

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the course of action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other professional adviser (being, in the case of Shareholders in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) and, in the case of Shareholders in the United Kingdom, an adviser authorised pursuant to FSMA, or, in the case of Shareholders in a territory outside Ireland and the United Kingdom, from another appropriately authorised independent financial adviser).

This document comprises: (i) a circular prepared in compliance with the Listing Rules; and (ii) a prospectus relating to the New Greencore Shares prepared in accordance with the Prospectus Rules and the Irish Prospectus Regulations and approved by the UK Listing Authority (which has been transferred the function of approving the prospectus by the Central Bank of Ireland, as competent authority under Directive 2003/71/EC) under section 87A of FSMA. This document has been made available to the public in the UK in accordance with Rule 3.2.1 of the Prospectus Rules and in Ireland in accordance with Part 8 of the Irish Prospectus Regulations).

If you sell or have sold or otherwise transferred all of your Existing Greencore Shares before the Ex-Rights Date, please send this document and any Provisional Allotment Letter (if and when received) at once, but not the accompanying Form of Proxy which has been personalised, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be distributed, forwarded or transmitted in or into any jurisdiction in which any such act would constitute a violation of the relevant laws of such jurisdiction, including but not limited to the United States and any Excluded Territories. If you sell or have sold or otherwise transferred only part of your holding of Existing Greencore Shares held in certificated form before the Ex-Rights Date, you should retain this document and the accompanying Form of Proxy and, on receipt of the Provisional Allotment Letter (if and when received), refer to the instructions set out therein regarding split applications. If you sell or have sold or otherwise transferred all or some of your holding of Existing Greencore Shares held in uncertificated form before the Ex-Rights Date, a claim transaction will be automatically generated by Euroclear, which on settlement will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

The release, publication or distribution of this document and/or the accompanying Form of Proxy and/or any Provisional Allotment Letter, and the transfer of Nil Paid Rights, Fully Paid Rights and/or New Greencore Shares into a jurisdiction other than the United Kingdom or Ireland may be restricted by law and therefore persons into whose possession this document, the Form of Proxy, any Provisional Allotment Letter and/or any other document published by the Company in connection with the Acquisition or Rights Issue comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities law of such jurisdiction.



Greencore Group plc

(incorporated and registered in Ireland under the Companies Acts 1963 to 2009 with registered number 170116)

Proposed Acquisition of Uniq plc

**Proposed 5 for 6 Rights Issue of 174,276,013 New Greencore Shares
at €0.46 each**

Circular to Shareholders and Notice of Extraordinary General Meeting

UK Listing Authority
Document approved
Date: 15 July 2011
Signed: 1 [Signature]
Signed: 2 [Signature]

Shareholders should read the whole of this document and take into account all the information contained or incorporated by reference in it when considering what actions to take in connection with the Resolutions to be proposed at the EGM and when considering whether to take up Rights under the Rights Issue. Other investors should read the whole of this document and take into account all the information contained or incorporated by reference in it when considering whether or not to purchase Nil Paid Rights, Fully Paid Rights or Greencore Shares. Attention is specifically drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends that Shareholders vote in favour of the Resolutions to be proposed at the EGM, and to the section entitled "Risk Factors" on pages 11 to 19 of this document for a discussion of certain risks and other factors that may affect the value of Greencore Shares.

Applications will be made for the New Greencore Shares (nil paid and fully paid) to be admitted to the Official Listing of the UK Listing Authority and Irish Stock Exchange and for the New Greencore Shares (nil paid and fully paid) to be admitted to trading on regulated markets of the London Stock Exchange and Irish Stock Exchange. No application is currently intended to be made for the New Greencore Shares to be admitted to listing or dealing on any other exchange. Subject to, *inter alia*, the approval of the Resolutions, and the conditions to the Rights Issue being satisfied, it is expected that Admission of the New Greencore Shares will become effective, and that dealings in the New Greencore Shares (nil paid) on the regulated markets of the London Stock Exchange and Irish Stock Exchange will commence, at 8:00 a.m. on 9 August 2011.

In order to facilitate entry in to the FTSE UK Index Series, the Company intends to apply for the cancellation of the Greencore Shares on the Official List of the Irish Stock Exchange and for the trading of Greencore Shares on the regulated market of the Irish Stock Exchange within the 12 month period following the date of this document.

Notice of the EGM to be held at 11:00 a.m. on 8 August 2011 at The Crowne Plaza Hotel, Northwood Business Park, Santry, Dublin 9 is set out in Schedule 1 to this document. A Form of Proxy accompanies this document. Whether or not you intend to attend the EGM in person, please complete, sign and return the Form of Proxy so as to be received by the Company's Registrar Computershare Investor Services (Ireland) Limited, Haron House, Corrig Road, Sandymount Industrial Estate, Dublin 18, Ireland as soon as possible but, in any event, so that the Form of Proxy arrives no later than 11:00 a.m. on 6 August (or, in the case of an adjournment to the meeting, no later than 48 hours before the time fixed for holding the adjourned meeting). The completion and return of the Form of Proxy will not prevent Shareholders from attending and voting in person at the EGM or any adjournment thereof, should they wish to do so.

