Subordinated Note Liabilities, if any, with regard to the enforcement of the Common Collateral.

For purposes of the Intercreditor Agreement, "Majority Senior Facility Creditors" means, at any time, those Senior Creditors (other than the Senior Secured Note Creditors) whose aggregate amount of committed undrawn and outstanding Senior Secured Debt at that time aggregate more than $66^2/_3$% of the total aggregate amount of committed undrawn and outstanding Senior Secured Debt of the Senior Creditors (other than the Senior Secured Note Creditors).

For purposes of the Intercreditor Agreement, "Majority Senior Creditors" means, at any time, those Senior Creditors whose aggregate amount of committed undrawn and outstanding Senior Secured Debt at that

time aggregate more than 50% of the total aggregate amount of committed undrawn and outstanding Senior Secured Debt.

For purposes of the Intercreditor Agreement, "Common Collateral" means any Collateral over (x) shares in the Issuer and/or (y) any Parent liabilities, which to the extent legally possible is created by the Parent in favor of the Security Agent as trustee for the Secured Creditors in respect of their liabilities or in the case of any jurisdiction in which effective security interests cannot be granted in favor of the Security Agent as trustee for the Secured Creditors is created by the Parent in favor of all of the Secured Creditors in respect of their liabilities or the Security Agent under a parallel debt structure for the benefit of all the Secured Creditors, and which ranks in the order of priority contemplated by the Intercreditor Agreement.

Subject to the Collateral having become enforceable in accordance with its terms, an Instructing Group may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Collateral as they see fit.

Prior to the Senior Discharge Date and subject to the provisions set out in the immediately following paragraph below, if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Collateral or in the absence of instructions from an Instructing Group, and, in each case, an Instructing Group has not required any debtor to make a Distressed Disposal, the Security Agent shall give effect to any instructions to enforce the Common Collateral which the trustee for the Senior Subordinated Note Liabilities, if any, is then entitled to give to the Security Agent pursuant to the relevant provisions relating to enforcement by the Senior Subordinated Note Creditors.

Notwithstanding the provisions set out in the preceding paragraph, if at any time the trustee for the Senior Subordinated Note Liabilities, if any, is then entitled to give the Security Agent instructions to enforce the Common Collateral pursuant to the provisions set out in the preceding paragraph and the trustee for the Senior Subordinated Note Liabilities, if any, either gives such instruction or indicates an intention to give such instruction, then either Senior Agent may give instructions to the Security Agent to enforce the Collateral as such Senior Agent sees fit in lieu of any instructions to enforce given by the trustee for the Senior Subordinated Note Liabilities, if any, as permitted under the Intercreditor Agreement and the Security Agent shall act on the first such instructions received.

Manner of Enforcement

If the Collateral is being enforced pursuant to the provisions set out under the caption "—Enforcement—Instructions", the Security Agent shall enforce the Collateral in such manner (including, without limitation, the selection of any administrator of any debtor to be appointed by the Security Agent) as the Instructing Group or, prior to the Senior Discharge Date, in relation to the Common Collateral only, if (i) the Security Agent has given effect to instructions given by the Senior Subordinated Noted Trustee to enforce the Common Collateral and (ii) the Instructing Group has not given instructions as to the manner of enforcement of the Collateral, the trustee for the Senior Subordinated Note Liabilities, if any, shall instruct, or, in each case, in the absence of any such instructions, as the Security Agent sees fit.

Exercise of Voting Rights

Each creditor agrees with the Security Agent that it will cast its vote in any proposal put to the vote by, or under the supervision of, any judicial or supervisory authority in respect of any insolvency, pre insolvency or rehabilitation or similar proceedings relating to Parent or its subsidiaries as instructed by the Security Agent. The Security Agent shall give instructions with regard to the exercise of voting rights as directed by an Instructing Group.

The foregoing does not entitle any party to exercise or require any other Primary Creditor to exercise such power of voting or representation to waive, reduce, discharge, extend the due date for repayment of or reschedule any of the liabilities owed to that Primary Creditor.

Waiver of Rights

To the extent permitted under applicable law and subject to the provisions of the Intercreditor Agreement relating to enforcement instructions, manner of enforcement, distressed disposals and application of proceeds, the

Intercreditor Agreement will provide that each of the Secured Creditors and the debtors shall waive all rights it may otherwise have to require that the Collateral be enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Collateral or of any other security interest, which is capable of being applied in or towards discharge of any of the obligations owed to the Secured Creditors under the debt documents.

Proceeds of Disposals

Non-Distressed Disposals

If, in respect of a disposal of an asset by a debtor or an asset which is subject to the Collateral, to a person or persons outside the group, (i) (prior to the date on which the Senior Lender liabilities have been fully and finally discharged) the Senior Facility Agent notifies the Security Agent that that disposal is permitted under the Senior Facility Finance Documents, (ii) (prior to the date on which all Senior Secured Note Liabilities have been fully and finally discharged) two directors of the Issuer certify for the benefit of the Security Agent that that disposal is permitted under the terms of the Indenture (provided that such certificate has been provided to the Trustee and the Trustee has not objected to such certificate within five business days of receipt of such certificate); (iii) (prior to the date on which all Senior Subordinated Note Liabilities, if any, have been fully and finally discharged (the "Senior Subordinated Note Discharge Date")) two directors of the Parent certify for the benefit of the Security Agent that that disposal is permitted under the terms of the indenture governing the Senior Subordinated Notes Liabilities (provided that such certificate has been provided to the trustee for the Senior Subordinated Note Liabilities, if any, and such trustee has not objected to such certificate within five business days of receipt of such certificate, and further provided that such certificate shall only be required with regard to the Common Collateral); and that disposal is not a Distressed Disposal (such disposal, a "Non-Distressed Disposal"), then the Intercreditor Agreement provides that the Security Agent shall be irrevocably authorised (at the cost of the relevant debtor or the Issuer and without any consent, sanction, authority or further confirmation from any creditor or debtor) to release the Collateral or any other claim over that asset (and in the case of shares in a company, to release the Collateral or any other claim over the assets of that company) and to execute and deliver or enter into any release of the Collateral or any claim and issue any certificates of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable.

If that Non-Distressed Disposal is not made, each release of Collateral or any claim described the preceding paragraph shall have no effect and the Collateral or claim subject to that release shall continue in such force and effect as if that release had not been effected.

Distressed Disposals

For purposes of the following summaries, "Distressed Disposal" means a disposal of an asset of a member of the Group which is (i) being effected at the request of an Instructing Group in circumstances where the Collateral has become enforceable, (ii) being effected by enforcement of the Collateral, (iii) being effected, after the occurrence of certain distress events, by a Senior Debtor to a person or persons which is not a member of the Group, or (iv) of assets subject to the Common Collateral being effected, after the occurrence of certain distress events, by the Parent to a person or persons which is not a member of the Group.

If a Distressed Disposal is being effected, the Security Agent is irrevocably authorised (at the cost of the relevant debtor or the other debtors and without any consent, sanction, authority or further confirmation from any creditor or debtor):

(i) to release the Collateral or any other claim over that asset and execute and deliver or enter into any release of that Collateral or claim and issue any letters of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(ii) if the asset which is disposed of consists of shares in the capital of a debtor, to release that debtor and any subsidiary of that debtor from all or any part of its liabilities, any Collateral granted by that debtor or any subsidiary of that debtor over any of its assets and any other claim of an intragroup lender, or another debtor over that debtor's assets or over the assets of any subsidiary of that debtor, on behalf of the relevant creditors and debtors;

(iii) if the asset which is disposed of consists of shares in the capital of any holding company of a debtor, to release that holding company and any subsidiary of that holding company from all or any part of its liabilities, any Collateral granted by any subsidiary of that holding company over any of its assets, and any other claim of an intragroup lender or another debtor over the assets of any subsidiary of that holding company, on behalf of the relevant creditors and debtors;

(iv) if the asset which is disposed of consists of shares in the capital of a debtor or the holding company of a debtor and the Security Agent decides to dispose of all or any part of the liabilities or the debtor liabilities owed by that debtor or holding company or any subsidiary of that debtor or holding company:

(A) if the Security Agent does not intend that any transferee of those liabilities or debtor liabilities (the "Transferee") will be treated as a Primary Creditor or a Secured Creditor for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all or part of those liabilities provided that, notwithstanding any other provision of any financing document, the Transferee shall not be treated as a Primary Creditor or a Secured Creditor for the purposes of the Intercreditor Agreement; and

(B) if the Security Agent does intend that any Transferee will be treated as a Primary Creditor or a Secured Creditor for the purposes of the Intercreditor Agreement, to execute and deliver or enter into any agreement to dispose of all (and not part only) of the liabilities owed to the Primary Creditors and all or part of any other liabilities and debtor liabilities, on behalf of, in each case, the relevant Creditors and Debtors;

(v) if the asset which is disposed of consists of shares in the capital of a debtor or the holding company of a debtor (the "Disposed Entity") and the Security Agent decides to transfer to another debtor (the "Receiving Entity") all or any part of the Disposed Entity's obligations or any obligations of any subsidiary of that disposed Entity in respect of intra-group liabilities and debtor liabilities, to execute and deliver or enter into any agreement:

(A) to agree to the transfer of all or part of the obligations in respect of those intra-group liabilities or debtor liabilities on behalf of the relevant intra-group lenders and debtors to which those obligations are owed and on behalf of the debtors which owe those obligations; and

(B) to accept the transfer of all or part of the obligations in respect of those intra-group liabilities or debtor liabilities on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those intra-group liabilities or debtor liabilities are to be transferred.

The net proceeds of each Distressed Disposal (and the net proceeds of any disposal of liabilities or debtor liabilities) shall be paid to the Security Agent for application in accordance with the provisions described under "—Application of Proceeds" as if those proceeds were the proceeds of an enforcement of the Collateral and, to the extent that any disposal of liabilities or debtor liabilities has occurred as set out above, as if that disposal of liabilities or debtor liabilities had not occurred.

For the purposes of the foregoing provisions, the Security Agent shall act, if the relevant Distressed Disposal is being effected by way of enforcement of the Collateral, in accordance with the provisions set out under the caption "—Manner of Enforcement" and, in any other case, on the instructions of an Instructing Group or in the absence of any such instructions, as the Security Agent sees fit.

At any time after the accession to the Intercreditor Agreement of a trustee for Senior Subordinated Note Liabilities and before the Senior Subordinated Note Discharge Date, the releases or transfers of liabilities owed to the Senior Creditors and the Senior Subordinated Note Creditors, and the Collateral pursuant to the provisions set out above, shall occur if and only if (i) all or substantially all of the consideration for the relevant sale or other disposal is cash, (ii) unconditional releases (or unconditional transfers to the purchaser of the relevant member of the Group) are simultaneously effected in relation to the liabilities owed to the Senior Creditors by the relevant Senior Debtor and each of its direct and indirect subsidiaries, (iii) either (A) the sale or other disposal is made pursuant to a public auction or (B) in connection with the sale or other disposal, an internationally recognised investment bank, accounting firm or other third-party professional firm that is regularly involved in providing

valuations in respect of the relevant type of assets sold or otherwise disposed of, selected by the Security Agent, has delivered to the Senior Agents and to the trustee for the Senior Subordinated Note Liabilities at the cost of the Parent an opinion (which need not be addressed to any Senior Agent or the trustee for Senior Subordinated Note Liabilities or be capable of being relied upon by any Senior Agent or the trustee for Senior Subordinated Note Liabilities) that the price of the sale or other disposal of the relevant share capital or relevant assets is fair from a financial point of view after taking into account all relevant circumstances (and for the avoidance of doubt there shall be no obligation to postpone any such Distressed Disposal in order to achieve a higher price), and the proceeds from the relevant disposal are applied in accordance with the provisions described under "—Application of Proceeds."

Application of Proceeds

In general, all amounts from time to time received or recovered by the Security Agent in connection with the realisation or enforcement of all or any part of the Collateral (the "Senior Recoveries") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the appropriate provisions of the Intercreditor Agreement), in the following order of priority:

- *pro rata* and *pari passu*, in payment of all costs and expenses incurred by the Security Agent, each Senior Agent and any receiver or delegate and, if applicable, of certain fees, costs and expenses incurred by the trustee for Senior Subordinated Note Liabilities;

- in payment *on a pro rata basis* to (i) the Senior Facility Agent on its own behalf and on behalf of the creditors under the New Senior Facility Agreement, (ii) the Trustee on its own behalf and on behalf of the holders of the Notes, (iii) the relevant hedge counterparties for application towards the discharge of the Senior Lender Liabilities (in accordance with the terms of the Senior Facility Finance Documents (as defined in the Intercreditor Agreement)), the Senior Secured Note Liabilities (in accordance with the terms of the Indenture and the Notes), and the relevant hedging liabilities (on a pro *rata basis* between the hedging liabilities of each hedge counterparty);

- if applicable, to the trustee for Senior Subordinated Note Liabilities, if any, on its own behalf and on behalf of the holders of any Senior Subordinated Notes for application towards the discharge of the Senior Subordinated Note Liabilities (in accordance with the terms of the indenture governing the Senior Subordinated Notes);

- if none of the debtors is under any further actual or contingent liability under any Senior Debt Document (as defined in the Intercreditor Agreement), in payment to any person to whom the Security Agent is obliged to pay in priority to any debtor; and

- the balance, if any, in payment to the relevant debtor.

In general, all other amounts from time to time received or recovered by the Security Agent in relation to the debt documents other than any amounts received or recovered by or on behalf of the Senior Subordinated Note Creditors from the Parent except by way of a Distressed Disposal of the assets subject to the Common Collateral (the "Other Recoveries") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the appropriate provisions of the Intercreditor Agreement), in the following order of priority:

- *pro rata* and *pari passu*, in payment of all costs and expenses incurred by the Security Agent, each Senior Agent, any receiver or delegate and, if applicable, the trustee for the Senior Subordinated Note Liabilities;

- in payment *on a pro rata basis* to (i) the agent under the New Senior Credit Facilities on its own behalf and on behalf of the creditors under the New Senior Facility Agreement, (ii) the Trustee on its own behalf and on behalf of the holders of the Notes, (iii) the relevant hedge counterparties for application towards the discharge of the Senior Lender Liabilities (in accordance with the terms of the Senior Facility Finance Documents), the Senior Secured Note Liabilities (in accordance with the terms of the Indenture and the Notes), and the relevant hedging liabilities (on a pro *rata basis* between the hedging liabilities of each hedge counterparty);

- if applicable, to the trustee for the Senior Subordinated Note Liabilities on its own behalf and on behalf of the holders of any Senior Subordinated Notes for application towards the discharge of the Senior Subordinated Note Liabilities (in accordance with the terms of the indenture governing the Senior Subordinated Notes);

- if none of the debtors is under any further actual or contingent liability under any Senior Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any debtor; and

- the balance, if any, in payment to the relevant debtor.

Equalisation

The Intercreditor Agreement will provide that if, for any reason, any Senior Creditor Liabilities remain unpaid after the date a Senior Creditor takes certain enforcement action and the resulting losses are not borne by the Senior Creditors in the proportions which their respective exposures at the date of such enforcement action bore to the aggregate exposures of all the Senior Creditors at the date of such enforcement action, the Senior Creditors will make such payments amongst themselves as the Security Agent shall require to put the Senior Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

If (i) the Security Agent, the Trustee or the agent for the New Senior Credit Facilities is not entitled, for reasons of applicable law, to pay amounts received pursuant to the making of a demand under any guarantee, indemnity or other assurance against loss or the enforcement of the Collateral to the Senior Creditors but is entitled to distribute those amounts to creditors (such creditors, the "Receiving Creditors") who, in accordance with the terms of the Intercreditor Agreement, are subordinated in right and priority of payment to the Senior Creditors and (ii) the Senior Discharge Date has not yet occurred (nor would occur after taking into account such payments), then the Receiving Creditors shall make such payments to the Senior Creditors as the Security Agent shall require to place the Senior Creditors in the position they would have been in had such amounts been available for application against the Senior Creditor Liabilities.

Consents

The Intercreditor Agreement will provide, subject to the provisions below, that the Intercreditor Agreement may be amended or waived only with the consent of the Issuer, the agent for the New Senior Credit Facilities, the Trustee, the trustee for the Senior Subordinated Note Liabilities, if any, the Majority Senior Facility Creditors and the Security Agent.

An amendment or waiver that has the effect of changing or which relates to (i) the order of priority or subordination set out in the Intercreditor Agreement; (ii) certain provisions regarding redistribution and the application of proceeds; or (iii) certain provisions relating to the giving of instructions to the Security Agent shall not be made without the consent of (i) the agent for the New Senior Credit Facilities, the Trustee, the trustee for the Senior Subordinated Note Liabilities, if any; (ii) the Senior Creditors (other than the hedge counterparties); (iii) the Senior Subordinated Note Creditors (to the extent that the amendment or waiver would adversely affect the Senior Subordinated Note Creditors); (iv) each hedge counterparty (to the extent that the amendment or waiver would adversely affect the hedge counterparty); and (v) the Security Agent.

In addition, the Intercreditor Agreement may be amended by the agent for the New Senior Credit Facilities, the Trustee, the trustee for the Senior Subordinated Note Liabilities, if any, each hedge counterparty and the Security Agent without the consent of any other party to cure defects, resolve ambiguities or reflect changes in each case of a minor technical or administrative nature or as otherwise expressly authorised and/or mandated by the relevant debt documents.

Amendments and Waivers in Respect of the Security Documents

Subject to the paragraph below and unless the provisions of any debt document expressly provide otherwise, the Security Agent may, if authorised by the Majority Senior Facility Creditors, the Trustee and (only in relation to the security documents relating to the Common Collateral) the trustee for the Senior Subordinated Note Liabilities, if any, and if the Issuer consents, amend the terms of, waive any of the requirements of or grant

consents under, any of the Security Documents, which shall be binding on each party to the Intercreditor Agreement.

In general, the prior consent of the Primary Creditors is required to authorise any amendment or waiver of, or consent under, any Security Document that would affect the nature or scope of the Collateral or the manner in which the proceeds of enforcement of the Collateral are distributed. To the extent that any amendment, waiver or consent, in the opinion of the Security Agent, affects the rights and obligations of certain Parties only, which do not include the hedge counterparties, the Trustee, the Security Agent, the trustee for the Senior Subordinated Note Liabilities, if any, and each Senior Agent (the "Affected Parties") and could not reasonably be expected to be adverse to the interests of the other parties, only the consent of the Affected Parties to such amendment, waiver or consent will be needed to agree to the amendment, waiver or consent.

Override

Unless expressly stated otherwise in the Intercreditor Agreement, the Intercreditor Agreement overrides anything in the Indenture to the contrary.

Notwithstanding anything to the contrary in the Intercreditor Agreement, the preceding paragraph (as between any creditor and any debtor or any member of the Group) will not cure, postpone, waive or negate in any manner any breach, default or event of default under any Debt Document (or any event that would, but for the preceding paragraph, constitute a breach, default or event of default) as provided in the relevant Debt Documents.

Senior Subordinated Notes

Furthermore, the Intercreditor Agreement will provide provisions for any Senior Subordinated Notes that may be issued in the future by the Parent or any wholly owned subsidiary of the Parent that is not the Issuer or one of its subsidiaries (subject to compliance with the Indenture and the express consent of the lenders under the New Credit Facility Agreement). Such provisions would, among other things, provide for customary restrictions and limitations with respect to any subordinated guarantees and second ranking security with respect to restrictions on payment, payment blockage, standstill on enforcement and the filing of claims. In addition, the Intercreditor Agreement provides that the creditors with respect to such Senior Subordinated Notes would be entitled under certain limited circumstances upon any enforcement action to purchase from the holders of the Notes their Notes upon paying am amount equal to the amount the Issuer would pay to if it was prepaying the Notes plus any related costs and expenses related to such purchase. Please refer to the Intercreditor Agreement for a more detailed explanation of these and other provisions related to any future Senior Subordinated Notes that may be issued as well as other provisions defining the rights and obligations of the holders of the Notes.

Refinancing

The Intercreditor Agreement contemplates refinancing in whole or in part of, or increasing, the Senior Lender Liabilities, the Senior Secured Note Liabilities, the releasing and relocating of security if so required and the continuance of the Intercreditor Agreement.

DESCRIPTION OF NOTES

Bakkavor Finance (2) plc (the "*Issuer*") will issue the Notes under an indenture (the "*Indenture*") between, among others, the Issuer, the Guarantors and Deutsche Trustee Company Limited, as the trustee (the "*Trustee*"), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the "*U.S. Securities Act*"). Unless the context requires otherwise, references in this "Description of Notes" to the Notes include the Notes and any Additional Notes that are issued. The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Intercreditor Agreement and the Security Documents. This does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Intercreditor Agreement and the Security Documents because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture and the form of Note are available as set forth below under "—Additional Information". The Security Documents referred to below under the caption "—Security" define the terms of security that will secure the Notes.

Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "Certain Definitions". In this description, the term "Issuer" refers only to Bakkavor Finance (2) plc and not to any of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of Notes and Note Guarantees

The Notes:

- will be general obligations of the Issuer;
- will, together with Obligations under the New Senior Credit Facility Agreement and certain Hedging Obligations, be secured by first-priority Liens over the Collateral;
- will rank *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated to the Notes, including under the New Senior Credit Facility Agreement;
- will rank senior in right of payment to any and all future obligations of the Issuer that are expressly subordinated to the Notes, if any;
- will be guaranteed by the Guarantors (excluding Bakkavör European Marketing BV, Sogesol S.A. and Vaco BV) as at the Issue Date and Bakkavör European Marketing BV, Sogesol S.A. and Vaco BV when Bakkavör European Marketing BV, Sogesol S.A. and Vaco BV acceded to the New Senior Credit Facility Agreement after the Issue Date;
- will rank effectively senior to the existing and future Indebtedness of the Issuer and the Guarantors that is unsecured to the extent of the value of the Collateral; and
- will be effectively subordinated to all obligations of the Issuer's subsidiaries that are not Guarantors.

The Note Guarantees

The Notes will initially be guaranteed by each of Anglia Crown Limited, Bakkavor Acquisitions (2008) Limited, Bakkavor Asia Limited, Bakkavor Central Finance Limited, Bakkavor China Limited, Bakkavor Estates Limited, Bakkavor Finance Limited, Bakkavor Finance (3) Limited, Bakkavor Foods Limited, Bakkavor Fresh Cook Limited, Bakkavor Invest Limited, Bakkavor Limited, Bakkavor (London) Limited, Bakkavör USA Inc., Bakkavor USA Limited, Butterdean Products Limited, Exotic Farm Produce Limited, Notsallow 256 Limited and Two Chefs On A Roll Inc. After the Issue Date, the Notes were also Guaranteed by Bakkavör European

Marketing BV, Sogesol S.A. and Vaco BV when such subsidiary acceded to the New Senior Credit Facility Agreement. Each Note Guarantee:

- will be a general obligation of the Guarantor;
- will, together with Obligations under the New Senior Credit Facility Agreement and certain Hedging Obligations, be secured by first-priority Liens over the Collateral;
- will rank *pari passu* in right of payment with all existing and future senior Indebtedness of such Guarantor that is not subordinated in right of payment to its Note Guarantee, including its obligations under the New Senior Credit Facility Agreement;
- will rank senior to all future Indebtedness of such Guarantor, if any, that is subordinated in right of payment to its Note Guarantee;
- will rank effectively senior to the existing and future Indebtedness of the Issuer and the Guarantors that is unsecured to the extent of the value of the Collateral; and
- will be structurally subordinated to all existing and future Indebtedness of any Guarantor's subsidiaries that do not Guarantee the Notes.

Not all of the Issuer's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer or a Guarantor. During the 52 weeks ended October 2, 2010 on a *pro forma* basis after giving effect to the Refinancing, the Issuer and the Guarantors represented approximately 89.1% of our total EBITDA and as of January 2, 2010, represented approximately 84.6% of our consolidated total assets.

All of the operations of the Issuer are conducted through its Subsidiaries and, therefore the Issuer depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Notes. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Issuer's non-guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Issuer or such Guarantor. As of October 2, 2010, on a *pro forma* basis after giving effect to the Refinancing, the Issuer's non-guarantor Subsidiaries would have had £12.5 million of Indebtedness outstanding.

As of the Issue Date all of the Issuer's Subsidiaries will be "Restricted Subsidiaries" for the purposes of the Indenture. However, under the circumstances described below under the caption "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries", the Issuer will be permitted to designate Restricted Subsidiaries as "Unrestricted Subsidiaries". Most of the restrictive covenants in the Indenture do not apply to Unrestricted Subsidiaries. The Issuer's Unrestricted Subsidiaries will not guarantee the Notes.

Principal, Maturity and Interest

The Issuer will issue £350 million in aggregate principal amount of Notes in this Offering. The Issuer may issue additional Notes ("*Additional Notes*") under the Indenture from time to time after this offering. The Notes may be issued in one or more series under the Indenture. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock". The Notes and any additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Issuer will issue Notes in denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will mature on February 15, 2018.

Interest on the Notes will accrue at the rate of 8.25% per annum. Interest on the Notes will be payable semi-annually in arrears on February 15 and August 15 commencing on August 15, 2011. The Issuer will make each interest payment to the holders of record on the immediately preceding February 1 and August 1.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a "*Paying Agent*") for the Notes in the City of London (the "*Principal Paying Agent*"). The Issuer will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC (as amended from time to time) or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agent will be Deutsche Trustee Company Limited in London.

The Issuer will maintain one or more registrars (each, a "*Registrar*") with offices in Luxembourg. The Issuer will also maintain a transfer agent in London. The initial Registrar will be Deutsche Bank Luxembourg S.A. in Luxembourg. The initial transfer agent will be Deutsche Trustee Company Limited in London. The Registrar and the transfer agent will maintain a register reflecting ownership of Definitive Registered Notes (as defined herein) outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on the behalf of the Issuer.

The Issuer may change the Paying Agents, the Registrars or the transfer agents without prior notice to the holders. For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Ireland (which is expected to be the *Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*144A Global Notes*"), and Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the "*Reg S Global Notes*" and together with the 144A Global Notes, the "*Global Notes*").

During the 40-day distribution compliance period, book-entry interests in the Regulation S Global Notes may be transferred only to non-U.S. Persons under Regulation S under the U.S. Securities Act or to persons whom the transferor reasonably believes are "qualified institutional buyers" within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction.

Ownership of interests in the Global Notes (the "*Book-Entry Interests*") will be limited to persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "Transfer Restrictions". In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Note, or the "*Restricted Book-Entry Interest*", may be transferred to a person who takes delivery in the form of Book-Entry Interests in the 144A Global Note, as applicable, or the "*Reg S Book-Entry Interests*", only upon delivery by the transferor of a written certification (in

the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of £100,000 principal amount and integral multiples of £1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "Notice to Investors".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of £100,000 in principal amount and integral multiples of £1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made by the Issuer or any Guarantors under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer or any Guarantor is then incorporated or organized, engaged in business or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each of (1) and (2), a "*Tax Jurisdiction*") will at any time be required to be made from any payments under or with respect to the Notes or any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer or the relevant Guarantor, as applicable, will pay such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each holder after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including, without limitation, being a resident of such jurisdiction for Tax purposes), other than the acquisition or holding of such Note, the exercise or enforcement of rights under such Note or the Indenture or under a Note Guarantee or the receipt of any payments in respect of such Note or a Note Guarantee;

(2) any Taxes imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, personal property, transfer or similar Taxes;

(4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) any Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee;

(7) any Taxes imposed or withheld by reason of the failure of the holder or beneficial owner of Notes to comply with any written request of the Issuer (made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request) to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation;

(8) any Taxes imposed on or with respect to any payment by the Issuer or relevant Guarantor to the holder if such holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Note; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary Taxes, or any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Note Guarantee or any other document or instrument referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Note Guarantee (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (5) or (7) or (8) above or any combination thereof).

If the Issuer or any Guarantor, as the case may be, will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, each of the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 day prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable.

The Officer's Certificate(s) must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Issuer or a Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. Upon request, copies of Tax receipts or other evidence of payments, as the case may be, will be made available by the Trustee to the Holders or beneficial owners of the Notes.

Whenever in the Indenture, the Notes, or in this "Description of Notes" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or any Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer or any Guarantor is incorporated, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such Person makes any payment on the Notes (or any Note Guarantee) and any department or political subdivision thereof or therein.

Security

The Notes and the Note Guarantee will initially be secured by:

(1) fixed and floating charges over all the undertakings, goodwill, property, assets and rights, present and future, of the Issuer, Anglia Crown Limited, Bakkavor Acquisitions (2008) Limited, Bakkavor Asia Limited, Bakkavor Central Finance Limited, Bakkavor China Limited, Bakkavor Estates Limited, Bakkavor Finance Limited, Bakkavor Finance (3) Limited, Bakkavor Foods Limited, Bakkavor Fresh Cook Limited, Bakkavor Invest Limited, Bakkavor Limited, Bakkavor (London) Limited, Bakkavor USA Limited, Butterdean Products Limited, Exotic Farm Produce Limited and Notsallow 256 Limited (collectively, the "*UK Guarantors*");

(2) assignments over the Issuer's and each of the UK Guarantors' rights in its insurance policies, contracts and accounts;

(3) a share pledge over the capital stock of the Issuer;

(4) a share pledge over Capital Stock of each of Bakkavor USA Inc., ItalPizza S.r.l. and Two Chefs On A Roll Inc.;

(5) a share charge over the Capital Stock of Bakkavor USA Limited;

(6) fixed charges over the goods, accounts, receivables, intellectual property, goodwill and moveable property of Bakkavor USA Inc. and Two Chefs On A Roll Inc.; and

(7) an assignment over Bakkavor Finance (1) Limited's intercompany receivables.

The Security Agent has entered into or will enter into the Security Documents relating to the Collateral set forth above with the other relevant parties thereto. The Collateral will secure the payment and performance when due of all of the obligations of the Issuer and the Guarantors under the Indenture, the Notes and the Note Guarantees as provided in the relevant Security Document.

Bakkavor European Marketing BV, Sogesol S.A. and Vaco BV acceded to the New Senior Credit Facility Agreement after the Issue Date. Accordingly, the Notes and the Note Guarantees are also secured by certain assets of each of Bakkavor European Marketing BV, Sogesol S.A. and Vaco BV, to the extent such assets serve as obligations under the New Senior Credit Facility Agreement.

Enforcement of Security

The Security Documents generally only will become enforceable upon the Security Agent taking enforcement action. The Security Agent may refrain from enforcing the Security Documents unless instructed otherwise as provided for in the Intercreditor Agreement.

The Intercreditor Agreement restricts the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action and the Security Agent will act only at the direction of creditors with respect to the then outstanding Senior Secured Debt, other than holders of the Notes and any Additional Notes, until the aggregate amount of committed and uncancelled Senior Secured Debt (including under the New Senior Credit Facility Agreement and certain Hedging Obligations), other than debt under the Notes and any other senior secured notes that may accede to the Intercreditor Agreement in the future, is less than 30% of the aggregate principal amount of all committed and uncancelled Senior Secured Debt (including the Notes and any other senior secured notes that may accede to the Intercreditor Agreement). At any time after the aggregate amount of committed and funded Senior Secured Debt (other than debt under the Notes and any other senior secured notes that may accede to the Intercreditor Agreement) is less than 30% of the aggregate principal amount of all committed and uncancelled Senior Secured Debt, creditors holding a majority in aggregate principal amount of committed or funded debt under the New Senior Credit Facility Agreement, secured Hedging Obligations, the Notes and any other Senior Secured Debt incurred in the future will be able to instruct the Security Agent to enforce the Collateral. For a description of security enforcement and other intercreditor provisions, please see "Description of Other Indebtedness—Intercreditor Agreement."

Terms of Security

Subject to the terms of the Security Documents, and subject to certain exceptions required to ensure the security interests under the Security Documents are perfected, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to collect, invest and dispose of any income therefrom and to vote pledged shares. The Issuer and the Guarantors may, among other things, in certain circumstances subject to a release or consent by the Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral, including, without limitation but subject to the covenant contained under the caption "—Repurchase at the Option of the Holders—Asset Sales"; (1) selling or otherwise disposing of, in any transaction or series of related transactions, any property and assets subject to Liens under the Security Documents, which has become worn out, defective or obsolete or no longer used or useful in the business, and (2) selling, transferring or otherwise disposing of assets in the ordinary course of business.

No appraisal of any of the Collateral has been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral remaining after sharing with other creditors entitled to share in such proceeds would be sufficient to satisfy the obligations owed to the holders of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral will be able to be sold in a short period of time, if at all. In addition, the Intercreditor Agreement places limitations on the ability of the Security Agent to cause the sale of the Collateral, by reference to the interests of certain creditors, including the holders of the Notes. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation.

The Indenture will provide that each holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Security Documents and the Intercreditor Agreement.

Note Guarantees

The Notes will be guaranteed by the Guarantors. These Note Guarantees will be joint and several obligations of the Guarantors. The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners.

For a description of such contractual limitations, see "Risk Factors—The Note Guarantees will be subject to certain limitations on enforcement." The Notes will initially be guaranteed on a senior basis by the following Guarantors:

- Anglia Crown Limited;
- Bakkavor Acquisitions 2008 Limited;
- Bakkavor Asia Limited;
- Bakkavor Central Finance Limited;
- Bakkavor China Limited;
- Bakkavor Estates Limited;
- Bakkavor Finance Limited;
- Bakkavor Finance (3) Limited;
- Bakkavor Foods Limited;
- Bakkavor Fresh Cook Limited;
- Bakkavor Invest Limited;
- Bakkavor Limited;
- Bakkavor (London) Limited;
- Bakkavör USA Inc.;
- Bakkavor USA Limited;
- Butterdean Products Limited;
- Exotic Farm Produce Limited;
- Notsallow 256 Limited; and
- Two Chefs On A Roll Inc.

Security and Note Guarantees Release

Release of Security and Note Guarantee of Guarantors

The Note Guarantee of a Guarantor and any Liens on the Collateral securing the Notes will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;

(2) in connection with any sale or other disposition of Capital Stock of that Guarantor (or Capital Stock of any direct or indirect parent entity of such Guarantor (other than the Issuer)) to a Person that is not (either before or after giving effect to such transaction) the Issuer or a Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale"

provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;

(3) if the Issuer designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon release of the guarantee or Indebtedness that resulted in the creation of the Note Guarantee or Security under the covenant described below under the caption "—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness," so long as no Event of Default would arise as a result and no other Indebtedness is at that time guaranteed by the relevant Guarantor;

(5) in connection with certain enforcement actions taken by the creditors under certain of our secured Indebtedness as provided under the Intercreditor Agreement as described under "Description of Certain Financing Arrangements—Intercreditor Agreement;"

(6) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge"; or

(7) as described under the caption "—Amendment, Supplement and Waiver".

Upon any occurrence giving rise to a release of a Note Guarantee, as specified above, the Trustee, subject to receipt of certain documents from the Issuer and/or Guarantor, will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Note Guarantee. Neither the Issuer, the Trustee nor any Guarantor will be required to make a notation on the Notes to reflect any such release, discharge or termination.

Optional Redemption

At any time prior to February 15, 2015, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes (including Additional Notes) issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 108.25% of the principal amount of the Notes redeemed, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering; *provided* that:

(1) at least 65% of the aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Issuer and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to February 15, 2015, the Issuer may on any one or more occasions redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to "—Redemption for Changes in Taxes", the Notes will not be redeemable at the Issuer's option prior to February 15, 2015.

On or after February 15, 2015, the Issuer may on any one or more occasions redeem all or a part of Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on February 15 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption Price
2015	104.1250%
2016	102.0625%
2017 and thereafter	100.0000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—Selection and Notice"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "*Tax Redemption Date*") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Note Guarantee, the Issuer or relevant Guarantor is or would be required to pay Additional Amounts (but, in the case of the relevant Guarantor, only if such amounts cannot be paid by the Issuer or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the Issuer and/or the relevant Guarantors cannot avoid any such payment obligation by taking reasonable measures available (including, making payment through a Paying Agent located in another jurisdiction), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the date of these Listing Particulars (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of these Listing Particulars, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published administrative practice) which amendment or change has not been publicly announced as formally proposed before and which becomes effective on or after the date of these Listing Particulars (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of these Listing Particulars, such later date).

In the case of Additional Amounts required to be paid as a result of the Issuer or the relevant Guarantor conducting business other than in the place of its organization, such amendment or change must be announced and become effective on or after the date in which the Issuer or the relevant Guarantor, as the case may be, begins to conduct business giving rise to the relevant withholding or deduction.

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obligated to make such payment or withholding if a payment in respect of the Notes or any Note Guarantees were then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel (the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld)) to the effect that there has been such amendment or change which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the Notes and (b) mutatis mutandis to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture.

For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such directive will not be a change or amendment for such purposes.

Mandatory Redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of £1,000; *provided* that Notes of £100,000 or less may only be redeemed in whole and not in part) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the "*Change of Control Payment*"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days

following any Change of Control, the Issuer will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under "—Selection and Notice", stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the "*Change of Control Payment Date*") specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail (or cause to be delivered) to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or an authentication agent approved by it) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption "—Optional Redemption", unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Ireland (which is expected to be the *Irish Times*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Ireland Stock Exchange (*www.ise.ie*).

Asset Sales

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Issuer (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Issuer or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as recorded on the balance sheet of the Issuer or any Restricted Subsidiary (other than contingent liabilities), that are assumed by the transferee of any such assets and as a result of which the Issuer and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(b) any securities, notes or other obligations received by the Issuer or any such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this covenant;

(d) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Issuer and each other Restricted Subsidiary are released from any Guarantee of such Indebtedness in connection with such Asset Sale; and

(e) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary that is cancelled.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Issuer (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds (at the option of the Issuer or Restricted Subsidiary):

(1) to purchase the Notes pursuant to an offer to all holders of Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the date of purchase (a "*Notes Offer*");

(2) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(3) to make a capital expenditure;

(4) to acquire other assets (other than Capital Stock) not classified as current assets under IFRS that are used or useful in a Permitted Business;

(5) to repurchase, prepay, redeem or repay (a) *Pari Passu* Indebtedness that is secured by a Permitted Collateral Lien that ranks equal to or in priority to any Lien on such assets securing the Notes or the Indenture; (b) Indebtedness that is secured by a Lien (other than a Permitted Collateral Lien) on the asset which is the subject of the Asset Sale; or (c) with respect to assets of a Restricted Subsidiary which is not a Guarantor, Indebtedness of a Restricted Subsidiary that is not a Guarantor, and in each case, if the Indebtedness repaid, prepaid, redeemed or purchased is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; or

(6) enters into a binding commitment to apply the Net Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated, and (y) the 180th day following the expiration of the aforementioned 365 day period.

Pending the final application of any Net Proceeds, the Issuer (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds £20.0 million, within ten Business Days thereof, the Issuer will make an offer (an "*Asset Sale Offer*") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of Notes and such other *Pari Passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *Pari Passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *Pari Passu* Indebtedness, if applicable, to be purchased on a pro rata basis (or in the manner described under "—Selection and Notice"), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control, Asset Sale or Notes Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control, Asset Sale or Notes Offer provisions of the Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee or the Registrar, as appropriate will select Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under "—Book-Entry, Delivery and Form", based on a method that most nearly approximates a pro rata selection as the Trustee deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee and the Registrar shall not be liable for selections made by it in accordance with this paragraph.

No Notes of £100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear, notices may be given by delivery of the relevant notices to Euroclear for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Ireland (which is expected to be the *Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (www.ise.ie) and, in connection with any redemption, the Issuer will notify the Irish Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Suspension of Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "*Suspension Period*"), the covenants specifically listed under the following captions in these Listing Particulars will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries:

(1) "—Repurchase at the Option of Holders—Asset Sales";

(2) "—Restricted Payments";

(3) "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(4) "—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) "—Designation of Restricted and Unrestricted Subsidiaries";

(6) "—Transactions with Affiliates"; and

(7) clause (4) of the first paragraph of the covenant described under "—Merger, Consolidation or Sale of Assets".

Such covenants will not, however, be of any effect with regard to the actions of Issuer and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption "—Restricted Payments" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock". Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Restricted Payments

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Issuer's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Issuer's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Issuer or any of its Restricted Subsidiaries and other than dividends or distributions payable to the Issuer or a Restricted Subsidiary);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Issuer) any Equity Interests of the Issuer or any direct or indirect parent entity of the Issuer;

(3) make any principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Issuer and any of its Restricted Subsidiaries), except (i) a payment of principal at the Stated Maturity thereof or (ii) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;

(4) make any Trademark Licensing Fee Payments; or

(5) make any Restricted Investment.

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as "*Restricted Payments*"), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Issuer would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (5), (6), (7), (8), (10), (11) and (12) of the next succeeding paragraph), is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of marketable securities received by the Issuer since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Issuer (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable

Disqualified Stock of the Issuer or convertible or exchangeable debt securities of the Issuer, in each case that have been converted into or exchanged for Equity Interests of the Issuer (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Issuer); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the marketable securities received by the Issuer or any Restricted Subsidiary, or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Issuer and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Issuer designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Issuer or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, the Fair Market Value of the property received by the Issuer or Restricted Subsidiary or the Issuer's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the restricted payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(v) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Issuer for such period; *plus*

(vi) upon the full and unconditional release of a Restricted Investment constituting a Guarantee made by the Issuer or one of its Restricted Subsidiaries to any Person (other than the Issuer or another Related Subsidiary of the Issuer), an amount equal to the amount of such Guarantee to the extent such amount is not otherwise included in the preceding clause (iii) or (iv).