Electronic proxy appointment is available for the EGM. This facility enables a shareholder to lodge his/her proxy by logging on to the website of the Company's Registrar at www.eproxyappointment.com. Shareholders will need their control number, shareholder reference number, and unique PIN number, all of which are printed on the Form of Proxy that accompany this document. Alternatively, Shareholders who hold Existing Greencore Shares in CREST may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare Investor Services (CREST participant ID 3RA50). In each case, Shareholders must complete the process by no later than 11:00 a.m. on 6 August 2011, or, in the case of an adjournment of the meeting, no later than 48 hours before the time fixed for holding the adjourned meeting. The completion and return of either an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent Shareholders from attending and voting in person at the EGMs or any adjournment thereof, should they wish to do so.

Subject to the passing of the Resolutions to be proposed at the EGM, it is expected that Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those with a registered address in the United States or in the Excluded Territories) will be sent a Provisional Allotment Letter thereafter. Qualifying CREST Shareholders will not be sent a Provisional Allotment Letter but Qualifying CREST Shareholders (other than, subject to certain exceptions, those with a registered address in the United States or in the Excluded Territories) are expected to receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled on 9 August 2011. The Nil Paid Rights so credited are expected to be enabled for settlement by Euroclear as soon as practicable after Admission.

The latest time and date for acceptance and payment in full for the New Greencore Shares by holders of Nil Paid Rights is expected to be 11:00 a.m. on 23 August 2011. The procedures for delivery of the Nil Paid Rights, acceptance and payment are set out in Part II of this document and, for Qualifying Non-CREST Shareholders only, also in the Provisional Allotment Letter.

Qualifying Non-CREST Shareholders should retain this document for reference pending receipt of the Provisional Allotment Letter. Qualifying CREST Shareholders should note that they will receive no further written communication from the Company in respect of the Rights Issue. They should accordingly retain this document for, among other things, details of the action they should take in respect of the Rights Issue. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Rights Issue. Holdings of Existing Greencore Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

Barclays Capital, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for the Company and for no one else as lead financial adviser, sponsor and joint broker in connection with the Acquisition and as sole financial adviser, corporate broker, sponsor, global co-ordinator and joint underwriter in connection with the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Acquisition and/or Rights Issue or any other matters referred to in this document.

Goodbody Stockbrokers, which is regulated in Ireland by the Central Bank of Ireland, is acting exclusively for the Company and no one else as corporate broker in connection with the Acquisition and as corporate broker in connection with the Rights Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Acquisition and/or Rights Issue or in relation to the contents of this document or any transaction or any other matters referred to in this document.

Oghma Partners LLP also provided certain advisory services exclusively to the Company Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Acquisition and/or Rights Issue or any other matters referred to in this document.

Apart from the responsibilities, if any, which may be imposed upon Barclays Capital by FSMA, the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) or the regulatory regimes established thereunder or the UK Code, Barclays Capital does not accept any responsibility whatsoever for the contents of this document or for any statements made or purported to be made by them or on their behalf in connection with the Acquisition and/or Rights Issue. Barclays Capital accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

The Underwriters and any of their respective affiliates may engage in trading activity, other than in connection with their roles under the Underwriting Agreement, and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own account in securities of the Company and related or other securities and instruments (including the Existing Greencore Shares, the Nil Paid Rights and Fully Paid Rights). Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Subject to FSMA, the Listing Rules, the Market Abuse Regulations, the Transparency Regulations, the Disclosure and Transparency Rules, the Prospectus Regulations, the Prospectus Rules, the Irish Listing Rules, the Irish Prospectus Regulations, the Irish Market Abuse Regulations and the Irish Transparency Regulations, or any other applicable law or regulations, neither the publication or delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Greencore Group or the Uniq Group since the date of this document or that the information in this document (or incorporated by reference into it) is correct as of any subsequent date. The Company will comply with its obligation to publish a supplementary document containing further updated information required by applicable law or regulation but assumes no further obligation to publish additional information, subject to FSMA, the Listing Rules, the Market Abuse Regulations, the Transparency Regulations, the Disclosure and Transparency Rules, the Prospectus Regulations, the Prospectus Rules, the Irish Listing Rules, the Irish Prospectus Regulations. Without limitation, neither the contents of the Greencore Group's website nor the Uniq Group's website form part of this document, the Irish Market Abuse Regulations and the Irish Transparency Regulations.

The contents of this document are not to be construed as legal, financial, business or tax advice. Shareholders and other investors should consult his, her or its own appropriately authorised legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice respectively.

Defined terms, interpretation and information incorporated by reference

Capitalised terms used in this document have the meanings ascribed to them in the Part XV of this document. Certain information in relation to the Greencore Group and the Uniq Group is incorporated by reference into this document. A cross-reference list identifying the source of specific information incorporated by reference into this document is set out in paragraph 6 of Part XIII.

References to times and dates in this document are to Dublin/London time unless otherwise stated, and should be read as subject to adjustment. The Company will make an appropriate announcement to the London Stock Exchange and Irish Stock Exchange via a Regulatory Information Service giving details of the revised dates, but Shareholders may not receive any further written communication.

Overseas jurisdictions

Qualifying Shareholders with a registered address in the United States or any other Excluded Territory will not have their CREST stock accounts credited with Nil Paid Rights and will not be sent Provisional Allotment Letters.

This document does not constitute, and may not be used for the purposes of, an offer to sell or an invitation or the solicitation of an offer to subscribe for or buy, any Greencore Shares by any person in any jurisdiction: (i) in which such offer or invitation is not authorised; (ii) in which the person making such offer or invitation is not qualified to do so; or (iii) in which, or to any person to whom, it is unlawful to make such offer, solicitation or invitation or would impose any unfulfilled registration, publication or approval requirements on the Company. No action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Greencore Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this document. The Company does not accept any responsibility for any violation of any of these restrictions by any other person.

This document has been prepared to comply with Irish and English law and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of Ireland or the United Kingdom. Greencore Shares have not been and will not be registered or qualified by a prospectus under applicable securities laws of any jurisdiction other than Ireland and the United Kingdom. Accordingly, Greencore Shares may not be offered, sold, reoffered, resold, pledged or otherwise transferred in or into any jurisdiction where such offer or sale would violate the relevant securities laws of such jurisdiction.

The release, publication or distribution of this document in jurisdictions other than Ireland and the United Kingdom may be restricted by law and therefore any persons who are subject to the laws or regulations of any jurisdiction other than Ireland and the United Kingdom should inform themselves about, and observe, any applicable requirements.

Part II of this document sets out further notices relevant to persons resident in jurisdictions other than the United Kingdom.

Notice to US investors

This document and the information contained herein is not an offer for the sale of securities in the United States. None of the Nil Paid Rights, Fully Paid Rights or New Greencore Shares referred to herein have been or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under any securities law of any state or other jurisdiction in the United States, and may not be offered, sold, taken up, exercised, resold, transferred or delivered directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Pursuant to this document, the Nil Paid Rights, Fully Paid Rights and New Greencore Shares referred to herein are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). Accordingly, unless otherwise determined by the Company and the Underwriters, in their sole discretion and effected in a lawful manner, Qualifying Shareholders with a registered address in the United States will not, as applicable, have their CREST stock accounts credited with Nil Paid Rights and will not be sent Provisional Allotment Letters. This document and the information contained herein is being sent to such Qualifying Shareholders in compliance with the Listing Rules, is confidential and should not be copied or redistributed by them.

The Company and the Underwriters reserve the right to treat as invalid and will not be bound to allot or issue any Nil Paid Rights, Fully Paid Rights or New Greencore Shares in respect of any acceptance or purported acceptance of the offer of Nil Paid Rights, Fully Paid Rights or New Greencore Shares which appears to the Company or the Underwriters to have been executed or effected in or despatched from the United States, or (i) in the case of a Provisional Allotment Letter, provides an address for delivery of the share certificates in or (ii) in the case of a credit of New Greencore Shares in CREST, to a Crest Member or CREST sponsored member whose registered address would be in the United States. Qualifying Shareholders with a registered address in the United States that are unable to take up New Greencore Shares provisionally allotted to them will be treated as described herein.

Share capital in issue on Admission

In this document it has been assumed that there will be no share options exercised or other issue of shares in the Company prior to the closing of the Rights Issue. Therefore any statistics which relate to the share capital of the Company on Admission may differ in practice should further shares be issued prior to the closing of the Rights Issue.

15 July 2011

CONTENTS

	<u>Page No</u>
SUMMARY	5
RISK FACTORS	11
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	21
DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS	23
ACTION TO BE TAKEN	25
PART I LETTER FROM THE CHAIRMAN OF GREENCORE GROUP PLC	27
PART II INFORMATION ON THE RIGHTS ISSUE	44
PART III INFORMATION ON GREENCORE	68
PART IV INFORMATION ON UNIQ	73
PART V OPERATING AND FINANCIAL REVIEW	78
PART VI RESTATED HISTORICAL FINANCIAL INFORMATION	111
PART VII HISTORICAL FINANCIAL INFORMATION RELATING TO GREENCORE	196
PART VIII HISTORICAL FINANCIAL INFORMATION RELATING TO UNIQ	199
PART IX UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE GREENCORE GROUP	333
PART X TAXATION	338
PART XI RESPONSIBLE PERSONS, DIRECTORS, CORPORATE GOVERNANCE, EMPLOYEES AND SHARE SCHEMES	345
PART XII ADDITIONAL INFORMATION	360
PART XIII DISCLOSURES REGARDING INFORMATION CONTAINED IN THE DOCUMENT	387
PART XIV PROFIT FORECAST	390
PART XV DEFINITIONS	394
SCHEDULE I NOTICE OF EGM	403

SUMMARY

THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS DOCUMENT. ANY DECISION TO INVEST IN GRENCORE SHARES SHOULD BE BASED ON CONSIDERATION OF THIS DOCUMENT AS A WHOLE (AND OF THE INFORMATION INCORPORATED BY REFERENCE INTO IT).

Civil liability attaches to those persons responsible for this summary, including any translation of this summary, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this document. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the EEA States, have to bear the costs of translating this document before legal proceedings are initiated.

1. Introduction

On 12 July 2011, the Company announced that it had reached agreement with the Uniq Board on the terms of a recommended cash offer by Greencore Foods (the “**Offer**”) to acquire the entire issued, and to be issued, share capital of Uniq plc (the “**Acquisition**”). The Offer values each Uniq Share at 96 pence and the entire issued ordinary share capital of Uniq at approximately £113 million. Angel Street, who is the holder of 90.2 per cent. of the Uniq Shares, has irrevocably undertaken to accept the Offer in respect of all Uniq Shares which it owns or controls.

The Company also announced that it was intending to raise approximately €80.2 million by way of a fully-underwritten rights issue (the “**Rights Issue**”) to fund part of the consideration to be paid to Uniq Shareholders in connection with the Acquisition.