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Issuer) of, Equity Interests of the Issuer (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Issuer; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer, or any Restricted Subsidiary that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Issuer or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of the Issuer or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed,

acquired or retired Equity Interests may not exceed £2.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years); and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed the cash proceeds from the sale of Equity Interests of the Issuer or a Restricted Subsidiary received by the Issuer or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Issuer, any of its Restricted Subsidiaries or any of its direct or indirect parent companies to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Issuer or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock";

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(8) payments pursuant to any tax sharing agreement or arrangement among the Issuer and its Restricted Subsidiaries and other Persons with which the Issuer or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return or with which the Issuer or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided*, *however*, that such payments will not exceed the lesser of (i) the amount of tax that the Issuer and its Restricted Subsidiaries would owe on a stand alone basis if the Issuer were filing a separate tax return (or a separate consolidated or combined tax return with its Restricted Subsidiaries that are part of that consolidated or combined group) and (ii) the related tax liabilities of the Issuer and its Restricted Subsidiaries are relieved thereby;

(9) advances or loans to (a) any future, present or former officer, director, employee or consultant of the Issuer or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement or (b) any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Equity Interests of the Issuer (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this clause (9) does not exceed £2.0 million in any calendar year with unused amounts from such calendar year (but not including unused amounts from any prior calendar year) being available for use during the immediately succeeding calendar year;

(10) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests (other than the Issuer or any Restricted Subsidiary) then entitled to participate in such dividends on no more than a pro rata basis;

(11) payments of cash, dividends, distributions, advances or other Restricted Payments by the Issuer or any of its Restricted Subsidiaries to the Parent the proceeds of which will be used by the Parent (or another Parent Holdco) to fund at the time of the making of such Restricted Payment (which shall be on or immediately preceding the scheduled interest payment date) cash interest on any Indebtedness of the Parent or another Parent Holdco that was Guaranteed by the Issuer or any of its Restricted Subsidiaries pursuant to the covenant described below under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock"; *provided* that if the proceeds of such Indebtedness have been contributed to the Issuer's common equity capital or used to

fund the issuance or sale of Equity Interests or Subordinated Shareholder Debt of the Issuer, such proceeds will be excluded from clause (c)(ii) of the preceding paragraph;

(12) the payment of any Securitization Fees and purchases of Securitization Assets and related assets pursuant to a Securitization Repurchase Obligation in connection with a Qualified Securitization Financing;

(13) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Notes or to any Note Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Issuer) upon a Change of Control to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101% of the principal amount of such Indebtedness, but only if the Issuer shall have complied with its obligations under the covenants described under "Repurchase at the option of Holders—Change of control" and the Issuer repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Indebtedness; or

(14) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed £15.0 million since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Issuer will not and will not permit the Issuer or any Restricted Subsidiary to, issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Issuer may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, the Guarantors may issue Disqualified Stock, and the Issuer and the Guarantors may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio for the Issuer's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.25 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Issuer and any Restricted Subsidiary of additional Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed £450.0 million, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing, *less* the aggregate amount of all Net Proceeds of Asset Sales applied by the Issuer or any of its Restricted Subsidiaries since the Issue Date to repay any Indebtedness under Credit Facilities and effect a corresponding commitment reduction thereunder pursuant to the covenant described above under the caption "—Repurchase at the Option of the Holders—Asset Sales";

(2) Indebtedness of (a) the Issuer or any Restricted Subsidiary outstanding on the Issue Date (other than Indebtedness under the Daylight Facility) after giving effect to the use of proceeds of the Notes; and (b) the Issuer under the Daylight Facility provided such Indebtedness is repaid in full on the Issue Date;

(3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date and the related Note Guarantees;

(4) Indebtedness or Disqualified Stock of the Issuer, Disqualified Stock of any Guarantor and Indebtedness or preferred stock of any Restricted Subsidiary, in each case, representing Capital Lease Obligations, mortgage financings or purchase money obligations incurred for the purpose of financing all or any part of the purchase price, lease expense, rental payments or cost of design, construction, installation or improvement of property, plant or equipment or other assets (including Capital Stock) used in the business of the Issuer or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness, Disqualified Stock and preferred stock incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (4), not to exceed £10.0 million at any time outstanding;

(5) Permitted Refinancing Indebtedness or Disqualified Stock of the Issuer or any Guarantor and Permitted Refinancing Indebtedness or preferred stock of any Restricted Subsidiary in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge, any Indebtedness, Disqualified Stock and preferred stock (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred by the Issuer, a Guarantor or a Restricted Subsidiary, as the case may be, under the first paragraph of this covenant or clauses (2), (3), (5) or (14) of this paragraph;

(6) the incurrence by the Issuer or any Restricted Subsidiary of intercompany Indebtedness between or among the Issuer or any Restricted Subsidiary; *provided* that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Issuer or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Issuer or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Issuer or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Issuer or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Issuer or a Restricted Subsidiary,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Issuer or any Restricted Subsidiary of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(9) the Guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, captive insurance companies, bankers' acceptances, performance and surety bonds in the ordinary course of business;

(11) the incurrence by the Issuer or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days;

(12) Indebtedness represented by Guarantees of any Management Advances;

(13) Indebtedness incurred in any Qualified Securitization Financing;

(14) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary (other than Indebtedness Incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary); *provided*, *however*, with respect to this clause (14), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Issuer would have been able to incur £1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the incurrence of such Indebtedness pursuant to this clause (14) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(15) Indebtedness arising from agreements of the Issuer or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary, *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(16) Indebtedness of the Issuer and its Restricted Subsidiaries in respect of (A) letters of credit, surety, performance or appeal bonds, completion guarantees, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person and not in connection with the borrowing of money, including letters of credit or similar instruments in respect of self-insurance and workers compensation obligations, and (B) any customary cash management, cash pooling or netting or setting off arrangements; *provided*, *however*, that upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing;

(17) Indebtedness of Bakkavor Acquisitions Ltd in an amount equal to the forward subscription price as set forth in the Forward Purchase Agreement incurred to purchase Capital Stock of Bakkavor Invest Limited as provided for by the Forward Purchase Agreement; *provided* that such Indebtedness is repaid within one day following such drawing and upon repayment such amounts may not be redrawn; and

(18) Indebtedness or Disqualified Stock of the Issuer, Disqualified Stock of any Guarantor and Indebtedness or preferred stock of any Restricted Subsidiary in an aggregate principal amount at any time outstanding, including all Indebtedness, Disqualified Stock and preferred stock incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness, Disqualified Stock and preferred stock incurred pursuant to this clause (18), not to exceed £30.0 million.

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment-ordering provisions affecting different tranches of Indebtedness under Credit Facilities.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (18) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. Indebtedness under the New Senior Credit Facility Agreement outstanding on the Issue Date will initially be deemed to have been incurred on such date in reliance on clause (1) of the definition of Permitted Debt.

The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. For purposes of determining compliance with any pound-denominated restriction on the incurrence of Indebtedness, the pound-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided*, *however*, that (i) if such Indebtedness denominated in non-pound currency is subject to a Currency Exchange Protection Agreement with respect to pound the amount of such Indebtedness expressed in pound will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the pound- equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the pound-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such pound-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the Refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the pound- equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(i) the Fair Market Value of such assets at the date of determination; and

(ii) the amount of the Indebtedness of the other Person.

Liens

The Issuer will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien on any of its property or assets (including Capital Stock of any other Person), whether owned on the date of the Indenture or thereafter acquired, securing any Indebtedness, except (1) in the case of any property or asset that does not constitute Collateral, (a) Permitted Liens, or (b) if such Lien is not a Permitted Lien, to the extent that all payments due under the Indenture, the Notes and the Guarantees are secured on an equal and ratable *pari passu* basis with the obligations so secured (and if such obligations so secured are subordinated in right of payment to either the Notes or any Note Guarantee, on a senior priority basis) until such time as such obligations are no longer secured by a Lien and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien thereby created in favor of the Notes or any such Guarantee pursuant to the preceding clause (1)(b) will be automatically and unconditionally released and discharged upon (i) the release and discharge of the initial Lien to which it relates, (ii) in the case of any such Lien in favor of any such Guarantee, upon the termination and discharge of such Guarantee in accordance with the terms of the Indenture or (iii) any sale, exchange or transfer (other than a transfer constituting a transfer of all or substantially all of the assets of the Issuer that is governed by the provisions of the covenant described under "—Merger and Consolidation" below) to any Person not an Affiliate of the Issuer of the property or assets secured by such initial Lien, or of all of the Capital Stock held by the Issuer or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such initial Lien.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Issuer or any Restricted Subsidiary;

(2) make loans or advances to the Issuer or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness incurred by the Issuer or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) the Indenture, the Notes, and the Note Guarantees, the New Senior Credit Facility Agreement, the Intercreditor Agreement, and the Security Documents;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially less favorable to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Issuer);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other

similar agreements (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) any encumbrance or restriction effected in connection with a Qualified Securitization Financing; and

(14) any encumbrance or restriction existing under (i) any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (13), or in this clause (14) or (ii) any Additional Intercreditor Agreement; *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or, in the case of an Additional Intercreditor Agreement, the Intercreditor Agreement or any other Additional Intercreditor Agreement then outstanding.

Merger, Consolidation or Sale of Assets

The Issuer will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and each Security Document to which the Issuer is a party;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) the Issuer or the Person (as applicable) formed by or surviving any such consolidation or merger (if other than the Issuer), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (i) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction; and

(5) the Issuer delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant.

A Guarantor (other than a Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "—Note Guarantees") will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the

properties or assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

(a) such Guarantor is the surviving corporation; or

(b) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of such Guarantor under its Note Guarantee;

(2) immediately after giving *pro forma* effect to such transaction or transactions (and treating any Indebtedness which becomes an obligation of the surviving corporation as a result of such transaction as having been incurred by the surviving corporation at the time of such transaction or transactions), no Default or Event of Default exists; and

(3) the Issuer delivers to the Trustee an Officer's Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant.

This "Merger, Consolidation or Sale of Assets" covenant will not apply to (a) any consolidation or merger of any Restricted Subsidiary that is not a Guarantor into the Issuer or a Guarantor, (b) any consolidation or merger among Guarantors, (c) any consolidation or merger among the Issuer and any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor is an entity organized or existing under the laws of any member state of the Pre-Expansion European Union, Switzerland, Canada, any state of the United States or the District of Columbia and will assume the obligations of the Issuer under the Indenture and the Notes or (d) any sale, assignment, transfer, conveyance, lease or other disposition of assets among the Issuer and its Restricted Subsidiaries. Clauses (3) and (4) of the first paragraph and clause (2) of the third paragraphs of this covenant will not apply to any merger or consolidation of the Issuer or any Guarantors with or into an Affiliate solely for the purpose of reincorporating the Issuer or such Guarantor in another jurisdiction.

Transactions with Affiliates

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of £2.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person; and

(2) the Issuer delivers to the Trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £5.0 million, a resolution of the Board of Directors of the Issuer set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Issuer; and, in addition,

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £20.0 million, an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience appraising the terms and conditions of the type of transaction or series of related transactions for

which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of the Issuer or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Issuer and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Issuer) that is an Affiliate of the Issuer solely because the Issuer owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of Officers, directors, employees or consultants of the Issuer or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Issuer to Affiliates of the Issuer;

(6) any Investment (other than a Permitted Investment) or other Restricted Payment, in either case, that does not violate the provisions of the Indenture described above under the caption "— Restricted Payments";

(7) any Permitted Investment described in clauses (4), (5), (6), (8), (10), (11) and (14) of the definition thereof;

(8) the incurrence of any Subordinated Shareholder Debt;

(9) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not-materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date;

(10) Management Advances;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Issuer or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(12) payments pursuant to any tax sharing agreement or arrangement among the Issuer and its Restricted Subsidiaries and other Persons with which the Issuer or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return or with which the Issuer or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided*, *however*, that such payments will not exceed the amount of tax that the Issuer and its Restricted Subsidiaries would owe on a stand alone basis if the Issuer were filing a separate tax return (or a separate consolidated or combined tax return with its Restricted Subsidiaries that are part of that consolidated or combined group);

(13) the Trademark Licensing Agreement; and

(14) any transaction effected as part of a Qualified Securitization Financing.

Limitation on Issuances of Guarantees of Indebtedness

The Issuer will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee the payment of any Indebtedness under any Credit Facilities or any other Public Debt unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Note Guarantee of the payment of the Notes by such Restricted Subsidiary, which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness.

Each additional Note Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Issuer shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Issuer or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary; *provided* that the Issuer will procure that the relevant Restricted Subsidiary becomes a Guarantor at such time as such restriction would no longer apply to the providing of the Guarantee or no longer would prohibit such Restricted Subsidiary from becoming a Guarantor (or prevent the Issuer from causing such Restricted Subsidiary to become a Guarantor).

The form of the Note Guarantee will be attached as an exhibit to the Indenture.

No Impairment of Security Interest

The Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission might or would have the result of materially impairing the security interest with respect to the Collateral (it being understood that for the purposes of this paragraph the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the liens with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Issuer will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except as permitted by the Indenture or in the Security Documents, but (i) subject to the second paragraph of this covenant, the Issuer and its Restricted Subsidiaries may incur Permitted Collateral Liens.

The Indenture will provide that, at the direction of the Issuer and without the consent of the holders of the Notes, the Trustee and the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) provide for Permitted Collateral Liens to the extent permitted under the Indenture, (iii) comply with the terms of the Intercreditor Agreement and any Additional Intercreditor Agreement, (iv) add to the Collateral, (v) evidence the succession of another Person to the Issuer and the assumption by such successor of the obligations under the Indenture, the Notes and the Security Documents, in each case, in accordance with "—Certain Covenants—Consolidation, Merger and Sale of Assets", (vi) provide for the release of property and assets constituting Collateral from the Lien of the Security Documents and/or the release of the Guarantee of a Guarantor, in each case, in accordance with (and if permitted by) the terms of the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement, (vii) conform the Security Documents to this Description of Notes, (viii) to evidence and provide for the acceptance of the appointment of a successor Trustee or Security Agent or (ix) make any other change thereto that does not adversely affect the holders of the Notes in any material respect; *provided, however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced (otherwise than for reasons specified in clauses (i), (iii) (in connection with any enforcement action) and (iv) through (ix)), unless contemporaneously with such amendment, extension, renewal, restatement, supplement, modification or renewal, the Issuer delivers to the Trustee, either:

(1) a solvency opinion, in form and substance satisfactory to the Trustee, from an investment banking firm, appraisal firm or accounting firm of international standing confirming the solvency of the Issuer and its Restricted Subsidiaries, taken as a whole on a consolidated basis, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement;

(2) a certificate from the board of directors or chief financial officer of the Issuer (acting in good faith) substantially in the form attached to the Indenture that confirms the solvency of the Issuer and its Restricted Subsidiaries, taken as a whole on a consolidated basis, after giving effect to any transaction related to such amendment, extension, renewal, restatement, supplement, modification or replacement; or

(3) an opinion of counsel acceptable to the Trustee, in form and substance satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement which shall be substantially in the form attached to the Indenture.

In the event that the Issuer complies with this covenant, the Trustee and the Security Agent will (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Issuer may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Issuer and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Issuer may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Issuer as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Restricted Payments". If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", the Issuer will be in default of such covenant. The Board of Directors of the Issuer may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock", calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of Listing

Each of the Issuer and the Guarantors will use its reasonable best efforts to obtain the listing of the Notes on the Global Exchange Market as promptly as practicable and will use its reasonable best efforts to maintain the

listing of the Notes on the Global Exchange Market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Global Exchange Market, and thereafter use its commercially reasonable efforts to maintain, a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee:

(1) within 150 days after the end of the Issuer's fiscal year ended December 31, 2010 and within 120 days after the end of each of the Issuer's fiscal years thereafter, annual reports containing the following information with a level of detail that is substantially comparable to these Listing Particulars and the following information: (a) audited consolidated balance sheet of the Issuer (or any predecessor entity) as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Issuer for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Issuer (or any predecessor entity) (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause 2 or 3 below (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials)); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by business segment), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Issuer, material affiliate transactions and material debt instruments; and (e) material risk factors and material recent developments;

(2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Issuer beginning with the fiscal quarter ending March 31, 2011, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Issuer (or any predecessor entity), together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Issuer (or any predecessor entity) (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case, the Issuer will provide, in the case of a material acquisition, acquired company financials); (c) an operating and financial review of the unaudited financial statements (including a discussion by business segment), including a discussion of the consolidated financial condition and results of operations of the Issuer (or any predecessor entity) and any material change between the current quarterly period and the corresponding period of the prior year; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring of the Issuer and the Restricted Subsidiaries, taken as a whole, or any changes of the Chief Executive Officer, Chief Financial Officer or other Managing Director at the Issuer or change in auditors of the Issuer or any other material event that the Issuer announces publicly, a report containing a description of such event,

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Issuer.

In addition, if the Issuer has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

All financial statements shall be prepared in accordance with IFRS. Except as provided for above, no report need include separate financial statements for the Issuer or Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in these Listing Particulars.

In addition, for so long as any Notes remain outstanding, the Issuer has agreed that it will furnish to the holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Issuer will also (a) file a press release with the appropriate internationally recognized wire services in connection with such report and (b) post such report on the Issuer's secure website. The Issuer will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, at the offices of the Paying Agent in Ireland or, to the extent and in the manner permitted by such rules, post such reports on the official website of the Irish Stock Exchange.

Events of Default and Remedies

Each of the following is an "*Event of Default*":

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer or relevant Guarantor to comply with the provisions described under the captions "—Certain Covenants"—Consolidation, Merger or Sale of Assets"; "—Repurchase at the Option of the Holders—Change of Control" or "—Repurchase at the Option of the Holders—Asset Sales";

(4) failure by the Issuer or relevant Guarantor for 60 days after written notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture, the Intercreditor Agreement or the Security Documents (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3));

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(a) is caused by a failure to pay principal of such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates £20.0 million or more;

(6) failure by the Issuer or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of £20.0 million (exclusive of any amounts that an insurance company has acknowledged liability for), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of the Issuer or a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or the Issuer or any Guarantor which is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, or any Person acting on behalf of any such Guarantor, denies or disaffirms its obligations under its Note Guarantee;

(8) (a) breach by the Issuer or any of its Restricted Subsidiaries of any material representation, warranty or agreement in the Security Documents; (b) any security interest created by the Security Documents ceases to be in full force and effect (except as permitted by the terms of the Indenture or the Security Documents) with respect to Collateral having a Fair Market Value in excess of £5.0 million, or an assertion by the Issuer or any of its Restricted Subsidiaries that any Collateral having a Fair Market Value in excess of £5.0 million is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture or the Security Documents); or (c) the repudiation by the Issuer or any of its Restricted Subsidiaries of any of its material obligations under the Security Documents; and

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Issuer and any Guarantor, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all amounts in respect of the Notes to be due and payable immediately.

The Intercreditor Agreement provides for a consultation with the creditors under the New Senior Credit Facility Agreement prior to the Trustee or the holders of Notes being permitted to take certain enforcement actions. See "—Description of Certain Financing Arrangements—Intercreditor Agreement".

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee indemnity and/or security reasonably satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "—Amendment, Supplement and Waiver") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity reasonably satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal of premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of Notes affected).

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "—Events of Default and Remedies" (except those relating to payments on the Notes or, solely with respect to the Issuer, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in Pounds, non-callable UK Government Securities or a combination of cash in Pounds and non-callable UK Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(5) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, any Note Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless (i) consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes or (ii) consented to by each holder of Notes adversely affected thereby (in each case including,

without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment, supplement or waiver may not:

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "—Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—Repurchase at the Option of Holders");

(9) release all or substantially all of the Guarantors from any of their obligations under their respective Note Guarantees or the Indenture, except in accordance with the terms of the Indenture;

(10) make any change to the ranking or priority of the Notes; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors, the Security Agent and the Trustee (as applicable) may amend or supplement the Indenture, the Notes, any Note Guarantee, the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Note Guarantees, the Notes or the Security Documents to any provision of this Description of Notes to the extent that such provision in this Description of Notes was intended to be a verbatim recitation of a provision of the Indenture, the Note Guarantees or the Notes or the Security Documents;

(6) to release any Note Guarantee in accordance with the terms of the Indenture;

(7) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(8) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;

(9) to enter into additional or supplemental Security Documents;

(10) to release Collateral in accordance with the terms of the Indenture and the Security Documents; or

(11) to add additional parties to the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document to the extent permitted hereunder and to make any changes contemplated below under the caption "—Additional or Amended Intercreditor Agreement"; or

(12) to evidence and provide the acceptance of the appointment of a successor Trustee as provided for in the Indenture.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Additional or Amended Intercreditor Agreement

The Indenture will provide that, subject to the covenants contained therein, at the request of the Issuer, at or prior to any time that the Issuer or a Guarantor incurs or guarantees any Indebtedness permitted to be secured by a Lien on the Collateral pursuant to the definition of Permitted Collateral Liens, the Issuer, the Guarantors, the Security Trustee and the Trustee shall either amend and/or restate the Intercreditor Agreement or enter into with the creditors and/or agents of creditors with respect to such Indebtedness an additional intercreditor agreement (each, an "*Additional Intercreditor* Agreement") on substantially the same terms as the Intercreditor Agreement (or an amendment or restatement of the Intercreditor Agreement in lieu thereof), in either such case, to permit such Indebtedness to be subject to (and benefit from) substantially similar terms with respect to the release of the Collateral and Guarantees, enforcement of security interests, turnover, limitations on enforcement and other rights and limitations of the creditors of Senior Secured Debt as contained in the Intercreditor Agreement in effect as of the Issue Date (or, in the case of any such terms, terms more favorable to the holders of the Notes). Only one such intercreditor agreement shall be outstanding at any one time or, if more than one such intercreditor agreement is outstanding at any one time, the collective terms of such intercreditor agreements must not conflict and must be no more disadvantageous to the holders of the Notes than if all such Indebtedness was a party to one such agreement.

The Indenture will also provide that, at the direction of the Issuer and without the consent of the holders of the Notes, the Trustee shall upon the direction of the Issuer from time to time enter into one or more amendments and/or restatements of the Intercreditor Agreement or any such Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency therein; (2) increase the amount of Indebtedness permitted to be incurred or issued under the Indenture of the types covered thereby that may be incurred by the Issuer or any Guarantors that is subject thereto (including the addition of provisions relating to new Indebtedness); (3) add Guarantors thereto; (4) further secure the Notes (including any Additional Notes); or (5) make any other such change thereto that does not adversely affect the rights of holders of the Notes in any material respect. The Issuer will not otherwise direct the Trustee to enter into any amendment and/or restatements of the Intercreditor Agreement or, if applicable, any Additional Intercreditor Agreement, without the consent of the holders of a majority in principal amount of the outstanding Notes.

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement and Additional Intercreditor Agreement and any amendment referred to in the preceding paragraph and the Trustee or the Security Agent will

not be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in Pounds, non-callable UK Government Securities or a combination of cash in Pounds and non-callable UK Government Securities, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in Pounds which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "*Judgment Currency*"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of Pounds with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of Pounds that could be so purchased is less than the amount of Pounds originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee within thirty (30) days of becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

The Issuer and (following the Completion Date) the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with its duties.

Listing

Application will be made to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes to trading on the Global Exchange Market. There can be no assurance that the application to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes on the Global Exchange Market will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives these Listing Particulars may, following the Issue Date, obtain a copy of the Indenture, the Intercreditor Agreement or any Security Document without charge by writing to the Issuer at West Marsh Road, Spalding, Lincolnshire, PE11 2BB, United Kingdom (+44 (0) 177 576 1111).

So long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange shall so require, copies, current and future, of all of the Issuer's annual audited consolidated financial statements and the Issuer's unaudited consolidated interim financial statements may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in Ireland or, to the extent and in the manner permitted by such rules, on the official website of the Irish Stock Exchange (*www.ise.ie*).

Governing Law

The Indenture, the Notes and the Note Guarantees will be governed by, and construed in accordance with, the laws of the State of New York. The Intercreditor Agreement will be governed by English law. The Security Documents are governed by applicable local law of the jurisdiction under which the security interests are granted.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Issuer and, upon accession to the Indenture, each Guarantor, will appoint Corporation Service Company, 1180 Avenue of the Americas, Suite 210, New York, NY 10036-8401, United States of America, as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Notes Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Since a substantial portion of the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, may not be collectable within the United States. See "Enforcement of Civil Liabilities".

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at February 15, 2015 (such redemption price being set forth in the table appearing above under the caption "—Optional Redemption") plus (ii) all required interest payments due on the Note through February 15, 2015 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of the Note,

as calculated by the Issuer or on behalf of the Issuer by such qualified Person as the Issuer may engage.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets by the Issuer or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described

above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions described under the caption "—Repurchase at the Option of Holders—Asset Sales"; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Issuer or any of its Restricted Subsidiaries of Equity Interests in any of the Restricted Subsidiaries (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than £5.0 million;

(2) a transfer of assets or Equity Interests between or among the Issuer and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Issuer or to a Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, inventory or other assets in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets or assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries;

(5) licenses and sublicenses by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described above under the caption "—Liens";

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described above under the caption "—Certain Covenants—Restricted Payments," a Permitted Investment or any transaction specifically excluded from the definition of Restricted Payment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person) related to such assets; and

(13) any sale, transfer or other disposition of Securitization Assets and related assets in connection with any Qualified Securitization Financing.

"*Asset Sale Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), (1) such "person" will be deemed to have beneficial

ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time and (2) notwithstanding the preceding clause (1), no Convertible Loan Lender shall be deemed to have beneficial ownership with respect to any securities of any other Convertible Loan Lender solely as a result of such person being a Convertible Loan Lender under the Convertible Loan Agreement or by exercising their consent and voting rights under the Convertible Loan Agreement including, without limitation, giving a direction regarding conversion under the Convertible Loan Agreement or upon termination of the Convertible Loan Agreement pursuant to its terms. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions in London or a place of payment under the Indenture are authorized or required by law to close.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the footnotes thereto) prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the Pre-Expansion European Union, the United States of America, Switzerland or Canada (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland or Canada, as the case may be, and which are not callable or redeemable at the Issuer's option;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to

operate as a bank or trust company under, the laws of a member state of the Pre-Expansion European Union or of the United States of America or any state thereof, Switzerland or Canada; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of £250.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-1" or higher by Moody's or A+ or higher by S&P or the equivalent rating category of another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within one year after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act));

(2) the adoption of a plan relating to the liquidation or dissolution of the Issuer;

(3) the consummation of any transaction the result of which is that any Person (including any "person" as defined above) other than one or more Principals or a Related Party of a Principal becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Issuer measured by voting power rather than number of shares, whether as a result of issuance of securities of the Issuer, amalgamation, consolidation, liquidation or dissolution of the Issuer or otherwise; or

(4) the first day on which a majority of the members of the Board of Directors of the Issuer are not Continuing Directors; or

(5) Bakkavor Finance (3) Limited ceases to be a wholly owned subsidiary of the Issuer or Bakkavör Group ehf. Ceases to control directly or indirectly the Issuer; or

(6) if Bakkavor (London) Limited or Bakkavor Holdings Limited, ceases, whether directly or indirectly, to be a wholly owned subsidiary of Bakkavör Group ehf.

"*Change of Control Offer*" has the meaning assigned to that term in the Indenture governing the Notes.

"*Collateral*" means (1) the rights, property and assets of each of the Issuer and the Guarantors for which a Lien has been created to secure the Notes and the Note Guarantees pursuant to the Security Documents and (2) any other right, property or asset in which a security interest has been or will be granted pursuant to any Security Document to secure the Obligations under the Indenture, the Notes or any Notes Guarantee.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income or profits of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(2) the Fixed Charges of such Person and its Subsidiaries which are Restricted Subsidiaries for such period; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting on the Issuer and its Restricted Subsidiaries for such period) of the Issuer and its Restricted Subsidiaries (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) any expenses, charges or other costs related to the issuance of any Capital Stock, or any Permitted Investment, acquisition, disposition, recapitalization or listing or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" (including refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness issuance and (ii) any amendment or other modification of any incurrence; *plus*

(5) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of the Issuer and its Restricted Subsidiaries; *plus*

(6) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *minus*

(7) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (13) of the definition of Consolidated Net Income), other than the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary), determined in accordance with IFRS and without any reduction in respect of preferred stock dividends; *provided* that:

(1) any goodwill or other intangible asset impairment charges will be excluded;

(2) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(3) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "—Certain Covenants—Restricted Payments", any net income (loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Issuer (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the Holders of the Notes than such restrictions in effect on the Issue Date and (d) any restriction listed under clauses (2), (3) or (4) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Dividend and Other Payments Affecting Restricted Subsidiaries") except that the Issuer's equity in the net income of any such

Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(4) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Issuer) or in connection with the sale or disposition of securities will be excluded;

(5) (a) any extraordinary, exceptional or unusual gain, loss or charge, (b) any asset impairments charges, or the financial impacts of natural disasters (including fire, flood and storm and related events), (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance or (d) any expenses, charges, reserves or other costs related to the Offering, in each case, will be excluded;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity-based awards will be excluded;

(7) all deferred financing costs written off and premium paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness will be excluded;

(8) any one time non-cash charges or any increases in amortization or depreciation, in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries will be excluded;

(9) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(10) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies will be excluded;

(11) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary will be excluded;

(12) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Debt will be excluded; and

(13) the cumulative effect of a change in accounting principles will be excluded.

"*Consolidated Senior Secured Leverage*" means, with respect to any Person as of any date of determination, the sum without duplication of the total amount of Senior Secured Debt of such Person and its Restricted Subsidiaries on a consolidated basis.

"*Consolidated Total Assets*" means, with respect to any specified Person at any time, the total assets of such Person and its Subsidiaries which are Restricted Subsidiaries, in each case as shown on the most recent balance sheet of such Person, determined on a consolidated basis in accordance with IFRS.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of the Issuer who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected to such Board of Directors with the approval of (i) a majority of shareholders of the Issuer at the time of such nomination or election or (ii) a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"*Convertible Loan Agreement*" means that certain Convertible Loan Agreement in respect of outstanding debts of Bakkavör Group, dated as of April 8, 2010, between, among others, Bakkavör Group ehf., Bakkavor Holdings Limited and the financial institutions and other creditors of Bakkavör Group ehf., to be bound by the Composition Agreement (as defined therein) including those listed in Schedule 1 therein.

"*Convertible Loan Lenders*" has the meaning ascribed to the term "lenders" as defined in the Convertible Loan Agreement.

"*Credit Facilities*" means, one or more debt facilities, instruments or arrangements incurred by any Restricted Subsidiary or any Finance Subsidiary (including the New Senior Credit Facility Agreement or commercial paper facilities and overdraft facilities) with banks, other institutions or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, notes or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the New Senior Credit Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Daylight Facility*" means that certain overdraft facility agreement by and among the Issuer, Bakkavor (Acquisitions) Limited and Barclays Bank PLC as described in these Listing Particulars under the caption "Description of Certain Financing Arrangements—Daylight Facility".

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Indebtedness*" means (1) any Indebtedness outstanding under the New Senior Credit Facility Agreement and (2) any other Indebtedness of the Issuer or a Guarantor that has, at the time of designation, an aggregate principal amount outstanding of at least €20.0 million (including the amount of all undrawn commitments and matured and contingent reimbursement obligations pursuant to letters of credit thereunder), in each case, that is designated in an Officer's Certificate delivered to the Trustee as "Designated Indebtedness" for purposes of the Indenture.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*EBITDA*" means, with respect to any specified Person for any period, operating profit for the period, before deducting depreciation and amortization and impairment charges, determined on an entity, combined or consolidated basis, as applicable, *pro forma* for any disposition.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means an offering of Capital Stock (other than Disqualified Stock) of the Issuer pursuant to (1) a registration statement that has been declared effective by the SEC pursuant to the Securities Act (other than a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of the Issuer) or a public offering outside of the United States, or (2) Rule 144A and/or Regulation S or other private placement exemption under the Securities Act to professional market investors or similar persons.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by the Issuer's Chief Executive Officer, Chief Financial Officer or responsible accounting or financial officer of the Issuer.

"*Finance Subsidiary*" means a wholly owned subsidiary that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Issuer or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In

the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock".

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of

all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings (and excluding commissions, discounts, yield and other fees and charges related to any Qualified Securitization Financing); *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Issuer or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer.

"*Forward Purchase Agreement*" means that certain Forward Purchase Agreement, dated on or prior to the Issue Date, by and between Bakkavor Acquisitions Ltd and Bakkavor (London) Limited entered into in connection with the Refinancing pursuant to which Bakkavor (London) Limited will purchase Capital Stock of Bakkavor Invest Limited.

"*Gilt Rate*" means, with respect to any redemption date, the yield to maturity as of such redemption date of UK Government Securities with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent Financial Statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to February 15, 2015; *provided, however*, that if the period from such redemption date to February 15, 2015 is less than one year, the weekly average yield on actually traded UK Government Securities denominated in Pounds adjusted to a fixed maturity of one year shall be used.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

"*Guarantors*" means any Restricted Subsidiary that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

"*IFRS*" means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect

on the Issue Date, or, with respect to the covenant described under the caption "Reports", as in effect from time to time.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; and

(6) representing any Hedging Obligations;

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with IFRS. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property which would be considered an operating lease under IFRS and any Guarantee given by the Issuer or a Restricted Subsidiary of the Issuer in the ordinary course of business solely in connection with, and in respect of, the obligations of the Issuer or a Restricted Subsidiary under any operating lease;

(3) Contingent Obligations in the ordinary course of business;

(4) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; or

(5) the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Intercreditor Agreement*" means that certain intercreditor agreement, to be dated on or about the Issue Date, by and between, among others, the Security Agent, the agent for and lenders under the New Senior Credit Facility Agreement, the Trustee and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

"*Investment Grade Status*" shall occur when the Notes are rated Baa3 or better by Moody's and BBB− or better by S&P (or, if either such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Issuer as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the footnotes) prepared in accordance with IFRS. If the Issuer or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Issuer will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Issuer's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." The acquisition by the Issuer or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Issuer or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*Issue Date*" means the date of issuance of the Notes (other than Additional Notes).

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of any Issuer or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) in the ordinary course of business and (in the case of this clause (3)) not exceeding £2.0 million in the aggregate outstanding at any time.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Proceeds*" means the aggregate cash proceeds received by the Issuer or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than the Issuer or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with IFRS.

"*New Senior Credit Facility Agreement*" means that certain facility agreement relating to the £380,000,000 multicurrency term and revolving credit facility, originally dated March 30, 2007, as amended by an amendment agreement dated May 15, 2007, letters dated October 23, 2008 and December 18, 2008, an amendment and restatement agreement dated March 24, 2009, an amendment letter dated March 25, 2010, an amendment and restatement agreement to be dated on or around the Issue Date, as the same may be amended or restated from time to time, by and among, *inter alios*, the Issuer, the Guarantors, the Arrangers (as defined therein), the Original Lenders (as defined therein), Barclays Bank PLC, as agent and security trustee providing for £260 million in new term loans and an amended and restated revolving credit facility providing for up to £120 million in revolving loans.

"*Non-Recourse Debt*" means Indebtedness as to which neither the Issuer nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise.

"*Note Guarantee*" means the Guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering*" has the meaning given to such term in these Listing Particulars.

"*Officer*" means, with respect to any Person, the Chief Executive Officer and the Chief Financial Officer of the Issuer or a responsible accounting or financial officer of the Issuer.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Parent*" means Bakkavor Finance (1) Limited.

"*Pari Passu Indebtedness*" means (1) any Indebtedness of the Issuer that is *pari passu* in right of payment to the Notes and (2) with respect to any Guarantee, Indebtedness which ranks *pari passu* in right of payment to such Guarantee.

"*Permitted Business*" means (1) any businesses, services or activities engaged in by the Issuer or any of the Restricted Subsidiaries on the Issue Date and (2) any businesses, services and activities engaged in by the Issuer or any of the Restricted Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Permitted Collateral Liens*" means:

(1) Liens on the Collateral to secure the Notes and the Note Guarantees issued on the Issue Date;

(2) Liens on the Collateral to secure Indebtedness that is (i) also *Pari Passu* Indebtedness and (ii) permitted to be incurred by clause (1) of the definition of "Permitted Debt;" *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees on a senior or *pari passu* basis; *provided* further that each of the parties thereto will have entered into the Intercreditor Agreement as "Senior Creditors" (or the corresponding term in any additional intercreditor agreement);

(3) Liens on the Collateral to secure any Indebtedness that is Designated Indebtedness and that is (i) *Pari Passu* Indebtedness and (ii) permitted to be incurred by the first paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" and clause (18) of the definition of "Permitted Debt"; *provided* that on the date of the incurrence or issuance of such Indebtedness and on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom) the Senior Secured Leverage Ratio of the Issuer (which for the purposes hereof shall be calculated assuming that the maximum amount of Indebtedness (i.e., £450.0 million) permitted to be secured with Lien on the Collateral pursuant to the preceding clause (2) has been incurred and so secured with a Lien on the Collateral) is less than 3.25 to 1.0; *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees on a senior or *pari passu* basis; *provided* further that each of the parties thereto will have entered into the Intercreditor Agreement as "Senior Creditors" (or the corresponding term in any additional intercreditor agreement);

(4) Liens on the Collateral to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness which is secured by a Lien on the Collateral pursuant to the preceding clauses (1) or (3) or this clause (4); *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees with priority with

respect to the Permitted Refinancing Indebtedness substantially similar to that of the Indebtedness which is being exchanged, renewed, refunded, refinanced, replaced or discharged; *provided* further that each of the parties thereto will have entered into the Intercreditor Agreement;

(5) Liens on the Collateral securing obligations under Hedging Agreements that relate solely to Indebtedness referred to in clauses (1) through (4) above and clause (6) below or Hedging Obligations with a tenor of 12 months or less, which are permitted by clause (8) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"; *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Guarantees on a senior or *pari passu* basis; *provided* further that each of the parties thereto will have entered into the Intercreditor Agreement as "Hedge Counterparties" (or the corresponding term in any additional intercreditor agreement);

(6) Liens on the Collateral (other than Collateral consisting of Capital Stock of a subsidiary of the Issuer) arising by operation of law that are described in one or more of clauses (2), (7), (8), (9), (14), (16), (20) and (21) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Liens over the Collateral; and

(7) Liens on the Collateral created pursuant to a floating charge that are described in one or more of clauses (3), (4), (12), (13), (15), (17), (18), (19), (22), (23), (24), (25), (26), (28), (29) and (31) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Liens over the Collateral.

"*Permitted Investments*" means:

(1) any Investment in the Issuer or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Issuer or any Restricted Subsidiary in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Issuer or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Issuer or Subordinated Shareholder Debt;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Issuer or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes;

(7) any Investment in connection with a Qualified Securitization Financing, including Investments of funds held in accounts permitted or required by the arrangements governing such Qualified Securitization Financing or any related Indebtedness;

(8) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business;

(9) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(10) Investments in the Notes and any other Indebtedness of the Issuer or any Restricted Subsidiary;

(11) any Guarantee of Indebtedness permitted to be incurred by the covenant described above under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock";

(12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(13) Investments acquired after the Issue Date as a result of the acquisition by the Issuer or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Issuer or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "—Merger, Consolidation or Sale of Assets" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(14) Investments consisting of the contribution to a joint venture of some or all of the assets, property, shares and/or capital stock of a wholly-owned Subsidiary comprising, when taken together with all other Investments made pursuant to this clause (14) that are at the time outstanding, not to exceed the greater of 3% of Consolidated Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments", such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(15) Management Advances; and

(16) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value),

when taken together with all other Investments made pursuant to this clause (16) that are at the time outstanding, not to exceed the greater of £30.0 million or 3% of Consolidated Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described above under the caption "—Certain Covenants—Restricted Payments", such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause.

"*Permitted Liens*" means:

(1) Liens in favor of the Issuer or any of the Restricted Subsidiaries;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Issuer or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers compensation obligations, leases (including, without limitation, statutory and common law landlord's liens), performance bonds, surety and appeal bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with or financed by such Indebtedness;

(5) Liens existing on the Issue Date;

(6) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or (b) are being contested in good faith by appropriate proceedings;

(7) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;

(8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(9) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(10) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clause (30) of this definition) permitted to be incurred under the Indenture; *provided*, *however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with

such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(11) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(12) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under applicable jurisdiction) in connection with operating leases in the ordinary course of business;

(13) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(14) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(15) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(16) leases (including operating leases), licenses, subleases and sublicenses of assets in the ordinary course of business;

(17) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(18) Liens on Securitization Assets and related assets incurred in connection with any Qualified Securitization Financing;

(19) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary has easement rights or on any real property leased by the Issuer or any Restricted Subsidiary and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(22) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(23) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Issuer or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(24) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Issuer or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal;

(25) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(26) Liens on any proceeds loan made by the Issuer or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(27) Liens created on any asset of the Issuer or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Issuer or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(28) Liens over treasury stock of the Issuer or a Restricted Subsidiary purchased or otherwise acquired for value by the Issuer or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(29) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (29) (but excluding clauses (4) and (21)); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced;

(30) Liens on bank accounts of the Issuer and its Restricted Subsidiaries to secure Indebtedness incurred pursuant to clause 2(b) and/or clause 17 of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock" to the extent such bank accounts do not constitute Collateral and have no other amounts on deposit other than amounts funded from the incurrence of such Indebtedness;

(31) Liens on bank accounts constituting part of a cash management program to secure Indebtedness incurred pursuant to clause (16)(B) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock"; and

(32) Liens incurred by the Issuer or any Restricted Subsidiary to secure Indebtedness in an aggregate amount not to exceed £10.0 million at any one time outstanding.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Issuer or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Issuer or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable

to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Issuer, a Finance Subsidiary or by a Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Pounds*" means British pounds sterling, the lawful currency of the United Kingdom.

"*Pre-Expansion European Union*" means the European Union as of January 1, 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Ireland, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which became or becomes a member of the European Union after January 1, 2004

"*Principals*" means Ágúst Gudmundsson and Lýdur Gudmundsson.

"*Qualified Securitization Financing*" means any financing pursuant to which the Issuer or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to any other Person or grant a security interest in, any Securitization Assets (and related assets) in any aggregate principal amount equivalent to the Fair Market Value of such Securitization Assets (and related assets) of the Issuer or any of its Restricted Subsidiaries; *provided* that (a) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith by the Issuer's board of directors of senior management) at the time such financing is entered into, (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith by the Issuer's board of directors or senior management) at the time such financing is entered into and (c) such financing shall be non recourse to the Issuer or any of its Restricted Subsidiaries except to a limited extent customary for such transactions.

"*Refinancing*" has the meaning given to such term in these Listing Particulars.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer that is not an Unrestricted Subsidiary.

"*Related Parties*" means:

(1) a majority owned subsidiary or immediate family member of any Principal; or

(2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding a majority (and controlling) interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

"*S&P*" means Standard & Poor's Ratings Group.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securitization Assets*" means any accounts receivable, inventory, royalty or revenue streams from sales of inventory subject to a Qualified Securitization Financing.

"*Securitization Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not the Issuer or a Restricted Subsidiary in connection with any Qualified Securitization Financing.

"*Securitization Repurchase Obligation*" means any obligation of a seller of Securitization Assets in a Qualified Securitization Financing to repurchase Securitization Assets arising as a result of a breach of a

representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Security Agent*" means Barclays Bank PLC, as security agent pursuant to the Intercreditor Agreement, or any successor or replacement security agent acting in such capacity.

"*Security Documents*" means (i) the debentures securing (a) fixed and floating charges over the real property, plant machinery, accounts, shares, intellectual property, book debts, investments, goodwill and other assets, present and future; and (b) assignments over rights to insurance policies, contracts and accounts in favor of the Security Agent; (ii) share pledge agreements relating to the shares of the Issuer and of the subsidiaries of the Issuer; (iii) the security agreement creating security interests in the Collateral; (iv) an assignment over Bakkavor Finance (1) Limited's, intercompany receivables and (v) any other agreements or instruments from time to time governing a grant of a Lien to secure Obligations under the Notes and/or Guarantees.

"*Senior Secured Debt*" means, with respect to any Person as of any date of determination, any Indebtedness of such Person and its Restricted Subsidiaries that is secured by a Permitted Collateral Lien(s) as permitted by clauses (1), (2), (3), (4) and (5) of the definition thereof.

"*Senior Secured Leverage Ratio*" means, with respect to any specified Person, as of any date of determination, the ratio of (1) the Consolidated Senior Secured Leverage of such Person on such date to (2) the Consolidated EBITDA for such Person for the four most recent full fiscal quarters ending immediately prior to such date for which financial statements are available. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock on the date on which the event for which the calculation of the Senior Secured Leverage Ratio is made (the "*Calculation Date*"), then the Senior Secured Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom.