2. The Acquisition

2.1 Rationale

The Greencore strategy is centred on building leadership in the UK convenience food market. The Board believes in establishing and deepening leadership positions in discrete food categories, especially in chilled convenience foods, and in achieving operational excellence to deliver strong, sustainable and growing returns to shareholders. The Board believes that the Uniq business represents an excellent fit to this strategy which will help the combined group achieve greater scale in the food to go and chilled desserts markets. Importantly, this scale can be achieved while adding new and complementary customer relationships to the Greencore Group.

2.2 Synergies

The assessment of potential synergies has been aided by the fact that both Greencore and Uniq operate in many of the same markets, with consequent duplication at the corporate, divisional and functional level, and with overlapping supply chains and supplier bases. In forming a view on the synergy potential, Greencore has relied on its own experience together with the full cooperation and insight of Uniq senior management, and extensive analytical work.

The Board believes that, post Acquisition, the Greencore Group will be able to achieve annual net cost synergies of at least £10 million – £5 million from the elimination of duplicated corporate, divisional and functional overheads and £5 million from purchasing and supply chain efficiencies generated from the overlapping nature of the respective supply chains.

The Board expects that approximately 70 per cent. of these synergies will be realised in the financial year to end September 2012, rising to approximately 100 per cent. in the following financial year. It is expected that realisation of these synergies will incur one-off cash costs of approximately £10 million, of which approximately 70 per cent. will be incurred in the first 12 months after Completion of the Acquisition, with the balance in the following year.

2.3 Key terms of the Offer

Greencore Foods has offered to acquire, on the terms and subject to the Conditions set out in the Announcement and to be set out in the Offer Document, the entire issued, and to be issued, ordinary share capital of Uniq on the following basis:

for each Uniq Share	96 pence in cash

The Offer values the existing issued share capital of Uniq at approximately £113 million, representing a premium of approximately 62.7 per cent. to the Opening Price of 59 pence on 1 April 2011 (being the day on which Uniq announced that Angel Street intended to undertake a process to realise all or part of its shareholding in Uniq) and a premium of 25.5 per cent. to the Closing Price on 11 July 2011 (being the last practicable date prior to the date of the Announcement).

Completion of the Acquisition is conditional (among other things) on:

- valid acceptances of the Offer being received from Uniq Shareholders in respect of not less than 90 per cent. of the Uniq Shares to which the Offer relates;
- the Resolution to approve the Acquisition and the Resolutions relating to the Rights Issue being passed by Shareholders at the EGM (convened for 8 August 2011);
- the UK Office of Fair Trading indicating (in terms reasonably satisfactory to the Company) that it does not intend to refer the Acquisition or any related matter to the Competition Commission;
- the Irish Competition Authority determining that the Acquisition may be put into effect (or, as the case may be, not determining to the contrary within the relevant statutory time periods) in accordance with the provisions of the Irish Competition Act; and
- Admission of the New Greencore Shares (nil and fully paid) to the Official Lists.

If the Offer becomes unconditional in all respects and Completion of the Acquisition occurs, Uniq will become a subsidiary of the Company. Under the terms of the Offer, Uniq Shareholders will only receive cash in consideration of their Uniq Shares. Uniq Shareholders will not receive Greencore Shares in consideration for their Uniq Shares.

Subject to the satisfaction of the Conditions to the Offer, it is expected that the Offer will become unconditional in all respects, and that Completion of the Acquisition will therefore occur, on or around 30 September 2011.

2.4 *Financing of the Acquisition*

It is intended that the funding for the Acquisition will be met by the proceeds of the Rights Issue and by drawing on the New Credit Facility.

3. *The Rights Issue*

The Company intends to raise approximately €80.2 million by way of the Rights Issue, the proceeds of which will be applied (net of expenses) towards funding the consideration payable by Greencore Foods to Uniq Shareholders in connection with the Acquisition. At an exchange rate of €1.00: £0.8775 as at 25 March 2011, the Rights Issue proceeds will be £70.4 million. Given costs attributable to the Rights Issue of £3.0 million, expected net proceeds of the Rights Issue will be £67.4 million. The Rights Issue is not conditional upon completion of the Acquisition and should the Rights Issue proceed and the Acquisition not complete, the current intention of the Board is that the proceeds of the Rights Issue will be used to reduce net debt while the Directors evaluate other opportunities. If the Directors determine that no opportunities to generate incremental shareholder value exist then the Directors intend to return the Rights Issue proceeds to Shareholders in the most tax efficient manner possible.

Under the Rights Issue, the New Greencore Shares will be offered by way of Nil Paid Rights to Qualifying Shareholders (other than, subject to certain limited exceptions, those with registered addresses in the United States or in the Excluded Territories) on the following basis:

5 New Greencore Shares of €0.01 each for every 6 Existing Greencore Shares

held and registered in the name of the Qualifying Shareholder at the Record Date.

The Rights Issue Price of €0.46 per New Greencore Share represents a 52.1 per cent. discount to the Closing Price of an Existing Greencore Share of €0.961 on 11 July 2011, and a 37.3 per cent. discount to the TERP based on the Closing Price on 11 July 2011 (being the day prior to the Announcement).

The Rights Issue is conditional on:

- all of the Resolutions being passed by the requisite majorities of Shareholders at the EGM;
- the Underwriting Agreement having become unconditional in all respects;

- the New Credit Facility becoming and continuing to be enforceable against all of the parties thereto and having, and continuing to have, full force and effect;
- the Company having complied with all of its obligations and having satisfied all conditions to be satisfied by it under the New Credit Facility (as such obligations and conditions fall to be satisfied before Admission); and
- Admission of the New Greencore Shares, nil paid and fully paid, having occurred not later than 8:00 a.m. on the earlier of (a) 29 November 2011; and (b) the date on which the Offer lapses or is withdrawn.