In addition, for purposes of calculating the Senior Secured Leverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

"*Significant Subsidiary*" means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Issuer or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Issuer.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Shareholder Debt*" means, collectively, any subordinated shareholder debt provided to the Issuer by any direct or indirect Parent Holdco of the Issuer or any Permitted Holder, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require (including upon the happening of any event) any amortization or other payment of principal (including pursuant to a sinking fund or otherwise) prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Issuer (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require or provide for the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default, accelerate, place on demand or exercise any remedies or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(4) is not secured by a Lien on any assets of the Issuer or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Issuer;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes and Guarantees, at least to the same extent as the Subordinated Liabilities (as defined in the Intercreditor Agreement) are subordinated to the Notes under the Intercreditor Agreement, in any event, such that:

(a) the Issuer shall make no payment in respect of such Subordinated Shareholder Debt (whether in cash, securities or otherwise, except as permitted by clause (1) above) and may not acquire such Subordinated Shareholder Debt except as permitted by the Indenture until the prior payment in full in cash of all obligations in respect of the Notes, any Note Guarantee and the Indenture;

(b) upon any total or partial liquidation, dissolution or winding up of the Issuer or in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Issuer or its property, the holders of the Notes shall be entitled to receive payment in full in cash of the Obligations under the Notes or any Note Guarantee before the holders of such Subordinated Shareholder Debt shall be entitled to receive any payment in respect of such Subordinated Shareholder Debt;

(c) such Subordinated Shareholder Debt may not be amended such that it would cease to qualify as a Subordinated Shareholder Loan until a date that is after the prior payment in full in cash of all Obligations in respect of the Notes, any Note Guarantee and the Indenture;

(d) the holders of such Subordinated Shareholder Debt shall assign any rights to vote, including by way of power of attorney, in a bankruptcy, insolvency or similar proceeding to the trustee under the Indenture to the extent necessary to give effect to the priority and subordination provisions described in this definition; and

(e) the holders of such Subordinated Shareholder Debt shall agree that, in the event any payment on such Subordinated Shareholder Debt is received by such holder in contravention of the terms of this Indenture and the Intercreditor Agreement and any applicable Additional Intercreditor Agreement, then such payment shall be held in trust for the benefit of, and shall be paid over or delivered to, the Trustee, on behalf of the holders of the Notes;

(6) has been granted as security for the Notes by the obligee thereunder;

(7) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes, a Note Guarantee or compliance by the Issuer or any Guarantee with its obligations under the Notes, the Indenture, the Note Guarantees, the Intercreditor Agreement and any Additional Intercreditor Agreement, the Security Documents or any Credit Facility or the Issuer and its Restricted Subsidiaries;

(8) does not (including upon the happening of an event) constitute Voting Stock; and

(9) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the first anniversary of the maturity of the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Issuer,

provided, *however*, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Issuer, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Tangible Assets*" means, with respect to any specified Person, the total assets of such Person, as shown on the most recent balance sheet of such Person, determined on an entity, consolidated or combined basis, as applicable, in each case excluding goodwill.

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax).

"*Taxes*" and "*Taxation*" shall be construed to have corresponding meanings.

"*Trademark Licensing Fee Payments*" means any payment made by the Issuer or any of its Restricted Subsidiaries to Bakkavör Group ehf. or any of its Affiliates (other than the Issuer and any of the Issuer's Restricted Subsidiaries) under a Trademark Licensing Agreement.

"*Trademark Licensing Agreement*" means (1) that certain Trademark Licensing Agreement, dated as of December 20, 2007, and subsequently amended on January 14, 2008, by and between Bakkavör Group ehf., and Bakkavor London Ltd., as the same may be amended, restated, modified, renewed, replaced, restructured or extended or otherwise modified or varied from time to time and (2) any other agreement or similar arrangement relating to payments of royalties, licensing fees or any other performance based fees to any direct or indirect shareholder of the Issuer (including, without limitation, the Parent or Bakkavör Group ehf.).

"*U.S. Exchange Act*" means the United States Securities Exchange Act of 1934, as amended.

"*U.S. Securities Act*" means the United States Securities Act of 1933, as amended.

"*UK Government Securities*" means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

"*Unrestricted Subsidiary*" means any Subsidiary of the Issuer (other than the Issuer or any successor to the Issuer) that is designated by the Board of Directors of the Issuer as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described above under the caption "—Certain Covenants—Transactions with Affiliates", is not party to any agreement, contract, arrangement or understanding with the Issuer or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Issuer; and

(3) is a Person with respect to which neither the Issuer nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

General

The Notes sold to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the U.S. Securities Act will be represented by a global note in registered form without interest coupons attached (the "Rule 144A Global Note"). The Notes sold to non- U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act will be represented by a global note in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Global Note, the "Global Notes"). The Global Notes will be deposited on the Issue Date with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Note ("Rule 144A Book-Entry Interests") and in the Regulation S Global Note (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-Entry Interests will not be held in definitive certificated form.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in the book-entry form by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the indenture governing the Notes. In addition, participants must rely on the procedures of Euroclear and/or Clearstream, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither we nor the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of £100,000 principal amount or less may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the common depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of Notes—Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of Notes—Additional Amounts", we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would

have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holder of the Global Notes (e.g. Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any of their respective agents has or will have any responsibility or liability for any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, or Euroclear, Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid in euro.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the Book-Entry Interests are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Indenture, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered notes in certificated form ("Definitive Registered Notes") and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in jurisdictions that require physical delivery of securities or to pledge such Notes, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set out in the Indenture.

The Global Note for Rule 144A Book-Entry Interests will have a legend to the effect set out under "Notice to Investors". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors".

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

- if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days; or

- if the owner of a Book-Entry Interest requests such an exchange in writing delivered through either Euroclear or Clearstream following an event of default under the Indenture.

In the case of the issue of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar or Transfer Agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable, provided that no Definitive Registered Note in a denomination less than £100,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the Notes, (ii) any date fixed for redemption of the Notes or (iii) the date fixed for selection of the Notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any Notes selected for redemption or which the holder has tendered (and not withdrawn) for repurchase in connection with a change of control offer. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the Indenture and the Notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the Registrar or at the office of the Transfer Agent, we will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect themselves, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. Please see "Notice to Investors".

Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Issuer's Paying Agent in London so long as the Notes are listed on the London Stock Exchange and the rules of such exchange so require.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of us, the Trustee or the Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in pounds. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

TAXATION

Prospective purchasers of the Notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the Notes or any interest therein.

References in this discussion to Notes acquired, owned, held or disposed of by noteholders include, except where otherwise expressly stated, the Book-Entry Interests held by purchasers in the Notes in global form deposited with, and registered in the name of a common depositary for Euroclear and/or Clearstream.

United Kingdom Taxation

The following is a general description of certain UK tax consequences relating to the Notes and is based on current UK tax law and HM Revenue and Customs ("HMRC") published practice, both of which may be subject to change, possibly with retrospective effect. It does not purport to be a complete analysis of all UK tax considerations relating to the Notes, relates only to persons who are the absolute beneficial owners of Notes and who hold Notes as a capital investment, and does not deal with certain classes of persons (such as brokers or dealers in securities and persons connected with the Issuer) to whom special rules may apply. If you are subject to tax in any jurisdiction other than the United Kingdom or if you are in any doubt as to your tax position, you should consult an appropriate professional adviser.

Interest on the Notes

Payment of Interest on the Notes

Payments of interest on the Notes may be made without withholding or deduction for or on account of UK income tax provided the Notes are and remain listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "ITA"). The Irish Stock Exchange is a recognised stock exchange for these purposes. Securities such as the Notes will be treated as listed on the Irish Stock Exchange if they are included in the Official List of the Irish Stock Exchange and are admitted to trading on the Global Exchange Market of the Irish Stock Exchange.

Interest on the Notes may also be paid without withholding or deduction for or on account of UK income tax where the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) at the time the payment is made that (a) the person beneficially entitled to the interest is a UK resident company or a non-UK resident company that carries on a trade in the United Kingdom through a permanent establishment and the payment is one that the non-UK resident company is required to bring into account when calculating its profits subject to UK corporation tax or (b) the person to whom the payment is made is one of the further classes of bodies or persons, and meets any relevant conditions, set out in sections 935-937 of the ITA, provided that in either case HMRC has not given a direction, the effect of which is that the payment may not be made without that withholding or deduction.

In all other cases, an amount must be withheld from payments of interest on the Notes on account of UK income tax at the basic rate (currently 20%), subject to any direction to the contrary by HMRC under an applicable double taxation treaty.

Provision of Information

Holders of the Notes may wish to note that, in certain circumstances, HMRC has power to obtain information (including, in certain cases, the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays certain amounts in respect of the Notes to, or receives certain amounts in respect of the Notes for the benefit of a holder of the Notes. Such information may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

European Union Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments, each member state of the European Union (each, a "Member State") is required to provide to the tax or

other relevant authorities of another Member State details of payments of interest or other similar income made by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg have instead opted to apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%, unless during that period they elect otherwise. The ending of such transitional period is dependent upon the conclusion of certain other agreements relating to information exchanged with certain other countries. A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding).

The European Commission has published proposals for amendments to EC Council Directive 2003/48/EC, which, if implemented, would amend and broaden the scope of the requirements above. The European Parliament approved an amended version of this proposal on April 24, 2009.

Further UK Tax Issues

Interest on the Notes constituting UK source income for tax purposes may be subject to UK tax by way of assessment (including self-assessment) even where paid without withholding or deduction. However, interest with a UK source received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax on income in the hands of a holder of Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless (a) that holder of Notes is a company which carries on a trade in the United Kingdom through a permanent establishment in the United Kingdom or, if not such a company, carries on a trade, profession or vocation in the United Kingdom through a branch or agency, and (b) the interest is received in connection with, or the Notes are attributable to, that permanent establishment, branch or agency. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of the Notes.

UK Corporation Taxpayers

In general, holders of Notes which are within the charge to UK corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

Other UK Taxpayers

Taxation of Chargeable Gains

The Notes will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a holder of Notes of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

Accrued Income Profits

On a disposal of Notes by a holder of Notes, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules relating to accrued income profits as set out in Part 12 of the ITA if that holder of Notes is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. These provisions will not apply if the Notes are deemed to be "deeply discounted securities" (as to which see below).

Taxation of Discount

Dependent, among other things, on the discount (if any) at which the Notes are issued, the Notes may be deemed to constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the Notes are deemed to constitute deeply discounted securities, individual noteholders who are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable generally will be liable to UK income tax on any gain made on the sale or other disposal (including redemption) of the Notes. Holders of Notes are advised to consult their own professional advisers if they require any advice or further information relating to "deeply discounted securities".

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on issue of, or on a transfer of, or agreement to transfer, the Notes.

United States Taxation

General

UNITED STATES IRS CIRCULAR 230: To ensure compliance with Internal Revenue Service ("IRS") Circular 230, you are hereby notified that: (i) any discussion of U.S. federal tax issues in these Listing Particulars is not intended or written to be relied upon, and cannot be relied upon, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code of 1986, as amended (the "Code"); (ii) such discussion is written in connection with the promotion or marketing of the transactions or matters addressed herein; and (iii) holders should seek advice based on their particular circumstances from an independent tax adviser.

The following summary describes certain U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposal of Notes by U.S. Holders (as defined below) who purchase Notes in this offering at their "issue price" (i.e. the first price at which a substantial amount of Notes is sold for money to investors (not including bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers)). This summary only addresses U.S. federal income tax considerations of U.S. Holders that will hold the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, this summary does not address tax considerations applicable to U.S. Holders that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in securities or currencies; (iv) tax-exempt entities; (v) persons that will hold Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (vi) persons that have a "functional currency" other than the U.S. dollar; (vii) regulated investment companies; and (viii) persons that have ceased to be U.S. citizens or lawful permanent residents of the United States. Further, this summary does not address alternative minimum tax consequences or U.S. federal estate and gift tax consequences.

This summary is based on the Code and U.S. Treasury regulations and judicial and administrative interpretations thereof, as at the date of these Listing Particulars. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below. For purposes of this summary, a "U.S. Holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes: (i) an individual who is a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organised in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on August 20, 1996 and has properly elected to continue to be treated as a U.S. person.

If any entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes holds Notes, the tax treatment of a partner in or owner of the partnership or other pass-through entity will generally depend upon the status of the partner or owner and the activities of the entity. Holders that are partners in or owners of a partnership or other pass-through entity that is considering holding Notes should consult their own tax advisers.

Each prospective investor should consult his or its own tax adviser with respect to the U.S. federal (including income, estate and gift), state, local and foreign tax consequences of acquiring, owning and disposing of Notes. U.S. Holders should also review the discussion under "—United Kingdom Taxation" for the UK tax consequences to a U.S. Holder of the ownership of Notes.

Payments of Stated Interest

Stated interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder who uses the cash method of accounting and receives a payment of stated interest (including a payment attributable to accrued but unpaid stated interest upon the sale, exchange, redemption, retirement or other disposal of a Note) will be required to include in income the U.S. dollar value of the payment received in pounds (determined based on the spot rate on the date the payment is received), regardless of whether the payment is in fact converted to U.S. dollars at that time. A cash basis U.S. Holder will not realise foreign currency exchange gain or loss on the receipt of stated interest income but may recognise exchange gain or loss attributable to the actual disposal of the pounds received.

A U.S. Holder who uses the accrual method of accounting will accrue stated interest income in pounds and translate that amount into U.S. dollars based on the average spot rate of exchange in effect for the accrual period or, with respect to an accrual period that spans two taxable years, at the average spot rate for the partial period within the applicable taxable year. Alternatively, an accrual method U.S. Holder may elect to translate stated interest income into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of such partial accrual period) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. A U.S. Holder that uses the accrual method will recognise foreign currency gain or loss with respect to accrued stated interest income on the date the interest payment (or proceeds from a sale, exchange, redemption, retirement or other disposal attributable to accrued interest) is actually received. The amount of foreign currency gain or loss recognised will equal the difference between the U.S. dollar value of the payment received in pounds (determined based on the spot rate on the date the payment is received) in respect of the accrual period and the U.S. dollar value of stated interest income that has accrued during the accrual period (as determined above), regardless of whether the payment is in fact converted to U.S. dollars. This foreign currency gain or loss generally will be treated as U.S. source ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

Interest received by a U.S. Holder will be treated as foreign source income for purposes of calculating that holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits in their particular circumstances.

Disposal of a Note

Upon the sale, exchange, redemption, retirement or other taxable disposal of a Note, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on such disposal (except to the extent any amount realised is attributable to accrued but unpaid interest, which is taxable as described under "—Payments of Stated Interest") and the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis will generally be the U.S. dollar value of the pounds paid for the Note, determined on the date of purchase (which generally should be the closing date), increased by any OID previously included in income. The amount realised on the sale, exchange, redemption, retirement or other disposal of a Note for an amount of foreign currency will generally be the U.S. dollar value of such foreign currency based on the spot exchange rate on the date the Note is disposed of; *provided*, *however*, that if the Notes are traded on an established securities market, a cash basis taxpayer (and if it elects, an accrual basis taxpayer) will determine the U.S. dollar value of such foreign currency on the settlement date of the disposal. If an accrual method taxpayer makes the election described above, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS. If the Notes are not traded on an established securities market (or, if the Notes are so traded, but a U.S. Holder is an accrual basis taxpayer that has not made the settlement date election), a U.S. Holder will recognise foreign currency gain or loss (taxable as ordinary income or loss) to the extent that the U.S. dollar value of the pounds received (based on the spot rate on the settlement date) differs from the U.S. dollar value of the amount realised.

Except as discussed below with respect to foreign currency gain or loss, any gain or loss realised by a U.S. Holder on the disposal of a Note will be U.S. source capital gain or loss and will be treated as long-term capital gain or loss if the Note has been held for more than one year at the time of the disposal of the Note. For

certain non-corporate holders (including individuals), any such long-term capital gain is currently subject to U.S. federal income tax at preferential rates. The deductibility of capital losses is subject to limitations.

Gain or loss realised upon the sale, exchange, retirement, redemption or other taxable disposal of a Note that is attributable to fluctuations in currency exchange rates will be ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in currency exchange rates generally will equal the difference between (i) the U.S. dollar value of your purchase price for the Note, determined using the exchange rate on the date the Note is retired or disposed of and (ii) the U.S. dollar value of your purchase price for the Note, determined using the exchange rate on the date you acquired the Note (or, in each case, determined using the exchange rate on the settlement date if the Notes are traded on an established securities market and the holder is either a cash basis or an electing accrual basis holder). Payments received that are attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest described above. In addition, as discussed above, if Notes are treated as issued with OID, a U.S. Holder may recognise foreign currency gain or loss with respect to amounts of previously accrued OID based on the difference between the rate of exchange at which the OID was included in income in each accrual period while the Note is held by the holder and the applicable rate of exchange at which the holder is required to translate foreign currency at the time the Note matures or is otherwise disposed of. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by a U.S. Holder on the sale, exchange, retirement, redemption or other disposal of the Note. Generally, the foreign currency gain or loss will be U.S. source ordinary income or loss.

Exchange of Foreign Currencies

A U.S. Holder's tax basis in the pounds received as interest on or on the sale or other disposal of a Note will be the U.S. dollar value of such pounds at the spot rate in effect on the date of receipt of the pounds. Any gain or loss recognised by a U.S. Holder on a sale, exchange or other disposal of the pounds will be ordinary income or loss and generally will be U.S. source income or loss for U.S. foreign tax credit purposes.

Tax Return Disclosure Requirements

Certain U.S. Treasury regulations meant to require the reporting of certain tax shelter transactions cover transactions generally not regarded as tax shelters, including certain foreign currency transactions giving rise to losses equal to or greater than a certain minimum amount (e.g. $50,000 in the case of an individual or trust), such as the receipt or accrual of interest or a sale, exchange, retirement or other taxable disposal of a foreign currency note or of foreign currency received in respect of a foreign currency note. Persons considering the purchase of Notes should consult with their own tax advisers to determine the tax return disclosure obligations, if any, with respect to an investment in the Notes or the disposal of pounds, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments to U.S. Holders of interest on the Notes and to the proceeds of a sale, exchange or other disposal (including a retirement or redemption) of a Note. Backup withholding may be required if the U.S. Holder fails (i) to furnish the U.S. Holder's taxpayer identification number, (ii) to certify that such U.S. Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability and any excess may result in a refund, provided that the required information is timely furnished to the IRS.

CERTAIN ERISA CONSIDERATIONS

General

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (collectively, "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Code, prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code ("Similar Law"). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, the Issuer, the guarantors, the initial purchasers, Trustee or any of their respective affiliates. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA or Prohibited Transaction Class Exemption ("PTCE") 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

By its purchase of any Note, the purchaser thereof will be deemed to have represented and warranted that either:

(i) no assets of a Plan or non-U.S., governmental or church plan have been used to acquire such Notes or an interest therein; or

(ii) the purchase and holding of such Notes or an interest therein by such person do not constiute a non-exempt prohibited transaction under ERISA or the Code or violation of Similar Law.

Each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Law) should consult with its legal adviser concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in the Notes.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE SECURITY INTERESTS

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in each of the jurisdictions in which Guarantees or collateral are being provided. It is a summary only, and proceedings of bankruptcy, insolvency or a similar event could be initiated in any of these jurisdictions and in the jurisdiction of organisation of a future guarantor of the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and the security interests in the Collateral.

European Union

The Issuer and several of the Guarantors are organised under the laws of Member States of the European Union.

Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the "EU Insolvency Regulation"), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation) is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its centre of main interests is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Although there is a presumption under Article 3(1) of the EU Insolvency Regulation that a company has its centre of main interests in the Member State in which it has its registered office in the absence of proof to the contrary, Preamble 13 of the EU Insolvency Regulation states that the centre of main interests of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and "is therefore ascertainable by third parties". The courts have taken into consideration a number of factors in determining the centre of main interests of a company, including where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's centre of main interests may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time that the relevant insolvency proceedings are opened.

The EU Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation.

If the centre of main interests of a company is in one Member State (other than Denmark) under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State. An "establishment" is defined to mean a place of operations where the company carries on non-transitory economic activity with human means and goods. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings have been opened in the Member State in which the company has its centre of main interests, any proceedings opened subsequently in another Member State in which the company has an establishment (secondary proceedings) are limited to "winding-up proceedings" listed in Annex B of the EU Insolvency Regulation. Where main proceedings in the Member State in which the company has its centre of main interests have not yet been opened, territorial insolvency proceedings can only be opened in another Member State where the company has an establishment where either (a) insolvency proceedings cannot be opened in the Member State in which the company's centre of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of a creditor which is domiciled, habitually resident or has its registered office in the other Member State or whose claim arises from the operation of the establishment.

The courts of all Member States (other than Denmark) must recognise the judgment of the court opening main proceedings which will be given the same effect in the other Member States so long as no territorial proceedings have been opened there. The liquidator appointed by a court in a Member State which has jurisdiction to open main proceedings (because the company's centre of main interests is there) may exercise the powers

conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

England and Wales

The Issuer and a number of the Guarantors are companies incorporated under the laws of England and Wales (the "English Obligors"). Therefore, any insolvency proceedings by or against the English Obligors would likely be based on English insolvency laws. However, pursuant to the EU Insolvency Regulation, where a company incorporated under English law has its centre of main interests in a Member State of the European Union other than England and Wales, then the main insolvency proceedings for that company may be opened in the Member State in which its centre of main interest is located and be subject to the laws of that Member State. (Please see "—European Union" above.) Similarly, the UK Cross-Border Insolvency Regulations 2006, which implement the UNCITRAL Model Law on Cross-Border Insolvency in the United Kingdom, provide that a foreign (i.e. non-European) court may have jurisdiction where any English company has a centre of its main interests in such foreign jurisdiction, or where it has an "establishment" (being a place of operations in such foreign jurisdiction, where it carries out non-transitory economic activities with human means and assets or services).

Fixed and Floating Charges

Fixed charge security has a number of advantages over floating charge security: (i) an administrator appointed to the company which granted the floating charge can dispose of floating charge assets for cash or collect receivables charged by way of floating charge and use the proceeds and/or cash subject to a floating charge, to meet administration expenses (which can include the costs of continuing to operate the charging company's business while in administration) in priority to the claims of the floating charge holder; (ii) a fixed charge over assets, even if created after the date of a floating charge over the assets, may rank prior to the floating charge over the relevant assets; (iii) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of floating charge assets to the extent the assets of the company available for creditors generally are otherwise insufficient to meet them (subject to certain restrictions for the costs of litigation) in priority to floating charge claims; (iv) until the floating charge security crystallises, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge; (v) floating charge security is subject to certain challenges under English insolvency law (please see "—Grant of Floating Charge"); and (vi) floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees) and, where the floating charge is not a security financial collateral arrangement, to the claims of unsecured creditors in respect of a ring-fenced amount of the proceeds (please see "—Administration and Floating Charges" below).

Under English law there is a possibility that a court could recharacterise as floating charges any security interests expressed to be created by a security document as fixed charges where the chargee does not have the requisite degree of control over the relevant chargor's ability to deal with the relevant assets and the proceeds thereof or does not exercise such control in practice as the description given to the charges in the relevant security document as fixed charges is not determinative. Where the chargor is free to deal with the secured assets without the consent of the chargee, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Administration and Floating Charges

Under English insolvency law, English courts are empowered to order the appointment of an administrator in respect of an English company in certain circumstances. An administrator can also be appointed out of court by the company, its directors or the holder of a qualifying floating charge and different procedures apply according to the identity of the appointor. During the administration, in general no proceedings or other legal process may be commenced or continued against the company, or security enforced over the company's property, except with leave of the court or the consent of the administrator. The moratorium does not, however, apply to a "security financial collateral agreement" (such as a charge over cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003. During the administration of a company, a creditor would not be able to enforce any security

interest (other than security financial collateral arrangements) or guarantee granted by it without the consent of the administrator or the court. In addition, a secured creditor cannot appoint an administrative receiver.

The Security Agent can appoint its choice of administrator by the act of court route or an administrative receiver if it holds a qualifying floating charge and such floating charge security, together with fixed charge security charges to the whole or substantially the whole of the relevant English Obligor's property. In order to constitute a qualifying floating charge, the floating charge must be created by an instrument which (i) states that the relevant statutory provision applies to it; (ii) purports to empower the chargeholder to appoint an administrator of the company or (iii) purports to empower the chargeholder to appoint an administrative receiver. Even if the Security Agent holds a qualifying floating charge it can only appoint an administrative receiver if one of the exceptions to the general prohibition of appointing an administrative receiver applies. The most relevant exception to the prohibition on the appointment is that the Security Agent can appoint an administrative receiver under security forming part of a "capital market arrangements" (as defined in the UK Insolvency Act 1986, as amended (the "Insolvency Act 1986")), which is the case if the issuer of the notes creates a debt of at least £50,000,000 for the relevant company during the life of the arrangement and the arrangement involves the issue of a capital markets investment (as defined in the Insolvency Act 1986, but is generally a rated, listed or traded debt instrument). Once an administrative receiver is appointed by the Security Agent the company or its directors will not be permitted to appoint an administrator by the out of court route and a court will only appoint an administrator if the charge under which the administrative receiver is successfully challenged or the Security Agent agrees. If an administrator is appointed to a company, any administrative receiver then in office must vacate office and any receiver of part of the company's property must resign if requested to do so by the administrator.

An administrator, receiver (including administrative receiver) or liquidator of the company will be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors. Under current law, this applies to 50% of the first £10,000 of floating charge realisations and 20% of the remainder over £10,000, with a maximum aggregate cap of £600,000. Whether the assets that are subject to the floating charges and other security will constitute substantially the whole of the relevant English Obligor's assets at the time that the floating charges are enforced will be a question of fact at that time.

Foreign Currency

Under English insolvency law any debt of a company payable in a currency other than pounds (such as euro or U.S. dollars in the case of the Notes) must be converted into pounds at the "official exchange rate" prevailing at the date when the company went into liquidation or administration. This provision overrides any agreement between the parties. The "official exchange rate" for these purposes is the middle market rate in the London Foreign Exchange Market at close of business as published for the date in question or, if no such rate is published, such rate as the court determines. Accordingly, in the event that an English company which has granted a guarantee or security or is the Issuer goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date that such English company went into liquidation or administration and receipt of any amounts to which such holders of the notes may become entitled.

Challenges to Guarantees and Security

There are circumstances under English insolvency law in which the granting by an English company of security and guarantees can be challenged. In most cases this will only arise if an administrator or liquidator is appointed to the company within a specified period (as set out in more detail below) of the granting of the guarantee or security and, in addition, the company was "unable to pay its debts" when the security interest or guarantee was granted or "unable to pay its debts" as a result.

A company will be "unable to pay its debts" if a statutory demand for over £750 is served on the company and remains unsatisfied for three weeks or an execution on or other process issued on a judgment, decree or order of a court in favour of a creditor is returned unsatisfied in whole or in part or it is proved to the court's satisfaction that the company is not able to pay its debts as they fall due or that the value of the company's assets is less than the amount of its liabilities (taking into account contingent and prospective liabilities).

The following potential grounds for challenge may apply to guarantees and security interests:

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator of a company could apply to the court for an order to set aside a security interest or a guarantee granted by the company (or give other relief) on the grounds that the creation of such security interest or guarantee constituted a transaction at an undervalue. The grant of a security interest or guarantee will only be a transaction at an undervalue if the company receives no consideration or if the company receives consideration of significantly less value, in money or money's worth, than the consideration given by such company. For a challenge to be made, the guarantee or security must be granted within a period of two years ending with the onset of insolvency (as defined in section 240 of the Insolvency Act 1986). The onset of insolvency is the date of the appointment of an administrator or presentation of an administration application, filing of notice of intention to appoint an administrator or presentation of a winding-up petition or passing of a resolution for winding up in a creditors' voluntary liquidation. In addition the company must be unable to pay its debts when it grants the guarantee or security or become unable to pay its debts as a result. A court will not make an order in respect of a transaction at an undervalue if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. Subject to this, if the court determines that the transaction was a transaction at an undervalue the court can make such order as it thinks fit to restore the position to what it would have been if the transaction had not been entered into (which could include reducing payments under the guarantees or setting aside any security interests or guarantees although there is protection for a third party which benefits from the transaction and has acted in good faith for value). In any challenge proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts unless a beneficiary of the transaction was a "connected person" (as defined in the Insolvency Act 1986), in which case there is a presumption the company was unable to pay its debts and the connected person must demonstrate the company was not unable to pay its debts in such proceedings.

Preference

Under English insolvency law, a liquidator or administrator of a company could apply to the court for an order to set aside a security interest or a guarantee granted by such company (or give other relief) on the grounds such security interest or such guarantee constituted a preference. The grant of a security interest or guarantee is a preference if it has the effect of placing a creditor (or a surety or guarantor of the company) in a better position in the event of the company's insolvent liquidation than if the security interest or guarantee had not been granted. For a challenge to be made, the decision to prefer must be made within the period of six months ending with the onset of "insolvency" (as defined in section 240 of the Insolvency Act 1986) if the beneficiary of the security interest or the guarantee is not a connected person or two years (if the beneficiary is a connected person). A court will not make an order in respect of a preference of a person unless it is satisfied the company was influenced in deciding to give it by a desire to produce the "better position" for that person. Case law suggests there must be a desire to prefer one creditor over another and not just other commercial motives even if they had the inevitable result of producing the better position. Subject to this, if the court determines that the transaction was a preference, the court can make such order as it thinks fit to restore the position to what it would have been if that preference had not been given (which could include reducing payments under the guarantees or setting aside the security interests or guarantees). There is protection for a third party which benefits from the transaction and acted in good faith for value). In any proceedings, it is for the administrator or liquidator to demonstrate that the English company was unable to pay its debts and that the company was influenced by a desire to produce the preferential effect, unless the beneficiary of the transaction was a connected person, in which case there is a presumption that the company was influenced by a desire to produce the preferential effect and the connected person must demonstrate in such proceedings that there was no such influence.

Transaction Defrauding Creditors

Under English insolvency law, a liquidator or an administrator of a company, or a person who is a victim of the relevant transaction could apply to the court for an order to set aside a security interest or guarantee on the grounds the security interest or guarantee was a transaction defrauding creditors.

A transaction will constitute a transaction defrauding creditors if it is a transaction at an undervalue and the court is satisfied the substantial purpose of a party to the transaction was to put assets beyond the reach of actual or potential claimants against it or to prejudice the interest of such persons.

If the court determines the transaction was a transaction defrauding creditors it may make such order as it may think fit to restore the position to what it was prior to the transaction or protect the victims of the transaction

(including reducing payments under the guarantee or setting aside the security interest or guarantees) but there is protection for a third party acting in good faith, for value without notice of the relevant circumstances. Any "victim" of the transaction (with the leave of the court if the company is in liquidation or administration) may apply to court under this provision and not just liquidators or administrators. There is no time limit in the English insolvency legislation within which the company must enter insolvency proceedings and the relevant company does not need to be unable to pay its debts at the time of the transaction.

Grant of Floating Charge

Under English insolvency law, if an English company is unable to pay its debts at the time of (or as a result of) granting a floating charge then such floating charge can be avoided on the action of a liquidator or administrator if it was granted in the period of one year ending with the onset of insolvency (as defined in section 245 of the Insolvency Act 1986). The floating charge will, however, be validated to the extent of the value of the consideration provided for the creation of the charge in the form of money paid to, or goods or services supplied to, or any discharge or reduction of any debt of, the relevant English company at the same time as or after the creation of the floating charge plus interest payable on such amounts. Where the floating charge is granted to a "connected person" the charge can be challenged if given within two years of the onset of insolvency and the prerequisite to challenge that the company is unable to pay its debts does not apply. However, if the floating charge qualifies as a "security financial collateral agreement" under the Financial Collateral Arrangements (No. 2) Regulations 2003, the floating charge will not be subject to challenge as described in this paragraph.

Inability to Pay Debts

A company will be unable to pay its debts if a statutory demand for over £750 is served on the company and remains unsatisfied for three weeks or an execution on or other process issued on a judgment, decree or order of a court in favour of a creditor remains unsatisfied in whole or in part or the company is not able to pay its debts as they fall due or the value of the company's assets is less than its liabilities (taking into account contingent and prospective liabilities).

Italy

In order to receive the benefit of a security interest, secured creditors must be party to the relevant Security Documents, as security interests cannot be held on behalf of third parties who do not hold secured claims (i.e. the secured party and the creditor have to be the same person). Under Italian law the concept of "parallel debt" is not expressly recognised and, therefore, in order to allow the Note holders to have their claims secured, the Security Agent is party to the relevant Security Documents—as a secured party—for itself and as legal representative (*mandatario con rappresentanza*) of the Note holders by virtue of the authority granted to the Security Agent by the holders of the Notes.

United States

Under the U.S. Bankruptcy Code or comparable provisions of state fraudulent transfer or fraudulent conveyance laws, the incurrence of the obligations under the Notes, the issuance of the guarantees and the grant of security, whether now or in the future, by the Issuer and the Guarantor could be avoided, if, among other things, at the time the Issuer and the Guarantor incurred the obligations, issued the related guarantee or gave the security, the Issuer and the Guarantor intended to hinder, delay or defraud any present or future creditor; or received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness or the grant of such security and either:

- were insolvent or rendered insolvent by reason of such incurrence or grant of security;
- were engaged in a business or transaction for which the Issuer and the Guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that they would incur, debts beyond their ability to pay such debts as they mature.

The right of a holder of the notes to enforce its security interests against the Issuer and the Guarantor upon the occurrence of an event of default under the indenture governing the notes is likely to be significantly

impaired by applicable U.S. bankruptcy law if we became subject to a case under the U.S. Bankruptcy Code before such security interest was enforced. Upon the commencement of a case under the U.S. Bankruptcy Code, a secured creditor such as a holder of notes is prohibited by the automatic stay imposed by the U.S. Bankruptcy Code from obtaining possession or exercising control over its collateral or enforcing its security interest against a debtor in a U.S. bankruptcy case, without bankruptcy court approval, which may not be given. Moreover, the U.S. Bankruptcy Code permits the debtor to continue to retain and use collateral even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection". The term "adequate protection" is not defined in the U.S. Bankruptcy Code, but it includes making periodic cash payments, providing an additional or replacement lien or granting other relief, in each case to the extent that the collateral decreases in value during the pendency of the bankruptcy case as a result of, among other things, the use, sale or lease of such collateral or the imposition of the automatic stay. The type of adequate protection provided to a secured creditor may vary according to circumstances. A U.S. bankruptcy court may determine that a secured creditor may not require additional adequate protection for a diminution in the value of its collateral if the value of the collateral exceeds the amount of the debt that it secures.

In view of the automatic stay, the lack of a precise definition of the term "adequate protection" and the broad discretionary power of a U.S. bankruptcy court, it is impossible to predict:

- whether or when a holder of the notes could enforce its security interests;
- the value of the collateral at the time of the bankruptcy petition; or
- whether or to what extent holders of the notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "adequate protection."

Any future grant of security interest with regard to the collateral in favor of the notes, including pursuant to security documents delivered after the date of the indenture governing the notes, might be avoidable by the grantor (as debtor in possession) or by its trustee in bankruptcy as a preference if certain events or circumstances exist or occur, including, among others, if the grantor is insolvent at the time of the grant, the security interest permits the holders of the notes to receive a greater recovery than if the bankruptcy case were a case under chapter 7 of the Bankruptcy Code and the security had not been given and a bankruptcy case in respect of the grantor is commenced within 90 days following the grant, or in certain circumstances, a longer period.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set out in the purchase agreement (the "Purchase Agreement") entered into on January 28, 2011 by and among the Issuer, the Guarantors and the Initial Purchasers, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of £350,000,000.

The following table sets forth the amount of Notes to be purchased by each initial purchaser in the Offering:

Initial Purchaser[1]	Principal Amount of Notes
Barclays Bank PLC	£175,000,000
The Royal Bank of Scotland plc	£61,250,000
HSBC Bank plc	£30,625,000
Merrill Lynch International	£30,625,000
BNP Paribas	£17,500,000
Mizuho International plc	£17,500,000
Rabobank International	£17,500,000
Total	£350,000,000

(1) Sales in the United States will be made through affiliates of the initial purchasers listed above.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The Purchase Agreement provides that the Issuer and the Guarantors will indemnify the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. The Issuer and the Guarantors have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 90 days after the date the Notes are issued, to not, and to cause any of their subsidiaries to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any debt or convertible securities issued or guaranteed by the Issuer or the Guarantors or any of their subsidiaries.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of these Listing Particulars, which will be six business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) in the United States following the date of pricing of the Notes (this settlement cycle is being referred to as "T + 6"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of these Listing Particulars or the next succeeding two business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisers.

In connection with the Offering, Barclays Bank PLC (the "Stabilising Manager"), or persons acting on its behalf, may engage in transactions that stabilise, maintain or otherwise affect the price of the Notes. Specifically, the Stabilising Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilise the price of the Notes. The Stabilising Manager, or persons acting on its behalf, may also over allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilising Manager, or persons acting on its behalf, may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilise or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilising Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers have advised the Issuer that they presently intend to make a market in the Notes as permitted by applicable laws and regulations. The Initial Purchasers are not obliged, however, to make a market in the Notes and any such market-making may be discontinued at any time at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. Please see "Risk Factors—Risks Related to the Notes and Our Capital and Corporate Structure—There is no established trading market for the Notes. If a market for the Notes does not develop, your ability to sell the Notes may be limited".

Each Initial Purchaser has represented that it (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. In addition, until 40 days following the later of (i) the commencement of this Offering and (ii) the issue date of the Notes, an offer or sale of the Notes initially sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors".

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchaser that would permit a public offering of the Notes or the possession, circulation or distribution of these Listing Particulars or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither these Listing Particulars nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. These Listing Particulars does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession these Listing Particulars comes are advised to inform themselves about and to observe any restrictions relating to the Offering of the Notes, the distribution of these Listing Particulars and resale of the Notes. Please see "Notice to Investors".

The Issuer and the Guarantors have agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the U.S. Securities Act or the safe harbour of Rule 144A and Regulation S under the U.S. Securities Act to cease to be applicable to the offer and sale of the Notes.

The Notes will initially be offered at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice. Sales in the United States will be made through certain affiliates of the Initial Purchasers.

The Issuer will apply, through its listing agent, to have the Notes admitted to trading on the Global Exchange Market of the Irish Exchange and to listing on the Official List of the Irish Exchange. Neither we nor the Issuer can assume that Notes will be approved for admission to trading and listing, and will remain admitted to trading on the Global Exchange Market and listed on the Official List of the Irish Exchange.

The Initial Purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, commercial lending, consulting and financial advisory services to us or the Issuer and our or their affiliates in the ordinary course of business for which we or the Issuer may receive customary advisory and transaction fees and expense reimbursement. Each of Barclays Bank PLC, The Royal Bank of Scotland plc, HSBC Bank plc, Merrill Lynch International, BNP Paribas, Mizuho International plc and

Rabobank International or their affiliates was an arranger and lender and Barclays Bank PLC is the facility agent and security agent in connection with the New Senior Credit Facility.

A portion of the proceeds from the issue of the Notes in this Offering will be used to repay amounts outstanding under the Existing Credit Facilities. Each of the Initial Purchasers or their affiliates is also a lender under the Existing Credit Facilities.

In addition, Barclays Bank PLC will act as Security Agent for the Notes.

NOTICE TO INVESTORS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction and, unless so registered, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers ("QIBs") in reliance on Rule 144A under the U.S. Securities Act and to non-U.S. persons outside the United States in offshore transactions (as defined in Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with us and the Initial Purchasers as follows:

(1) It understands and acknowledges that neither the Notes nor the Guarantees have been registered under the U.S. Securities Act or any other applicable securities law, are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities law, including sales pursuant to Rule 144A under the U.S. Securities Act, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer or any Guarantor or acting on the Issuer or any Guarantor's behalf and it is either:

(i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A and the acquisition of Notes will be for its own account or for the account of another QIB; or

(ii) a non-U.S. person purchasing the Notes outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

(3) It acknowledges that none of the Issuer, the Guarantors or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the offering or sale of any Notes, other than the information contained in the Listing Particulars, which Listing Particulars has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us and the Issuer, the Guarantors, the Indenture, the Notes, the Guarantees and the Security Documents as you deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer, the Guarantors and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any other securities laws, subject to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Notes issued in reliance on Rule 144A ("Rule 144A Notes") agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the

Issuer, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A under the U.S. Securities Act, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act, (iv) pursuant to offers and sales to non-U.S. persons that occur outside the United States in compliance with Regulation S under the U.S. Securities Act, (v) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of $250,000, or (vi) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposal of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (iv), (v) or (vi) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the other side of the security is completed and delivered by the transferor to the Trustee. Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON ACQUIRING THIS NOTE IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 144A OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] [IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE DATE WHEN THE SECURITIES WERE FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS IN RELIANCE ON REGULATION S AND THE DATE OF THE COMPLETION OF THE DISTRIBUTION] ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR

ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If it purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(7) It acknowledges that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(8) It acknowledges that the Registrar will not be required to accept for registration of transfer any Notes except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set out therein have been complied with.

(9) It acknowledges that we, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of these Listing Particulars or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "Plan of Distribution".

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for us by Shearman & Sterling (London) LLP, as to matters of U.S. federal, New York state and English law. Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP as to matters of U.S. federal, New York state and English law.

INDEPENDENT AUDITORS

Bakkavor Holdings Limited's consolidated financial statements for Fiscal Year 2007, Fiscal Year 2008, Fiscal Year 2009 and Fiscal Year 2010 have been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein. The audit partner responsible for these financial statements is a member of The Institute of Chartered Accountants in England and Wales.

Bakkavor Finance (2) plc's opening balance sheet as at January 21, 2011 has been audited by Deloitte LLP, independent auditors, as stated in their report appearing herein. The audit partner responsible for Bakkavor Finance (2) plc's opening balance sheet is a member of The Institute of Chartered Accountants in England and Wales.

The audit reports of Deloitte LLP with respect to such audited consolidated financial statements, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include the following limitations: "This report is made solely to the company's directors in accordance with our engagement letter dated 24 January 2011 and solely for the purpose of inclusion within the Listing Particulars circular under the rules and regulations of the Irish Stock Exchange for the proposed offering of senior secured notes by Bakkavor Holdings Limited. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an independent auditors' report and for no other purpose. To the fullest extent permitted by law, and save for any responsibility under the rules and regulations of the Irish Stock Exchange, we will not accept or assume responsibility to anyone other than that company, for our audit work, for this report, or for the opinions we have formed."

WHERE YOU CAN FIND MORE INFORMATION

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. Please see "Description of Notes—Certain Covenants—Reports".

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of these Listing Particulars and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendment or supplement to these Listing Particulars. Each person receiving the Listing Particulars acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein; (ii) such person has not relied on any of the Initial Purchasers or any person affiliated with any Initial Purchaser in connection with its investigation of the accuracy of such information or its investment decision; and (iii) except as provided pursuant to (i) above, no person has been authorised to give any information or to make any representation concerning the Notes or the Guarantees offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorised by us or any Initial Purchaser. We have agreed in the Indenture governing these Notes that, for so long as the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, upon written request of a holder or beneficial owner of the Notes, furnish to such holder or beneficial owner or to the Trustee or any relevant paying agent for delivery to such holder or beneficial owner or prospective purchaser of the Notes, as the case may be, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act, to permit compliance with Rule 144A thereunder in connection with resales of the Notes. Any such request should be directed to the Issuer at Bakkavor Finance (2) plc, West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom.

So long as the Notes are admitted to trading on the Irish Stock Exchange's Global Exchange Market and to listing on the Official List of the Irish Stock Exchange, and the rules and regulations of such stock exchange so require, copies of such information will also be available for review during the normal business hours on any business day at the specified office of the paying agent in Ireland. In addition, copies of the Indenture, form of Note, Intercreditor Agreement and Security Documents may be requested from the Issuer.

The creation and issue of the Notes will be authorised by the Issuer's Board of Directors prior to the Issue Date. The creation and issue of the Guarantees will be authorised by the respective board of directors of each Guarantor prior to the Issue Date.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

We and many of the Guarantors are companies incorporated in England and Wales. Other Guarantors are organised under the laws of California and future Guarantors may also be organised under the laws of non-U.S. jurisdictions. All of our directors and executive officers and all of the directors and officers of the non-Guarantors are non-residents of the United States. Although we and each of the Guarantors have submitted to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on our directors and executive officers and the directors and executive officers of the Guarantors or security providers. In addition, as many of our and the Guarantors' assets and the assets of our and their directors and executive officers are located outside of the United States, you may be unable to enforce against them or us judgments obtained in the U.S. courts predicated on civil liability provisions of the federal securities laws of the United States.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which our Guarantors are located, you should consult with your own advisers in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

The following summary with respect to the enforceability of certain U.S. court judgments in England is based upon advice provided to us by our English legal advisers Shearman & Sterling (London) LLP. The United States and England currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not be directly recognised or enforceable in England. In order to enforce any such U.S. judgment in England and Wales, proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defence to it). Recognition and enforcement of a U.S. judgment by an English court in such an action is conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a definite sum of money;
- the U.S. judgment not contravening English public policy;
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of section 5 of the U.K. Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice;
- there not having been a prior inconsistent decision of an English court in respect of the same matter; and
- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce in England judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognised or enforceable in England. In addition, it is questionable whether an English court

would accept jurisdiction and impose civil liability if the original action was commenced in England, instead of the United States, and predicated solely upon U.S. federal securities laws.

LISTING AND GENERAL INFORMATION

1. The Issuer was incorporated in the United Kingdom on January 21, 2011. The address of the Issuer is West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom. The phone number of the Issuer is +44 (0)177 576 1111.

2. The business addresses of each member of the Board of Directors is as follows: Ágúst Gudmundsson, West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom, +44 (0)177 576 1111; Lýdur Gudmundsson, West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom, +44 (0)177 576 1111; Ásgeir Thoroddsen, West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom, +44 (0)177 576 1111; Bjarni Thórdur Bjarnason, West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom, +44 (0)177 576 1111; Halldór B. Lúdvigsson, West Marsh Road, Spalding, Lincolnshire PE11 2BB, United Kingdom, +44 (0)177 576 1111.

3. Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and to be traded on the Irish Stock Exchange's Global Exchange Market. We expect total expenses associated with the listing to total approximately €5,000.

4. So long as the Notes are listed on the Official List of the Irish Stock Exchange and to be traded on the Irish Stock Exchange's Global Exchange Market and the rules of such exchange shall so require, copies of our Articles of Association and those of the Guarantors, the Indenture and the Security Documents will be available for pyhsical inspection free of charge at the specified office of the Paying Agent in Ireland referred to in paragraph 7 below. The Guarantees will be issued pursuant to the Indenture. So long as the Notes are listed on the Irish Stock Exchange's Global Exchange Market and the rules of such exchange shall so require, copies of the financial statements included in these Listing Particulars will be available free of charge during normal business hours on any weekday at the offices of such Paying Agent in Ireland referred to in paragraph 7 below.

5. We accept responsibility for the information contained in these Listing Particulars. To the best of our knowledge, except as otherwise noted, the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of these Listing Particulars.

6. Except as disclosed herein, there has been no material adverse change in our consolidated financial position since January 1, 2011, and there has been no material adverse change in the financial position and prospects of the Issuer since its incorporation.

8. Neither we nor any of our subsidiaries is a party to any litigation, government proceedings or arbotration that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.

9. We have appointed Deutsche Bank AG, London Branch as our Paying Agent and Transfer Agent. We reserve the right to vary such appointment and shall publish notice of such change of appointment in a newspaper having general circulation in Ireland (which is expected to be *The Irish Times*) or on the Irish Stock Exchange's website, *www.ise.ie*. The Paying Agent will act as intermediary between the holders of the Notes and us, so long as the Notes are listed on the Official List of the Irish Stock Exchange and traded on the Irish Stock Exchange's Global Exchange Market.

10. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer passed at meetings held on January 21, 2011. The Guarantees were authorised by resolutions of the boards of directors of each of the Guarantors passed at meetings held on or around January 21, 2011.

11. The Global Notes sold pursuant to Regulation S and Rule 144A under the U.S. Securities Act have been accepted for clearance through the facilities of Clearstream and Euroclear under common codes 058633283 and 058633453, respectively. The ISIN numbers for the Global Notes sold pursuant to Regulation S are XS0586332834 and the ISIN numbers for the Global Notes sold pursuant to Rule 144A are XS0586334533.

12. Notes have received credit ratings of B2 by Moody's and B by Standard & Poors.

INDEX TO FINANCIAL STATEMENTS

Bakkavor Finance (2) Limited

Balance sheet

21 January 2011

Bakkavor Finance (2) Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the balance sheet in accordance with recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In preparing the balance sheet, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards as adopted by the European Union are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' responsibility statement

We confirm to the best of our knowledge the balance sheet, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the company.

By order of the Board

Director
Peter Gates
24 January 2011

Bakkavor Finance (2) Limited

Independent auditor's report to the Directors of Bakkavor Finance (2) Limited ("the Company")

We have audited the balance sheet and the related notes 1 to 5 of Bakkavor Finance (2) Limited as at 21 January 2011. This balance sheet has been prepared under the accounting policies set out therein.

This report is made solely to the Company's directors in accordance with our engagement letter dated 21 January 2011 and solely for the purpose of inclusion within the Listing Particulars under the rules and regulations of the Irish Stock Exchange for the proposed offering of senior secured notes by Bakkavor Finance (2) Limited (the "Listing Particulars"). Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an independent auditors' report and for no other purpose. To the fullest extent permitted by law, and save for any responsibility under the rules and regulations of the Irish Stock Exchange, we will not accept or assume responsibility to anyone other than the Company or the Company's directors, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the balance sheet in accordance with International Financial Reporting Standards as adopted by the European Union and for being satisfied that the balance sheet gives a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the balance sheet in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the balance sheet gives a true and fair view and have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the balance sheet. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the balance sheet is 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 balance sheet and related notes..

Opinion

In our opinion:

- the balance sheet give a true and fair view of the state of the Company's affairs as at 21 January 2011; and

- the balance sheet has been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;

Deloitte LLP
Chartered Accountants
Birmingham
24 January 2011

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP

Bakkavor Finance (2) Limited

Balance Sheet

21 January 2011

	Note	21 January 2011
		£
Current assets		
Cash and cash equivalents		1
Net assets		1
Equity		
Share capital	3	1
Total equity		1

Bakkavor Finance (2) Limited

Notes to Balance Sheet

21 January 2011

1. GENERAL DESCRIPTION AND ACCOUNTING POLICIES

Bakkavor Finance (2) Limited (the "Company") was formed on 21 January 2011 for the purpose of becoming an intermediate holding company of the group headed by Bakkavor Holdings Limited and being the issuing company of senior secured notes. At this balance sheet date these transactions had not yet occurred and the balance sheet is that of the company only position.

The balance sheet is prepared in accordance with recognition and measurement criteria of IFRSs. The financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

Accounting convention

The balance sheet is prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term bank deposits with an original maturity of three months or less, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The only employee of the company during the period was the director.

At the balance sheet date the director has not received any remuneration from the company in relation to his services to the company.

3. CALLED UP SHARE CAPITAL

	21 January 2011
	£
Called up and allotted:	
1 ordinary share of £1 each	1
Shares issued in the period were:	
1 ordinary share of £1	1

The ordinary share was issued to provide the company with start up capital.

4. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	21 January 2011
	£
On incorporation	1

Closing shareholders' funds	1

5. ULTIMATE CONTROLLING PARTY

The Company's ultimate parent company and ultimate controlling party is Bakkavör Group ehf, a company registered in Iceland. The largest group in which the results of the Company are consolidated is that headed by Bakkavör Group ehf. It has included the company in its Group financial statements, copies of which are available from Hamraborg, 200 Kopavoger, Iceland.

Bakkavor Holdings Limited is the immediate parent company.

Bakkavor Holdings Limited

Consolidated financial statements

As at and for the 53 weeks ended 02 January 2010, the 52 weeks ended 27 December 2008 and the 52 weeks ended 29 December 2007

B**akkavor Holdings Limited**

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards as adopted by the European Union are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper 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 enable them to ensure that the financial statements comply with International Financial Reporting Standards as adopted by the European Union. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' responsibility statement

We confirm to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole.

By order of the Board

Director
Ágúst Gudmundsson
24 January 2011

Bakkavor Holdings Limited

Independent auditor's report to the Directors of Bakkavor Holdings Limited ("the Company")

We have audited the non-statutory financial statements of Bakkavor Holdings Limited and its subsidiaries (together, "the Group") as at and for the periods ending 2 January 2010, 27 December 2008 and 29 December 2007 which comprise the consolidated statement of financial position, the consolidated statement of income, changes in equity and cash flows and the related notes 1 to 34. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's directors in accordance with our engagement letter dated 21 January 2011 and solely for the purpose of inclusion within the Listing Particulars under the rules and regulations of the Irish Stock Exchange for the proposed offering of senior secured notes by Bakkavor Finance (2) Limited (the "Listing Particulars"). Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an independent auditors' report and for no other purpose. To the fullest extent permitted by law, and save for any responsibility under the rules and regulations of the Irish Stock Exchange, we will not accept or assume responsibility to anyone other than the company or the company's directors, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 2 January 2010, 27 December 2008 and 29 December 2007 and of its profit or loss for the periods then ended; and

- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;

Deloitte LLP

Chartered Accountants

Birmingham

24 January 2011

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Member of Deloitte Touche Tohmatsu Limited

Bakkavor Holdings Limited

Consolidated income statement

£million	Note	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Continuing Operations				
Revenue	4	1,650.4	1,618.9	1,468.1
Cost of sales		(1,405.1)	(1,419.5)	(1,233.9)
Gross profit		245.3	199.4	234.2
Administrative costs:				
Restructuring costs	5	(5.4)	(24.3)	(3.4)
Impairment of assets	5, 12	—	(17.4)	—
Product recall costs	5	—	—	(5.7)
Other administrative costs		(175.1)	(149.8)	(136.6)
Total Administrative costs		(180.5)	(191.5)	(145.7)
Share of profit of associates	13	1.0	0.1	0.4
Operating profit	5	65.8	8.0	88.9
Investment revenues	6	1.2	7.8	2.9
Other gains and losses	7	2.4	(37.5)	(3.1)
Finance costs	8	(84.0)	(72.4)	(53.0)
(Loss)/profit before tax		(14.6)	(94.1)	35.7
Tax	9	19.1	5.0	(3.2)
Profit/(loss) for the period		4.5	(89.1)	32.5
Attributable to:				
Equity holders of the parent		3.1	(88.9)	31.8
Minority interest		1.4	(0.2)	0.7
		4.5	(89.1)	32.5

Bakkavor Holdings Limited

Consolidated statement of comprehensive income

£million	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Profit/(loss) for the period	4.5	(89.1)	32.5
Other comprehensive income			
Exchange differences on translation of foreign operations	(9.7)	34.4	4.8
Actuarial loss on defined benefit pension schemes	(12.9)	(17.1)	(1.6)
Tax relating to actuarial loss on defined benefit pension schemes	3.6	4.8	0.5
	(19.0)	22.1	3.7
Total Comprehensive Income/(loss)	(14.5)	(67.0)	36.2
Attributable to:			
Equity holders of the parent	(17.1)	(66.9)	35.4
Minority interests	2.6	(0.1)	0.8
	(14.5)	(67.0)	36.2

Bakkavor Holdings Limited

Consolidated statement of financial position

£million	Note	02 January 2010	27 December 2008	29 December 2007
Non-current assets				
Goodwill	10	739.7	750.4	666.2
Other intangible assets	11	58.7	69.3	69.7
Property, plant and equipment	12	330.8	361.4	337.6
Interests in associates	13	12.0	9.7	1.0
Other investments		0.1	0.5	0.5
Retirement benefit asset	31	—	0.4	18.0
		1,141.3	1,191.7	1,093.0
Current assets				
Inventories	14	50.5	57.5	46.3
Trade and other receivables	15	188.0	376.7	220.1
Cash and cash equivalents	17	37.4	79.8	35.0
Assets held for sale	16	7.9	2.8	—
Derivative financial instruments	19	0.5	5.7	0.9
		284.3	522.5	302.3
Total assets		1,425.6	1,714.2	1,395.3
Current liabilities				
Trade and other payables	22	(279.9)	(327.3)	(323.7)
Current tax liabilities		(18.6)	(21.0)	(18.9)
Obligations under finance leases	21	(3.8)	(5.4)	(4.5)
Bank overdrafts and loans	18	(62.8)	(215.8)	(21.1)
Provisions	23	(5.1)	(4.6)	(2.0)
Derivative financial instruments	19	(33.7)	(35.3)	(2.3)
		(403.9)	(609.4)	(372.5)
Non-current liabilities				
Trade and other payables	22	(15.5)	(22.6)	(12.6)
Bank loans	18	(590.0)	(665.5)	(506.9)
Obligations under finance leases	21	(5.9)	(10.6)	(10.7)
Provisions	23	(13.8)	(12.8)	(14.5)
Deferred tax liabilities	20	(23.4)	(43.0)	(47.2)
Retirement benefit liability	31	(13.2)	—	—
Amounts due to related parties	32	(186.3)	(165.2)	(178.7)
		(848.1)	(919.7)	(770.6)
Total liabilities		(1,252.0)	(1,529.1)	(1,143.1)
Net assets		173.6	185.1	252.2
Equity				
Share capital	25	96.6	96.6	96.6
Merger reserve	25	54.9	54.9	54.9
Translation reserves	25	26.3	37.2	3.3
Capital reserve	25	4.0	—	—
Retained earnings		(11.0)	(4.8)	96.0
Equity attributable to equity holders of the parent		170.8	183.9	250.8
Minority interest		2.8	1.2	1.4
Total equity		173.6	185.1	252.2

Bakkavor Holdings Limited

Consolidated statement of changes in equity

£million	Equity attributable to equity holders of the company						Minority interest	Total equity
	Share capital	Merger reserve	Retained earnings	Translation reserve	Capital reserve	Total		
Balance at 30 December 2006	**96.6**	**54.9**	**65.3**	**(1.4)**	**—**	**215.4**	**1.4**	**216.8**
Profit for the period	—	—	31.8	—	—	31.8	0.7	32.5
Other comprehensive income for the period	—	—	(1.1)	4.7	—	3.6	0.1	3.7
Dividends paid to minority interest	—	—	—	—	—	—	(0.8)	(0.8)
Balance at 29 December 2007	**96.6**	**54.9**	**96.0**	**3.3**	**—**	**250.8**	**1.4**	**252.2**
Loss for the period	—	—	(88.9)	—	—	(88.9)	(0.2)	(89.1)
Other comprehensive income for the period	—	—	(11.9)	33.9	—	22.0	0.1	22.1
Acquisition of a subsidiary	—	—	—	—	—	—	0.2	0.2
Dividends paid to minority interest	—	—	—	—	—	—	(0.3)	(0.3)
Balance at 27 December 2008	**96.6**	**54.9**	**(4.8)**	**37.2**	**—**	**183.9**	**1.2**	**185.1**
Profit for the period	—	—	3.1	—	—	3.1	1.4	4.5
Other comprehensive income for the period	—	—	(9.3)	(10.9)	—	(20.2)	1.2	(19.0)
Contribution from parent	—	—	—	—	4.0	4.0	—	4.0
Dividends paid to minority interest	—	—	—	—	—	—	(0.5)	(0.5)
Disposal of subsidiary	—	—	—	—	—	—	(0.5)	(0.5)
Balance at 02 January 2010	**96.6**	**54.9**	**(11.0)**	**26.3**	**4.0**	**170.8**	**2.8**	**173.6**

Bakkavor Holdings Limited

Consolidated statement of cash flows

£million	Note	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Net cash from/(used in) operating activities	28	81.8	(21.9)	66.1
Investing activities				
Interest received		1.2	3.5	2.8
Decrease/(increase) in short term deposits		130.7	(130.7)	1.1
Dividends received from associates		0.6	0.3	0.2
Proceeds on disposal of property, plant and equipment		0.1	0.1	0.8
Purchases of property, plant and equipment		(23.5)	(50.3)	(47.9)
Acquisition of subsidiary net of cash acquired		—	(47.3)	(40.6)
Payment of deferred consideration		(8.4)	(8.2)	(1.4)
Disposals of subsidiaries net of cash disposed of		(3.9)	—	—
Disposal of associates		1.8	—	—
Acquisition of associates		—	(8.9)	—
Net cash generated from/(used in) investing activities		98.6	(241.5)	(85.0)
Financing activities				
Dividends paid to minority interests		(0.5)	(0.3)	(0.8)
Borrowings under new bank loans		—	335.8	514.1
Repayments of borrowings		(217.8)	(10.7)	(492.5)
Other		—	—	0.3
Repayments of obligations under finance leases		(5.9)	(7.8)	(5.9)
Net cash (used in)/generated from financing activities		(224.2)	317.0	15.2
Net (decrease)/increase in cash and cash equivalents		(43.8)	53.6	(3.7)
Cash and cash equivalents at beginning of period		79.8	35.0	39.2
Effect of foreign exchange rate changes on cash and cash equivalents		1.4	(8.8)	(0.5)
Cash and cash equivalents at end of period		37.4	79.8	35.0

	2009
Supplemental disclosure of non-cash financing activity:	
Forgiveness of loan from Bakkavor (London) Limited	4.0

Bakkavor Holdings Limited

Notes to the consolidated financial statements

1. General information

Description of formation

Bakkavor Holdings Limited (the "Company"), a company incorporated in the United Kingdom under the Companies Act 2006, was formed on 17 April 2007 to serve as the ultimate holding company of Bakkavor (London) Limited ("Bakkavor London") and its subsidiaries. On 1 October 2007, the entire share capital of Bakkavor London was transferred to the Company in a share for share exchange (see note 2 for a discussion of the impact on the financial statements related to the "Corporate Reorganisation"). The Company's ultimate parent company and ultimate controlling party is Bakkavör Group ehf (the "Bakkavör Group"), a company registered in Iceland.

References to the "Group" for periods prior to the formation of the Company are references to Bakkavor London and its subsidiaries and for periods after the formation of the Company are to the Company and its subsidiaries.

Description of business

The principal activities of the Group comprise preparation and marketing of fresh prepared foods and the marketing and distribution of fresh produce. The Group's operations are in the UK, Continental Europe, Asia and the US and it primarily sells its products through high street supermarkets.

The Group has grown significantly during the years presented as a result of a number of acquisitions. During this same period, the Group's expanded operations were significantly impacted by the economic downturn. In order to integrate the acquired entities, address operational efficiencies and to improve its liquidity, the Group completed an extensive period of restructuring during 2008 and 2009. The restructuring included closing 11 under-performing manufacturing sites and consolidating production across sites in both the UK and France in order to optimise capacity and reduce costs. This restructuring programme is now complete.

In addition to the economic downturn impacting the Group's margins, and costs, it impacted the Group's working capital and finance structure. The Group's customers paid at later dates, suppliers demanded earlier payment for raw materials and the Group's short term investments of £130.7 million at 27 December 2008 were frozen as a result of the Icelandic banking crisis. These events resulted in a significant increase in the Group's financing costs and an increase in the level of its indebtedness.

At 02 January 2010, the Group's current liabilities exceeded its current assets by £119.6 million. This figure includes a liability related to fair value of derivative financial instruments of £33.2 million. The Group has a revolving credit facility of £646 million, which expires on 30 March 2012 under which the Group has available £145.9 million of funds available at 02 January 2010 to meet the short term working capital requirements of the Group. Additionally, the Group has access to £20 million of ancillary facilities. Through the date of these financial statements, the Group continues to have access to these funds. As a result of this and the forecasted cash flows the directors have determined that the Group has adequate resources to continue in operational existence in the foreseeable future and therefore believe it appropriate to prepare the financial statements on a going concern basis.

2. Significant accounting policies

Corporate Reorganisation

As described in note 1, in 2007 a corporate reorganisation was completed in order to establish the Company as the holding company of Bakkavor London. This transaction is treated as a common control transaction, which does not have specific accounting guidance under International Financial Reporting Standards ("IFRS"). As the corporate reorganisation did not have a direct result on Bakkavor London or its subsidiaries and the underlying business has operated for all periods, the Board of Directors have prepared the financial statements to present all years on a comparative basis. There has been no accounting impact from the

corporate reorganisation except the share capital of Bakkavor London has been reclassified to a merger reserve and the share capital of Bakkavor Holdings is presented as if it had been the parent of the Group for all periods.

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the company (its subsidiaries) made up to a 53 or 52 week period ending on the Saturday nearest to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where the fiscal year 2009 is quoted in these financial statements this relates to the 53 week period ending 02 January 2010. The fiscal year 2008 relates to the 52 week period ending 27 December 2008 and the fiscal year 2007 relates to the 52 week period ending 29 December 2007.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Business acquisitions with third parties are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on business combinations is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Goodwill within the associate is separately identifiable at the date of acquisition. Any negative goodwill is credited in profit or loss in the period of acquisition.

Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. The assumptions that have been used in the impairment testing can be found in note 10.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Intangible assets have finite useful lives over which the assets are amortised on a straight line basis. The amortisation charge for each period is recognised as an expense on the following basis:

- Licensing agreements—18 months;
- Customer relationships—10 years;
- Customer contracts—10 years.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The Group sells fresh prepared foods and fresh produce. Revenue from the sales of these goods is recognised when all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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 economic benefits associated with the transaction will flow into the entity;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

As a result, revenue for the sale of these goods is generally recognised upon delivery to the customer.

Investment revenues

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimate future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of recognised income and expense.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to

the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2%—5%
Fixtures and equipment	5%—33%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that

reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of goodwill

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at ‘fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 24.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Groups past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national and local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term bank deposits with an original maturity of three months or less, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities held by the Group are classified as other financial liabilities at amortised cost and derivatives at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of disposal in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 24.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to its net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to manage these exposures. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with gains or losses reported in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising from onerous contacts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

New accounting policies and accounting policies not yet adopted

In the current year, the Group has adopted the following interpretations with no material impact on the financial statements of the Group:

IFRIC 14	*IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

In the current year, the Group has adopted the following standards and interpretations in advance of their effective date of annual reporting periods beginning on or after 1 January 2009. The impact of the adoption of IAS 1 (revised) has been to modify the format of the primary statements in the accounts in accordance with the revised standard. IFRS 8 Operating Segments has been adopted in these statements (see note 4).

Adoption of other standards and interpretations has had no material impact on the financial statements:

IFRS 2 (Revised)	*Share-based payment*
IAS 16 (Revised)	*Property, plant and equipment*
IAS 19 (Revised)	*Employee benefits*
IAS 23 (Revised)	*Borrowing costs*
IAS 28 (Revised)	*Investments in associates*
IAS 32 (Revised)	*Financial instruments: Presentation*
IAS 36 (Revised)	*Impairment of assets*
IAS 38 (Revised)	*Intangible assets*
IAS 39 (Revised)	*Financial instruments: Recognition and Measurement*

2. Significant accounting policies

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9	*Financial Instruments*
IAS 24 (amended)	*Related Party Disclosures*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*

The adoption of IFRS 9 which the Group plans to adopt for the year beginning on 30 December 2012 will impact both the measurement and disclosures of Financial Instruments.

The directors do not expect that the adoption of the other standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of goodwill

The Group assesses goodwill for impairment on an annual basis, or more frequently if there are indications of impairment. The recoverable amount of each cash generating unit (CGU) is compared to the carrying amount and impairment is recorded if the recoverable amount is less than the carrying amount. The recoverable amount is based on the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The key assumptions for the value is use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on historical trends and expectations of future changes in the market related to sales costs and costs of raw materials. The most significant judgements in the value in use calculations are the discount rate and the terminal growth rate. The sensitivities around these assumptions are disclosed in note 10.

The carrying amount of goodwill at the balance sheet date was £739.7 million (2008: £750.4 million, 2007: £666.2 million). No impairment was considered necessary (see note 10).

Impairment of tangible and intangible assets other than Goodwill

At each balance sheet date, or more frequently if there are indications of impairment, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not

generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs

The Group considers there to be an indication of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is based upon the estimated discounted future cash flows generated by the underlying assets. If the recoverable amount of the asset determined by this evaluation is less than the book value of the asset, an impairment is recognised for the difference. During 2008, in connection with its restructuring efforts related to the closure of factories in the UK and France, the Group reassessed its estimated future cash flows. As a result of this process, the Group recorded an impairment charge of £17.4 million.

Fair value of derivatives and other financial instruments

Derivative financial instruments and certain other financial assets are recorded at fair value in the statement of financial position. The fair value of the financial instruments that do not have quoted market prices requires significant judgement and estimates. The directors use their judgement in selecting an appropriate valuation technique for these financial instruments. Valuation techniques commonly used by market practitioners are applied.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates. These assumptions are based on past and expected future performance. Details of the assumptions used and of the results of sensitivity analyses regarding these assumptions are disclosed in note 24.

Pensions

The Group maintains a number of defined benefit pension plans for which has recorded a pension liability. The pension liability is based on an actuarial valuation that requires a number of assumptions including discount rate, mortality rates and actual return on plan assets may necessitate material adjustments to this liability in the future. The assumptions used by the Company are the best estimates based on historical trends and the composition of the work force. Details of the principal actuarial assumptions used in calculating the recognised asset for the defined benefit plan is given in note 31.

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

The Group operates in various countries and its income tax returns are subject to audit and adjustment by local tax authorities. The nature the Group's tax exposures is often complex and subject to change and the amounts at issue can be substantial. The Group develops an estimate of the potential tax liability based on the tax positions taken, historical experience and its internal tax expertise. These estimates are refined as additional information becomes known. Any outcome upon settlement that differs from a recorded provision may result in a materially higher or lower tax expense in future periods. The impact of any such adjustments is disclosed in note 9.

The Group had unrecognised deferred tax assets as a result of unused tax losses of 2009: £15.7 million, 2008: £21.8 million, 2007: £13.2 million available for offset against future profits. Deferred tax assets are not recognised on the losses carried forward to the extent that it is not probable that the losses will be utilised.

4. Segment information

The chief operating decision-maker has been defined as the executive Directors. They review the Group's internal reporting in order to assess performance and allocate resources. The segments are based upon these reports.

The Group is geographically diverse and within the UK operates primarily within the prepared food and produce markets. Management assess the performance of the Group based on geographic location and splits the UK business into Produce and Prepared segments. As at the balance sheet date, the Group is organised as follows:

- UK Prepared Foods: The preparation and marketing of fresh prepared foods for distribution in the UK.
- UK Produce: The marketing and distribution of fresh produce in the UK.
- Continental Europe: The preparation and marketing of fresh prepared foods and the marketing and distribution of fresh produce in Europe.
- Rest of World: The preparation and marketing of fresh prepared foods and the marketing and distribution of fresh produce in the rest of the world.

The Group's segment measure of profit represents operating profit before restructuring costs, impairment of assets, product recall costs and share of profit of associates. Measures of total assets are provided to the chief operating decision-maker, however some cash and cash equivalents, short term deposits and some other central assets are not allocated to individual segments. Measures of segment liabilities are not provided to the chief operating decision-maker. The following table provides an analysis of the Group's segment information for the period to 02 January 2010:

	UK Prepared	UK Produce	Continental Europe	Rest of World	Unallocated	Total
Revenue	1,231.7	155.6	211.2	51.9	—	1,650.4
Segment profit	63.3	3.7	1.6	1.6	—	70.2
Restructuring costs						(5.4)
Share of profit of associates						1.0
Operating profit						65.8
Investment revenues						1.2
Other gains and losses						2.4
Finance costs						(84.0)
Loss before tax						(14.6)
Tax						19.1
Profit for the period						4.5
Other segment information						
Restructuring costs	(1.0)	(0.1)	(4.3)	—	—	(5.4)
Depreciation and amortisation	(40.5)	(1.2)	(8.8)	(3.1)	—	(53.6)
Total assets	1,130.7	13.6	165.8	72.8	42.7	1,425.6

The following table provides an analysis of the Group's segment information for the period to 27 December 2008:

	UK Prepared	UK Produce	Continental Europe	Rest of World	Unallocated	Total
Revenue	1,181.4	207.1	184.1	46.3	—	1,618.9
Segment profit	47.7	2.4	0.7	(1.2)	—	49.6
Restructuring costs						(24.3)
Impairment of assets						(17.4)
Share of profit of associates						0.1
Operating profit						8.0
Investment revenues						7.8
Other gains and losses						(37.5)
Finance costs						(72.4)
Loss before tax						(94.1)
Tax						5.0

Loss for the period						(89.1)
Other segment information						
Restructuring costs	(20.5)	(2.5)	(1.2)	(0.1)	—	(24.3)
Impairment of assets	(17.4)	—	—	—	—	(17.4)
Depreciation and amortisation	(41.6)	(2.6)	(6.8)	(2.3)	—	(53.3)
Total assets	1,199.9	50.0	170.5	65.3	228.5	1,714.2

The following table provides an analysis of the Group's segment information for the period to 29 December 2007:

	UK Prepared	UK Produce	Continental Europe	Rest of World	Unallocated	Total
Revenue	1,160.8	172.4	124.4	10.5	—	1,468.1
Segment profit	89.6	5.9	2.0	0.1	—	97.6
Restructuring costs						(3.4)
Product recall costs						(5.7)
Share of profit in associates						0.4
Operating profit						88.9
Investment revenues						2.9
Other gains and losses						(3.1)
Finance costs						(53.0)
Profit before tax						35.7
Tax						(3.2)
Profit for the period						32.5
Other segment information						
Restructuring costs	(3.4)	—	—	—	—	(3.4)
Product recall costs	(5.7)	—	—	—	—	(5.7)
Depreciation and amortisation	(40.3)	(2.1)	(4.7)	(0.2)	—	(47.3)
Total assets	1,234.3	42.5	85.8	14.4	18.6	1,395.3

Major customers

In the 53 weeks ended 02 January 2010 the Group's four largest customers accounted for 69% of total revenue (for the 52 weeks ended 27 December 2008 77%, for the 52 weeks ended 29 December 2007 83%), with no single customer representing more than 26% (for the 52 weeks ended 27 December 2008 26%, for the 52 weeks ended 29 December 2007 30%) of our global revenue. The Group does not enter into long-term contracts with our retail customers.

5. Operating profit

Operating profit for the period has been arrived at after charging / (crediting):

£million	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Depreciation of property, plant and equipment—owned	41.2	41.1	34.4
—leased	2.6	2.5	4.1
Research and development costs	1.4	1.6	1.3
Amortisation of intangible assets included in other administrative expenses	9.8	9.7	8.8
Loss/(gain) on disposal of property	0.7	1.2	(0.5)
Impairment losses on financial assets	—	0.9	(0.8)
Staff costs	391.5	386.6	359.2
Restructuring costs	5.4	24.3	3.4
Impairment of assets	—	17.4	—
Product recall costs	—	—	5.7

Restructuring costs

The Group has completed various restructuring activities during the years presented in order to integrate its acquired entities and to optimise its operations. These included the following:

During 2007, the Group restructured two of its ready meal factories and its dressings factory, which led to personnel related redundancy and relocation costs of £1.6 million in 2007. In addition there was a restructuring of head office related personnel costs of £1.8 million.

During 2008 the Group completed a significant review of its manufacturing footprint in the UK and France, as a result certain product lines were moved to other group factories or eliminated resulting in the closure of a number of factories The closure resulted in personnel related redundancy and relocation costs of £19.2 million, and other building related exit costs of £5.1 million.

During 2009 the Group continued the implementation of its plans developed in 2008, resulting in the closure of two factories in France incurring £3.7 million of redundancy and related costs and additional costs associated with the UK closures of £1.7 million.

At 02 January 2010, the Group has a liability of £3.7 million related to future payments associated with the employee related costs (2008: £13.8 million and 2007: £0.1 million), which are included in other creditors. These costs are expected to fully incurred within the next 12 months. In addition, at 02 January 2010, the Group has a provision of £1.7 million of redundancy related accruals included within onerous lease and other provisions on current provisions on the consolidated statement of financial position (2008: £4.1 million and 2007: £1.0 million),

Impairment of assets

Impairment of assets relates to the write down of certain assets following the closure or restructuring of factories in 2008 as described above.

5. Operating profit

Product recall costs

Product recall costs related to a voluntary recall of several batches of our hummous products in February 2007 after salmonella was discovered in some of the raw materials we use to produce those products. There have been no such costs during other periods.

6. Investment revenue

£million	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Interest on bank deposits	1.2	3.5	2.9
Interest on interest rate swaps	—	4.3	—
	1.2	7.8	2.9

7. Other gains and losses

£million	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Decrease in the fair value of derivative financial instruments	(3.6)	(28.2)	(3.1)
Foreign exchange gains/(losses)	6.0	(9.3)	—
	2.4	(37.5)	(3.1)

8. Finance costs

£million	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Interest on bank overdrafts and loans	71.4	54.3	36.4
Interest on obligations under finance leases	0.4	0.7	1.2
Interest on loans from parent company	10.6	16.4	14.3
Unwinding of discount on provisions	1.6	1.0	1.1
	84.0	72.4	53.0

9. Tax

£million	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Current tax	(3.8)	(3.0)	3.0
Deferred tax (note 20)	(15.3)	(2.0)	0.2
	(19.1)	(5.0)	3.2

The reconciliation of the statutory tax rate to the effective tax rate is as follows:

	53 weeks ended 02 January 2010	%	52 weeks ended 27 December 2008	%	52 weeks ended 29 December 2007	%
	£million		£million		£million	
(Loss)/profit before tax:	(14.6)	100	(94.1)	100	35.7	100
Tax at the UK corporation tax rate of 28% (2008: 28.5%, 2007: 30%)	(4.1)	28.1	(26.8)	28.5	10.7	30
Non taxable income/expenses	(1.7)	11.6	(2.0)	2.1	—	—
Adjustment in respect of prior periods	(12.6)	86.3	(4.6)	4.9	1.8	5
R&D tax credits	(0.3)	2.1	(0.3)	0.3	(1.6)	(4)
Tax effect of utilisation of tax losses not previously recognised	(2.6)	17.8	—	—	(2.0)	(6)
Unrecognised tax losses carried forward	1.9	(13.0)	3.9	(4.2)	—	—
Change in UK tax law leading to reversal of industrial building allowances	—	—	22.4	(23.8)	—	—
Finance lease rentals	—	—	—	—	(2.7)	(8)
Unrelieved losses	—	—	2.0	(2.1)	—	—
Overseas taxes at different rates	0.3	(2.1)	—	—	—	—
Reduction in tax rate to 28%	—		0.4	(0.4)	(3.0)	(8)
Tax (credit)/charge and effective tax rate for the period	(19.1)	130.8	(5.0)	5.3	3.2	9

With effect from 1 April 2008 the full rate of corporation tax decreased from 30% to 28% hence the rate of tax for 2008 is a blended rate of 28.5%.

During the periods, the Group recorded adjustments in respect of prior periods due to the closure of tax risk contingencies, of which audits were closed without assessment. Additionally, the Group recorded a movement relating to the industrial buildings allowance which had previously been taken in periods prior to those shown due to the changes in legislation which were substantively enacted during 2008.

In addition to the amount credited to the income statement, a £3.6 million credit (2008: £4.8 million credit, 2007: £0.5 million credit) relating to tax has been recognised directly in other comprehensive income. No other tax charges have been recognised directly in equity.

10. Goodwill

	£million
Cost	

At 30 December 2006	610.5
Recognised on acquisition of subsidiaries	53.9
Exchange differences	1.8
At 29 December 2007	666.2
Recognised on acquisition of subsidiaries	57.9
Exchange differences	26.3
At 27 December 2008	750.4
Adjustment to consideration on acquisition of subsidiaries	(1.0)
Exchange differences	(9.7)
At 02 January 2010	739.7
Accumulated impairment losses	
At 30 December 2006, 29 December 2007, 27 December 2008 & 02 January 2010	—

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

£million	02 January 2010	27 December 2008	29 December 2007
Bakkavor London UK Prepared (a single CGU)	636.4	642.6	641.0
Bakkavor London Europe Prepared (a single CGU)	25.8	24.8	17.5
Bakkavor London Rest of world (a single CGU)	12.2	12.1	7.7
Bakkavor Acquisitions (2008) Europe Prepared (a single CGU)	35.0	37.6	—
Bakkavor Acquisitions (2008) Rest of world (a single CGU)	30.3	33.3	—
	739.7	750.4	666.2

The recoverable amounts of the CGUs are determined based on value in use calculations.

The key assumptions used are determined as follows:

- Discount rates: Management uses pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

- Growth rates: The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following four years based on an estimated growth rate, determined by business unit, to provide a 5 year forecast. Cash flows are then extrapolated using a perpetuity growth rate of 2 per cent (2008: 2 per cent, 2007: 7 per cent) which does not exceed the average long-term growth rate for the relevant markets.

The assumptions used, and the impact of sensitivities on these assumptions, are shown below:

Bakkavor London

	UK Prepared	Europe Prepared	Rest of World
Assumption:			
Pre tax discount rate	11.5%	11.1%	11.6%
Perpetuity growth rate	2.00%	2.00%	2.00%
Sensitivity:			
Head room of impairment test based on management assumptions	£59.6 million	£6.8 million	£3.8 million
Increase to pre-tax discount rate that would result in an impairment charge	0.55%	0.79%	1.44%
Reduction in perpetuity growth rate that would result in an impairment charge	0.61%	0.93%	1.68%

Bakkavor Acquisitions (2008)

	Europe Prepared	Rest of World
Assumption:		
Pre tax discount rate	11.0%	10.7%
Perpetuity growth rate	2.00%	2.00%
Sensitivity:		
Head room of impairment test based on management assumptions	£6.8 million	£5.1 million
Increase to pre-tax discount rate that would result in an impairment charge	1.22%	1.02%
Reduction in perpetuity growth rate that would result in an impairment charge	1.50%	1.28%

11. Other intangible assets

£million	Licensing Agreements	Customer Relationships	Customer Contracts	Total
Cost				
At 31 December 2006	0.6	74.2	5.7	80.5
Acquired on acquisition of a subsidiary	—	8.8	—	8.8
Exchange differences	—	0.2	—	0.2
At 29 December 2007	0.6	83.2	5.7	89.5
Acquired on acquisition of a subsidiary	—	7.6	—	7.6
Exchange differences	—	1.7	—	1.7
At 27 December 2008	0.6	92.5	5.7	98.8
Disposal of a subsidiary	—	—	(4.1)	(4.1)
Exchange differences	—	0.3	—	0.3
At 02 January 2010	0.6	92.8	1.6	95.0
Amortisation				
At 31 December 2006	(0.6)	(8.8)	(1.6)	(11.0)
Charge for the period	—	(7.8)	(1.0)	(8.8)
At 29 December 2007	(0.6)	(16.6)	(2.6)	(19.8)
Charge for the period	—	(9.1)	(0.6)	(9.7)
At 27 December 2008	(0.6)	(25.7)	(3.2)	(29.5)
Charge for the period	—	(9.3)	(0.5)	(9.8)
Exchange differences	—	0.1	—	0.1
Disposal of a subsidiary	—	—	2.9	2.9
At 02 January 2010	(0.6)	(34.9)	(0.8)	(36.3)
Carrying amount				
At 02 January 2010	—	57.9	0.8	58.7
At 27 December 2008	—	66.8	2.5	69.3
At 29 December 2007	—	66.6	3.1	69.7

12. Property, plant and equipment

£million	Land and buildings	Fixtures and equipment	Total
Cost			
At 31 December 2006	75.1	277.7	352.8
Additions	12.2	33.2	45.4
Acquisition of subsidiary	1.1	22.2	23.3
Disposals	—	(16.9)	(16.9)
Exchange differences	1.9	3.4	5.3
At 29 December 2007	90.3	319.6	409.9
Additions	11.7	38.7	50.4
Acquisition of subsidiary	5.2	17.0	22.2
Disposals	—	(5.8)	(5.8)
Properties reclassified as held for sale	(2.8)	—	(2.8)
Exchange differences	7.6	17.1	24.7
At 27 December 2008	112.0	386.6	498.6
Additions	3.0	19.7	22.7
Disposal of subsidiary	—	(1.9)	(1.9)
Disposals	—	(5.5)	(5.5)
Properties reclassified as held for sale	(5.1)	—	(5.1)
Exchange differences	(1.1)	(7.0)	(8.1)
At 02 January 2010	108.8	391.9	500.7
Accumulated depreciation and impairment			
At 31 December 2006	(6.4)	(42.0)	(48.4)
Charge for the period	(5.8)	(32.7)	(38.5)
Disposals	—	16.6	16.6
Exchange differences	(0.3)	(1.7)	(2.0)
At 29 December 2007	(12.5)	(59.8)	(72.3)
Charge for the period	(6.1)	(37.5)	(43.6)
Impairment of assets	(6.8)	(10.6)	(17.4)
Disposals	—	4.4	4.4
Exchange differences	(1.3)	(7.0)	(8.3)
At 27 December 2008	(26.7)	(110.5)	(137.2)
Charge for the period	(6.2)	(37.6)	(43.8)
Disposal of subsidiary	—	1.7	1.7
Disposals	—	4.8	4.8
Exchange differences	0.7	3.9	4.6
At 02 January 2010	(32.2)	(137.7)	(169.9)
Carrying amount			
At 02 January 2010	76.6	254.2	330.8
At 27 December 2008	85.3	276.1	361.4
At 29 December 2007	77.8	259.8	337.6

The impairment of assets in 2008 amounting to £17.4 million, related to assets held at sites which were subject to restructuring within the Group. The restructuring process resulted in the closure of 11 factories across the Group.

The carrying value of the Group's fixtures and equipment includes an amount of £15.5 million (2008: £18.7 million, 2007: £7.6 million) in respect of assets held under finance leases.

At 02 January 2010, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £0.2 million (2008: £4.1 million, 2007 £7.3 million).

During the period properties with a carrying value of £5.1m (2008: £2.8m, 2007: £nil) were reclassified as held for sale following approval of the directors to dispose of the properties. Negotiations with interested parties are taking place and the properties are expected to be sold within 12 months. Proceeds are expected to exceed the book value, as such no impairment has been recognised on classification of the assets as held for sale.

13. Interests in associates

£million	02 January 2010	27 December 2008	29 December 2007
Aggregated amounts relating to associates			
Total assets	19.6	14.6	13.3
Total liabilities	(11.0)	(10.4)	(12.2)
Net assets	8.6	4.2	1.1
Group's share of associates' net assets	3.5	1.7	0.6
Premium on acquisition	8.5	8.0	0.4
Interests in associates	12.0	9.7	1.0
Revenue	78.9	74.8	58.2
Profit for the period	4.0	0.2	1.5
Group's share of associates' profit for the period	1.0	0.1	0.4

Details of the principal associated undertakings for the Group are as follows:

Name	Place of registration and operation	Method of accounting	Proportion of voting interest 2009	2008	2007
Manor Fresh Limited	United Kingdom	Equity	27.5%	27.5%	27.5%
La Rose Noire Limited	Hong Kong	Equity	45%	45%	0%
Gastro Primo Limited	Hong Kong	Equity	48%	48%	0%
Interfruit (Pty) Limited	South Africa	Equity	0%	30%	30%
Topical Fresh Alimentos SA	Brazil	Equity	0%	45%	0%

During 2009 the Groups interests in Interfruit (Pty) Limited and Tropical Fresh Alimentos SA were disposed of for a cash consideration of £1.8 million generating a profit of £1.4 million.