The Rights Issue has been fully underwritten by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement.

4. Information on the Greencore Group and the Uniq Group

4.1 The Greencore Group

The Greencore Group is an international manufacturer of convenience foods comprising a core “Convenience Foods” division and an “Ingredients and Property” division.

The Convenience Foods division provides a wide range of customer and licensed brands across a range of products (including sandwiches, chilled prepared meals and cakes and desserts) to major retail and foodservice customers in the UK, Ireland and the US. Recently, Greencore has taken significant steps to concentrate its strategic focus on its convenience foods businesses.

In FY10, the Greencore Group generated operating profits¹ from continuing operations of €59.7 million on continuing sales of €856.0 million. In HY11, the Greencore Group generated operating profits² from continuing operations of €27 million on continuing sales of €441.8 million. As at 25 March 2011, the unaudited Greencore Group Condensed Financial Statements for HY11 stated that the Greencore Group had total assets of €844.0 million and net assets of €179.9 million.

4.2 The Uniq Group

The Uniq Group is a private label chilled foods producer in the UK whose shares are quoted on AIM. Uniq’s business comprises two divisions: “Food to Go” and “Desserts”. Food to Go is comprised of the sandwiches business at Uniq’s Northampton site and the Smedley’s salads business at its Spalding site. The Desserts division is supplied by Uniq’s Minsterley and Evercreech sites.

In the financial year ended 31 December 2010, Uniq generated an operating profit of £1.7 million on revenue of £311.9 million (operating profit before significant items was £4.1 million) and in the financial year ended 31 December 2009, Uniq generated an operating loss of £2.6 million on sales of £287.2 million (operating loss before significant items was £1.9 million). As at 31 December 2010, the annual audited financial statements of Uniq for the accounting year ended 31 December 2010 stated that the Uniq Group had gross assets of £182.6 million and net liabilities of £21.9 million.

On 17 June 2011, Uniq gave the following trading update at its annual general meeting:

“Trading in the first 21 weeks of 2011 has been in line with the board’s expectations. Overall sales have increased by 2.4 per cent. on the same period last year. Desserts sales are down 5.9 per cent. reflecting the phased exit of Cottage Cheese and the loss of Everyday Desserts business from Minsterley from April 2011, as previously reported, while Premium Desserts sales are ahead of last year. Food to Go sales are up on last year by 11.2 per cent. as a result of a continued focus on providing the product and service required by our customers and the end consumer.”

1 Operating profit is stated before amortisation of acquisition related intangibles and exceptional items.

2 Operating profit is stated before amortisation of acquisition related intangibles and exceptional items.

5. Financial effects of the Acquisition and the Rights Issue

On a pro forma basis and assuming Completion of the Acquisition and the Rights Issue had occurred on 25 March 2011, the Greencore Group would have had net assets of £225.3 million at that date (based on the net assets of the Greencore Group as at 25 March 2011 and the net assets of the Uniq Group as at 31 December 2010 adjusted for the Restructuring that completed in March 2011).

The Directors expect the Acquisition and associated financing (including the Rights Issue) to deliver mid-single digit (percentage point) adjusted earnings per share³ accretion in the financial year to end in September 2012 and be significantly accretive in years thereafter. However, this statement does not constitute a profit forecast nor should it be interpreted to mean that the future earnings per share, profits, margins or cash flows of the Greencore Group, taking into account the effect of the Rights Issue, will necessarily be greater than the historic earnings per share, profits, margins or cash flows of the Greencore Group. The return on invested capital associated with the Acquisition is expected to comfortably exceed the Group's weighted average cost of capital in the first year after completion of the Acquisition, with higher returns achieved in the years following.

The Board's expectations of these financial effects are based upon an assumed acquisition completion date of 30 September 2011 and the realisation of synergies on the basis described above and do not take into account any exceptional restructuring costs.

6. Domicile and listing of the Company following Completion of the Acquisition

Following the Acquisition and the Rights Issue, the Company will remain domiciled and tax resident in Ireland, with its registered and corporate head office in Dublin. Greencore Shares will continue to be listed on the Official List of the UK Listing Authority.

In order to facilitate entry in to the FTSE UK Index Series, the Company intends to apply for the cancellation of the Greencore Shares on the Official List of the Irish Stock Exchange and for the trading of Greencore Shares on the regulated market of the Irish Stock Exchange to cease within the 12 month period following the date of this document.

Following the Acquisition and the Rights Issue, Greencore will report results in pounds sterling. The change in reporting currency and listing reflects the concentration of the Greencore Group's activities in pounds sterling.

6.1 Dividends

Reflecting the confidence that the Board has in the benefits of the Acquisition, and the cash generative potential of the Greencore Group, it is intended that following Completion of the Acquisition the Company will maintain its progressive dividend policy and continue to target a dividend payout ratio of 40 per cent. to 50 per cent. of adjusted earnings per share⁴.

7. Pensions

Neither the Acquisition nor the Rights Issue will itself have any direct effect on pension accruals for members of the Greencore Group Pension Schemes, nor is it expected to have any adverse consequences on the expected funding contribution schedule of the Greencore Group Pension Schemes.

Uniq and certain other members of the Uniq Group were discharged from their obligations in relation to the defined benefit section of the Uniq Pension Scheme (the pension deficit at the time was estimated to be more than £400 million on a buy-out basis) pursuant to the Restructuring which completed on 24 March 2011.

3 For these purposes, "adjusted earnings per share" is earnings per Greencore Share before exceptional items, pension finance items, acquisition related amortisation, FX on inter-company and certain external loan balances and the movement in the fair value of all derivative financial instruments and related debt adjustment. Adjusted earnings per share stated before the accounting recognition of deferred tax assets upon acquisition. This accretion statement reflects the expected phased synergies of the acquisition and excludes exceptional costs related to the acquisition.

4 This does not mean that the Group's dividend payout ratio will necessarily be at the level stated and this statement does not constitute a profit forecast or be interpreted to mean that future earnings per share, profits, margins and cashflow will support such a dividend policy.

8. Summary of risk factors

A number of factors may affect the operating results, financial condition and/or prospects of the Greencore Group and the market value of Greencore Shares. The Board also consider that the operational risk factors are, where specified, also applicable to the Uniq Group. In particular, summaries of the known material risk factors relevant to the Greencore Group are set out below:

Industry-specific, commercial business risks

- The Greencore Group operates in highly competitive markets and there can be no assurance that the Greencore Group will be able to compete effectively.
- The Greencore Group depends upon the availability, quality and cost of raw materials.
- Demand for the Greencore Group's products may be affected by changes in consumer behaviour and demand and changes in consumer legislation.
- The Greencore Group depends on a small number of large retailers for the majority of its sales.
- There may be a decrease in demand for the Greencore Group's products in the event of health concerns and pandemics.
- The Greencore Group could be adversely affected by increases in energy prices.
- The Greencore Group is exposed to changes in general economic conditions.
- The Greencore Group is at risk from significant and rapid changes in the legal systems, regulatory controls, and customs and practices in the countries in which it operates.

Operational risk factors

- The Greencore Group and Uniq Group are subject to rigorous regulations and legislation in the area of food safety, environmental protection and employee health and safety, a breach of which may have material adverse consequences for the Greencore Group.
- The day-to-day operations of the Greencore Group and the Uniq Group are at risk from disruption.
- The Greencore Group's success depends on the continued contributions of its executive officers and senior management, both individually and as a group.
- The Greencore Group and the Uniq Group may face product recall and product liability claims.
- The Greencore Group and the Uniq Group may face litigation claims in the future.

Financial risks

- The Greencore Group is exposed to market risks such as interest rate and exchange rate risks.
- The Greencore Group could be adversely affected by changes in current tax law or practice, particularly in Ireland, the UK and the US.
- Risks inherent in the acquisition or disposal of businesses may have an adverse impact on the Greencore Group's business or financial results.

Risks relating to the Acquisition

- Uncertainties about the effects of the Acquisition could adversely affect the Greencore Group.
- Implementation of the Acquisition is subject to the Conditions and Completion of the Acquisition may not occur.
- The anticipated benefits of the Acquisition may not be realised.
- The integration of the businesses of the Uniq Group into the Greencore Group will create a number of challenges.

Risks relating to Greencore Shares

- The Rights Issue, future equity issues and/or sales of Greencore Shares by major Shareholders could have an adverse impact on the market price of Greencore Shares.

- The price of Greencore Shares may be volatile and may be affected by a number of factors, some of which are beyond the Greencore Group's control, which could cause the value of Greencore Shares to decline.
- There may be no active trading market for Greencore Shares.
- The dividend policy of the Company will be dependent on the financial condition of the Greencore Group and the ability of the Company's subsidiaries to pay dividends.
- Pre-emption rights may not be available to US and other non-EU Shareholders.
- The ability of Shareholders to bring legal action on behalf of themselves or the Company may be materially affected by the governance of Irish law.

Risks relating to the Rights Issue

- The market price for Greencore Shares may decline below the Rights Issue Price.
- Shareholders who do not (or are unable to) subscribe for New Greencore Shares under the Rights Issue will experience dilution in their ownership of the Company.
- An active trading market in the Nil Paid Rights may not develop.

RISK FACTORS

A number of factors will affect the operating results, financial condition and prospects of the Greencore Group. This section describes the risk factors that are considered by the Board to be material in relation to the operating results, financial condition, and/or prospects of the Greencore Group, and, where specified, the Uniq Group which could therefore have a material adverse affect the market price of Greencore Shares. In such case, investors may lose some or all of the value of their investment in Greencore Shares. However, these factors should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. Additional risks and uncertainties that are not presently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect on the Greencore Group's operating results, financial condition and/or prospects. The information given is as of the date of this document and, except as required by applicable law or regulation, will not be updated. Any forward-looking statements are made subject to the reservations specified in paragraph 1 of Part XIII.

You should consider carefully the risks and uncertainties described below, together with all other information contained in this document and the information incorporated by reference herein, before making any decision in connection with the Acquisition or Rights Issue or any other investment decision in relation to the Greencore Group.

1. Industry-specific, commercial and business risks

1.1 *The Greencore Group operates in highly competitive markets and there can be no assurance that the Greencore Group will be able to compete effectively*

The Greencore Group operates in highly competitive markets. These markets are served by a number of companies that operate on both a national and an international basis within single or multiple product categories. Some of the Greencore Group's competitors are large corporations which may have greater financial resources than the Greencore Group and/or greater ability to adapt to changing market conditions or an increasingly competitive market environment.