£million	Manor Fresh Limited	Interfruit (PTY) Limited	Tropical Fresh Alimentos SA	La Rose Noire Limited	Gastro Primo Limited	Creative Foods	Total
Share of net assets/costs							
At 30 December 2006	0.4	—	—	—	—	1.3	1.7
Share of profit after tax	0.4	—	—	—	—	—	0.4
Acquisition	—	0.3	—	—	—	—	0.3
Reclassification of investment as subsidiary	—	—	—	—	—	(1.3)	(1.3)
Dividend payment	(0.1)	—	—	—	—	—	(0.1)
At 29 December 2007	0.7	0.3	—	—	—	—	1.0
Share of profit after tax	0.2	0.2	(1.1)	0.7	0.1	—	0.1
Acquisition	—	—	0.5	6.5	1.9	—	8.9
Dividend payment	(0.3)	—	—	—	—	—	(0.3)
At 27 December 2008	0.6	0.5	(0.6)	7.2	2.0	—	9.7
Share of profit after tax	0.2	0.2	(0.2)	0.8	—	—	1.0
Disposal	—	(0.7)	0.8	—	—	—	0.1
Currency Movement	—	—	—	1.5	0.5	—	2.0
Dividend payment	(0.3)	—	—	(0.3)	(0.2)	—	(0.8)
At 02 January 2010	0.5	—	—	9.2	2.3	—	12.0

14. Inventories

£million	02 January 2010	27 December 2008	29 December 2007
Raw materials	40.1	46.1	39.5
Work-in-progress	2.0	2.7	2.9
Finished goods	8.4	8.7	3.9

50.5	57.5	46.3

15. Trade and other receivables

£million	02 January 2010	27 December 2008	29 December 2007
Amount receivable from trade customers	165.0	198.1	170.8
Allowance for doubtful debts	(3.1)	(2.5)	(3.3)
Other debtors	11.3	18.4	32.2
Prepayments	13.0	31.1	20.4
Tax recoverable	1.8	—	—
Short term deposits	—	130.7	—
Interest receivable	—	0.9	—
	188.0	376.7	220.1

The average credit period taken on sales of goods is 31 days (2008—38 days, 2007: 37 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods of £3.1 million (2008: £2.5 million, 2007: £3.3 million). Allowances of receivables are made on a specific basis based on objective evidence and previous default experience. Receivables are therefore deemed past due but not impaired when the contractual obligation to pay has been exceeded, but as yet no objective evidence or previous default experience indicates this debt will be irrecoverable.

15. Trade and other receivables

The directors consider that the carrying amount of trade and other receivables approximates their fair value due to their short-term nature.

The following table is an ageing analysis of trade receivables.

Ageing of receivables £million	02 January 2010	27 December 2008	29 December 2007
Not past due	140.5	155.8	116.4
Past due by 1 - 30 days	16.5	30.9	38.0
Past due by 31 - 60 days	2.5	3.7	8.2
Past due by 61 - 90 days	0.9	2.9	5.3
Past due by more than 90 days	4.6	4.8	2.9
	165.0	198.1	170.8

The Group does not charge any interest on its trade receivables regardless of their ageing and does not hold any collateral or credit enhancements against the value of its trade receivables.

Trade receivables renegotiated in 2009 that would have otherwise have been past due or impaired amounted to £336,000 (2008: £24,000, 2007: £nil)

The majority of the Group's customers are all leading UK retailers, representing more than 85% of the Group's revenue and therefore hold favourable credit ratings. On this basis the Group does not see any need to charge interest, seek collateral or credit enhancements to secure any of its trade receivables due to their short term nature.

The following table is an analysis of the movement of the Group's trade receivables allowance for doubtful debts.

Movement of receivables allowance £million	02 January 2010	27 December 2008	29 December 2007
Balance at beginning of period	(2.5)	(3.3)	(2.5)
Allowance recognised on receivables	(1.7)	(1.1)	(2.1)
Amounts written off as uncollectible during the year	0.1	0.4	0.5
Amounts recovered during the year	0.6	1.3	0.5
Allowance reversed	0.4	0.2	0.3
Balance at end of the period	(3.1)	(2.5)	(3.3)

The following table is an analysis of the Group's trade receivables by currency.

Receivables by currency £million	02 January 2010	27 December 2008	29 December 2007
GBP	126.9	157.4	139.5
USD	3.3	6.5	10.0
Euro	27.8	27.5	15.6
CSK	0.4	0.6	0.6
ZAR	1.3	0.6	0.4
RMB	1.9	3.0	1.4
Other	0.3	—	—
	161.9	195.6	167.5

Included within trade and other receivables in 2008 is an amount of short term deposits; this relates to the money received from the sale of property and refinancing of receivables. It was placed on deposit in an Icelandic bank during the year. At the year end this cash was not instantly recoverable. Since the previous year end the cash has been fully repaid.

16. Assets held for sale

£million	02 January 2010	27 December 2008	29 December 2007
Assets held for sale	7.9	2.8	—

In 2009 the Group closed one factory in the UK that was surplus to requirements in addition to the two factories that were closed in 2008. A search is underway for buyers for these properties. No impairment was recognised on the reclassification of the properties as held for sale. The factories that are currently held for sale as of 02 January 2010 and 27 December 2008 are within the UK Prepared segment.

17. Cash and cash equivalents

£million	02 January 2010	27 December 2008	29 December 2007
Cash and cash equivalents	37.4	79.8	35.0

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

18. Bank overdrafts and loans

£million	02 January 2010	27 December 2008	29 December 2007
Bank overdrafts	5.2	8.0	0.5
Bank loans	646.6	872.3	527.5
Other loans	1.0	1.0	—
	652.8	881.3	528.0
The borrowings are repayable as follows:			
On demand or within one year	62.8	215.8	21.1
In the second year	1.4	0.2	0.1
In the third to fifth years inclusive	588.6	665.3	506.8
	652.8	881.3	528.0
Less: Amount due for settlement within 12 months (shown under current liabilities)	(62.8)	(215.8)	(21.1)
Amount due for settlement after 12 months	590.0	665.5	506.9

Bank overdrafts and loans by currency £million	02 January 2010	27 December 2008	29 December 2007
GBP	556.3	777.8	521.1
USD	45.7	49.7	6.9
Euro	49.3	52.9	—
RMB	1.5	0.9	—
	652.8	881.3	528.0

The weighted average interest rates of the Group's borrowings are 5.25% (2008: 6.74%, 2007: 6.65%). Bank loans of £447.4 million (2008: £450.3 million, 2007: £502 million) were covered by financial instruments, namely interest rate swaps and a collar, and these expose the Group to fair value interest rate risk. Other borrowings continue to be arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

The directors estimate the fair value of the Group's borrowings are not materially different from their book value due to the current rates available to the Group being in line with the rates agreed over the facilities and the relative costs of renegotiation of the debt as compared to the capital value.

The Group has four main loan facilities, relating to Bakkavor (London) Limited, Bakkavor China Limited, Bakkavor Acquisitions (2008) Limited and Bakkavor Estates Limited. These loan facilities are subject to various restrictive financial covenants including interest cover ratio (EBITDA as a multiple of finance charges), leverage (net debt as a multiple of EBITDA) and cashflow cover (cashflow as a multiple of finance charges). At 02 January 2010 the Group was in compliance with all such covenants. The key features of the loans are as follows:

Bakkavor (London) Limited loan

Bakkavor London had a revolving credit facility of £700 million. The loan was modified in 2009 to reset the covenants associated with the loan in exchange for a decrease in the facility from £700 million to £646 million. The amended secured loan facility of £646 million at 02 January 2010 expires on 27 March 2012. The Group has drawn £500.1 million of the loan as at 2 January 2010. The secured loan facility includes a 'carve out' for overdraft and ancillaries. At the 2 January 2010, £14.8 million of the 'carve out' was utilised.

The interest rate of the facility at 02 January was a variable rate of 5.14% which represents LIBOR plus a margin of 4%. The bank loans are secured by a floating charge over specific assets of Bakkavor (London) Limited.

Under the terms of the revolving credit facility Bakkavor London must meet the requirements of four covenants: cash flow cover (ratio of cash flow from operations to finance charges), interest cover (ratio of EBITDA to finance charges), leverage cover (ratio of net debt to EBITDA) and a maximum capital additions.

Bakkavor China Limited loan

There are two China loan facilities: a US$26.0 million loan and a US$12.75 million loan. These are both fully drawn down as at 02 January 2010. The weighted average interest rate of the facilities at 02 January 2010 was a variable rate of 3.59% which represents LIBOR plus a margin of 3%.

Under the terms of the two China loan facilities, Bakkavor China Limited must meet the requirements of two covenants: a minimum turnover and a minimum gross profit requirement.

At the end of 2008, the company's subsidiary, Bakkavor China Limited, was technically in default of the covenants associated with one of these bank facilities. These loans were refinanced on 27 March 2009, with the loans extended from August 2010 to 30 March 2012.

The interest on the Bakkavor China Limited facilities are guaranteed by Bakkavor (London) Limited. In addition Bakkavor (London) Limited has granted subordinated guarantees to Bakkavor China Limited's banks.

Bakkavor Acquisitions (2008) Limited loan

Bakkavor Acquisitions (2008) Limited has a £60 million multi-currency term loan facility. The facility was refinanced on 27 March 2009 resulting in an extension of the facility from September 2009 to March 2012. The facility bears interest at LIBOR plus a margin of 2%. The margin increases from 1 July 2010 to 3.5%. As at 02 January 2010 Bakkavor Acquisitions (2008) Limited has fully drawn down on the bank facility with borrowings of Euro45.6 million, US$32.8 million and £1.3 million. The average interest rate for bank loans in 2009 was 3.16% (2008: 6.54%).

Under the terms of the multi-currency term loan facility, Bakkavor Acquisitions (2008) Limited must meet the requirements of two covenants: interest cover and leverage cover.

Bakkavor Estates Limited loan

Bakkavor Estates borrowed £51.4 million from Kaupthing Singer & Friedlander (the lender) with repayment instalments due between October 2008 and July 2013. On 11 September 2009 the facility experienced a technical default due to the transfer of Bakkavör Group ehf shares from Exista ehf to B Foods Invest ehf. On 29 March 2010 the loan repayments were modified and the technical default waived. The loan is now being repaid in quarterly instalments with the final instalment on 10 January 2011.

The Bakkavor Estates bank loans outstanding at 02 January 2010 were £47,444,000 and on such date the loans bear interest at a rate of 4.52% which represents LIBOR plus a margin of 2.5%.

The bank loan is secured by a floating charge over all of the assets of Bakkavor Estates Limited.

19. Derivative financial instruments

£million	02 January 2010	27 December 2008	29 December 2007
Held for trading derivatives that are not designated in hedge accounting relationships:			
Foreign currency contracts—included in current assets	0.5	5.7	0.9
Foreign currency contracts	(0.2)	—	—
Interest rate contracts	(33.5)	(35.3)	(2.3)
Included in current liabilities	(33.7)	(35.3)	(2.3)
Total	(33.2)	(29.6)	(1.4)

Further details of derivative financial instruments are provided in note 24.

20. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

£million	Accelerated tax depreciation	Fair value gains	Intangibles	Provisions	Impairment losses	Retirement benefit obligations	Total
At 1 January 2007	23.0	0.6	20.9	(2.9)	(2.1)	5.3	44.8
Charge/(credit) to income	1.6	(0.9)	(3.8)	2.8	0.3	0.2	0.2
Charge to equity	—	—	—	—	—	(0.5)	(0.5)
Acquisition of subsidiary	0.3	(0.1)	2.5	—	—	—	2.7
At 29 December 2007	24.9	(0.4)	19.6	(0.1)	(1.8)	5.0	47.2
Charge/(credit) to income	11.3	(5.6)	(2.7)	—	(4.9)	(0.1)	(2.0)
Charge to equity	—	—	—	—	—	(4.8)	(4.8)
Foreign exchange movements	—	—	0.5	—	—	—	0.5
Acquisition of subsidiary	0.1	—	2.0	—	—	—	2.1
At 27 December 2008	36.3	(6.0)	19.4	(0.1)	(6.7)	0.1	43.0
Charge/(credit) to income	(5.6)	(3.5)	(2.8)	(3.2)	—	(0.2)	(15.3)
Charge to equity	—	—	—	—	—	(3.6)	(3.6)
Foreign exchange movements	(0.7)	—	(0.1)	—	—	—	(0.8)
Acquisition of subsidiary	0.1	—	—	—	—	—	0.1
As 02 January 2010	30.1	(9.5)	16.5	(3.3)	(6.7)	(3.7)	23.4

Charges to equity of £3.6 million (2008: £4.8 million, 2007: £0.5 million credit) relates to retirement benefit obligation movements.

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

£million	02 January 2010	27 December 2008	29 December 2007
Deferred tax liabilities	23.4	43.0	47.2

The Group had unused tax losses of 2009: £15.7 million, 2008: £21.8 million, 2007: £13.2 million available for offset against future profits. Deferred tax assets are not recognised on the losses carried forward to the extent that it is not probable that the losses will be utilised.

The Group is not aware of any temporary differences associated with undistributed earnings of subsidiaries due to the availability of tax credits against such liabilities. The Group is in a position to control the timing of the reversal of any such temporary differences should they arise.

Temporary differences arising in connection with interests in associates and joint ventures are insignificant.

21. Obligations under finance leases

	Minimum lease payments			Present value of lease payments		
£million	02 January 2010	27 December 2008	29 December 2007	02 January 2010	27 December 2008	29 December 2007
Amounts payable under finance leases:						
Within one year	(4.2)	(6.2)	(5.5)	(3.8)	(5.4)	(4.5)
In the second to fifth years inclusive	(5.3)	(11.2)	(11.3)	(5.0)	(10.1)	(9.9)
After five years	(1.0)	(0.6)	(0.9)	(0.9)	(0.5)	(0.8)
	(10.5)	(18.0)	(17.7)	(9.7)	(16.0)	(15.2)
Less: future finance charges	0.8	2.0	2.5		—	—
Present value of lease obligations	(9.7)	(16.0)	(15.2)	(9.7)	(16.0)	(15.2)
Less: Amount due for settlement within 12 months (shown under current liabilities)				3.8	5.4	4.5
Amount due for settlement after 12 months				(5.9)	(10.6)	(10.7)

It is the Group's policy to lease certain fixtures and equipment under finance leases. The average lease term outstanding is 3 years (2008: 5 years, 2007: 5 years). For the 53 weeks ended 02 January 2010, the average effective borrowing rate was 5.10% (2008: 7.05%, 2007: 5.55%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations are denominated in sterling (£4.1 million) and Euro (£5.6 million) and the fair value of the Group's lease obligations approximates their carrying amount. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

22. Trade and other payables

£million	02 January 2010	27 December 2008	29 December 2007
Trade creditors	161.9	187.3	197.3
Accruals	87.7	91.9	91.0
Social security and other taxation	7.6	6.9	5.5
Contingent consideration	15.5	17.0	—
Deferred consideration	3.1	3.4	—
Interest payable	—	1.3	—
Other creditors	19.6	42.1	42.5

	295.4	349.9	336.3
Less: amounts due after one year:			
Contingent consideration	(15.5)	(17.0)	—
Deferred consideration	—	(3.4)	—
Other creditors	—	(2.2)	(12.6)
	(15.5)	(22.6)	(12.6)
Trade and other payables due within one year	279.9	327.3	323.7

The contingent consideration above represents the best estimate of the total amount payable related to the associated acquisition. The amount represents the total potential payments of US$ 25 million (2008: US$25 million). The ultimate payment will be based on the performance of the acquired entity.

22. Trade and other payables

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 28 days (2008—31 days, 2007—40 days). No interest is incurred against trade payables. Credit terms are adhered to by the Group as evidenced by the credit period.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The following table is an analysis of the Group's trade payables by currency.

Payables by currency £million	02 January 2010	27 December 2008	29 December 2007
GBP	112.4	127.4	154.7
USD	2.6	4.2	0.2
Euro	43.1	51.3	40.1
CSK	0.4	0.6	—
ZAR	0.9	0.7	0.7
RMB	2.5	3.1	1.6
	161.9	187.3	197.3

23. Provisions

£million	Onerous leases and other provisions	Dilapidations provision	Total
At 30 December 2006	9.2	8.1	17.3
Additional provision in the period	4.1	0.1	4.2
Release of provision	(3.7)	(0.5)	(4.2)
Utilisation of provision	(1.9)	—	(1.9)
Unwinding of discount	0.6	0.5	1.1
At 29 December 2007	8.3	8.2	16.5
Included in current liabilities	2.0	—	2.0
Included in non-current liabilities	6.3	8.2	14.5
Additional provision in the period	4.2	1.0	5.2
Release of provision	(2.7)	(0.3)	(3.0)
Utilisation of provision	(2.5)	—	(2.5)
Unwinding of discount	0.6	0.6	1.2
At 27 December 2008	7.9	9.5	17.4
Included in current liabilities	4.6	—	4.6
Included in non-current liabilities	3.3	9.5	12.8
At 27 December 2008	7.9	9.5	17.4
Additional provision in the period	5.7	1.1	6.8
Release of provision	(1.3)	(0.2)	(1.5)
Utilisation of provision	(5.3)	(0.1)	(5.4)
Unwinding of discount	0.3	1.3	1.6
At 02 January 2010	7.3	11.6	18.9
Included in current liabilities	3.9	1.2	5.1
Included in non-current liabilities	3.4	10.4	13.8

Onerous leases and other provisions

Onerous lease and other provision include provision related to unused premises and provisions of restructurings. Of the provision, £3.1 million (2008: £3.8 million, 2007: £7.3 million) relating to onerous leases and related costs that will be utilised over the term of the individual leases to which they pertain This also includes £1.7 million relating to restructuring related redundancies (2008: £4.1 million, 2007: £1.0 million) which will be utilised in the next 12 months. See note 5 for the more details.

Releases of provisions relate to where onerous leases have been reviewed due to changing circumstances and adjustments to the ongoing provisions are required. The release of provisions follows the original treatment with the exception of provisions acquired from acquisitions in previous periods which are released in administration costs.

Dilapidation provisions relate to obligations under various property leases to ensure that, at the end of the leases, the buildings are in the condition agreed with the landlords. The provision will be utilised at the end of the individual lease terms to which they pertain.

24. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group manages its capital by collating timely and reliable information to produce various internal reports such as capital expenditure and weekly cash reports, which enable the Board of Directors to assess the Group's capital, and manage that capital effectively and in line with the Group's objectives. The gearing of the Group is constantly monitored and managed to ensure that the ratio between debt and equity is at an acceptable level and enables the Group to operate as a going concern and maximise stakeholders return.

When the Group considers an acquisition, the board of directors will decide on how to fund that acquisition either through debt, equity or a mixture of both. The Board of Directors will look at the Group's existing debt to equity ratio and the costs involved in financing debt or equity, before deciding on how to fund the proposed acquisition.

Gearing ratio

The gearing ratio at the year end is as follows:

£million	02 January 2010	27 December 2008	29 December 2007
Debt	(662.5)	(897.3)	(543.2)
Cash and cash equivalents	37.4	79.8	35.0
Net debt	(625.1)	(817.5)	(508.2)
Equity	173.9	185.1	252.2
Net debt to net debt plus equity percentage	78.2%	81.5%	49.6%

Debt is defined as long and short term borrowings, such as bank loans, overdrafts and finance leases payable.

Externally imposed capital requirement

The Group is subject to externally imposed capital requirements on capital expenditure as a result of bank covenants (see note 18, Bank Overdraft and Loans).

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Categories of Financial Instruments

Financial assets £million	02 January 2010	27 December 2008	29 December 2007
Fair value through profit and loss:			
Derivative financial instruments	0.5	5.7	0.9
Loans and receivables at amortised cost:			
Trade receivables	161.9	195.6	167.5
Other debtors	11.3	18.4	32.2
Short term deposits	—	130.7	—
Cash and cash equivalents	37.4	79.8	35.0
	211.1	430.2	235.6
Financial liabilities **£million**			
Fair value through profit and loss:			
Derivative financial instruments	33.7	35.3	2.3
Other Financial liabilities at amortised cost:			
Trade payables	161.9	187.3	197.3
Contingent consideration	15.5	17.0	35.4
Deferred consideration	3.1	3.4	—
Other creditors	27.2	49.0	178.7
Amounts due to related parties	186.3	165.2	12.6
Bank loans and overdrafts	652.8	881.3	528.0
Finance leases	9.7	16.0	15.2
	1,090.2	1,354.5	969.5

The fair value of the financial assets approximates to their carrying value due to the short term nature of the instruments.

The fair value of other financial liabilities at amortised cost approximates to their carrying value. The trade and other payables approximate to their fair value due to the short term nature of the payables. The finance lease fair value approximates to the carrying value based on discounted future cash flows.

Financial risk management

The Group is exposed to a number of financial risks such as access to and cost of funding, interest rate exposure, currency exposure and working capital management. The Group seeks to minimise these risks where possible and does this by constantly monitoring, reviewing, effectively managing and using derivative financial instruments as detailed in the directors' report. Use of financial instruments is governed by Group policies which are approved by the Board of Directors. The treasury function does not operate as a profit centre, makes no speculative transactions and only enters into or trades financial instruments for specific purposes.

To make sure the management of those financial risks faced by the Group remain effective, it is very important that any new businesses that are acquired by the Group are immediately integrated. This means the new business is providing timely and accurate information to the central Treasury department, so they can produce group reports on key financial risks that reflect the ultimate position of the Group at that time.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward foreign exchange contracts to manage the exchange rate risk arising on revenues and purchases in foreign currencies and on a translational level in the translation of overseas operations.

- Interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

Foreign currency risk management occurs at a transactional level on revenues and purchases in foreign currencies and at a translational level in relation to the translation of overseas operations. Board policy is for UK businesses to manage transactional exposures using forward foreign exchange contracts wherever material. Transactional exposure in our overseas business is not hedged, as receipts and payments are largely in their local currencies. The Group monitors foreign exchange rates to assess the potential impact on group profits if exchange rates move significantly and a summary of foreign exchange contracts in place are reported monthly to the Board. The Group's main foreign exchange risk is to the Euro and US dollar.

During the 53 week period to 02 January 2010, the Euro weakened against sterling by 7.55%, with the closing rate at €1.1255 compared to €1.0465 at the prior period end. The average rate for the 53 week period to 02 January 2010 was €1.1233, a reduction of 10.8% versus prior year.

In the same period the US dollar , also weakened against sterling by 9.8%, with the closing rate at $1.6149 compared to $1.4708 at the prior period end. The average rate for the period to 02 January 2010 was $1.5663, a reduction of 15.5% versus prior year.

The net impact on profit of transaction losses offset by translation gains was a loss of £2.3 million.

During the 52 week period to 27 December 2008 the opening Euro rate was €1.3553 compared to a closing rate of €1.0465. The average for the period was €1.2588. In the same period the opening US dollar rate was $1.9929 compared to a closing rate of $1.4708. The average for the period was $1.8536.

During the 52 week period to 29 December 2007 the opening Euro rate was €1.4842 compared to a closing rate of €1.3553. The average for the period was €1.4609. In the same period the opening US dollar rate was $1.9572 compared to a closing rate of $1.9929. The average for the period was $2.0008.

Foreign currency sensitivity analysis

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates. A 10% increase/decrease has been used, and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where sterling strengthens 10% against relevant currency. For a 10% weakening of sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Profit or loss 10% Strengthening		
£million	**53 weeks ended 02 January 2010**	**52 weeks ended 27 December 2008**	**52 weeks ended 29 December 2007**
Euro	5.3	7.8	2.1
USD	3.3	5.4	0.1

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions to minimise the exposure generated. Basis adjustments are made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following tables detail the forward foreign currency contracts outstanding as at 02 January 2010:

	Average exchange rate			Foreign currency		
Outstanding contracts	**53 weeks ended 02 January 2010**	**52 weeks ended 27 December 2008**	**52 weeks ended 29 December 2007**	**53 weeks ended 02 January 2010**	**52 weeks ended 27 December 2008**	**52 weeks ended 29 December 2007**
					(million)	
Buy Euros:						
Less than 3 months	1.11	1.26	1.43	25.9	21.5	20.3
3 to 6 months	1.12	1.26	1.38	15.1	0.2	0.9
6 to 12 months	1.13	1.26	1.38	3.0	1.4	3.5
Buy US Dollars:						
Less than 3 months	1.51	1.66	2.04	10.9	0.3	0.8
3 to 6 months	1.64	1.53	2.03	2.7	0.1	1.2
6 to 12 months	1.40	1.53	2.03	7.0	0.1	1.8
Buy Rand:						
Less than 3 months			14.29			14.7
3 to 6 months			14.78			15.0

	Contract value			Fair value		
Outstanding contracts	**02 Jan 2010**	**27 Dec 2008**	**29 Dec 2007**	**02 Jan 2010**	**27 Dec 2008**	**29 Dec 2007**
		(£million)			**(£million)**	
Buy Euros:						
Less than 3 months	23.3	17.2	14.3	(0.2)	3.4	0.7
3 to 6 months	13.5	0.1	0.7	—	—	—
6 to 12 months	2.7	1.1	2.5	—	0.2	0.1
Buy US Dollars:						
Less than 3 months	7.2	0.2	0.4	0.1	—	—
3 to 6 months	1.6	0.1	0.6	—	—	—
6 to 12 months	5.0	0.1	0.9	0.4	—	—
Buy Rand:						
Less than 3 months	—	—	1.0	—	—	0.1
3 to 6 months	—	—	1.0	—	—	0.1
	53.3	18.8	21.4	0.3	3.6	1.0

Foreign currency option contracts

It is no longer the policy of the Group to enter into foreign currency option contracts. In the comparative period the Group entered into foreign currency option contracts to cover specific foreign currency payments and receipts. The Group also entered into foreign currency option contracts to manage the risk associated with anticipated sales and purchase transactions to minimise the exposure generated. Basis adjustments were made to the carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction took place.

The following table details the forward foreign currency option contracts outstanding as at 27 December 2008 (for 2009 all balances are nil):

	Average strike exchange rate %		Foreign currency		Contract value		Fair value	
Outstanding contracts	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
			(million)		**(£million)**		**(£million)**	
Buy US Dollars:								

Less than 3 months	1.92	1.97	3.0	33.3	1.6	16.6	0.5	(0.1)
3 to 6 months	1.92	1.95	3.3	3.3	1.7	1.7	0.5	—
6 to 12 months	1.92	1.95	3.5	6.3	1.8	3.2	0.6	(0.1)
Over 1 year	—	1.92	—	9.8	—	5.1	—	—
Buy Rand:								
Less than 3 months	15.29	14.50	53.6	55.4	3.5	3.3	0.4	0.1
3 to 6 months	15.30	14.52	21.4	35.7	1.4	2.3	0.1	—
					10.0	32.2	2.1	(0.1)

Interest rate risk management

The Group is exposed to interest rate risk on borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. Interest rate risk management balances debt financing as a tool to improve the returns through leverage in the capital structure with the potential for an increase in interest rates to impact profits negatively. The Group operates a risk policy which maintains the ratio between floating and fixed interest rates at 50:50. The Group also uses derivative financial instruments such as interest rate swaps and, interest rate collars to minimise the risk associated with variable interest rates. As a result of this policy, at the year end 68% of the Group's borrowings were covered by interest rate swaps and collars (2008: 50%, 2007: 97%). The remaining borrowings were at floating rates. Board approval is required for the use of any interest rate derivative

Interest rate sensitivity analysis

Interest rate sensitivity analysis has been performed on the financial assets and liabilities to illustrate the impact on group profits and equity if interest rates increased/decreased. This analysis assumes the liabilities outstanding at the period end were outstanding for the whole period. A 100 basis points increase or decrease has been used, comprising management's assessment of reasonably possible changes in interest rates.

£million	53 weeks ended 02 January 2010 Profit/(loss)	52 weeks ended 27 December 2008 Profit/(loss)	52 weeks ended 29 December 2007 Profit/(loss)
Effects of 100 basis points increase in interest rate	(4.7)	(1.1)	(2.7)
Effects of 100 basis points decrease in interest rate	4.7	3.6	3.8

It is assumed that all other variables remained the same when preparing the interest rate sensitivity analysis.

Interest rate swaps

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts and collars outstanding as at 02 January 2010:

	Average contract fixed interest rate			Notional principal amount			Fair value		
	2009	2008	2007	02 Jan 2010	27 Dec 2008	29 Dec 2007	02 Jan 2010	27 Dec 2008	29 Dec 2007
	%	%	%	£million	£million	£million	£million	£million	£million
Interest rate swaps									
1 to 5 years	5.41	5.59	5.44	250.0	100.0	100.0	(17.1)	(5.9)	(0.1)
1 to 5 years	8.91	8.91	—	47.4	50.3	—	(5.3)	(6.2)	—
Over 5 years	4.90	—	—	50.0	—	—	(5.1)	—	—
Collars									

Less than 1 year	—	—	4.68	—	—	98.2	—	—	0.2
1 to 5 years	5.75	5.06	5.06	100.0	100.0	100.0	(6.0)	(5.0)	0.1
				447.4	250.3	298.2	(33.5)	(17.1)	0.2

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is 3 months LIBOR. The Group will settle the difference between fixed and floating interest rates on a net basis.

Although the derivatives have a maturity of more than twelve months, they are expected to be held for less than twelve months from the reporting period, and therefore have been presented as current liabilities.

Interest rate options

The following table details the notional principal amounts and remaining terms of interest rate swap option contracts outstanding as at 02 January 2010:

	Average contract fixed interest rate			Notional principal amount			Fair value		
Interest rate swaps options	**2009**	**2008**	**2007**	**02 Jan 2010**	**27 Dec 2008**	**29 Dec 2007**	**02 Jan 2010**	**27 Dec 2008**	**29 Dec 2007**
	%	**%**	**%**	**£million**	**£million**	**£million**	**£million**	**£million**	**£million**
Fixed rate									
1 to 5 years	—	4.94	4.94	—	150.0	150.0	—	(11.9)	(1.6)
Over 5 years	—	5.17	5.17	—	50.0	50.0	—	(6.3)	(0.9)
				—	200.0	200.0	—	(18.2)	(2.5)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is 3 months LIBOR. The Group will settle the difference between fixed and floating interest rates on a net basis.

Credit risk management

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations of the loans and receivables at amortised cost held in the balance sheet.

The Group's main credit risk is attributable to its trade receivables. The Group's top five customers, all leading UK retailers, continue to represent more than 85% of the Group's revenue. These customers hold favourable credit ratings and consequently reduce the credit risk for the Group's overall trade receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies. Group policy dictates that group deposits are shared between banks to spread the risk. Currently group deposits are shared between banks that are current counterparties in the Group's secured committed bank facilities. Bakkavor (London) Limited's current credit limit is £646 million, which represents the Group's secured loan facility. This facility and therefore our credit limit of £646 million, is primarily with Barclays Capital. Barclays Capital are the syndicate agent of this facility and they manage the syndicate and participation with other counterparties. Bakkavor Acquisitions (2008) group principal facilities at the start of the 2009 period were £67.7 million and by 02 January were £63.1m.

Processes are in place to manage receivables and overdue debt and to ensure that appropriate action is taken to resolve issues on a timely basis. Credit control operating procedures are in place to review all new customers. Existing customers are reviewed as management become aware of changes of circumstances for specific customers. The amounts presented in the balance sheet are net of appropriate allowance for doubtful trade receivables, specific customer risk and assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Commodity risk management

The Group acquires substantial amounts of raw materials for its operations, including dairy, wheat and rapeseed oil. The Group is exposed to commodity price and supply risks for these raw materials. The Group takes actions to reduce overall material costs and exposure to price fluctuations. This is done in a number of ways. For example, the Group buys raw materials from suppliers all over the world, thereby decreasing geographic risk and frequently tenders to benchmark market prices. In general our requirements are managed

using contracts for periods of between three to twelve months forward. The Group also manage our local currency exposure in line with agreed contracts.

Liquidity risk management

Liquidity risk refers to the risk that the Group may not be able to fund the day to day running of the Group. Liquidity risk is reviewed by the board on a monthly basis. The Group manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group also monitors the drawdown of debt against the available banking facilities and reviews the level of reserves. Liquidity risk management ensures sufficient debt funding is available for the Group's day to day needs. Board policy is to maintain reasonable headroom of unused committed bank facilities in a range of maturities at least 12 months beyond the period end.

Maturity profile of financial liabilities

The following table illustrates the Group's financial liability obligations and when they fall due.

£million	02 January 2010	27 December 2008	29 December 2007
Due within one year:			
Trade payables	161.9	187.3	197.3
Contingent consideration	15.5	17.0	—
Deferred consideration	3.1	3.4	—
Other creditors	27.2	46.8	35.4
Derivative financial instruments	33.7	35.3	2.3
Bank loans and overdrafts	63.0	215.8	21.1
Interest on bank loans	32.7	52.2	34.4
Finance leases	4.2	6.2	5.5
Total due within one year	341.3	564.0	296.0
In the second to fifth years inclusive:			
Other creditors	—	2.2	12.6
Amounts due to related parties	186.3	165.2	178.7
Bank loans and overdrafts	589.8	665.5	506.9
Interest on bank loans	38.5	100.9	109.6
Finance leases	5.3	11.2	11.3
Total due in the second to fifth years	819.9	945.0	819.1
After five years:			
Finance leases	1.0	0.6	0.9
Total due after five years	1.0	0.6	0.9

The weighted average interest rates for the Group's bank loans and overdrafts are found in note 18, Finance leases in note 21 and further information on the Group's derivative financial instruments are above.

25. Share capital and reserves

Share capital

£million	02 January 2010	27 December 2008	29 December 2007
Bakkavor Holdings Limited			
Issued and fully paid:			
96,645,586 ordinary shares of £1 each	96.6	96.6	96.6

25. Share capital and reserves

Merger reserve

The Company has one class of ordinary shares which carry no right to fixed income. As the acquisition of Bakkavor (London) Limited by Bakkavor Holdings Limited was accounted for using the principles of merger accounting (see note 1), the amount recognised for the newly issued equity is equal to the nominal value of the Bakkavor Holdings Limited ordinary shares. The value of the Bakkavor (London) Limited ordinary shares prior to the combination of £87.2m has been reclassified to a merger reserve for all periods presented.

Capital reserve

The capital reserve of £4 million arose in 2009 following the capitalisation of an inter-company balance between Bakkavor (London) Limited and Bakkavör Group ehf.

Translation reserve

The translation reserve represents foreign exchange rate differences arising on the consolidation of the Group's foreign operations. The assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in the translation reserve.

26. Acquisition of subsidiaries

(a) Acquisitions 2009

In the 53 weeks ended 02 January 2010 there were no acquisitions but £8.4 million of deferred consideration payments were made relating to acquisitions transacted in previous periods.

(b) Acquisitions 2008

For the 52 weeks ended 27 December 2008 there were £8.2 million of deferred consideration payments relating to acquisitions transacted in previous periods in addition to the following acquisitions:

Acquisition of Italpizza Srl

On 16 April 2008 the Group acquired 90% of the issued share capital of Italpizza Srl for a cash consideration of £37.2 million.

In connection with the acquisition, Bakkavor Acquisitions (2008) Limited entered into a put and call option to purchase the remaining 10% of the share capital of Italpizza Srl. The put option can be exercised by the option holder during December 2010 and the call option exercised by Bakkavor Acquisitions (2008) Limited during January 2011 if the put option has not already been exercised. The purchase price for the 10% under either option is based on a fair value multiple calculation.

This put and call option has been assessed as having a nominal fair value at inception and at each period end as the value payable is linked to the fair value of the share of the assets to be purchased.

On 07 December 2010 the put option was exercised by the option holder.

£million	Book value	Fair value adjustments	Fair value
Net assets acquired:			
Intangible assets	—	5.5	5.5
Property, plant and equipment	4.6	—	4.6
Inventories	3.9	—	3.9
Trade and other receivables	6.7	—	6.7
Cash and cash equivalents	3.2	—	3.2

Trade and other payables	(7.7)	—	(7.7)
Deferred tax	(0.4)	(1.5)	(1.9)
Bank loans	(8.1)	—	(8.1)
	2.2	4.0	6.2
Less: Minority interest share			(0.2)
Goodwill			31.2
Total consideration			37.2
Satisfied by:			
Cash			37.2
Net cash outflow arising on acquisition			
Cash consideration			37.2
Cash and cash equivalents acquired			(3.2)
			34.0

Acquisition of Two Chefs on a Roll Inc

On 28 January 2008 the Group acquired 100% of the issued share capital of Two Chefs on a Roll Inc. for a cash consideration of £11.0 million, deferred consideration of US$5m (£2.5 million) and US$25 million (£12.6 million) contingent on the operating performance subsequent to acquisition. The contingent consideration was estimated at US$25 million at the acquisition date with an ultimate payment of US$15.3 million.

£million	Book value	Fair value adjustments	Fair value
Net assets acquired:			
Intangible assets	—	1.6	1.6
Property, plant and equipment	6.1	—	6.1
Inventories	1.1	—	1.1
Trade and other receivables	1.5	—	1.5
Cash and cash equivalents	—	—	—
Trade and other payables	(7.6)	—	(7.6)
Deferred tax	—	(0.4)	(0.4)
Bank loans	(0.9)	—	(0.9)
	0.2	1.2	1.4
Goodwill			24.7
Total consideration			26.1
Satisfied by:			
Cash			11.0
Contingent consideration			2.5
Deferred consideration			12.6
			26.1
Net cash outflow arising on acquisition			
Cash consideration			11.0

Acquisition of Yantai Longshun Food Co. Limited

On 31 January 2008, the group acquired 80% of the issued share capital of Yantai Longshun Food Co. Limited for a cash consideration of £1.4 million. Yantai Longshun Food Co. Limited is a Chinese vegetable and fruit provider to the retail and food service markets in China. This transaction has been accounted for by the purchase method of accounting.

£million	Book value	Fair value adjustments	Fair value
Net assets acquired:			
Intangible assets	0.4	—	0.2
Property, plant and equipment	0.9	—	0.9
Inventories	0.1	—	0.1
Trade and other receivables	0.2	—	0.2
Cash and cash equivalents	0.2	—	0.2
Trade and other payables	(0.5)	—	(0.5)
	1.3	—	1.3
Goodwill			0.1
Total consideration			1.4
Satisfied by:			
Cash			1.4
Net cash outflow arising on acquisition			
Cash consideration			1.4
Cash and cash equivalents acquired			(0.2)
			1.2

The goodwill arising on the acquisition of Yantai Longshun Foods Co. Limited is attributable to the fact there are fully functioning businesses in place, which is of value to Bakkavör Group. Additionally, the business fits well with Bakkavor, in its China Development.

Acquisition of Fram Foods SA

On 18 July 2008, the group acquired 100% of the issued share capital of Fram Foods SA for a cash consideration of £1.4 million. Fram Foods SA is a French provider of taramasalata dip and Blinis, which are principally sold to retailers in France but also in the UK. This transaction has been accounted for by the purchase method of accounting. Since acquisition the business has been renamed Bakkavor Traiteur S.A.S..

£million	Book value	Fair value adjustments	Fair value
Net assets acquired:			
Intangible assets	0.3	(0.3)	—
Property, plant and equipment	3.1	(0.3)	2.8
Inventories	0.4	—	0.4
Trade and other receivables	1.4	—	1.4
Cash and cash equivalents	0.3	—	0.3
Trade and other payables	(4.1)	—	(4.1)
Bank loans	(1.3)	—	(1.3)
Deferred tax	0.7	(0.7)	—
	0.8	(1.3)	(0.5)
Goodwill			1.9
Total consideration			1.4
Satisfied by:			
Cash			1.4
Net cash outflow arising on acquisition			
Cash consideration			1.4
Cash and cash equivalents acquired			(0.3)
			1.1

The fair value adjustments represent assets that will not be utilised by the business in the future and are therefore deemed to have no value.

The business assets have been reviewed and no specific intangible assets have been identified and valued due to the short length of existing contracts.

The goodwill arising on the acquisition of Bakkavor Traiteur is attributable to the anticipated profitability of the distribution of new products and the anticipated future operating synergies from the combination.

(c) Acquisitions 2007

For the 52 weeks ended 29 December 2007 there were £1.4 million of deferred consideration payments relating to acquisitions transacted in previous periods in addition to the following acquisitions:

Acquisition of Financiere 4G SAS

In May 2007, the group acquired 100% of the issued share capital of Financiere 4G SAS ("4G") for cash consideration of £11.3 million. 4G is a French prepared salads provider. This transaction has been accounted for by the purchase method of accounting.

£million	Book value	Fair value adjustments	Fair value
Net assets acquired			
Intangible assets	—	1.6	1.6
Property, plant and equipment	6.2	—	6.2
Inventories	0.3	—	0.3
Trade and other receivables	3.2	—	3.2
Cash and cash equivalents	0.9	—	0.9
Trade and other payables	(4.0)	—	(4.0)
Bank loans	(5.9)	—	(5.9)
Deferred tax	—	(0.4)	(0.4)
	0.7	1.2	1.9
Goodwill			9.4
Total consideration			11.3
Satisfied by:			
Cash			10.9
Directly attributable costs			0.4
			11.3
Net cash outflow arising on acquisition			
Cash consideration			11.3
Cash and cash equivalents acquired			(0.9)
			10.4

The fair value adjustment was to include the fair value of the customer relationships of 4G (net of deferred tax) within the fair value of the net assets acquired.

The goodwill arising on the acquisition of 4G is attributable to the anticipated profitability of the distribution of new products and the anticipated future operating synergies from the combination.

Acquisition of Heli Food Fresh AS

In July 2007, the group acquired 51% of the issued share capital of Heli Food Fresh AS for cash consideration of £3.8 million and deferred consideration of £2.3 million. Heli Foods Fresh AS is involved in the manufacture of fresh prepared foods within the Czech Republic. This transaction has been accounted for by the purchase method of accounting.

£million	Book value	Fair value adjustments	Fair value

Net assets acquired			
Intangible assets	—	0.5	0.5
Property, plant and equipment	1.1	—	1.1
Inventories	0.6	—	0.6
Trade and other receivables	0.6	—	0.6
Bank overdrafts	(0.3)	—	(0.3)
Trade and other payables	(2.7)	—	(2.7)
Deferred tax	—	(0.2)	(0.2)
	(0.7)	0.3	(0.4)
Goodwill			6.5
Total consideration			6.1
Satisfied by:			
Cash			3.3
Directly attributable costs			0.5
Deferred consideration			2.3
			6.1
Net cash outflow arising on acquisition			
Cash consideration			3.8

The fair value adjustment was to include the fair value of the customer relationships of Heli Food Fresh AS (net of deferred tax) within the fair value of the net assets acquired.

The goodwill arising on the acquisition of Heli Food Fresh AS is attributable to the anticipated profitability of the distribution of new products and the anticipated future operating synergies from the combination.

Acquisition of Exotic Farm Produce Group

In August 2007, the group acquired 100% of the issued share capital of Notsallow 256 Limited and with this the operations of the Exotic Farm Produce Group for cash consideration of £11.8 million and deferred consideration of £5.0 million. Exotic Farm Produce is a produce and fresh prepared foods company within the UK. This transaction has been accounted for by the purchase method of accounting.

£million	Book value	Fair value adjustments	Fair value
Net assets acquired			
Intangible assets	—	3.4	3.4
Property, plant and equipment	12.1	—	12.1
Investments	1.6	(0.8)	0.8
Inventories	1.6	—	1.6
Trade and other receivables	6.6	—	6.6
Bank loans and overdrafts	(10.0)	—	(10.0)
Trade and other payables	(9.9)	—	(9.9)
Current tax	0.1	—	0.1
Deferred tax	0.1	(0.9)	(0.8)
	2.2	1.7	3.9
Goodwill			12.9
Total consideration			16.8
Satisfied by:			
Cash			11.3
Directly attributable costs			0.5
Deferred consideration			5.0
			16.8
Net cash outflow arising on acquisition			
Cash consideration			11.8

The fair value adjustments include the fair value of the customer relationships of the Exotic Farm Produce Group (net of deferred tax) within the fair value of the net assets acquired and the write down of investments to their net asset value.

The goodwill arising on the acquisition of the Exotic Farm Produce is attributable to the anticipated profitability of the distribution of new products and the anticipated future operating synergies from the combination.

Acquisition of Welcome Food Ingredients Limited

In October 2007, the group acquired 100% of the issued share capital of Welcome Food Ingredients Limited for cash consideration of £7.4 million and deferred consideration of £9.9 million. Welcome Food Ingredients Limited is a flavourings and sauce producer within the UK. This transaction has been accounted for by the purchase method of accounting.

£million	Book value	Fair value adjustments	Fair value
Net assets acquired			
Intangible assets	—	2.2	2.2
Property, plant and equipment	1.7	—	1.7
Inventories	0.5	—	0.5
Trade and other receivables	1.8	—	1.8
Bank loans and overdrafts	(4.3)	—	(4.3)
Trade and other payables	(3.2)	—	(3.2)
Current tax liabilities	(0.3)	—	(0.3)
Deferred tax	—	(0.6)	(0.6)
	(3.8)	1.6	(2.2)
Goodwill			19.5
Total consideration			17.3
Satisfied by:			
Cash			7.1
Directly attributable costs			0.3
Deferred consideration			9.9
			17.3
Net cash outflow arising on acquisition			
Cash consideration			7.4

The fair value adjustment was to include the fair value of the customer relationships of Welcome Food Ingredients (net of deferred tax) within the fair value of the net assets acquired.

The goodwill arising on the acquisition of Welcome Food Ingredients Limited is attributable to the anticipated profitability of the distribution of new products and the anticipated future operating synergies from the combination.

Acquisition of Creative Food Group Limited

In June 2007 the Group acquired, in cooperation with Glitnir Bank, a further 60% stake in Creative Food Group Limited, a Chinese salad manufacturer for cash consideration of £8.2 million. The Group originally acquired a 20% share in 2006 and so now holds an 80% share in Creative Food while Glitnir Bank owns the other 20%. The Company was previously treated as an associate but was fully consolidated as of 1 June 2007.

£million	Book value	Fair value adjustments	Fair value
Net assets acquired			
Intangible assets	—	1.1	1.1
Property, plant and equipment	2.4	—	2.4
Inventories	0.1	—	0.1
Trade and other receivables	2.1	—	2.1
Cash and cash equivalents	1.0	—	1.0
Trade and other payables	(2.1)	—	(2.1)

Deferred tax	—	(0.3)	(0.3)
	3.5	0.8	4.3
60% of net assets acquired			2.6
Goodwill			5.6
Total consideration			8.2
Satisfied by:			
Cash			8.0
Directly attributable costs			0.2
			8.2
Net cash outflow arising on acquisition			
Cash consideration			8.2
Cash and cash equivalents acquired			(1.0)
			7.2

The fair value adjustment was to include the fair value of the customer relationships of Creative Food Group (net of deferred tax) within the fair value of the net assets acquired.

The goodwill arising on the acquisition of Creative Food Group Limited is attributable to the anticipated profitability of the distribution of new products and the anticipated future operating synergies from the combination.

27. Disposal of Subsidiary and associates

Disposal of subsidiary

On 13 October 2009 the Group disposed of its interest in International Produce Limited for a cash consideration of £0.9 million resulting in a loss on disposal, net of disposal costs of £0.1 million, of £1.8 million.

This disposal was in line with a contractual arrangement agreed with ASDA in 2004 when International Produce Limited was incorporated..

27. Disposal of Subsidiary and associates

The net assets of International Produce Limited at the date of disposal and at 27 December 2008 were as follows:

£million	13 October 2009	27 December 2008
Property plant and equipment	0.4	0.5
Inventories	5.2	2.8
Trade receivables	17.4	25.0
Cash and cash equivalents	4.8	2.0
Deferred tax asset	0.1	0.1
Trade payables	(25.8)	(29.3)
Tax payable	(0.2)	(1.0)
Minority interest share of assets	(0.5)	—
Attributable intangibles	1.2	1.5
	2.6	1.6
Disposal costs	0.1	
Loss on disposal	(1.8)	
Total consideration	0.9	

The consideration was settled in cash with the full amount being received prior to 02 January 2010. The disposal of International Produce Limited does not qualify as a discontinued operation, as defined in IFRS 5 as it did not represent a separate major line of business.

Disposal of associates

During 2009 the Group sold its interests in Interfruit (Pty) Limited and Tropical Fresh Alimentos SA for a cash consideration of £1.8 million generating a profit of £1.4 million.

28. Notes to the statement of cash flows

£million	02 January 2010	27 December 2008	29 December 2007
Operating profit	65.8	8.0	88.9
Adjustments for:			
Share of profit of associates and joint venture	(1.0)	(0.1)	(0.4)
Depreciation of property, plant and equipment	43.8	43.6	38.5
Impairment of property, plant and equipment	—	17.4	—
Amortisation of intangible assets	9.8	9.7	8.8
Net retirement benefits charge less contribution	0.7	0.5	(1.9)
Amortisation of capital grants	—	(0.9)	(0.9)
Loss/(gain) on disposal of property, plant and equipment	0.7	1.2	(0.5)
Increase/(decrease) in provisions	0.5	0.9	(2.0)
Operating cash flows before movements in working capital	120.3	80.3	130.5
Decrease/(increase) in inventories	1.8	(5.1)	(6.1)
Decrease/(increase) in receivables	33.8	(32.8)	(1.9)
Decrease in payables	(2.6)	(31.9)	(19.7)
Cash generated by operations	153.3	10.5	102.8
Income taxes (paid)/received	(3.2)	8.8	(2.8)
Interest paid	(68.3)	(41.2)	(33.9)
Net cash from/(used in) operating activities	81.8	(21.9)	66.1

Included in total interest paid are payments of debt issue costs totalling £13.1 million in 2009 (2008: £4.5 million, 2007: £7.1 million).

29. Contingent liabilities and commitments

The Group may from time to time, and in the normal course of business, be subject to claims against the Group from customers and counterparties. The Group regularly reviews any of these claims, and believes that no provision is necessary in the consolidated financial statements. In addition, there are a number of legal claims or potential claims against the Group, the outcome of which cannot at present be foreseen. Provision has been made for all probable liabilities.

As at 02 January 2010 the Group has purchase commitments for the next 12 months to guarantee supply and price of raw materials of £38.3 million (27 December 2008: £22.4 million, 29 December 2007: £18.7 million).

30. Operating lease arrangements

The group as lessee

£million	02 January 2010	27 December 2008	29 December 2007
Minimum lease payments under operating leases recognised as an expense in the period	13.0	14.1	12.0

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings			Other		
£million	02 January 2010	27 December 2008	29 December 2007	02 January 2010	27 December 2008	29 December 2007

Operating leases which expire:						
Within one year	7.5	7.9	9.2	4.5	3.6	7.8
Within two to five years	24.9	19.7	21.7	6.6	5.5	15.2
After five years	61.7	61.0	47.1	0.4	0.4	0.7
	94.1	88.6	78.0	11.5	9.5	23.7

The Group leases various offices and operational facilities under non-cancellable operating lease arrangements. The leases have various terms, escalation clauses and renewal rights. The Group also leases plant and machinery under non-cancellable operating lease agreements.

31. Retirement benefit schemes

The Group operates a number of pension schemes in the UK and overseas. These schemes are either trust or contract based and have been set up in accordance with appropriate legislation. The assets of each of the pension schemes are held separately from the assets of the Company.

In the UK, the two main schemes, one defined contribution scheme and the other a funded defined benefit scheme, are open to employees joining Bakkavor (London) Limited (full or part time).

Pension costs charged in arriving at profit on ordinary activities before taxation were:

£million	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
UK defined benefit scheme net charge	4.2	3.6	1.0
UK defined contribution scheme net charge	0.8	0.2	0.3
Overseas net charge	0.3	0.3	0.4
Total charge	5.3	4.1	1.7

Defined contribution schemes

The total cost charged to income of £0.8 million (2008: £0.2 million, 2007: £0.3 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. No amounts were owing at the period end for the defined contribution scheme (2008: £nil, 2007: £nil)

Defined benefit schemes

A full actuarial valuation of plan assets and the present value of the defined benefit obligation was carried out at 31 March 2007 and was updated for IAS 19 purposes to 02 January 2010 by a qualified independent actuary. The projected unit cost method was used to value the assets and liabilities and was conducted by a qualified independent actuary.

The major assumptions used in this valuation were:

	02 January 2010	27 December 2008	29 December 2007
Expected rate of salary increases	4.50%	4.30%	4.90%
Future pension increases	3.20%	2.80%	3.40%
Expected return on scheme assets	7.30%	7.19%	7.36%
Discount rate applied to scheme liabilities	5.70%	6.50%	5.80%
Inflation assumption	3.5%	2.80%	3.40%

The mortality table is based on the PMA92/PFA92 tables rated down one year with future medium cohort improvements, giving life expectancies as follows:

	Males expected future lifetime 2010	Males expected future lifetime 2009	Females expected future lifetime 2010	Females expected future lifetime 2009
Member aged 45 in 2007	41.5	41.5	44.5	44.5
Member aged 65 in 2007	21.0	21.0	24.1	24.1

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%	Decrease by 19%
Rate of inflation	Increase by 1%	Increase by 23%
Rate of salary growth	Increase by 1%	Increase by 4.4%
Rate of mortality	Increased by 1 year	Increase by 2.7%

Amounts recognised in income in respect of these defined benefit schemes are as follows:

£million	53 weeks ended 02 January 2010	52 weeks ended 27 December 2008	52 weeks ended 29 December 2007
Current service cost	(3.2)	(5.3)	(4.0)

Interest cost	(8.1)	(8.6)	(7.1)
Expected return on scheme assets	7.1	10.3	10.1
	(4.2)	(3.6)	(1.0)

All of the charge for the period has been included in administrative expenses. Actuarial gains and losses have been reported in the statement of recognised income and expense.

The actual return on scheme assets was £28.7 million (2008: (£41.0) million, 2007: £9.9 million).

Cumulative amount of actuarial gains and losses recognised in the other comprehensive income since the date of IFRS transition is £22.4 million loss (2008: £9.5 million loss, 2007: £7.6 million gain)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

£million	02 January 2010	27 December 2008	29 December 2007
Fair value of scheme assets	156.4	127.9	168.6
Present value of defined benefit obligations	(169.6)	(127.5)	(150.6)
(Deficit)/surplus in scheme	(13.2)	0.4	18.0
Related deferred taxation asset/(liability)	3.7	(0.1)	(5.0)
	(9.5)	0.3	13.0

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Movements in the present value of defined benefit obligations were as follows:

£million	02 January 2010	27 December 2008	29 December 2007
Opening balance	(127.5)	(150.6)	(140.6)
Current service cost	(3.2)	(5.3)	(4.0)
Interest cost	(8.1)	(8.6)	(7.1)
Contributions from scheme members	(2.2)	(2.0)	(2.0)
Benefits paid	5.9	4.8	4.5
(Loss)/gain on change of assumptions	(38.0)	29.3	7.3
Experience gain/(loss)	3.5	4.9	(8.7)
Closing balance	(169.6)	(127.5)	(150.6)

Movements in the fair value of scheme assets were as follows:

£million	02 January 2010	27 December 2008	29 December 2007
Opening balance	127.9	168.6	158.3
Expected return on scheme assets	7.1	10.3	10.1
Actuarial gain/(loss)	21.6	(51.3)	(0.2)
Contributions from the sponsoring companies	3.5	3.1	2.9
Contributions from scheme members	2.2	2.0	2.0
Benefits paid	(5.9)	(4.8)	(4.5)
Closing balance	156.4	127.9	168.6

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

	Expected return	Fair value of assets

	02 January 2010	27 December 2008	29 December 2007	02 January 2010	27 December 2008	29 December 2007
	%	%	%	£million	£million	£million
UK equities	7.90	7.80	8.00	54.6	51.7	81.5
Overseas equities	8.40	7.80	8.00	55.5	31.6	36.8
Corporate bonds	5.70	6.47	5.82	30.6	27.7	28.5
UK government bonds	4.50	3.74	4.55	7.3	7.0	7.1
Property	6.70	6.86	6.59	8.4	9.9	14.7
				156.4	127.9	168.6

£million	02 January 2010	27 December 2008	29 December 2007	30 December 2006	31 December 2005
Fair value of scheme assets	156.4	127.9	168.6	158.3	144.1
Present value of defined benefit obligations	(169.6)	(127.5)	(150.6)	(140.6)	(136.6)
(Deficit)/surplus in the scheme	(13.2)	0.4	18.0	17.7	7.5
Experience gains/(losses) adjustments on scheme liabilities					
Amount	3.5	4.9	(8.7)	0.2	0.1
Percentage of scheme liabilities (%)	2.06	3.84	(5.78)	0.14	0.07
Experience gains/(losses) on scheme assets					
Amount	21.6	(51.3)	(0.2)	4.9	16.9
Percentage of scheme assets (%)	13.81	(40.11)	(0.12)	3.10	11.73

The estimated amount of contributions expected to be paid to the pension scheme during the current financial year is £4.6 million. The employer contribution rate for the current financial year is 9.4%.

The next triennial valuation was scheduled to be carried out as at 31 March 2010.

The levels of contributions are based on the current service cost and the expected future cash flows of the defined benefit scheme. The Group estimate the scheme liabilities on average fall due over 20 years.

The Trustees currently adopt a policy of 70% return seeking assets (equities) and 30% liability matching assets (bonds/property) which will be reviewed periodically. Within the return seeking portfolio the Trustees have decided to increase their allocation to overseas equities and have recently appointed a passive manager in this regard.

The Group and the Trustees work closely together in matters concerning the Bakkavor Pension Scheme. Regular meetings and correspondence on matters concerning the scheme are shared in an open manner between both parties.

32. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates/joint ventures are disclosed below.

During the period, group companies entered into the following transactions with related parties who are not members of the Group:

Trading transactions

	Sale of goods			Purchase of goods		
£million	2009	2008	2007	2009	2008	2007
Asda	204.3	245.9	234.1	18.6	7.6	—
Associates and joint ventures	—	—	—	0.7	—	1.4
Bakkavör Group ehf.	—	—	—	—	—	—
Other related parties	—	—	—	—	—	—

Asda ceased to be a related party on 13 October 2009 following the disposal of International Produce Limited ('IPL') as the contractual arrangements that were in place with IPL ceased.

Sales and purchases of goods to related parties, other than ASDA, were made at cost. Sales to ASDA were made on a commercial arms-length basis.

Other Transactions

£million	Management services revenue			Bakkavör Group Trademark Licensing Agreement			Interest charges on loans		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Associates and joint ventures	—	—	1.0	—	—	—	—	—	—
Bakkavör Group ehf.	—	0.2	—	12.0	11.4	14.1	10.6	16.4	14.3
Other related parties	—	—	—	—	—	—	0.1	—	—

The Group pays a royalty fee to Bakkavör Group ehf under a Trademark Licensing Agreement whereby Bakkavör Group ehf has granted the Group a license to use the Bakkavor name and trademark. This charge is generally 1% of the total revenue of each of our business units, unless such unit's annual operating margin is 4.0% or less, when no charge is made.

Of the fees noted above, £2.2 million was actually paid to Bakkavör Group ehf for the 53 weeks ended 02 January 2010 (52 weeks ended 27 December 2008; £10.8 million, 52 weeks ended 29 December 2007: £11.4 million).

Balances with related parties

£million	Amounts owed to related parties			Amounts owed by related parties		
	2009	2008	2007	2009	2008	2007
Asda	—	39.9	30.1	—	0.4	0.1
Associates	0.1	—	—	—	—	0.2
Joint ventures	—	—	0.1	—	—	—
Bakkavör Group ehf.	186.3	165.2	181.1	—	—	2.4
Other related parties	1.0	1.0	—	—		—

The related party amounts owed to and by Bakkavör Group ehf are included in the non-current liabilities section of the Group balance sheet, amounts due to related parties.

Loans between the Group and related parties are all based on varying terms of interest. Related party loans are repayable between 1 and 5 years and incur interest based on the 3 month libor rate plus 3%.

The amounts outstanding are unsecured. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel

The remuneration of the directors and senior management, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

£million	02 January 2010	27 December 2008	29 December 2007
Short-term employee benefits	6.2	4.6	5.3
Post—employment benefits	0.4	0.3	—
	6.6	4.9	5.3

33. Subsidiaries

As at 02 January 2010, Bakkavor Holdings Limited held investments in the share capital in the following companies (ownership in dormant companies have not been listed):

Directly held investments:

Name	Place of registration and operation	Principal activity	Interest 02 Jan 2010	Interest 27 Dec 2008	Interest 29 Dec 2007
Bakkavor (London) Limited	United Kingdom	Holding company	100%	100%	100%
Bakkavor Acquisitions (2008) Limited	United Kingdom	Holding company	100%	100%	0%
Bakkavor Estates Limited	United Kingdom	Property management	100%	100%	0%
Bakkavor Finance Limited	United Kingdom	Group management services	100%	100%	0%

Indirectly held investments:

Name	Place of registration and operation	Principal activity	Interest 02 Jan 2010	Interest 27 Dec 2008	Interest 29 Dec 2007
Bakkavor Foods Limited	United Kingdom	Preparation and marketing of fresh prepared foods	100%	100%	100%
Exotic Farm Produce Limited	United Kingdom	Preparation and marketing of fresh produce	100%	100%	100%
Heli Food Fresh AS	Czech Republic	Preparation and marketing of fresh prepared foods	100%	51%	51%
Anglia Crown Limited	United Kingdom	Preparation and marketing of fresh prepared foods	100%	100%	100%
Bakkavor Fresh Cook Limited	United Kingdom	Preparation and marketing of fresh prepared foods	100%	100%	100%
Welcome Food Ingredients Limited	United Kingdom	Manufacture of food ingredients and seasoning	0%	0%	100%
English Village Salads Limited	United Kingdom	Packaging and marketing of fresh produce	95%	95%	95%
International Produce Limited	United Kingdom	Packaging and marketing of fresh produce	0%	76%	76%
Cinquime Saison SAS Group (includes 2 further subsidiaries)	France	Preparation and marketing of fresh prepared foods	100%	100%	100%
Centrale Salades France SAS	France	Preparation and marketing of fresh prepared foods	100%	100%	100%
Crudi SAS	France	Preparation and marketing of fresh prepared foods	100%	100%	100%
Sogesol SA	Spain	Preparation and marketing of fresh prepared foods	100%	100%	100%
S.B.L.P SAS	France	Preparation and marketing of fresh prepared foods	100%	100%	100%
Bakkavor Overseas Limited	United Kingdom	Importer and exporter of machinery and equipment	100%	100%	100%
Bakkavor Insurance (Guernsey) Limited	Guernsey	Insurance and re-insurance	0%	100%	100%
Bakkavor Properties Limited	United Kingdom	Property management	100%	100%	100%
Vaco BV	Belgium	Preparation and marketing of fresh prepared foods	100%	100%	100%
Bakkavor (SA) (Pty) Limited	South Africa	Preparation and marketing of fresh prepared foods	100%	100%	100%
Creative Food Group Limited (includes 13 further subsidiaries within Hong Kong and China)	Hong Kong	Produce and manufactures salad products	80%	80%	80%

Bakkavor Traiteur S.A.S (formerly Fram Foods SA)	France	Preparation and marketing of fresh prepared foods	100%	100%	0%
Italpizza Srl	Italy	Manufacture of branded and private label pizza products	90%	90%	0%
Two Chefs on a roll Inc	USA	Manufacture of custom and private label savoury and bakery products	100%	100%	0%
Bakkavor USA Inc	USA	Holding company	100%	100%	0%
Bakkavor USA Limited	United Kingdom	Holding company	100%	100%	100%
Bakkavor (Acquisitions) Limited	United Kingdom	Holding company	100%	100%	100%
Bakkavor Limited	United Kingdom	Holding company	100%	100%	100%
Financiere 4G SAS	France	Holding company	100%	100%	100%
4G SAS	France	Holding company	100%	100%	100%
BV Negecos	United Kingdom	Holding company	100%	100%	100%
Bakkavor European Marketing BV	Netherlands	Holding company	100%	100%	100%
Bakkavor China Limited	United Kingdom	Holding company	80%	80%	80%
Bakkavor Asia Limited	United Kingdom	Holding company	100%	100%	100%
Bakkavor Invest Limited	United Kingdom	Holding company	100%	100%	100%
BV Acquisition (2008) ehf	Iceland	Non-trading	100%	100%	0%
BV London ehf	Iceland	Non-trading	100%	100%	0%
Katsouris Fresh Foods Limited	United Kingdom	Non-trading	100%	100%	100%
Bakkavor Birmingham Limited	United Kingdom	Non-trading	100%	100%	100%
Laurens Patisseries Limited	United Kingdom	Non-trading	100%	100%	100%
Hitchen Foods Limited	United Kingdom	Non-trading	100%	100%	100%
Bakkavor Jersey Limited	Jersey	Non-trading	100%	100%	100%
Bakkavor (Jersey Two) Limited	Jersey	Non-trading	100%	100%	100%
Notsallow 256 Limited	United Kingdom	Non-trading	100%	100%	100%
Exotic Farm Prepared Limited	United Kingdom	Non-trading	100%	100%	100%
Cucina Sano Limited	United Kingdom	Non-trading	100%	100%	100%
Bakkavor Central Finance Limited	United Kingdom	Non-trading	100%	100%	0%
Butterdean Products Limited	United Kingdom	Non-trading	100%	100%	100%
Bakkavor Overseas Holdings Limited	United Kingdom	Non-trading	100%	100%	100%
Bakkavor Horticultural Limited	United Kingdom	Non-trading	100%	100%	100%
Bakkavor Overseas Mechanisation Limited	United Kingdom	Non-trading	100%	100%	100%
Bakkavor Maroc	Morocco	Non-trading	100%	100%	100%
New Primebake Limited	United Kingdom	Non-trading	100%	100%	100%

34. Events after the balance sheet date

On 29 March 2010 Bakkavor Estates Limited, which holds the UK Freehold property for the Group, refinanced its facility through the Groups main UK banking facility in Bakkavor (London) Limited.

On 01 February 2010 the Group paid US$5.0 million (£3.1 million) of deferred consideration in relation to the acquisition of Two Chefs on a Roll Inc. On 26 November 2010 the Group paid US$15.3 million (£9.8 million) of contingent consideration again in relation to the acquisition of Two Chefs on a Roll Inc.

On 07 December 2010, the put option for the Group to acquire the remaining 10% of the share capital of Italpizza Srl was exercised by the option holder (see note 26 (a)).

On 10 January 2011 the Group made a final payment of £21.3 million to the lenders to fully repay the loan outstanding in Bakkavor Estates Limited.

On 19 January 2011in respect of the Bakkavor China Limited loan the Group agreed with the lenders to a waiver of the covenant requirements for the year ended 1 January 2011.

Bakkavör Holdings Limited
Annual report and financial statements
for the 52 weeks ended 1 January 2011

Registered number: 06215286

Bakkavör Holdings Limited

Report and financial statements 2010

Officers and professional advisers

DIRECTORS

A Gudmundsson
G Pates
A Savage
L Gudmundsson
A Thoroddsen
B Bjarnason
H Lúðvígsson

SECRETARY

J Stansbury (appointed 5 July 2010)
R Howes (appointed 31 March 2010, resigned 5 July 2010)
J Jowett (appointed 5 August 2009, resigned 31 March 2010)

REGISTERED OFFICE

West Marsh Road
Spalding
Lincolnshire
PE11 2BB

BANKERS

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

AUDITORS

Deloitte LLP
Four Brindley Place
Birmingham.
B1 2HZ

Bakkavör Holdings Limited

Directors' report

The directors present their annual report on the affairs of the Bakkavör Holdings Limited Group (the "Group"), together with the financial statements and auditors' report, for the 52 weeks ended 1 January 2011. Comparatives are for the 53 weeks ended 2 January 2010.

Principal activities

The Group is a leading provider of fresh prepared food products in the United Kingdom. We develop and produce innovative fresh prepared food products for every occasion and every budget. Our customers include some of the United Kingdom's most reputable and well-known grocery retailers, including Tesco, Marks & Spencer, Sainbury's, Waitrose, Asda and Morrisons, which sell our products to retailers under their respective retailer brands. We have also established a significant presence in development markets for fresh prepared and retailer-branded food products, including Europe, the United States and China. Our industry expertise and relationships with eight of the world's ten leading grocery retailers in these geographical regions have us well positioned to lead the growth in the fresh prepared and retailer-branded food markets.

The Group produces fresh prepared food products under 18 categories of which 16 are sold in the UK. These products include pizzas, ready meals, leafy salads, dips, chilled desserts and soups. In the UK the Group is the number one producer by value of 12 of the 16 products it sells in the UK market.

The subsidiary and associates principally affecting the profits or net assets of the Group in the period are listed in note 42 to the Company financial statements.

Business review

The Group has experienced good underlying sales growth this year in its key markets. However, this has been offset by increased inflation in certain key raw materials and increased promotional pressures as retailers have looked to attract customers. The business has continued to focus on mitigating inflationary costs, improving operational efficiencies, increasing market share and driving significant cash generation. The Directors, who expect 2011 to be another challenging period for the Group, remain confident in the long-term prospects of the business.

The Group made one small acquisition on 4 May 2010. It acquired the entire share capital of MS Salads Marketing Limited for a fair value of £2.6 million. Consideration was in the form of equity in English Village Salads Limited ('EVS') which has diluted the Group's ownership of EVS from 95% to 65%. The goodwill recognised on this acquisition was £2.0 million. This acquisition has diversified the customer base of EVS and will create synergies in the enlarged business.

The Group manages its business through four segments: UK Prepared, UK Produce, Europe and Rest of World. As noted above the Group's key segment is UK Prepared, which in 2010 represented 78% by turnover of the Group. The UK Produce segment represented 7% of the Group's sales in 2010. This division sells whole head fresh produce to retail customers in the UK, their products range from whole head lettuce to avocados to fruit. The Europe segment represented 12% of the Group's 2010 sales and included businesses that manufacture fresh prepared food and sold produce to retail customers in mainland Europe. The Rest of World segment represents sales in North America and the Far East.

In 2010 the group had sales of £1,643.2 million, down £7.2 million compared with £1,650.4 million in 2009. However, the produce business International Produce Limited ('IPL') was sold to Asda in October 2009 and furthermore 2009 included a 53rd trading week. The impact of these two movements on 2009 was £38.8 million and £28.7 million respectively. Underlying sales for the Group therefore increased by 3.8%.

The UK fresh prepared foods market as a whole grew by 3.4%, which compares with the growth of the overall food sector of 3.3% over the same period. In 2010 our UK Prepared like-for-like sales growth was 5.1%, so continuing our target of achieving growth in line or above the market growth. The Group had particularly strong sales growth in our desserts (+8%), ready meals (+10%), and pizza (+5%) categories, offset by a decline in sales in our leafy salads category.

Business review (continued)

UK Produce segment sales dropped from £155.6 million in 2009 to £108.5 million in 2010. This reflected the sale of IPL to Asda in 2009, but also sales lost as Asda shifted produce purchases from other Bakkavör businesses to IPL as part of the business sale.

The Europe segment showed a 4% decline in sales to £202.9 million in 2009, again mainly due to the impact of the 53rd week and sterling strengthening against the Euro between the two periods. However, within Europe our ready meals businesses in Belgium and Czech Republic and our Ital Pizza business have seen good growth and development, but this has been offset by the price pressure and intense competition in the French leafy salad market.

The Rest of the World segment has seen growth in sales from £51.9 million in 2009 to £57.8 million in 2010, an increase of 11%. Growth of sales in the Group's US business (Two Chefs on a Roll Inc.) as been very strong as it develops both is customer base and expands its product range. The Group's China business has seen modest growth in the year.

Gross profit margins have fallen from 14.9% in 2009 to 14.4% in 2010, reflecting the increased inflationary pressures that the group has felt as raw material prices have increased during the year.

Other administration costs have fallen by £3.9 million as a result of an ongoing focus on administration costs throughout the year.

The Group manages the performance of its businesses through the use of 'Adjusted EBITDA'. EBITDA is generally defined as profit/(loss) for the period before income tax (credit) / charge, finance costs, depreciation and amortisation. In the Group's definition, we further exclude other gains and losses, share of results of associates and asset impairments. Adjusted EBITDA is therefore defined as EBITDA excluding exceptional income / costs and Bakkavör Group ehf Trade mark licencing payments (see note 35).

The Adjusted EBITDA for the Group was £132.0 million in 2010, compared with £136.5 million in 2009, a decrease of £4.5 million or 3.3%.

UK Prepared Adjusted EBITDA increased by £2.7 million (2.3%) to £119.2 million reflecting continued growth in this segment. Adjusted EBITDA margin has fallen slightly from 9.5% to 9.3% between 2009 and 2010.

Produce Adjusted EBITDA has decreased by £5.8 million, reflecting the sale of IPL to Asda in 2009, and the loss of produce business transferred to Asda the same period.

Continental Europe is experiencing good growth in its ready meals and pizza base factories; this has been offset by difficult trading condition in France where there is strong competition in the bagged leaf market. As a result, Adjusted EBITDA has been consistent at £10.4 million.

Rest of the world Adjusted EBITDA decreased from £4.7 million to £3.3 million, mainly as a result of reduced profitability in China.

Exceptional items included in the income statement in 2010 amounted to net income of £12.7 million (2009: £5.4 million expense) of which the Group has reflected a £15.8 million credit due to changes regarding future discretionary increases to the defined benefit pension scheme; £0.6 million income from insurance proceeds after the fire in the Filo Pastry facility at the Katsouris ready meals factory in 2009. The Group has also incurred restructuring costs in France and our UK leafy salads factory as further necessary rationalisation has been undertaken in these factories.

Finance costs have reduced from £84.0 million to £67.8 million. The reduction in finance costs reflects the effect of lower borrowings and lower interest rate margins as the Group continues to de-lever.

Taxation charge for the Group was £14.2 million (2009: £19.1 million credit) this represents an effective rate of 66% (2009: 131%).

The directors do not recommend a final dividend to ordinary shareholders which, together with the interim dividend of nil pence makes a total of nil pence for the period (2009: nil pence).

Business review (continued)

Capital additions in the period were £28.8 million an increase of 27% compared with 2009 of £22.7 million. The key areas of capital expenditure included continuing improvements at the production facilities and maintenance expenditure.

Net assets have increased by £14.8 million during the period, largely due to an increase in the Group's retirement benefit asset.

Financing and Outlook

On 29 March 2010 Bakkavör Estates Limited, which holds a portfolio of UK Freehold property for the Group, refinanced its debt obligations through the Group's main UK banking facilities made available to Bakkavör London Limited.

On 7 February 2011, the Group refinanced its main financing facilities in Bakkavör London Limited, Bakkavör Acquisitions (2008) Limited and Bakkavör China Limited, through a seven year £350 million listed bond issue and a term loan and RCF facility of £380 million that will expire 30 June 2014. This has been arranged by Bakkavör Finance (2) plc, a newly incorporated subsidiary of Bakkavör Holdings Limited. The refinancing extends the debt repayment profile and widens the lender base.

The directors have reviewed the historic trading performance of the Group, the forecasts for the next five years and have also taken into consideration the Principal risks and uncertainties noted in pages 4 to 7 that the Group faces, in order to assess the level of finance required across the Group. The directors consider that adequate finance is available and therefore believe it appropriate to prepare the financial statements on a going concern basis.

Looking ahead, Bakkavör Group remains confident in the long-term prospects for the business and our vision remains unchanged. However, with continued economic uncertainty we are cautious about the short-term outlook for consumer confidence and the effect on raw material inflation and we expect the trading environment in which we operate to remain challenging into 2011. As a consequence the Group continues to maintain a very selective approach to capital investment and is looking to leverage growth from its current manufacturing base.

We will continue to focus on our business priorities to mitigate inflationary costs, improve operational efficiencies, increase market share and drive cash generation.

Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties across a range of strategic, operational and financial areas. The Group continually reviews its internal control and risk management processes and is fully aligned with the processes set out by the board of Bakkavör Group ehf, the Group's ultimate parent company.

The key risk areas, as identified by Bakkavör Group ehf, include Sustainable growth, Operational safety, Customer relationships, Consumer understanding and Shareholder value. Each of these risks is explained in detail below. The Board of Directors ensures that the Group has the necessary capabilities, expertise, processes and controls in place to manage risk in each of these areas. The Bakkavör Group is fully aligned to ensure that these areas of risk are fully managed in order to ensure the long term sustainability and profitability of the Group.

Principal risks and uncertainties (continued)

Sustainable growth

Bakkavör Group has been characterised by substantial growth in recent years and is currently undergoing a period of consolidation to ensure acquired businesses are fully integrated into the Group and efficiencies are gained. The Group has set itself ambitious growth targets and aims to continue to grow.

It is important to ensure that our business remains sustainable and is profitable whilst it grows. Acquisitions entail numerous risks for the Bakkavör Group. These relate primarily to the Group's ability to execute the integration and realise the benefits underlying the rationale of the acquisition. Underestimating the importance of cultural integration is also a risk in merging companies. Any factors leading to failed integration would have an adverse effect on Bakkavör Group's operations.

Operational safety

The safety of the products we manufacture is crucial to the continued success of our business.

Food safety, from procurement of our raw materials through to despatch and consumption of our finished products, is managed consistently and effectively by:-

1. Use of Hazard Analysis Critical Control Point (HACCP) principles to identify potential food safety risks in our operations and the control measures necessary for these.
2. Practical implementation of the HACCP plan through a documented Quality Management System (QMS).

Compliance within our businesses is monitored through a schedule of announced and unannounced audits carried out by our own safety professionals and also those of our customers and Local Authorities. Audit performance is reported, along with other measures of food safety performance, on a monthly basis to the Management Board of the Group.

Customer relationships

As with most suppliers in the fresh prepared foods sector, our customers are few, but of critical importance to us, and it is our intention to continue to build strong relationships with them. Our products carry our customers' brand names and we develop products in close partnership with our customers. At various levels of our organisation, our employees talk to their customer peers (often daily). At a senior level, we appoint 'Customer Champions' who are responsible for managing overall customer relations with their specific contacts. This communication facilitates the day-to-day business as well as longer-term strategic planning.

Consumer understanding

At the heart of our success are the people who buy and eat our finished products – our consumers. It is important for us to listen to their demands in order to provide them with innovative meal solutions which are of high quality and quick and easy to prepare. As such development and innovation skills must remain a high priority in our business.

Shareholder value

The principal goal of Bakkavör Group is to provide good, long-term returns for its shareholders and we value the trust that our shareholders place in us. The key to achieving this goal is the development and communication of a clear strategic vision and the recruitment and retention of talented management to implement it.

Financial risks

Treasury management

Our treasury activities are controlled and monitored by the Chief Financial Officer and are carried out in accordance with policies approved by the Board. The purpose of the treasury policies is to ensure that adequate cost-effective funding is available to the Group at all times and that exposure to financial risks are minimised. The risks managed by the Central Treasury department are funding risk, interest rate risk and currency risk. A detailed finance manual, which includes a treasury section, is used across the Group, which clearly defines policies governing the management of these risks. These policies have remained consistent throughout the period. We use financial instruments such as interest rate swaps, interest rate collars, forward currency contracts and currency options to hedge against the effects of significant movements in both interest and currency rates on the underlying business activities. The Treasury department does not operate as a profit centre and therefore no speculative transactions are permitted. Information about the use of financial instruments by the Group is given in note 28.

Financial risk management

The Group is exposed to financial risks such as access to and cost of funding, interest rate exposure, currency exposure and working capital management. The Group seeks to minimise its exposure to interest rate risks and currency risks by using derivative financial instruments such as interest rate swaps, interest rate collars, forward currency contracts and currency options. The use of derivative financial instruments is governed by Group policies which have been approved by the Board of Directors. The Group only enters into or trades financial instruments for specific purposes.

The Central Treasury department monitors and reviews the Group's access to cost effective funding regularly and will ensure that the Group reduces its financial risk to funding by securing adequate medium term funds through committed bank facilities. The Treasury department conforms to the policies set out by the board on reducing funding risk and produces reports for the Board of Directors to review.

Due to the economic climate, the Group's exposure to working capital risk increased in recent years. To reduce this risk, the quality and frequency of working capital information available to the Board of Directors was increased in 2008 and the Group has undertaken numerous projects focussing on improving working capital. Weekly reports focussing on the Group's receivables, cash balances and future cash flows are produced and made available to the Board of Directors. These reports help to reduce the increased risk on the Group's management of working capital by ensuring the Board of Directors are able to assess the Group's working capital position with timely and accurate information. Group policy is to ensure receivables are managed effectively, reducing the amount of past due receivables and ensure that cash balances and future cash flows are correctly forecasted. Further details of financial risks are provided in note 28.

Interest rate management

Our borrowings under our principal facilities at the start of the 2010 period were £646.6 million and by 1 January 2011 the Group's facilities were £618.3 million. In 2010, 65% (2009: 69%) of our borrowings are covered by interest rate swaps and collars. The remaining borrowings were at floating rates. We have a policy of managing our exposure to interest rate fluctuations. We use interest rate swaps and collars to give protection from significant movements in short term interest rates. More information on the Group's interest rates and associated risk is given in note 28 to the financial statements.

Liquidity risk

Our policy is to ensure that we have adequate medium term funding and committed bank facilities available to meet forecast peak borrowing requirements. In February 2011, the Group refinanced its banking facilities and secured £350 million of bond funding through to February 2018 and bank financing of £380 million via a term loan and RCF through to June 2014. Group policy is to ensure that funding is continually monitored and reviewed to ensure that further funding is secured before the current secured committed facilities expire. Further details of Liquidity risks are provided in note 28.

Financial risks (continued)

Foreign currency risk
We have European trading operations and their receipts and payments are largely in their local currencies and therefore not hedged. In 2006 we established Euro and US Dollar pools for our UK operations and in 2008 we also established a Euro cash pool for our European operations. We have a Rand/Sterling and Rand/Euro exposure from our business in South Africa that we hedge via short term option contracts. The UK board has delegated the management of this exposure to the local management team in South Africa and the numbers are just reported through the UK. Our purchase of goods in a foreign currency creates a currency exposure which we eliminate through the use of forward exchange contracts. Further details on foreign currency risk are provided in note 28.

Credit risk
The company's credit risk policy on liquid funds requires that the counterparties are banks with high credit ratings assigned by international credit rating agencies. Group policy is to ensure that the Group deals with banks that have a minimum 'A' credit rating from a reputable credit rating agency such as Moody's or Standard and Poor's. Deposits within the Group should be shared between banks with high credit ratings to spread the risk. Current group policy is to place deposits with those that are counterparties in the Group's secured committed bank facilities. This further secures the deposits placed by group as they are with banks with which we have borrowings. Further details of credit risks are provided in note 28.

Social responsibilities

Environment

We are fully committed to managing and reducing environmental impacts that are in our direct control. In addition, and where feasible, we also look to influence indirect impacts (e.g. those of our suppliers and customers).

Policy and impact areas

We last updated our environmental policy in 2007. During the updating of our policy we confirmed our main environmental impacts and priorities were as follows:

- Energy
- Water and waste water
- Solid waste
- Packaging

In 2010 we concentrated on the above identified priorities and focused on developing more detailed polices and strategies for each impact area. We are confident that these priorities are relevant to our day-to-day business as well as being aligned to our customer requirements. In 2011, our aim is to continue to concentrate on our identified priorities and to continue our policy of developing environmental policies.

Reporting and management

The responsibility for Environmental management lies with our Group Technical Director, who sits on the Board of Directors. In addition, we have an Environmental Steering Group (ESG) that meets quarterly. This group is made up of appointed delegates from ten of our largest sites and is representative of our processes and product ranges. The ESG forum encourages the sharing of knowledge and application of best practice.

Measurement
We have developed a Carbon Footprint measurement system which is currently in place at ten sites and which we aim to roll out to all sites. The measurement system covers energy, water and waste and is normalised per tonne of product.

Social responsibilities (continued)

Environment (continued)
Stewardship

We recognise the benefits of engaging in regional and national consultations and we aim to take a proactive approach where possible. We have a seat on the new industry steering group for the development of a new standard to measure embodied greenhouse gases. This development of a Publicly Available Specification (PAS) is a joint project between Carbon Trust, Defra and BSI British Standards. At a regional level, Bakkavör Group is working with local development agencies and waste management companies to help develop regional waste strategy solutions.

Customers

We work with all our customers to ensure that we meet their requirements for specific environmental initiatives on their own Corporate Responsibility agendas. This includes projects to reduce the amount of packaging, improve environmental on-pack information and reduce energy consumption, among others.

Training

We are working with the Carbon Trust to raise awareness of environmental management within our factory teams through various training programmes. At our Katsouris site we have a project which appoints Environmental Champions in different areas of the factory to encourage change. This has proved to be successful and we are considering the feasibility of rolling out this approach to other manufacturing sites across the Group.

Health and Safety

The Health and Safety of our employees is paramount to the continued success of our business.

During 2010, the number of major accidents in the Group has reduced by 38% year on year - this is a significant step change in a year where the Health and Safety Executive (HSE) reported a 6% rise in the major accident rate of the Food and Drink Manufacturing sector.

At Group level, the Group Technical Director has Management Board responsibility for Health and Safety. The Group CSR Manager is responsible for delivering the Group Health and Safety Strategy and sharing best practice. The Group Health and Safety Auditor is responsible for business unit compliance auditing and providing advice to the site-based Health and Safety Champions and Advisors.

At business unit level, each site has a signed Health and Safety Policy that defines the site's General Manager's commitment to Health and Safety. Each business unit has a nominated Safety Champion who sits on the site Executive team and a Safety Advisor who co-ordinates safety initiatives at the site. A documented Health and Safety Management System (HSMS) exists at each site, this sets out the business's approach to occupational risk management and the policies and procedures required to ensure effective risk management.

Competency and awareness training and employee engagement have been critical in delivering the step change to date. As a business we continue to invest in our people to assure the sustainability of our performance. Where appropriate, the services of external experts are used to ensure that our improvement activity is aligned with industry and HSE best practice.

An annual compliance audit of each business unit's systems and workplace safety is carried out. The results of these audits are reported to the Management Board each month along with the Group's accident statistics. Through this process, site action plans are focused to deliver continuous improvement and elements of best practice are shared across the Group.

An annual Group Health and Safety conference is held to share our performance and best practice case studies from within the Group. External speakers are used to update on key risk topics as appropriate. Any dangerous occurrences and Major accidents that occur are thoroughly investigated to establish the root cause/s. All learnings are shared across the Group to ensure that the risk of repeat accidents is minimised.

Bakkavör continues to work with its employees and external experts (the HSE and Specialist Safety Consultants) to further develop its safety culture and the prevention of accidents.

Training and development

Our culture and decentralised business structure attract people who are 'self-starters' but we are aware of the need to train people in order to help them attain their career aspirations. Much work has been completed to ensure that we offer strong functional and professional training and good development and succession planning, which allow our people to be recognised, rewarded and progressed across the Group. We have a fast-track programme (Accelerated Management Programme) open to current employees and new graduates which helps people specialise in one of five areas of strategic importance to the Group: Manufacturing, Product Development, Technical (food safety), Produce (procurement) and Finance.