There can be no assurance that the Greencore Group will be able to compete effectively with current competitors or with potential new competitors. Significant product innovations and/or technical advances by the Greencore Group's competitors, the intensification of price competition or the adoption by the Greencore Group's competitors of new pricing or promotional strategies could adversely affect the Greencore Group's competitive position and ability to market and sell its products and therefore adversely affect its business, results of operation, financial condition and/or prospects. In addition, the Greencore Group's ability to compete effectively requires it to be successful in product development and innovation, in addition to operating efficient and effective manufacturing and procurement processes.

The Greencore Group operates in sectors where business is undertaken without long-term contracts and customers generally have the ability to switch to alternative suppliers on little or no notice. The Greencore Group is therefore subject to the risk that a short-term deterioration in its competitive position may have an immediate impact on its business results of operation, financial condition and/or prospects.

1.2 *The Greencore Group depends upon the availability, quality and cost of raw materials*

The Greencore Group uses a significant quantity of raw materials which largely comprise commodities such as wheat, fats and other food ingredients. The Greencore Group is dependent upon the availability, quality and cost of these raw materials, which exposes it to supply, quality and price fluctuations.

Raw materials used by the Greencore Group in the production of its products are purchased from numerous suppliers. The prices and availability of many of these raw materials are affected by, amongst other things, supply and demand dynamics, the agricultural policies of Ireland, the United Kingdom and the European Union, weather conditions at the location of any supplier and political instability affecting any supplier. In addition, certain of the raw materials used by the Greencore Group are traded as commodity products, the prices of which are subject to a number of factors that are not within the control of the Greencore Group, including market sentiment and the effect of price speculation.

If the supply of any raw materials is constrained for any reason, the Greencore Group may not be able to obtain sufficient supplies, or supplies of a suitable quality, from other sources or to substitute alternative products at an equivalent price or at all. Such constraints on supply could therefore have a material adverse effect on the Greencore Group's performance and financial condition.

Fluctuations in the price levels of raw materials may impact on finished product costs and the Greencore Group's ability to pass through increases in the cost of raw materials to its customers depends on the competitive conditions and the pricing environment of the relevant end-markets. There can be no guarantee that the Greencore Group will be able to pass on cost increases on a timely basis and/or in full to its customers through price rises. The failure to pass on the full impact of price increases on a timely basis may adversely affect the Greencore Group's results of operation, financial condition and/or prospects.

The Greencore Group may also be impacted by the loss of a key supplier. A loss of a key supplier could cause short-term disruption to the operational ability of the Greencore Group and may affect the Greencore Group's results.

1.3 *Demand for the Greencore Group's products may be affected by changes in consumer behaviour and demand and changes in consumer legislation*

The Greencore Group is dependent on its ability to produce food products that meet consumer demand and consumer legislation. In the future, the Greencore Group will be dependent on its ability to adapt its product ranges to changes in consumer demands and behaviours and changes in consumer legislation and to manage its costs in doing so.

There are a number of trends in consumer preferences and consumer legislation which impact the industry as a whole. These include, amongst others, dietary concerns (including salt, sugar and fat reduction), and changes in consumer preference. These trends may reduce demand for the Greencore Group's products. In addition, providing or developing modified or alternative products to meet changing consumer trends may lead to increased costs.

There can be no guarantee that the Greencore Group will accurately predict changes in consumer demands and behaviours or changes in consumer legislation or will be able to respond successfully or at reasonable cost to any such changes in trends or demands. A failure to do so may adversely affect the Greencore Group's business, results of operation, financial condition and/or prospects.

1.4 *The Greencore Group depends on a small number of large retailers for the majority of its sales*

A small number of leading UK grocery retailers currently account for the majority of the Greencore Group's sales and will continue to do so after Completion of the Acquisition. The strength of these major food retailers' bargaining position gives them significant leverage over their suppliers in negotiating pricing, product specification and the level of supplier participation in promotional campaigns and offers, and this will affect both the prices that the Greencore Group is able to negotiate for its products and, ultimately, the revenues and profitability of the Greencore Group.

In addition, the number of retailers has diminished in recent years and the market has become more concentrated. This has led to increased price competition between retailers, further intensifying pressure on prices for companies operating within the Greencore Group's business segments. There is a risk that such price pressure will continue and/or increase in the future and this will affect both the prices that the Greencore Group is able to negotiate for its products and, ultimately, the revenue and profitability of the Greencore Group.

There can be no assurance that the current trading terms of the Greencore Group and/or Uniq Group will continue in the future, or that the Greencore Group will be able to maintain relationships with either its current key customers or the Uniq Group's current key customers. The loss of any of these key customers, or a significant worsening in demand from, or the commercial terms of supply to, any of these customers could adversely affect the Greencore Group's business, results of operation, financial condition and/or prospects.

1.5 *There may be a decrease in demand for the Greencore Group's products in the event of health concerns and pandemics*

In recent years there have been outbreaks of a number of diseases that have had the potential to spread rapidly over very large geographic areas and/or other health-related concerns which have been, or have been perceived to be, associated with food products. Any outbreak of one or more of these diseases and/or other widespread health-related food concerns in the UK, Ireland, the US or elsewhere could have an adverse impact on consumer preferences and spending on certain food products (including products manufactured by the Greencore Group containing, for example, ingredients such as pork, beef and poultry) and on the economy in general.

In the event that such an outbreak were to occur, it may result in a significant increase in raw material and/or production costs, increased regulation over all or part of the food production industry with resulting higher regulatory costs and/or decreasing customer demand for certain products or ingredients. A combination of all or any of the above consequences or other adverse consequences arising from such an outbreak could have a material adverse effect on the demand for products produced by the Greencore Group, the Greencore Group's business, results of operation, financial condition and/or prospects.