A key measure of our success in creating 'the place to work' is our labour turnover level. We measure two sets of

labour turnover figures – one for management-graded employees and another for site-graded employees. Labour turnover figures for management-graded employees was on target in 2010 at 10% (7% in 2009). Labour turnover for site-graded employees has held at 10% in 2010 and 2009, this is against a maximum target of 25%. Site-graded turnover is at a record low and highlights the improvements made in factory cultures across the Group.

Employee communication

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, the intranet and a special employee edition of the annual financial statements.

Each Bakkavör business unit has a Site Employee Forum (SEF) which has elected members representing all employees at that site. The purpose of the SEF is to provide a forum for employee communication and to be a vehicle for discussion and resolution of individual and collective issues within the business. In addition, the GEF (Group European Forum) meets annually to facilitate dialogue between employee representatives and management on pan-European issues, i.e. those issues affecting Bakkavör Group employees in two or more EEA countries. Each Business Unit SEF elects a GEF Representative to attend on their behalf. Their role is to take and bring back information from the Forum and then to communicate to their Business.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors and their interests

The directors, who served throughout the period and to the date of this report, were as follows:

A Gudmundsson
G Pates
A Savage
R Howes (resigned 15 October 2010)
B Walton (resigned 27 January 2011)
L Gudmundsson
A Thoroddsen
B Bjarnason (appointed 12 May 2010)
H Lúðvígsson (appointed 12 May 2010)

Directors and their interests (continued)

During 2007, the company entered into indemnity deeds containing "qualified third party indemnity provisions", as defined in section 309B of the Companies Act 1985, with all directors in respect of certain liabilities which may attach to them in their capacity as directors or former directors of the Company. These provisions remain effective to the date of signing the accounts.
The interests of A Gudmundsson and L Gudmundsson in the shares of the ultimate parent company, who are also a Director of Bakkavör Group ehf the ultimate parent company, are set out in that company's Annual Report and Accounts, which does not form part of this report. The Directors had no other disclosable interests.

Supplier payment policy

The company's policy, which is also applied by the Group, is to settle on appropriate terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of those terms of payment and subsequently apply with those terms. Trade creditors of the Group at 1 January 2011 were equivalent to 53 (2009: 52) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions

During the period the Group made charitable donations of £123,000 principally to local charities serving the communities in which the Group operates (2009: £14,000).
No political donations were made during the period (2009: nil).

Auditors

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.
Deloitte 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.
By order of the Board

A Gudmundsson
Director
14 February 2011
West Marsh Road, Spalding, Lincs, PE11 2BB

Bakkavör Holdings Limited

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bakkavör Holdings Limited

Independent auditors' report to the members of Bakkavör Holdings Limited

We have audited the financial statements of Bakkavör Holdings Limited for the 52 weeks ended 1 January 2011 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, Company income statement, Company statement of changes in equity, Company statement of financial position, Company statement of cash flows, and the related notes 1 to 48. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 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 explained more fully in the Directors' Responsibilities Statement, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 1 January 2011 and of the Group's profit and Company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Bakkavör Holdings Limited

Independent auditors' report to the members of Bakkavör Holdings Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Jane Lodge BSc FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Birmingham, UK

15 February 2011

Bakkavör Holdings Limited

Consolidated income statement
52 weeks ended 1 January 2011

£million	Note	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Continuing operations			
Revenue	5	1,643.2	1,650.4
Cost of sales		(1,406.3)	(1,405.1)
Gross profit		236.9	245.3
Other administrative costs		(171.2)	(175.1)
Exceptional income/(costs)	7	12.7	(5.4)
Total administrative costs		(158.5)	(180.5)
Share of results of associates		1.0	1.0
Operating profit	6	79.4	65.8
Investment revenues	9	0.1	1.2
Other gains and losses	10	9.7	2.4
Finance costs	11	(67.8)	(84.0)
Profit/(loss) before tax		21.4	(14.6)
Tax	12	(14.2)	19.1
Profit for the period		7.2	4.5
Attributable to:			
Equity holders of the parent		6.8	3.1
Non controlling interest		0.4	1.4
		7.2	4.5

Bakkavör Holdings Limited

Consolidated statement of comprehensive income
52 weeks ended 1 January 2011

£million	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Profit for the period	7.2	4.5
Other comprehensive income		
Exchange differences on translation of foreign operations	(0.1)	(9.7)
Actuarial gain/(loss) on defined benefit pension schemes	8.9	(12.9)
Tax relating to components of other comprehensive income	(2.5)	3.6
	6.3	(19.0)
Total Comprehensive Income/(loss)	13.5	(14.5)
Attributable to:		
Equity holders of the parent	13.1	(17.1)
Non controlling interests	0.4	2.6
	13.5	(14.5)

Bakkavör Holdings Limited

Consolidated statement of financial position
1 January 2011

£million	Note	1 January 2011	2 January 2010
Non-current assets			
Goodwill	13	739.9	739.7
Other intangible assets	14	49.2	58.7
Property, plant and equipment	15	314.6	330.8
Retirement benefit asset	34	11.8	-
Trade and other receivables		0.3	-
Interests in associates	16	12.2	12.0
Other investments	17	0.1	0.1
		1,128.1	1,141.3
Current assets			
Inventories	18	56.6	50.5
Trade and other receivables	19	189.7	188.0
Cash and cash equivalents	21	40.8	37.4
Assets held for sale	20	7.9	7.9
Derivative financial instruments	23	1.0	0.5
		296.0	284.3
Total assets		1,424.1	1,425.6
Current liabilities			
Trade and other payables	26	(310.6)	(279.9)
Current tax liabilities		(17.9)	(18.6)
Obligations under finance leases	25	(2.8)	(3.8)
Bank overdrafts and loans	22	(56.1)	(62.8)
Provisions	27	(1.8)	(5.1)
Derivative financial instruments	23	(24.8)	(33.7)
		(414.0)	(403.9)
Non-current liabilities			
Trade and other payables	26	(0.2)	(15.5)
Bank loans	22	(564.3)	(590.0)
Obligations under finance leases	25	(3.0)	(5.9)
Provisions	27	(12.7)	(13.8)
Deferred tax liabilities	24	(36.5)	(23.4)
Retirement benefit liability	34	-	(13.2)
Amounts due to related parties	35	(205.0)	(186.3)
		(821.7)	(848.1)
Total liabilities		(1,235.7)	(1,252.0)
Net assets		188.4	173.6

Bakkavör Holdings Limited

Consolidated statement of financial position (continued)
1 January 2011

£million	Note	1 January 2011	2 January 2010
Equity			
Share capital	29	96.6	96.6
Merger reserve	29	54.9	54.9
Translation reserve	29	26.2	26.3
Capital reserve	29	4.0	4.0
Retained earnings		3.2	(11.0)
Equity attributable to equity holders of the parent		184.9	170.8
Non controlling interest		3.5	2.8
Total equity		188.4	173.6

The financial statements of Bakkavör Holdings Limited, company number 06215286 were approved by the board of directors and authorised for issue on 14 February 2011. They were signed on its behalf by:

A Gudmundsson
Director

Bakkavör Holdings Limited

Consolidated statement of cash flows
1 January 2011

£million	Note	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Net cash from operating activities	31	76.5	81.8
Investing activities			
Interest received		0.1	1.2
Decrease in short term deposits		-	130.7
Dividends received from associates		1.3	0.6
Proceeds on disposal of property, plant and equipment		0.1	0.1
Purchases of property, plant and equipment		(20.9)	(23.5)
Payment of contingent consideration	30	(9.9)	-
Payment of deferred consideration	30	(6.8)	(8.4)
Disposals of subsidiaries net of cash disposed of		-	(3.9)
Disposal of associates		-	1.8
Net cash (used in) / generated from investing activities		(36.1)	98.6
Financing activities			
Dividends paid to non controlling interests		(0.4)	(0.5)
Repayments of borrowings		(32.2)	(217.8)
Repayments of obligations under finance leases		(4.3)	(5.9)
Net cash used in financing activities		(36.9)	(224.2)
Net increase / (decrease) in cash and cash equivalents		3.5	(43.8)
Cash and cash equivalents at beginning of period		37.4	79.8
Effect of foreign exchange rate changes		(0.1)	1.4
Cash and cash equivalents at end of period		40.8	37.4

Bakkavör Holdings Limited

Consolidated statement of changes in equity
52 weeks ended 1 January 2011

	Equity attributable to equity holders of the Company							
£million	**Share capital**	**Merger Reserve**	**Retained earnings**	**Translation reserve**	**Capital reserve**	**Total**	**Non controlling interest**	**Total**
Balance at 27 December 2008	96.6	54.9	(4.8)	37.2	-	183.9	1.2	185.1
Profit for the period	-	-	3.1	-	-	3.1	1.4	4.5
Other comprehensive income for the period	-	-	(9.3)	(10.9)	-	(20.2)	1.2	(19.0)
Total comprehensive income for the period	-	-	(6.2)	(10.9)	-	(17.1)	2.6	(14.5)
Contribution from parent	-	-	-	-	4.0	4.0	-	4.0
Dividends paid to non-controlling interest	-	-	-	-	-	-	(0.5)	(0.5)
Disposal of subsidiary	-	-	-	-	-	-	(0.5)	(0.5)
Balance at 2 January 2010	96.6	54.9	(11.0)	26.3	4.0	170.8	2.8	173.6
Profit for the period	-	-	6.8	-	-	6.8	0.4	7.2
Other comprehensive income for the period	-	-	6.4	(0.1)	-	6.3	-	6.3
Total comprehensive income for the period	-	-	13.2	(0.1)	-	13.1	0.4	13.5
Dividends paid to non-controlling interest	-	-	-	-	-	-	(0.4)	(0.4)
Acquisition of subsidiary	-	-	1.0	-	-	1.0	0.7	1.7
Balance at 1 January 2011	96.6	54.9	3.2	26.2	4.0	184.9	3.5	188.4

1. General information

Bakkavör Holdings Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The principal activities of the Group comprise preparation and marketing of fresh prepared foods and the marketing and distribution of fresh produce.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

In the current year, the Group has adopted the following interpretations with no material impact on the financial statements of the Group:

IFRS 1 (Revised)	*First time adoption of International Financial Reporting Standards*
IFRS 2 (Revised)	*Share-based payment*
IFRS 3 (Revised)	*Business combinations*
IFRS 7 (Revised)	*Financial Instruments: Disclosures*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 (Revised)	*Financial instruments: Recognition and Measurement*
IFRIC 17	*Distributions of Non-Cash Assets to Owners*
IFRIC 18	*Transfers of Assets from Customers*

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the EU):

IFRS 9	*Financial Instruments*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 (Revised)	*Classification of Rights Issues*
IFRIC 14 (Revised)	*IAS 19 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRIC 19	*Extinguishing financial liabilities with equity instruments*
Improvements to IFRS	

The adoption of IFRS 9 which the Group plans to adopt for the year beginning on 30 December 2012 will impact both the measurement and disclosures of Financial Instruments.
The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

2. Significant accounting policies

Corporate Reorganisation

In 2007 a corporate reorganisation was completed in order to establish the Company as the holding company of Bakkavör London Limited. This transaction is treated as a common control transaction, which does not have specific accounting guidance under International Financial Reporting Standards ("IFRS"). As the corporate reorganisation did not have a direct result on Bakkavör London Limited or its subsidiaries and the underlying business has operated for all periods, the Board of Directors have prepared the financial statements to present all years on a comparative basis. There has been no accounting impact from the corporate reorganisation except the share capital of Bakkavör London Limited has been reclassified to a merger reserve and the share capital of Bakkavör Holdings Limited is presented as if it had been the parent of the Group for all periods.

2. Significant accounting policies (continued)

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

Going Concern

The directors have reviewed the historic trading performance of the Group and the forecasts for the next five years, to assess the level of finance required across the Group. As a result of the refinancing and guarantees put in place across the Bakkavör group, the directors consider that adequate finance is available and therefore believe it appropriate to prepare the financial statements on a going concern basis. Refer to the Directors Report for further details.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the company (its subsidiaries) made up to a 53 or 52 week period ending on the Saturday nearest to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where the fiscal year 2010 is quoted in these financial statements this relates to the 52 week period ending 1 January 2011. The fiscal year 2009 relates to the 53 week period ending 2 January 2010.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the non-controlling interests share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling interests interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

Business acquisitions with third parties are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with *IFRS 5 Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

2. Significant accounting policies (continued)

Business combinations (continued)

Goodwill arising on business combinations is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of the associates in excess of the Group's interest in those associates are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.
Goodwill within the associate is separately identifiable at the date of acquisition. Any negative goodwill is credited in profit or loss in the period of acquisition.

Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. The assumptions that have been used in the impairment testing can be found in note 13.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. Significant accounting policies (continued)

Other intangible assets

Intangible assets have finite useful lives over which the assets are amortised on a straight line basis. The amortisation charge for each period is recognised as an expense on the following basis:

- Licensing agreements – 18 months;
- Customer relationships – 10 years;
- Customer contracts – 10 years.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

The Group sells fresh prepared foods and fresh produce. Revenue from the sales of these goods is recognised when all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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 economic benefits associated with the transaction will flow into the entity;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

As a result, revenue for the sale of these goods is generally recognised upon delivery to the customer.

Investment revenues

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2. Significant accounting policies (continued)

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

2. Significant accounting policies (continued)

Operating profit

Operating profit is stated after charging restructuring costs and after the share of results of associates but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the statement of comprehensive income.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

2. Significant accounting policies (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2% —5%
Fixtures and equipment	5% —33%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income

2. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill (continued)

immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment of goodwill

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash-generating units. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at ‘fair value through profit or loss’ (FVTPL), ‘held-to-maturity’ investments, and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. Significant accounting policies (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 28.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of

2. Significant accounting policies (continued)

Impairment of financial assets (continued)

impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national and local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and short-term bank deposits with an original maturity of three months or less, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities
Financial liabilities held by the Group are classified as other financial liabilities at amortised cost and derivatives at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of disposal in the near future; or
- It is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

2. Significant accounting policies (continued)

***Financial liabilities at FVTPL* (continued)**

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Group is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described in note 28.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to its net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to manage these exposures. The Group does not use derivative financial instruments for speculative purposes.

The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives. Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with gains or losses reported in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2. Significant accounting policies (continued)

Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising from onerous contacts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in note 2, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Going concern
A key judgement in the preparation of the financial statements is the appropriateness of using the going concern basis in preparing them. Management has considered the availability of future cash to this business and concluded that as a result of refinancing the bank facilities and issuing a 7 year bond in February 2011 there will be sufficient cash available to allow the Group to meet its financial liabilities as they fall due. Therefore management believe it appropriate to prepare the financial statements on a going concern basis.

Impairment of goodwill

The Group assesses goodwill for impairment on an annual basis, or more frequently if there are indications of impairment. The recoverable amount of each cash generating unit (CGU) is compared to the carrying amount and impairment is recorded if the recoverable amount is less than the carrying amount. The recoverable amount is based on the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The key assumptions for the value is use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct

costs are based on historical trends and expectations of future changes in the market related to sales costs

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Impairment of goodwill (continued)

and costs of raw materials. The most significant judgements in the value in use calculations are the discount rate and the terminal growth rate. The sensitivities around these assumptions are disclosed in note 13.

The carrying amount of goodwill at the balance sheet date was £739.9 million (2009: £739.7 million). No impairment was considered necessary (see note 13).

Impairment of tangible and intangible assets other than Goodwill

At each balance sheet date, or more frequently if there are indications of impairment, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The Group considers there to be an indication of impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is based upon the estimated discounted future cash flows generated by the underlying assets. If the recoverable amount of the asset determined by this evaluation is less than the book value of the asset, an impairment is recognised for the difference. No impairment was recognised in the period (2009: £nil).

Fair value of derivatives and other financial instruments

Derivative financial instruments and certain other financial assets are recorded at fair value in the statement of financial position. The fair value of the financial instruments that do not have quoted market prices requires significant judgement and estimates. The directors use their judgement in selecting an appropriate valuation technique for these financial instruments. Valuation techniques commonly used by market practitioners are applied.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates. These assumptions are based on past and expected future performance. Details of the assumptions used and of the results of sensitivity analyses regarding these assumptions are disclosed in note 28.

Pensions

The Group maintains a number of defined benefit pension plans for which it has recorded a pension asset or liability. The pension asset/liability is based on an actuarial valuation that requires a number of assumptions including discount rate, mortality rates and actual return on plan assets that may necessitate material adjustments to this asset/liability in the future. The assumptions used by the Company are the best estimates based on historical trends and the composition of the work force. Details of the principal actuarial assumptions used in calculating the recognised asset/liability for the defined benefit plan is given in note 34.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Recognition of deferred tax assets

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences related to losses, the availability of the losses to offset against forecast taxable profits is also considered. Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

The Group operates in various countries and its income tax returns are subject to audit and adjustment by local tax authorities. The nature of the Group's tax exposures is often complex and subject to change and the amounts at issue can be substantial. The Group develops an estimate of the potential tax liability based on the tax positions taken, historical experience and its internal tax expertise. These estimates are refined as additional information becomes known. Any outcome upon settlement that differs from a recorded provision may result in a materially higher or lower tax expense in future periods. The impact of any such adjustments is disclosed in note 12.

The Group had unrecognised deferred tax assets as a result of unused tax losses of £18.9 million (2009: £15.7 million), available for offset against future profits. Deferred tax assets are not recognised on the losses carried forward to the extent that it is not probable that the losses will be utilised.

4. Segment information

The chief operating decision-maker has been defined as the executive Directors. They review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the segments based on these reports.

The Group is geographically diverse and within the UK operates primarily within the prepared food and produce markets. Management assess the performance of the Group based on geographic location and splits the UK business into Prepared and Produce segments. As at the balance sheet date, the Group is organised as follows:

- UK Prepared Foods: The preparation and marketing of fresh prepared foods for distribution in the UK.
- UK Produce: The marketing and distribution of fresh produce in the UK.
- Continental Europe: The preparation and marketing of fresh prepared foods and the marketing and distribution of fresh produce in Europe.
- Rest of World: The preparation and marketing of fresh prepared foods and the marketing and distribution of fresh produce in the rest of the world.

The Group's segment measure of profit represents operating profit before restructuring costs, exceptional defined benefit pension scheme credit and share of profit of associates. Measures of total assets are provided to the chief operating decision-maker; however some cash and cash equivalents, short term deposits and some other central assets are not allocated to individual segments. Measures of segment liabilities are not provided to the chief operating decision-maker. The following table provides an analysis of the Group's segment information for the period to 1 January 2011:

	UK Prepared	UK Produce	Continental Europe	Rest of World	Un-allocated	Total
Revenue	1,274.0	108.5	202.9	57.8	-	1,643.2
Segment profit	66.5	(2.2)	1.1	0.3	-	65.7
Exceptional income						12.7
Share of profit of associates						1.0
Operating profit						79.4
Investment revenues						0.1
Other gains and losses						9.7
Finance costs						(67.8)
Profit before tax						21.4
Tax						(14.2)
Profit for the period						7.2

4. Segment information (continued)

	UK Prepared	UK Produce	Continental Europe	Rest of World	Un-allocated	Total
Other segment information						
Exceptional income/(costs)	14.9	(0.1)	(1.5)	(0.6)	-	12.7
Depreciation and amortisation	(40.1)	(1.3)	(9.3)	(3.0)	-	(53.7)
Total assets	1,116.3	40.6	171.9	77.6	17.7	1,424.1

The following table provides an analysis of the Group's segment information for the period to 2 January 2010:

	UK Prepared	UK Produce	Continental Europe	Rest of World	Un-allocated	Total
Revenue	1,231.7	155.6	211.2	51.9	-	1,650.4
Segment profit	63.3	3.7	1.6	1.6	-	70.2
Exceptional costs						(5.4)
Share of profit of associates						1.0
Operating profit						65.8
Investment revenues						1.2
Other gains and losses						2.4
Finance costs						(84.0)
Loss before tax						(14.6)
Tax						19.1
Profit for the period						4.5
Other segment information						
Restructuring costs	(1.0)	(0.1)	(4.3)	-	-	(5.4)
Depreciation and amortisation	(40.5)	(1.2)	(8.8)	(3.1)	-	(53.6)
Total assets	1,130.7	13.6	165.8	72.8	42.7	1,425.6

Major customers

In 2010 the Group's four largest customers accounted for 67% of total revenue (2009: 69%), with no single customer representing more than 28% (2009: 26%) of our global revenue. The Group does not enter into long-term contracts with our retail customers.

5. Revenue

An analysis of the Group's revenue is as follows:

£ million	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Continuing operations		
Sales of goods	1,643.2	1,650.4
Investment revenue	0.1	1.2
	1.643.3	1,651.6

6. Operating profit

Profit for the period has been arrived at after charging/(crediting):

£million	52 week period ended 1 January 2011	53 week period ended 2 January 2010
Depreciation of property, plant and equipment - owned	41.7	41.2
- leased	2.6	2.6
Research and development costs	5.5	1.4
Amortisation of intangible assets included in other administrative expenses	9.4	9.8
Exceptional (income)/costs (see note 7)	(12.7)	5.4
Loss on disposal of property	0.3	0.7
Staff costs (see note 8)	377.8	391.5

6. Operating profit (continued)

The analysis of auditors' remuneration is as follows:

	52 week period ended 1 January 2011 £'000	53 week period ended 2 January 2010 £'000
Fees payable to the company's auditors for the audit of the company's annual accounts	87	57
The audit of the company's subsidiaries pursuant to legislation	563	554
Total audit fees	650	611
Tax services	38	1
Fees payable to the company's auditors and their associates for other services to the Group	75	-
Total non-audit fees	113	1

7. Exceptional income/ (costs)

£million	52 week period ended 1 January 2011	53 week period ended 2 January 2010
Defined benefit pension scheme credit	15.8	-
Fire insurance claim	0.6	-
Restructuring costs	(3.7)	(5.4)
	12.7	(5.4)

There is an exceptional credit of £15.8 million in the period relating to the defined benefit pension scheme. This has arisen due to changes to the scheme regarding future discretionary increases (see note 34). The Group also received £0.6 million in relation to a fire insurance claim.

Restructuring costs

The Group has completed various restructuring activities during the years presented in order to integrate its acquired entities and to optimise its operations. These included the following:

During 2010 the Group incurred £3.7 million of restructuring costs: a further £1.5 million of costs in relation to the restructuring in France, and a further £2.2 million in relation to redundancies and related costs of UK factories. During 2009 the Group closed two factories in France incurring £3.7 million of redundancy and related costs and additional costs associated with UK factory closures that commenced in 2008 of £1.7 million.

8. Staff costs

The average monthly number of employees (including executive directors) during the year was:

	2010 Number	2009 Number
Production	15,593	16,327
Management and Administration	1,625	1,679
Sales and Distribution	896	924
	18,114	18,930

Their aggregate remuneration comprised:

	£million	£million
Wages and salaries	329.9	340.2
Social security and other costs	36.6	45.6
Other pension costs	11.3	5.7
	377.8	391.5

The Directors' emoluments were as follows:

£'000	52 week period ended 1 January 2011	53 week period ended 2 January 2010
Directors' emoluments excluding pension contributions	3,189	1,795
Directors' pension contributions	200	62
	3,389	1,857

The aggregate emoluments of the highest paid director were £1,166,000 (2009: £716,000). The accrued pension contributions of the highest paid director at 1 January 2011 were £35,000 (2009: £39,000). The number of directors that were members of a defined benefit scheme during the period was 4 (2009: 4). The emoluments for directors appointed during the prior year have been included on a pro-rata basis of their annual emoluments.

9. Investment revenue

£million	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Loans and receivables at amortised cost:		
Interest on bank deposits	0.1	1.2

10. Other gains and losses

£million	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Increase/(decrease) in the fair value of derivative financial instruments	9.3	(3.6)
Foreign exchange gains	0.4	6.0
	9.7	2.4

11. Finance costs

£million	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Interest on bank overdrafts and loans	58.1	71.4
Interest on obligations under finance leases	0.5	0.4
Interest on loans from parent company	8.1	10.6
Unwinding of discount on provisions	1.1	1.6
	67.8	84.0

12. Tax

£million	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Current tax	3.6	(3.8)
Deferred tax (note 24)	10.6	(15.3)
	14.2	(19.1)

Corporation tax is calculated at 28% (2009: 28%) of the estimated assessable profit / (loss) for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge / (credit) for the period can be reconciled to the profit / (loss) per the income statement as follows:

	2010 £million	2010 %	2009 £million	2009 %
Profit/(loss) before tax:	21.4	100	(14.6)	100
Tax at the UK corporation tax rate of 28% (2009: 28%)	6.0	28.0	(4.1)	28.1
Non taxable income/expense	4.0	18.7	(1.7)	11.6
Adjustment in respect of prior periods	3.3	15.4	(12.6)	86.3
R&D tax credits	(0.3)	(1.4)	(0.3)	2.1
Tax effect of utilisation of tax losses not previously recognised	(0.8)	(3.7)	(2.6)	17.8
Tax effect of losses carried forward	2.3	10.8	1.9	(13.0)
Overseas taxes at different rates	0.8	3.7	0.3	(2.1)
Release of deferred tax on IBA reversal	(0.5)	(2.3)	-	-
Deferred tax change in rate	(0.6)	(2.8)	-	-
Tax charge/(credit) and effective tax rate for the period	14.2	66.4	(19.1)	130.8

In addition to the amount credited to the income statement, a £2.5m charge (2009: £3.6m credit) relating to tax has been recognised directly in other comprehensive income. No other tax charges have been recognised directly in equity.

13. Goodwill

	£million
Cost	
At 27 December 2008	750.4
Adjustment to consideration on acquisition of subsidiaries	(1.0)
Exchange differences	(9.7)
At 2 January 2010	739.7
Adjustment to consideration on acquisition of subsidiaries (note 30)	(6.2)
Acquisition of business (note 30)	6.1
Exchange differences	0.3
At 1 January 2011	739.9
Accumulated impairment losses	
At 27 December 2008 & 2 January 2010 & 1 January 2011	-
Carrying amount	
At 1 January 2011	739.9
At 2 January 2010	739.7

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination.

The carrying amount of goodwill, has been allocated (each being a single CGU) as follows:

£ million	**1 January 2011**	**2 January 2010**
UK Prepared	636.4	636.4
Produce	2.0	-
Europe	25.5	25.8
Rest of World	13.1	12.2
Italpizza Srl	37.8	35.0
Two Chefs on a Roll Inc	25.1	30.3
	739.9	739.7

The recoverable amounts of the CGUs are determined based on value in use calculations.

The key assumptions used are determined as follows:

· Discount rates: Management uses pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs.

· Growth rates: The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following four years based on an estimated growth rate, determined by business unit, to provide a 5 year forecast. Cash flows are then extrapolated using a perpetuity growth rate of 2 per cent (2009: 2 per cent) which does not exceed the average long-term growth rate for the relevant markets.

13. Goodwill (continued)

The assumptions used, and the impact of sensitivities on these assumptions, are shown below:

	UK Prepared	Produce	Europe
Assumption:			
Pre tax discount rate	10.6%	11.1%	10.3%
Perpetuity growth rate	2.00%	2.00%	2.00%
Sensitivity:			
Head room of impairment test based on management assumptions	£100.5 million	£5.9 million	£6.3 million
Increase to pre-tax discount rate that would result in an impairment charge	0.82%	9.47%	0.59%
Reduction in perpetuity growth rate that would result in an impairment charge	1.29%	33.2%	0.88%

	Rest of World	Italpizza Srl	Two Chefs on a Roll Inc
Assumption:			
Pre tax discount rate	10.5%	11.0%	10.8%
Perpetuity growth rate	2.00%	2.00%	2.00%
Sensitivity:			
Head room of impairment test based on management assumptions	£2.4 million	£46.5 million	£53.6 million
Increase to pre-tax discount rate that would result in an impairment charge	0.82%	6.36%	9.71%
Reduction in perpetuity growth rate that would result in an impairment charge	1.27%	15.0%	31.2%

14. Other intangible assets

£million	Licensing Agreements	Customer Relationships	Customer Contracts	Total
Cost				
At 27 December 2008	0.6	92.5	5.7	98.8
Disposal of a subsidiary	-	-	(4.1)	(4.1)
Exchange differences	-	0.3	-	0.3
At 2 January 2010	0.6	92.8	1.6	95.0
Exchange differences	-	(0.1)	-	(0.1)
At 1 January 2011	0.6	92.7	1.6	94.9
Amortisation				
At 27 December 2008	(0.6)	(25.7)	(3.2)	(29.5)
Charge for the period	-	(9.3)	(0.5)	(9.8)
Exchange differences	-	0.1	-	0.1
Disposal of a subsidiary	-	-	2.9	2.9
At 2 January 2010	(0.6)	(34.9)	(0.8)	(36.3)
Charge for the period	-	(9.3)	(0.1)	(9.4)
At 1 January 2011	(0.6)	(44.2)	(0.9)	(45.7)
Carrying amount				
At 1 January 2011	-	48.5	0.7	49.2
At 2 January 2010	-	57.9	0.8	58.7

15. Property, plant and equipment

£ million	Note	Land and buildings	Fixtures and equipment	Total
Cost				
At 27 December 2008		112.0	386.6	498.6
Additions		3.0	19.7	22.7
Disposal of subsidiary		-	(1.9)	(1.9)
Disposals		-	(5.5)	(5.5)
Properties reclassified as held for sale		(5.1)	-	(5.1)
Exchange differences		(1.1)	(7.0)	(8.1)
At 2 January 2010		108.8	391.9	500.7
Additions		3.5	25.3	28.8
Acquisition of subsidiary	30	-	0.6	0.6
Disposals		(0.1)	(3.6)	(3.7)
Exchange differences		0.4	(1.6)	(1.2)
At 1 January 2011		112.6	412.6	525.2
Accumulated depreciation and impairment				
At 27 December 2008		(26.7)	(110.5)	(137.2)
Charge for the period		(6.2)	(37.6)	(43.8)
Disposal of subsidiary		-	1.7	1.7
Disposals		-	4.8	4.8
Exchange differences		0.7	3.9	4.6
At 2 January 2010		(32.2)	(137.7)	(169.9)
Charge for the period		(6.3)	(38.0)	(44.3)
Disposals		-	3.3	3.3
Exchange differences		(0.1)	0.4	0.3
At 1 January 2011		(38.6)	(172.0)	(210.6)
Carrying amount				
At 1 January 2011		74.0	240.6	314.6
At 2 January 2010		76.6	254.2	330.8

The carrying value of the Group's fixtures and equipment includes an amount of £13.5 million (2009: £15.5 million) in respect of assets held under finance leases.

At 2 January 2010, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £5.3 million (2009: £0.2 million).

16. Interests in associates

£ million	1 January 2011	2 January 2010
Aggregated amounts relating to associates		
Total assets	17.0	19.6
Total liabilities	(11.3)	(11.0)
Net assets	5.7	8.6
Group's share of associates net assets	3.7	3.5
Premium on acquisition	8.5	8.5
	12.2	12.0
Revenue	72.0	78.9
Profit for the period	2.9	4.0
Groups share of associates' profit for the period	1.0	1.0

Details of the principal associated undertakings for the Group at 1 January 2011 are as follows:

Name	Proportion of voting interest		Place of registration and operation	Method of accounting
	2010	2009		
Manor Fresh Limited	27.5%	27.5%	United Kingdom	Equity
La Rose Noire Limited	45%	45%	Hong Kong	Equity
Gastro Primo Limited	48%	48%	Hong Kong	Equity

£ million	Manor Fresh Limited	Interfruit (PTY) Limited	Tropical Fresh Alimentos SA	La Rose Noire Limited	Gastro Primo Limited	Total
Share of net assets/ costs						
At 27 December 2008	0.6	0.5	(0.6)	7.2	2.0	9.7
Share of profit after tax	0.2	0.2	(0.2)	0.8	-	1.0
Disposal	-	(0.7)	0.8	-	-	0.1
Currency movement	-	-	-	1.5	0.5	2.0
Dividend payment	(0.3)	-	-	(0.3)	(0.2)	(0.8)
At 2 January 2010	0.5	-	-	9.2	2.3	12.0
Share of profit after tax	0.3	-	-	0.8	(0.1)	1.0
Currency movement	-	-	-	0.3	0.2	0.5
Dividend payment	(0.3)	-	-	(1.0)	-	(1.3)
At 1 January 2011	0.5	-	-	9.3	2.4	12.2

17. Other investments

£ million	Non listed investments held at cost
At 2 January 2010 and 1 January 2011	0.1

18. Inventories

£ million	1 January 2011	2 January 2010
Raw materials	44.2	40.1
Work-in-progress	2.1	2.0
Finished goods	10.3	8.4
	56.6	50.5

19. Trade and other receivables

£ million	1 January 2011	2 January 2010
Amounts receivable from trade customers	165.8	165.0
Allowance for doubtful debts	(4.4)	(3.1)
Other debtors	11.6	11.3
Prepayments	16.7	13.0
Tax recoverable	-	1.8
	189.7	188.0

The average credit period taken on sales of goods is 36 days (2009 – 31 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods of £4.4 million (2009: £3.1 million). Allowances of receivables are made on a specific basis based on objective evidence and previous default experience. Receivables are therefore deemed past due but not impaired when the contractual obligation to pay has been exceeded, but as yet no objective evidence or previous default experience indicates this debt will be irrecoverable.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value due to their short-term nature.

19. Trade and other receivables (continued)

The following table is an ageing analysis of trade receivables:

£ million	1 January 2011	2 January 2010
Not past due	142.4	140.5
Past due by 1 - 30 days	15.1	16.5
Past due by 31 - 60 days	4.1	2.5
Past due by 61 - 90 days	1.5	0.9
Past due by more than 90 days	2.7	4.6
	165.8	165.0

Trade receivables renegotiated in 2010 that would have otherwise have been past due or impaired amounted to £nil (2009: £336,000)

The majority of the Group's customers are all leading UK retailers, representing more than 75% of the Group's revenue and therefore hold favourable credit ratings. On this basis the Group does not see any need to charge interest, seek collateral or credit enhancements to secure any of its trade receivables due to their short term nature.

The following table is an analysis of the movement of the Group's trade receivables allowance for doubtful debts:

£ million	1 January 2011	2 January 2010
Balance at beginning of the period	(3.1)	(2.5)
Allowances recognised on receivables	(1.5)	(1.7)
Amounts written off as uncollectible during the year	0.2	0.1
Amounts recovered during the year	-	0.6
Allowance reversed	-	0.4
Balance at end of the period	(4.4)	(3.1)

The following table is an analysis of the Group's net trade receivables by currency:

£ million	1 January 2011	2 January 2010
GBP	127.4	126.9
USD	4.7	3.3
Euro	25.5	27.8
CZK	0.2	0.4
ZAR	1.5	1.3
RMB	2.1	1.9
Other	-	0.3
	161.4	161.9

20. Assets held for sale

£million	1 January 2011	2 January 2010
Assets held for sale	7.9	7.9

In 2009 the Group closed one factory in the UK that was surplus to requirements in addition to the two factories that were closed in 2008. A search is underway for buyers for these properties. No impairment was recognised on the reclassification of the properties as held for sale.

The factories that are currently held for sale as of 1 January 2011 and 2 January 2010 are within the UK Prepared segment.

21. Cash and cash equivalents

£million	1 January 2011	2 January 2010
Cash and cash equivalents	40.8	37.4

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

22. Bank overdrafts and loans

£ million	1 January 2011	2 January 2010
Bank overdrafts	2.1	5.2
Bank loans	618.3	646.6
Other loans	-	1.0
	620.4	652.8
The borrowings are repayable as follows:		
On demand or within one year	56.1	62.8
In the second year	563.8	1.4
In the third to fifth years inclusive	0.5	588.6
	620.4	652.8
Less: Amount due for settlement within 12 months (shown under current liabilities)	(56.1)	(62.8)
Amount due for settlement after 12 months	564.3	590.0

Bank overdrafts and loans by currency

£ million	1 January 2011	2 January 2010
GBP	520.6	556.3
USD	46.8	45.7
Euro	51.3	49.3
ZAR	0.4	-
RMB	1.3	1.5
	620.4	652.8

	2010 %	2009 %
The weighted average interest rates paid were as follows:		
Bank overdrafts	2.63	5.60
Bank loans	4.02	5.25

Bank loans of £400.0 million (2009: £447.4 million) were covered by financial instruments, namely interest rate swaps and a collar, and these expose the Group to fair value interest rate risk. Other borrowings continue to be arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

22. Bank overdrafts and loans (continued)

The directors estimate the fair value of the Group's borrowings are not materially different from their book value due to the current rates available to the Group being in line with the rates agreed over the facilities and the relative costs of renegotiation of the debt as compared to the capital value.

The Group has four main loan facilities, relating to Bakkavör London Limited, Bakkavör China Limited, Bakkavör Acquisitions (2008) Limited and Bakkavör Estates Limited. These loan facilities are subject to various restrictive financial covenants including interest cover ratio (EBITDA as a multiple of finance charges), leverage (net debt as a multiple of EBITDA) and cashflow cover (cashflow as a multiple of finance charges). At 1 January 2011 the Group was in compliance with all such covenants except those associated with China for which a waiver has been agreed (see note 36). The key features of the loans are as follows:

Bakkavör London Limited loan

Bakkavör London had a revolving credit facility of £700 million. The loan was modified in 2009 and again in 2010 to reset the covenants associated with the loan in exchange for a decrease in the facility from £700 million to £627 million. The amended secured loan facility of £627 million at 1 January 2011 expires on 27 March 2012. The Group has drawn £500.0 million of the loan as at 1 January 2011. The secured loan facility includes a 'carve out' for overdraft and ancillaries. At 1 January 2011, £14.9 million of the 'carve out' was utilised.

The interest rate of the facility at 1 January 2011 was a variable rate of 3.84% which represents LIBOR plus a margin of 3.5%. The bank loans are secured by a floating charge over specific assets of Bakkavör London Limited.

Under the terms of the revolving credit facility Bakkavör London must meet the requirements of four covenants: cash flow cover (ratio of cash flow from operations to finance charges), interest cover (ratio of EBITDA to finance charges), leverage cover (ratio of net debt to EBITDA) and a maximum capital additions.

Bakkavör China Limited loan

There are two China loan facilities: a US$26.0 million loan and a US$12.75 million loan. These are both fully drawn down as at 1 January 2011. The weighted average interest rate of the facilities at 1 January 2011 was a variable rate of 3.29% which represents LIBOR plus a margin of 3%.

Under the terms of the two China loan facilities, Bakkavör China Limited must meet the requirements of two covenants: a minimum turnover and a minimum gross profit requirement.

At the end of 2008, the company's subsidiary, Bakkavör China Limited, was technically in default of the covenants associated with one of these bank facilities. These loans were refinanced on 27 March 2009, with the loans extended from August 2010 to 30 March 2012. The Group was not in compliance with the facility covenants for 2010 and as a result of this these loans have been disclosed within current liabilities in the Statement of financial position.

The interest on the Bakkavör China Limited facilities is guaranteed by Bakkavör London Limited. In addition Bakkavör London Limited has granted subordinated guarantees to Bakkavör China Limited's banks.

22. Bank overdrafts and loans (continued)

Bakkavör Acquisitions (2008) Limited loan

Bakkavör Acquisitions (2008) Limited has a £60 million multi-currency term loan facility. The facility was refinanced on 27 March 2009 resulting in an extension of the facility from September 2009 to March 2012. From 1 July 2010 the facility bears interest at LIBOR plus a margin of 3.5%. Prior to this date the margin was 2%. As at 2 January 2010 Bakkavör Acquisitions (2008) Limited has fully drawn down on the bank facility with borrowings of €45.6 million, US$32.8 million and £1.3 million. The average interest rate for bank loans in 2010 was 4.06% (2008: 3.16%).

Under the terms of the multi-currency term loan facility, Bakkavör Acquisitions (2008) Limited must meet the requirements of two covenants: interest cover and leverage cover.

Bakkavör Estates Limited loan

Bakkavör Estates borrowed £51.4 million from Kaupthing Singer & Friedlander (the lender) with repayment instalments due between October 2008 and July 2013. On 11 September 2009 the facility was considered to be in default due to the transfer of Bakkavör Group ehf shares from Exista ehf to B Foods Invest ehf. On 29 March 2010 the loan repayments were modified and the technical default waived. The loan is now being repaid in quarterly instalments with the final instalment on 10 January 2011.

The Bakkavör Estates bank loans outstanding at 1 January 2011 were £19,824,000 and on such date the loans bear interest at a rate of 3.24% which represents LIBOR plus a margin of 2.5%.

The bank loan is secured by a floating charge over all of the assets of Bakkavör Estates Limited.

23. Derivative financial instruments

£million	1 January 2011	2 January 2010
Held for trading derivatives that are not designated in hedge accounting relationships:		
Foreign currency contracts – included in current assets	1.0	0.5
Foreign currency contracts	-	(0.2)
Interest rate contracts	(24.8)	(33.5)
Included in current liabilities	(24.8)	(33.7)
Total	(23.8)	(33.2)

Further details of derivative financial instruments are provided in note 28.

24. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period.

£million	Accelerated tax depreciation	Fair value gains	Intangibles	Provisions	Impairment losses	Retirement benefit obligations	Total
At 27 December 2008	36.3	(6.0)	19.4	(0.1)	(6.7)	0.1	43.0
Credit to income	(5.6)	(3.5)	(2.8)	(3.2)	-	(0.2)	(15.3)
Credit to equity	-	-	-	-	-	(3.6)	(3.6)
Foreign exchange movements	(0.7)	-	(0.1)	-	-	-	(0.8)
Acquisition of subsidiary	0.1	-	-	-	-	-	0.1
As 2 January 2010	30.1	(9.5)	16.5	(3.3)	(6.7)	(3.7)	23.4
Charge/(credit) to income	4.6	2.9	(3.2)	1.9	-	4.4	10.6
Charge to equity	-	-	-	-	-	2.5	2.5
Reallocation of deferred tax	(5.1)	-	-	-	5.1	-	-
As 1 January 2011	29.6	(6.6)	13.3	(1.4)	(1.6)	3.2	36.5

Charge to equity relates to retirement benefit obligation movements of £2.5 million (2009: £3.6 million credit).

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

£million	1 January 2011	2 January 2010
Deferred tax liabilities	36.5	23.4

At the balance sheet date, the Group has unused tax losses of £18.9 million (2009: £15.7 million) available for offset against future profits. Deferred tax assets are not recognised on the losses carried forward to the extent that it is not probable that the losses will be utilised.

The Group is not aware of any temporary differences associated with undistributed earnings of subsidiaries due to the availability of tax credits against such liabilities. The Group is in a position to control the timing of the reversal of any such temporary differences should they arise.

Temporary differences arising in connection with interests in associates are insignificant.

25. Obligations under finance leases

	Minimum lease payments		Present value of lease payments	
£million	**1 January 2011**	**2 January 2010**	**1 January 2011**	**2 January 2010**
Amounts payable under finance leases:				
Within one year	(3.1)	(4.2)	(2.8)	(3.8)
In the second to fifth years inclusive	(3.3)	(5.3)	(3.0)	(5.0)
After five years	-	(1.0)	-	(0.9)
	(6.4)	(10.5)	(5.8)	(9.7)
Less: future finance charges	0.6	0.8		
Present value of lease obligations	(5.8)	(9.7)	(5.8)	(9.7)
Less: Amount due for settlement within 12 months (shown under current liabilities)			2.8	3.8
Amount due for settlement after 12 months			(3.0)	(5.9)

It is the Group's policy to lease certain fixtures and equipment under finance leases. The average lease term outstanding is 4 years (2009: 3 years). For the 52 weeks ended 1 January 2011, the average effective borrowing rate was 4.46% (2009: 5.10%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Obligations are denominated in sterling (£1.9 million) and Euro (£3.9 million) and the fair value of the Group's lease obligations approximates their carrying amount. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets.

26. Trade and other payables

£million	1 January 2011	2 January 2010
Trade creditors	183.8	161.9
Accruals	83.2	87.7
Social security and other taxation	3.8	7.6
Put option consideration (note 30)	5.0	-
Contingent consideration	-	15.5
Deferred consideration	-	3.1
Other creditors	35.0	19.6
	310.8	295.4
Less: amounts due after one year:		
Other creditors	(0.2)	-
Contingent consideration	-	(15.5)
	(0.2)	(15.5)
Trade and other payables due within one year	310.6	279.9

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 53 days (2009 – 52 days). No interest is incurred against trade payables. Credit terms are adhered to by the Group as evidenced by the credit period.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The following table is an analysis of the Group's trade payables by currency:

£million	1 January 2011	2 January 2010
GBP	131.9	112.4
USD	3.3	2.6
Euro	44.2	43.1
CZK	0.4	0.4
ZAR	1.4	0.9
RMB	2.6	2.5
	183.8	161.9

27. Provisions

£million	Onerous leases and other provisions	Dilapidations provision	Total
At 27 December 2008	7.9	9.5	17.4
Additional provision in the period	5.7	1.1	6.8
Release of provision	(1.3)	(0.2)	(1.5)
Utilisation of provision	(5.3)	(0.1)	(5.4)
Unwinding of discount	0.3	1.3	1.6
At 2 January 2010	7.3	11.6	18.9
Included in current liabilities	3.9	1.2	5.1
Included in non-current liabilities	3.4	10.4	13.8
At 2 January 2010	7.3	11.6	18.9
Additional provision in the period	3.4	0.3	3.7
Release of provision	(1.3)	(3.4)	(4.7)
Utilisation of provision	(3.0)	(1.5)	(4.5)
Unwinding of discount	0.2	0.9	1.1
At 1 January 2011	6.6	7.9	14.5
Included in current liabilities	1.8	-	1.8
Included in non-current liabilities	4.8	7.9	12.7

Onerous leases and other provisions

Onerous lease and other provisions include provisions related to unused premises and provisions for restructurings. Of this, £5.5 million (2009: £3.1 million) relates to onerous leases and related costs that will be utilised over the term of the individual leases to which they relate. It also includes £nil relating to restructuring related redundancies (2009: £1.7 million).

Releases of provisions relate to where onerous leases have been reviewed due to changing circumstances and adjustments to the ongoing provisions are required. The release of provisions follows the original treatment with the exception of provisions acquired from acquisitions in previous periods which are released in administration costs.

Dilapidation provisions relate to obligations under various property leases to ensure that, at the end of the leases, the buildings are in the condition agreed with the landlords. The provision will be utilised at the end of the individual lease terms to which they relate.

28. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group manages its capital by collating timely and reliable information to produce various internal reports such as capital expenditure and weekly cash reports, which enable the Board of Directors to assess the Group's capital, and manage that capital effectively and in line with the Group's objectives. The gearing of the Group is constantly monitored and managed to ensure that the ratio between debt and equity is at an acceptable level and enables the Group to operate as a going concern and maximise stakeholders return.

When the Group considers an acquisition, the Board of Directors will decide on how to fund that acquisition either through debt, equity or a mixture of both. The Board of Directors will look at the Group's existing debt to equity ratio and the costs involved in financing debt or equity, before deciding on how to fund the proposed acquisition.

Gearing ratio

The gearing ratio at the year end is as follows:

£million	1 January 2011	2 January 2010
Debt	626.2	662.5
Cash and cash equivalents	(40.8)	(37.4)
Net debt	585.4	625.1
Equity	188.4	173.6
Net debt to net debt plus equity percentage	75.7%	78.2%

Debt is defined as long and short term borrowings, such as bank loans, overdrafts and finance leases payable.

Externally imposed capital requirement

The Group is subject to externally imposed capital requirements on capital expenditure as a result of bank covenants (see note 22, Bank Overdraft and loans).

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

28. Financial instruments (continued)

Categories of Financial Instruments

Financial assets **£million**	**1 January 2011**	**2 January 2010**
Fair value through profit and loss:		
Derivative financial instruments	1.0	0.5
Loans and receivables at amortised cost:		
Trade receivables	161.4	161.9
Other debtors	11.6	11.3
Cash and cash equivalents	40.8	37.4
	214.8	211.1

Financial liabilities **£million**		
Fair value through profit and loss:		
Derivative financial instruments	24.8	33.7
Other Financial liabilities at amortised cost:		
Trade payables	183.8	161.9
Put option consideration	5.0	-
Contingent consideration	-	15.5
Deferred consideration	-	3.1
Other creditors	35.0	27.2
Amounts due to related parties	205.0	186.3
Bank loans and overdrafts	620.4	652.8
Finance leases	5.8	9.7
	1,079.8	1,090.2

The fair value of the financial assets approximates to their carrying value due to the short term nature of the receivables. Fair values have been determined as level 2 under IFRS 7.

The fair value of other financial liabilities at amortised cost approximates to their carrying value. The trade and other payables approximate to their fair value due to the short term nature of the payables. The finance lease fair value approximates to the carrying value based on discounted future cash flows.

28. Financial instruments (continued)

Financial risk management

The Group is exposed to a number of financial risks such as access to and cost of funding, interest rate exposure, currency exposure and working capital management. The Group seeks to minimise these risks where possible and does this by constantly monitoring, reviewing, effectively managing and using derivative financial instruments as detailed in the directors' report. Use of financial instruments is governed by Group policies which are approved by the Board of Directors. The treasury function does not operate as a profit centre, makes no speculative transactions and only enters into or trades financial instruments to manage specific exposures.

To make sure the management of those financial risks faced by the Group remain effective, it is very important that any new businesses that are acquired by the Group are immediately integrated. This means the new business is providing timely and accurate information to the central Treasury department, so they can produce group reports on key financial risks that reflect the ultimate position of the Group at that time.

Further details on financial risks are provided within the Directors' Report on page 5.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Forward foreign exchange contracts to hedge the exchange rate risk arising on revenues and purchases in foreign currencies and on a translational level in the translation of overseas operations.
- Interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are supplemented by sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

Foreign currency risk management occurs at a transactional level on revenues and purchases in foreign currencies and at a translational level in relation to the translation of overseas operations. Board policy is for UK businesses to hedge transactional exposures using forward foreign exchange contracts wherever material. Transactional exposure in our overseas business is not hedged, as receipts and payments are largely in their local currencies. The Group monitors foreign exchange rates to assess the potential impact on group profits if exchange rates move significantly and a summary of hedges in place are reported monthly to the Board.

The Group's main foreign exchange risk is to the Euro and US dollar.

During the 52 week period to 1 January 2011, the Euro weakened against sterling by 3.7%, with the closing rate at €1.1671 compared to €1.1255 at the prior period end. The average rate for the 52 week period to 1 January 2011 was €1.1659, an increase of 3.8% versus prior year.

In the same period the US dollar, strengthened against sterling by 3.0%, with the closing rate at $1.5657 compared to $1.6149 at the prior period end. The average rate for the period to 1 January 2011 was $1.5449, a 1.4% strengthening of the US dollar versus the prior year.

The net impact on profit of transaction losses offset by translation gains was a gain of £0.4 million (2009: loss of £6.0 million).

Further information on foreign currency risk is provided in the directors' report on page 7.

28. Financial instruments (continued)

Foreign currency risk management (continued)

Foreign currency sensitivity analysis

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates. A 10% increase/decrease has been used, and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where sterling strengthens 10% against relevant currency. For a 10% weakening of sterling against the relevant currency the balances below would be negative.

£million	Profit or (loss) 10% Strengthening		Profit or (loss) 10% Weakening	
	1 January 2011	2 January 2010	1 January 2011	2 January 2010
Euro	2.3	5.3	(2.5)	(5.9)
USD	2.7	3.3	(2.9)	(3.6)

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions to minimise the exposure generated.

28. Financial instruments (continued)

Forward foreign exchange contracts (continued)

The following table details the Sterling forward foreign currency contracts outstanding as at 1 January 2011:

Outstanding contracts	Average exchange rate		Foreign currency (million)		Contract value (£million)		Fair value (£million)	
	2010	2009	2010	2009	2010	2009	2010	2009
Buy Euros:								
Less than 3 months	1.18	1.11	22.7	25.9	19.3	23.3	0.3	(0.2)
3 to 6 months	1.20	1.12	14.0	15.1	11.7	13.5	0.4	-
6 to 12 months	1.19	1.13	6.9	3.0	5.8	2.7	0.2	-
Buy US Dollars:								
Less than 3 months	1.56	1.61	4.9	6.9	3.1	4.3	-	-
3 to 6 months	1.55	1.64	5.9	2.7	3.8	1.6	-	-
6 to 12 months	1.56	1.62	1.6	2.0	1.1	1.2	-	-
					44.8	46.6	0.9	(0.2)

The following table details the Euro forward foreign currency contracts outstanding as at 1 January 2011:

Outstanding contracts	Average exchange rate		Foreign currency (million)		Contract value (€million)		Fair value (€million)		Fair value (£million)	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Buy US Dollars:										
Less than 3 months	-	1.39	-	4.0	-	2.8	-	0.1	-	0.1
6 to 12 months	1.32	1.33	2.0	5.0	1.5	3.8	-	0.4	-	0.4
					1.5	6.6	-	0.5	-	0.5

The following table details the South African Rand (ZAR) forward foreign currency contracts outstanding as at 1 January 2011:

Outstanding contracts	Average exchange rate		Foreign currency (million)		Contract value (ZARmillion)		Fair value (ZARmillion)		Fair value (£million)	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Buy US Dollars:										
Less than 3 months	0.12	-	0.3	-	2.8	-	0.5	-	0.1	-
					2.8	-	0.5	-	0.1	-

28. Financial instruments (continued)

Interest rate risk management

The Group is exposed to interest rate risk on borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings. Interest rate risk management balances debt financing as a tool to improve the returns through leverage in the capital structure with the potential for an increase in interest rates to impact profits negatively. The Group operates a risk policy which broadly maintains the ratio between floating and fixed interest rates at 50:50. The Group also uses derivative financial instruments such as interest rate swaps and interest rate collars to minimise the risk associated with variable interest rates. As a result of this policy, at the year end 65% of the Group's borrowings were covered by interest rate swaps and collars (2009: 69%). The remaining borrowings were at floating rates. Board approval is required for the use of any interest rate derivative. Further information on interest rate risk is provided in the directors' report on page 6.

Interest rate sensitivity analysis

Interest rate sensitivity analysis has been performed on the financial assets and liabilities to illustrate the impact on group profits and equity if interest rates increased/decreased. This analysis assumes the liabilities outstanding at the period end were outstanding for the whole period. A 100 basis points increase or decrease has been used, comprising management's assessment of reasonably possible changes in interest rates.

£million	1 January 2011 Profit/(loss)	2 January 2010 Profit/(loss)
Effects of 100 basis points increase in interest rate	(5.1)	(4.7)
Effects of 100 basis points decrease in interest rate	5.1	4.7

It is assumed that all other variables remained the same when preparing the interest rate sensitivity analysis.

Interest rate swaps

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the yield curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

28. Financial instruments (continued)

Interest rate swaps (continued)

The following table details the notional principal amounts and remaining terms of interest rate swap contracts and collars outstanding as at 1 January 2011:

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2010 %	2009 %	2010 £million	2009 £million	2010 £million	2009 £million
Interest rate swaps						
0 to 1 years	4.90	-	100.0	-	(3.0)	-
1 to 5 years	4.94	5.41	150.0	250.0	(10.0)	(17.1)
1 to 5 years	-	8.91	-	47.4	-	(5.3)
Over 5 years	5.17	4.90	50.0	50.0	(6.7)	(5.1)
Collars						
1 to 5 years	4.37	5.75	100.0	100.0	(5.1)	(6.0)
			400.0	447.4	(24.8)	(33.5)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is 3 months LIBOR. The Group will settle the difference between fixed and floating interest rates on a net basis.

Although the derivatives have a maturity of more than twelve months, they are expected to be held for less than twelve months from the reporting period, and therefore have been presented as current liabilities.

Credit risk management

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations of the loans and receivables at amortised cost held in the balance sheet.

The Group's main credit risk is attributable to its trade receivables. The Group's top five customers, all leading UK retailers, continue to represent more than 75% of the Group's revenue. These customers hold favourable credit ratings and consequently reduce the credit risk for the Group's overall trade receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies. Group policy dictates that group deposits are shared between banks to spread the risk. Currently group deposits are shared between banks that are counterparties in the Group's secured committed bank facilities. Bakkavör (London) Limited's current credit limit is £627 million, which represents the Group's secured loan facility. This facility and therefore our credit limit of £627 million, is primarily with Barclays Capital. Barclays Capital is the syndicate agent of this facility and they manage the syndicate and participation with other counterparties. Bakkavör Acquisitions (2008) Group principal facilities at the start of the 2010 period were £63.1 million and by 1 January 2011 were £61.4 million

Processes are in place to manage receivables and overdue debt and to ensure that appropriate action is taken to resolve issues on a timely basis. Credit control operating procedures are in place to review all new customers. Existing customers are reviewed as management become aware of changes of circumstances for specific customers. The amounts presented in the balance sheet are net of appropriate allowance for doubtful trade receivables, specific customer risk and assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

28. Financial instruments (continued)

Commodity risk management

The Group acquires substantial amounts of raw materials for its operations, including dairy, wheat and rapeseed oil. The Group is exposed to commodity price and supply risks for these raw materials. The Group takes actions to reduce overall material costs and exposure to price fluctuations. This is done in a number of ways. For example, the Group buys raw materials from suppliers all over the world, thereby decreasing geographic risk and frequently tenders to benchmark market prices. In general our requirements are managed using contracts for periods of between three to twelve months forward. The Group also manage any local currency exposure in line with agreed contracts.

Liquidity risk management

Liquidity risk refers to the risk that the Group may not be able to fund the day to day running of the Group. Liquidity risk is reviewed by the Board of Directors on a monthly basis. The Group manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group also monitors the drawdown of debt against the available banking facilities and reviews the level of reserves. Liquidity risk management ensures sufficient debt funding is available for the Group's day to day needs. Board policy is to maintain reasonable headroom of unused committed bank facilities in a range of maturities at least 12 months beyond the period end.

28. Financial instruments (continued)

Maturity profile of financial liabilities

The following table illustrates the Group's financial liability obligations and when they fall due.

£million	1 January 2011	2 January 2010
Due within one year:		
Trade payables	183.8	161.9
Put option consideration	5.0	-
Other creditors	34.8	27.2
Contingent consideration	-	15.5
Deferred consideration	-	3.1
Derivative financial instruments	24.8	33.7
Bank loans and overdrafts	56.1	62.8
Finance leases	3.1	3.8
Interest on bank loans	40.0	32.7
Total due within one year	347.6	340.7
In the second to fifth years inclusive:		
Other payables	0.2	-
Amounts due to related parties	205.0	186.3
Bank loans and overdrafts	564.3	590.0
Finance leases	3.3	4.9
Interest on bank loans	6.1	38.5
Total due in the second to fifth years	778.9	819.7
After five years:		
Finance leases	-	1.0
Total due after five years	-	1.0

The weighted average interest rates for the Group's bank loans and overdrafts are found in note 22, Finance leases in note 25 and further information on the Group's derivative financial instruments are in note 28.

29. Share capital and reserves

Share Capital

£million	1 January 2011	2 January 2010
Bakkavör Holdings Limited		
Issued and fully paid:		
96,645,586 ordinary shares of £1 each	96.6	96.6

Merger reserve
The Company has one class of ordinary shares which carry no right to fixed income. As the acquisition of Bakkavör London Limited by Bakkavör Holdings Limited was accounted for using the principles of merger accounting (see note 2), the amount recognised for the newly issued equity is equal to the nominal value of the Bakkavör Holdings Limited ordinary shares. The value of the Bakkavör London Limited ordinary shares prior to the combination of £87.2m has been reclassified to a merger reserve for all periods presented.

Capital reserve
The capital reserve of £4 million arose in 2009 following the capitalisation of an inter-company balance between Bakkavör London Limited and Bakkavör Group ehf.

Translation reserve
The translation reserve represents foreign exchange rate differences arising on the consolidation of the Group's foreign operations. The assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in the translation reserve.

30. Acquisition of business

On 4 May 2010, a subsidiary company, English Village Salads Limited, acquired the trade and assets of the packaging and marketing business of MS Salads Marketing Limited from Hedon Salads Holdings Limited. In exchange for the assets acquired, English Village Salads Limited issued share capital to their current shareholders and the shareholders of Hedon Salads Holdings Limited on a basis that effectively transferred 30% of the Group's ownership of English Village Salads Limited to the shareholders of Hedon Salads Holdings Limited.

The net effect of the acquisition is as follows:

	£million
Fair value of shares issued	2.6
Book value and fair value of net assets acquired	(0.6)
Goodwill on acquisition	2.0

Goodwill from the acquisition relates to benefits associated with the wider range of produce marketing experience in the combined business and anticipated future operating synergies from the combination.

30. Acquisition of business (continued)

On 7th December 2010 a Put option in relation to the 10% non-controlling interest in Italpizza Srl was exercised by the option holder. As a result the Group is required to acquire the remaining 10% interest for consideration of €5.8 million (£5.0 million). A liability for this has been included in these financial statements within Trade and other payables and the £0.9 million of non-controlling interests has been removed with the result that £4.1 million of goodwill has been created.

In 2010 £6.8 million (2009: £8.4 million) of deferred consideration payments and £9.9 million (2009: £nil) of contingent consideration payments were made in relation to acquisitions transacted in previous periods. The contingent consideration payment related to the acquisition of Two Chefs on a Roll Inc. This settlement has had the impact of reducing the Group's goodwill in relation to this acquisition by £6.2 million.

31. Notes to the statement of cash flows

£million	1 January 2011	2 January 2010
Operating profit	79.4	65.8
Adjustments for:		
Share of profit of associates	(1.0)	(1.0)
Depreciation of property, plant and equipment	44.3	43.8
Amortisation of intangible assets	9.4	9.8
Net retirement benefits charge less contribution	(16.1)	0.7
Loss on disposal of property, plant and equipment	0.5	0.7
(Decrease)/increase in provisions	(5.4)	0.5
	111.1	120.3
Operating cash flows before movements in working capital		
(Increase)/decrease in inventories	(6.2)	1.8
(Increase)/decrease in receivables	(8.3)	33.8
Increase/(decrease) in payables	41.7	(2.6)
Cash generated by operations	138.3	153.3
Income taxes paid	(2.6)	(3.2)
Interest paid	(59.2)	(68.3)
Net cash from operating activities	76.5	81.8

32. Contingent liabilities and commitments

The Group may from time to time, and in the normal course of business, be subject to claims against the Group from customers and counterparties. The Group regularly reviews all of these claims, and believes that no provision is necessary in the consolidated financial statements. In addition, there are a number of legal claims or potential claims against the Group, the outcome of which cannot at present be foreseen. Provision has been made for all probable liabilities.

As at 1 January 2011 the Group has purchase commitments for the next 12 months to guarantee supply and price of raw materials of £35.4 million (2 January 2010: £38.3 million).

33. Operating lease arrangements

The group as lessee

£million	1 January 2011	2 January 2010
Minimum lease payments under operating leases recognised as an expense in the period	15.2	13.0

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
£million	1 January 2011	2 January 2010	1 January 2011	2 January 2010
Operating leases which expire:				
Within one year	6.6	7.5	3.8	4.5
Within two to five years	23.6	24.9	6.1	6.6
After five years	50.1	61.7	0.1	0.4
	80.3	94.1	10.0	11.5

The Group leases various offices and operational facilities under non-cancellable operating lease arrangements. The leases have various terms, escalation clauses and renewal rights. The Group also leases plant and machinery under non-cancellable operating lease agreements.

34. Retirement benefit schemes

The Group operates a number of pension schemes in the UK and overseas. These schemes are either trust or contract based and have been set up in accordance with appropriate legislation. The assets of each of the pension schemes are held separately from the assets of the Company.

In the UK, the two main schemes are a defined contribution scheme which is open to new UK employees joining the Group (full or part time) and the other a funded defined benefit scheme which is now closed to new members.

Pension credit/costs charged in arriving at profit on ordinary activities before taxation were:

£million	52 weeks ended 2 January 2011	53 weeks ended 2 January 2010
UK defined benefit scheme net charge	3.5	4.2
UK defined benefit scheme exceptional credit	(15.8)	-
UK defined contribution scheme net charge	0.7	0.8
Overseas net charge	0.3	0.3
Total (credit)/charge	(11.3)	5.3

The exceptional credit has arisen due to scheme changes regarding future discretionary increases. This is discussed further below.

Defined contribution schemes

The total cost charged to income of £0.7 million (2009: £0.8 million) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. No amounts were owing at the period end for the defined contribution scheme (2009: £nil)

Defined benefit schemes

A full actuarial valuation of plan assets and the present value of the defined benefit obligation was carried out at 31 March 2010 and was updated for IAS 19 purposes to 1 January 2011 by a qualified independent actuary. The projected unit cost method was used to value the assets and liabilities and was conducted by Lloyd Cleaver a qualified independent actuary with Towers Watson Limited.

The major assumptions used in this valuation were:

	1 January 2011	2 January 2010
Expected rate of salary increases	4.40%	4.50%
Future pension increases	3.30%	3.20%
Expected return on scheme assets	7.34%	7.30%
Discount rate applied to scheme liabilities	5.50%	5.70%
Inflation assumption	2.70%	3.50%

34. Retirement benefit schemes (continued)

The mortality table is based on the PMA92/PFA92 tables rated down one year with future medium cohort improvements, giving life expectancies as follows:

	Males expected future lifetime 2011	Males expected future lifetime 2010	Females expected future lifetime 2011	Females expected future lifetime 2010
Member aged 45 in 2007	41.5	41.5	43.8	44.5
Member aged 65 in 2007	21.9	21.0	24.0	24.1

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.2%	Increase by 3.9%
Rate of inflation	Decrease by 0.8%	Decrease by 10.6%
Rate of salary growth	Decrease by 0.1%	Decrease by 0.3%
Rate of mortality	Increased by 1 year	Increase by 2.9%

Amounts recognised in income in respect of these defined benefit schemes are as follows:

£million	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Current service cost	(4.1)	(3.2)
Interest cost	(9.5)	(8.1)
Expected return on scheme assets	10.1	7.1
Past service cost	15.8	-
Total credit/(charge)	12.3	(4.2)

All of the credit for the period has been included in total administrative expenses. Actuarial gains and losses have been reported in the statement of recognised income and expense. During the period the Group has decided that there should be no future discretionary pension increases whilst the scheme remains in deficit on a Funding Basis. The removal of the allowance for discretionary increases has led to a reduction in the IAS 19 pension liability of £15.8 million which is accounted for as an immediate gain in the income statement and is disclosed within exceptional income.

The actual return on scheme assets was £24.0 million (2009: £28.7 million).

Cumulative amount of actuarial gains and losses recognised in other comprehensive income since the date of IFRS transition is £26.3 million loss (2009: £22.4 million loss).

34. Retirement benefit schemes (continued)

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

£million	1 January 2011	2 January 2010
Fair value of scheme assets	179.7	156.4
Present value of defined benefit obligations	(167.9)	(169.6)
Surplus / (deficit) in scheme	11.8	(13.2)
Related deferred taxation (liability) / asset	(3.2)	3.7
	8.6	(9.5)

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Movements in the present value of defined benefit obligations were as follows:

£million	1 January 2011	2 January 2010
Opening balance	(169.6)	(127.5)
Current service cost	(4.1)	(3.2)
Interest cost	(9.5)	(8.1)
Contributions from scheme members	(2.5)	(2.2)
Benefits paid	5.9	5.9
Gain / (loss) on change of assumptions	1.7	(38.0)
Experience (loss) / gain	(5.6)	3.5
Removal of future discretionary pension increases	15.8	-
Closing balance	(167.9)	(169.6)

During the year the inflationary assumptions for the future liabilities of the scheme were changed from a RPI basis to CPI, with the resulting change in the liabilities being posted as part of the gain / (loss) on change of assumptions through the statement of comprehensive income.

34. Retirement benefit schemes (continued)

Movements in the fair value of scheme assets were as follows:

£million	1 January 2011	2 January 2010
Opening balance	156.4	127.9
Expected return on scheme assets	10.1	7.1
Experience gain	12.8	21.6
Contributions from the sponsoring companies	3.8	3.5
Contributions from scheme members	2.5	2.2
Benefits paid	(5.9)	(5.9)
Closing balance	179.7	156.4

The analysis of the scheme assets and the expected rate of return at the balance sheet date was as follows:

	Expected return		Fair value of assets	
	1 January 2011 %	2 January 2010 %	1 January 2011 £million	2 January 2010 £million
UK equities	7.80	7.90	67.7	54.6
Overseas equities	7.80	8.40	61.9	55.5
Corporate bonds	4.90	5.70	31.1	30.6
UK government bonds	4.00	4.50	10.6	7.3
Property	6.40	6.70	8.7	8.4
Cash	-	-	(0.3)	-
			179.7	156.4

34. Retirement benefit schemes (continued)

	1 January 2011	2 January 2010	27 December 2008	29 December 2007	30 December 2006
£million					
Fair value of scheme assets	179.7	156.4	127.9	168.6	158.3
Present value of defined benefit obligations	(167.9)	(169.6)	(127.5)	(150.6)	(140.6)
Surplus / (deficit) in the scheme	11.8	(13.2)	0.4	18.0	17.7
Experience (losses) / gains adjustments on scheme liabilities					
Amount	(5.6)	3.5	4.9	(8.7)	0.2
Percentage of scheme liabilities (%)	(3.34)	2.06	3.84	(5.78)	0.14
Experience gains / (losses) on scheme assets					
Amount	12.8	21.6	(51.3)	(0.2)	4.9
Percentage of scheme assets (%)	7.12	13.81	(40.11)	(0.12)	3.10

The estimated amount of contributions expected to be paid to the pension scheme during the current financial year is £6.6 million. The employer contribution rate for the current financial year is 13.2%.

The next triennial valuation is scheduled to be carried out as at 31 March 2013.

The levels of contributions are based on the current service cost and the expected future cash flows of the defined benefit scheme. The Group estimate the scheme liabilities on average fall due over 20 years.

The Trustees currently adopt a policy of 70% return seeking assets (equities) and 30% liability matching assets (bonds/property) which will be reviewed periodically. Within the return seeking portfolio the Trustees have decided to increase their allocation to overseas equities and have recently appointed a passive manager in this regard.

The Group and the Trustees work closely together in matters concerning the Bakkavör Pension Scheme. Regular meetings and correspondence on matters concerning the scheme are shared in an open manner between both parties.

35. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below. Transactions between the company and its subsidiaries and associates are disclosed in the company's separate financial statements.

Trading transactions

During the period, group companies entered into the following transactions with related parties who are not members of the Group:

£million	Sale of goods		Purchase of goods		Interest charge		Bakkavör Group trademark licensing agreement	
	2010	2009	2010	2009	2010	2009	2010	2009
Asda	-	204.3	-	18.6	-	-	-	-
Associates	-	-	0.2	0.7	-	-	-	-
Bakkavör Group ehf.	-	-	-	-	8.1	10.6	12.3	12.0
Other related parties	-	-	-	-	-	0.1	-	-

Asda ceased to be a related party on 13 October 2009 following the disposal of International Produce Limited ('IPL') as the contractual arrangements that were in place with IPL ceased.

Sales and purchases of goods to related parties, other than ASDA, were made at cost. Sales to ASDA were made on a commercial arms-length basis.

The Group pays a royalty fee to Bakkavör Group ehf under a Trademark Licensing Agreement whereby Bakkavör Group ehf has granted the Group a license to use the Bakkavör name and trademark. This charge is generally 1% of the total revenue of each of our business units; unless such unit's annual operating margin is 4.0% or less, when no charge is made.

Of the fees noted above, £1.2 million was actually paid to Bakkavör Group ehf in 2010 (2009: £2.2 million). The payments covered both trademark licensing agreement fees and interest costs.

£million	Amounts owed to related parties	
	2010	2009
Associates	-	0.1
Bakkavör Group ehf.	205.0	186.3
Other related parties	1.1	1.0

The related party amounts owed to and by Bakkavör Group ehf are included in the non-current liabilities section of the Group balance sheet, amounts due to related parties.

Loans between the Group and related parties are all based on varying terms of interest. Related party loans are repayable between 1 and 5 years and incur interest based on the 3 month libor rate plus 3%.

35. Related party transactions (continued)

The amounts outstanding are unsecured. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Remuneration of key management personnel

The remuneration of the directors and senior management, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*. Further information about the remuneration of directors of the company is provided in note 8 to the financial statements.

£million	1 January 2011	2 January 2010
Short-term employee benefits	5.8	6.2
Post – employment benefits	0.4	0.4
	6.2	6.6

36. Events after the balance sheet date

On 10 January 2011 the Group made a final payment of £21.3 million to the lenders to fully repay the loan outstanding in Bakkavör Estates Limited.
On 19 January 2011 in respect of the Bakkavör China Limited loan the Group agreed with the lenders to a waiver of the covenant requirements for the year ended 1 January 2011.
On the 7 February 2011, the Group refinanced its main financing facilities in Bakkavör London Limited, Bakkavör Acquisitions (2008) Limited and Bakkavör China Limited, through a seven year £350 million listed bond issue and a term loan and RCF facility of £380 million that will expire on 30 June 2014. This has been arranged through Bakkavör Finance (2) plc, a newly incorporated subsidiary of Bakkavör Holdings Limited. The refinancing extends the debt repayment profile and widens the lender base.
On the 7 February 2011, the Group capitalised its £205.0 million related party loan with Bakkavör Group ehf.

37. Controlling party

The Company's immediate and ultimate parent company and ultimate controlling party is Bakkavör Group ehf, a company registered in Iceland. The largest group in which the results of the Group are consolidated is that headed by Bakkavör Group ehf. It has included this group in its Group financial statements, copies of which are available from Tjarnargata 35, 101 Reykjavik, Iceland.

Bakkavör Holdings Limited

Company income statement
52 weeks ended 1 January 2011

Continuing operations **£million**	**Note**	**52 weeks ended 1 January 2011**	**53 weeks ended 2 January 2010**
Operating profit		-	-
Finance costs	40	(2.6)	(0.2)
Loss before tax		(2.6)	(0.2)
Tax	41	0.7	-
Loss and total comprehensive income for the period		(1.9)	(0.2)

The accompanying notes are an integral part of this income statement.

The Company has no recognised gains and losses other than the loss above, and therefore no separate Statement of comprehensive income is presented.

Company statement of changes in equity
52 weeks ended 1 January 2011

£million	**Share capital**	**Retained earnings**	**Total equity**
Balance at 27 December 2008	96.6	(6.7)	89.9
Loss for the period	-	(0.2)	(0.2)
Balance at 2 January 2010	96.6	(6.9)	89.7
Loss for the period	-	(1.9)	(1.9)
Balance at 1 January 2011	96.6	(8.8)	87.8

Bakkavör Holdings Limited

Company statement of financial position
52 weeks ended 1 January 2011

£million	Note	1 January 2011	2 January 2010
Non-current assets			
Investment in subsidiaries	42	120.1	120.1
Current assets			
Amounts owed by group undertakings	46	12.9	11.4
		12.9	11.4
Total assets		133.0	131.5
Current liabilities			
Amounts owed to group undertakings	46	(45.2)	(41.8)
Net current liabilities		(32.3)	(30.4)
Net assets		87.8	89.7
Equity			
Share capital	44	96.6	96.6
Retained earnings		(8.8)	(6.9)
Total equity		87.8	89.7

The financial statements of Bakkavör Holdings Limited, company number 06215286 were approved by the board of directors and authorised for issue on 14 February 2011. They were signed on its behalf by:

A Gudmundsson

Director

Bakkavör Holdings Limited

Company statement of cash flows
52 weeks ended 1 January 2011

£million	Note	1 January 2011	2 January 2010
Net cash from operating activities		-	-
Net cash generated from investing activities		-	-
Financing activities			
Intercompany interest		(1.9)	(2.3)
Inter-company movements		1.9	2.3
Net cash generated from financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Effect of foreign exchange		-	-
Cash and cash equivalents at end of period		-	-

38. Significant accounting policies

The separate financial statements of the company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

39. Employees, directors and audit remuneration

Audit fees of £6,000 for the period ended 1 January 2011 have been borne by fellow group company Bakkavör London Limited (2009: £6,000).

The Company has no employees and payments to Directors for the period ended 1 January 2011 have been borne by fellow group company Bakkavör London Limited.

40. Finance costs

£million	52 weeks ended 1 January 2011	53 weeks ended 2 January 2010
Exchange losses/(gains) on intercompany balances	0.7	(2.1)
Intercompany interest	1.9	2.3
Total finance costs	2.6	0.2

41. Tax

The charge for the period can be reconciled to the loss per the income statement as follows:

	£million	52 weeks ended 1 January 2011 %	£million	53 weeks ended 2 January 2010 %
Loss before tax	(2.6)	100	(0.2)	100
Tax at the UK corporation tax rate of 28.0% (2009: 28.0%)	0.7	28	0.1	28
Group relief surrendered free of charge	-	-	(0.1)	(28)
Tax credit and effective tax rate for the period	0.7	28	-	-

42. Investments

£million	Investment in group companies
Balance at 28 December 2008	113.1
Additions during the period	7.0
Balance at 2 January 2010 and 1 January 2011	120.1

As at 1 January 2011, Bakkavör Holdings Limited held investments in the share capital in the following companies (ownership in dormant companies have not been listed):

Directly held investments:

Name	Place of registration and operation	Principal activity	Interest 2010	Interest 2009
Bakkavör London Limited	United Kingdom	Holding company	100%	100%
Bakkavör Acquisitions (2008) Limited	United Kingdom	Holding company	100%	100%
Bakkavör Estates Limited	United Kingdom	Property management	100%	100%
Bakkavör Finance Limited	United Kingdom	Group management services	100%	100%

Indirectly held investments:

Name	Place of registration and operation	Principal activity	Interest 2010	Interest 2009
Bakkavör Foods Limited	United Kingdom	Preparation and marketing of fresh prepared foods	100%	100%
Exotic Farm Produce Limited	United Kingdom	Preparation and marketing of fresh produce	100%	100%
Heli Food Fresh AS	Czech Republic	Preparation and marketing of fresh prepared foods	100%	100%
Anglia Crown Limited	United Kingdom	Preparation and marketing of fresh prepared foods	100%	100%
Bakkavör Fresh Cook Limited	United Kingdom	Preparation and marketing of fresh prepared foods	100%	100%
English Village Salads Limited	United Kingdom	Packaging and marketing of fresh produce	65%	95%
Cinquime Saison SAS Group (includes 2 further subsidiaries)	France	Preparation and marketing of fresh prepared foods	100%	100%
Centrale Salades France SAS	France	Preparation and marketing of fresh prepared foods	100%	100%
Crudi SAS	France	Preparation and marketing of fresh prepared foods	100%	100%
Sogesol SA	Spain	Preparation and marketing of fresh prepared foods	100%	100%

Name	Place of registration and operation	Principal activity	Interest 2010	Interest 2009
S.B.L.P SAS	France	Preparation and marketing of fresh prepared foods	100%	100%
Bakkavör Overseas Limited	United Kingdom	Importer and exporter of machinery and equipment	100%	100%
Bakkavör Properties Limited	United Kingdom	Property management	100%	100%
Vaco BV	Belgium	Preparation and marketing of fresh prepared foods	100%	100%
Bakkavör (SA) (Pty) Limited	South Africa	Preparation and marketing of fresh prepared foods	100%	100%
Creative Food Group Limited (includes 13 further subsidiaries within Hong Kong and China)	Hong Kong	Produce and manufactures salad products	80%	80%
Bakkavör Traiteur S.A.S	France	Preparation and marketing of fresh prepared foods	100%	100%
Italpizza Srl	Italy	Manufacture of branded and private label pizza products	100%	90%
Two Chefs on a Roll Inc	USA	Manufacture of custom and private label savoury and bakery products	100%	100%
Bakkavör USA Inc	USA	Holding company	100%	100%
Bakkavör USA Limited	United Kingdom	Holding company	100%	100%
Bakkavör (Acquisitions) Limited	United Kingdom	Holding company	100%	100%
Bakkavör Limited	United Kingdom	Holding company	100%	100%
4G Financiere SAS	France	Holding company	100%	100%
4G SAS	France	Holding company	100%	100%
BV Negecos	United Kingdom	Holding company	100%	100%
Bakkavör European Marketing BV	Netherlands	Holding company	100%	100%
Bakkavör China Limited	United Kingdom	Holding company	80%	80%
Bakkavör Asia Limited	United Kingdom	Holding company	100%	100%
Bakkavör Invest Limited	United Kingdom	Holding company	100%	100%
BV Acquisition (2008) ehf	Iceland	Non-trading	100%	100%
BV London ehf	Iceland	Non-trading	100%	100%
Katsouris Fresh Foods Limited	United Kingdom	Non-trading	100%	100%
Bakkavör Birmingham Limited	United Kingdom	Non-trading	0%	100%
Laurens Patisseries Limited	United Kingdom	Non-trading	100%	100%
Hitchen Foods Limited	United Kingdom	Non-trading	100%	100%
Bakkavör Jersey Limited	Jersey	Non-trading	100%	100%
Bakkavör (Jersey Two) Limited	Jersey	Non-trading	100%	100%
Notsallow 256 Limited	United Kingdom	Non-trading	100%	100%
Exotic Farm Prepared Limited	United Kingdom	Non-trading	100%	100%
Cucina Sano Limited	United Kingdom	Non-trading	100%	100%
Bakkavör Central Finance Limited	United Kingdom	Non-trading	100%	100%
Butterdean Products Limited	United Kingdom	Non-trading	100%	100%
Bakkavör Overseas Holdings Limited	United Kingdom	Non-trading	100%	100%
Bakkavör Horticultural Limited	United Kingdom	Non-trading	0%	100%
Bakkavör Overseas Mechanisation Limited	United Kingdom	Non-trading	0%	100%
Bakkavör Maroc	Morocco	Non-trading	100%	100%
New Primebake Limited	United Kingdom	Non-trading	100%	100%

43. Financial instruments

Foreign currency risk

Foreign currency risk occurs on the Company's US dollar borrowings from other group companies.

During the 52 week period to 1 Jan 2011 the US dollar strengthened against sterling by 3.0%, with the closing rate at $1.5657 compared to $1.6149 at the prior period end. The average rate for the period to 1 January 2011 was $1.5449, a 1.4% strengthening of the US dollar versus prior year.

Foreign currency sensitivity analysis

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates. A 10% increase/decrease has been used, and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where sterling weakens 10% against the US dollar. For a 10% strengthening of sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be positive.

£million	**Profit or (loss) 10% Strengthening**		**Profit or (loss) 10% Weakening**	
	01 January 2011	**02 January 2010**	**01 January 2011**	**02 January 2010**
USD	2.2	2.0	(2.5)	(2.2)

43. Financial instruments (continued)

Interest rate risk management

The Company is exposed to unhedged interest rate risk on borrowings from group companies.

Interest rate sensitivity analysis

Interest rate sensitivity analysis has been performed on company borrowings of £33,038,000 (2009: £30,408,000) to illustrate the impact on profits and equity if interest rates increased/decreased. This analysis assumes the liabilities outstanding at the period end were outstanding for the whole period. A 100 basis points increase or decrease has been used, comprising management's assessment of reasonably possible changes in interest rates.

	Profit or loss	
£'000	**01 January 2011**	**02 January 2010**
Effects of 100 basis points increase in interest rate	(0.3)	(0.3)
Effects of 100 basis points decrease in interest rate	0.3	0.3

44. Share capital

Authorised	**01 January 2011 Number**	**01 January 2011 £million**	**02 January 2010 Number**	**02 January 2010 £million**
Ordinary shares of £1 each	96,645,586	96.6	96,645,586	96.6

Allotted, called-up and fully paid	**1 January 2011**		**2 January 2010**	
	Number	**£million**	**Number**	**£million**
Ordinary shares of £1 each	96,645,586	96.6	96,645,586	96.6

The Company has one class of ordinary shares which carry no right to fixed income.

45. Contingent liabilities

In March 2009 the Bakkavör Group completed a refinancing of its bank facilities. As a result of this refinancing the Company agreed to provide guarantees of £20 million and $5 million to Bakkavör Acquisitions (2008) Limited and Bakkavör China Limited's lenders respectively.

46. Related party transactions

Transactions

During the period, the Company entered into the following transactions with related parties.

£million	Amounts owed to related parties		Amounts owed by related parties	
	2010	2009	2010	2009
Group companies	45.2	41.8	12.9	11.4

The amounts outstanding include group relief and are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

Amounts are denominated in sterling except for a payable of £24,522,000 (2009: £22,435,000) denominated in US dollars. All related party payables and receivables are held at amortised cost.

47. Events after the statement of financial position date

On the 7 February 2011, the Group refinanced its main financing facilities in Bakkavör London Limited, Bakkavör Acquisitions (2008) Limited and Bakkavör China Limited, through a seven year £350 million listed bond issue and a term loan and RCF facility of £380 million that will expire 30 June 2014. This has been arranged through Bakkavör Finance (2) plc, a newly incorporated subsidiary of Bakkavör Holdings Limited. The refinancing extends the debt repayment profile and widens the lender base.

48. Controlling party

The Company's immediate and ultimate parent company and ultimate controlling party is Bakkavör Group ehf, a company registered in Iceland. The largest and smallest group in which the results of the Company are consolidated is that headed by Bakkavör Group ehf. It has included the Company in its Group financial statements, copies of which are available from Tjarnargata 35, 101 Reyjavik, Iceland.

REGISTERED OFFICE OF THE ISSUER
Bakkavor Finance (2) plc
West Marsh Road
Spalding
Lincolnshire PE11 2BB
United Kingdom

LEGAL ADVISERS TO THE ISSUER
As to U.S., New York and English law
Shearman & Sterling (London) LLP
Broadgate West
9 Appold Street
London EC2A 2AP
United Kingdom

LEGAL ADVISERS TO THE INITIAL PURCHASERS
As to U.S., New York and English law
Latham & Watkins
99 Bishopsgate
London EC2M 3XF
United Kingdom

INDEPENDENT AUDITORS
Deloitte LLP
Four Brindleyplace
Birmingham B1 2HZ
United Kingdom

TRUSTEE
Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

SECURITY AGENT UNDER THE INDENTURE AND THE INTERCREDITOR AGREEMENT
Barclays Bank PLC
5 The North Colonnade
London E14 4BB
United Kingdom

PAYING AGENT, TRANSFER AGENT AND COMMON DEPOSITARY

Deutsche Bank AG,
London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

IRISH LISTING AGENT AND REGISTRAR

Deutsche Bank Luxembourg S.A.
2, boulevard Konrad Adenauer
L-1115 Luxembourg

LEGAL ADVISORS TO THE TRUSTEE
White & Case LLP
5 Old Broad Street
London EC2N 1DW
United Kingdom

$8^{1}/_{4}$% Senior Secured Notes due 2018

–

O F F E R I N G M E M O R A N D U M

–

Joint Physical Bookrunners

Global Coordinator

Barclays Capital **The Royal Bank of Scotland**

Joint Bookrunners

BofA Merrill Lynch **HSBC**

Co-managers

BNP PARIBAS **Mizuho International plc** **Rabobank International**

May 12, 2011