1.6 *The Greencore Group could be adversely affected by increases in energy prices*

Large scale processing is an energy intensive operation. There can be no guarantee that the Greencore Group will be able to manage its energy usage or costs efficiently or that it will be able to enter into fixed price arrangements to cover its future energy requirements on reasonable terms or at all. If energy prices were to increase, this could have a material adverse effect on the Greencore Group's performance in business, results from operations, financial condition and/or prospects.

1.7 *The Greencore Group is exposed to changes in general economic conditions*

Changes in global economic conditions and a downturn in any of the markets in which the Greencore Group operates may have an adverse effect on the demand for the Greencore Group's products, the financial performance of the Greencore Group, and therefore its overall financial condition and prospects. The Greencore Group's performance depends to a certain extent on a number of macro-economic factors outside the control of the Greencore Group, which may impact the purchasing ability of customers and/or the spending of end-consumers of the Greencore Group's products. Factors which may impact on the purchasing ability of customers and/or disposable consumer income in the UK, Ireland and the US include, among other things, gross domestic product growth, unemployment rates, consumer confidence, taxation, interest rates, inflation and the availability and cost of credit. Each of these factors could be adversely affected by the continuation or worsening of current economic conditions in the United Kingdom, Ireland and/or the US, and could significantly affect and impact the business, results of operation, financial condition and/or prospects of the Greencore Group.

In addition, due to the current economic conditions in the UK, Ireland and the US (and globally), there is an increased risk that third party suppliers may face financial difficulties, become insolvent and/or cease trading which may result in disruption to the provision of products or services by them to the Greencore Group. Further, the current economic conditions have affected the availability of credit and the terms on which credit is available which may have the same effect. If there is any interruption to the products or services provided by third parties, the Greencore Group's business, results of operation, financial condition and/or prospects may be adversely affected.

1.8 *The Greencore Group is at risk from significant and rapid changes in the legal systems, regulatory controls, and customs and practices in the countries in which it operates*

Law and regulation affect a wide range of areas relevant to the Greencore Group's business, including the composition, production, packaging, labelling, distribution and sale of the Greencore Group's products; the Greencore Group's property rights; its ability to transfer funds and assets within the Greencore Group or externally; employment practices; data protection; environment; health and safety issues; and accounting, taxation and stock exchange regulation. Modification of existing legislation or regulation, or the introduction of new legislative or regulatory initiatives, customs or practices could significantly increase costs and have a material and

adverse impact on the reputation, results from operations, financial condition and/or prospects of the Greencore Group.

Political developments and changes in society, including scrutiny of the Greencore Group's business or industry (for example by non-governmental organisations or the media) may result in, or increase the rate of, material legal and regulatory change, and changes to custom and practice which could have a material and adverse impact on the reputation, results from operations, financial condition and/or prospects of the Greencore Group.

The Greencore Group may also be subject to regulation designed to address concerns about dietary trends. This could include the introduction of additional labelling requirements, and levying additional taxes on, or restricting the production or advertising of, certain product types, which could increase the Greencore Group's costs or make it harder for the Greencore Group to market its products, adversely affecting the Greencore Group's results from operations, financial condition and/or prospects.

2. Operational risk factors

2.1 *The Greencore Group and the Uniq Group are subject to rigorous regulations and legislation in the area of food safety, environmental protection and employee health and safety, a breach of which may have material adverse consequences for the Greencore Group*

As manufacturers of foods and food ingredients intended for human consumption, the Greencore Group and the Uniq Group are subject to rigorous and constantly evolving UK, Irish, EU and US regulations and legislation in the areas of food safety, environmental protection and employee health and safety.

There can be no assurance that an incident will not occur in relation to one or more of the Greencore Group's or the Uniq Group's products or plants. Any such incident could have a negative impact on their reputation and customer confidence in their products, reducing demand for a specific product or the Greencore Group's or the Uniq Group's products in general. This in turn could have an adverse effect on the Greencore Group's financial condition and future prospects. Moreover, the Greencore Group and the Uniq Group may be required to effect product recalls and/or may be subject to seizure of products and/or other sanctions which could have a material adverse effect on the business and reputation of the Greencore Group or the Uniq Group. In addition, any inquiry or investigation from a food regulatory authority could have a negative impact on the Greencore Group's or the Uniq Group's reputation. Any of these events may have an adverse effect on the Greencore Group's business, results from operations, financial condition and/or prospects.

2.2 *The day-to-day operations of the Greencore Group and the Uniq Group are at risk from disruption*

The day-to-day operations of the Greencore Group and the Uniq Group could be disrupted for reasons either within or beyond their control. The Greencore Group and the Uniq Group must also manage human and physical resources to ensure the continuity of its operations. There can be no assurance that their incident management systems and business continuity plans will prove adequate in the event of any material disruption and any disruption may materially adversely affect their ability to make and sell products and therefore materially adversely affect its reputation, business, results of operation, financial condition and/or prospects. The key operational risks to which the Greencore Group and the Uniq are subject include:

- risk of fire damage: there can be no guarantee that their fire insurance policies will be sufficient to insure them against all losses and liabilities arising from any fire damage, nor that fire insurance policies will in future remain available under the same terms as currently provided to the Greencore Group and the Uniq Group;
- risk of disruption to IT systems: IT systems are used (among other things) to monitor stock levels and to process invoices and payments. Interruptions to the Greencore Group's or the Uniq Group's IT systems may be caused by numerous factors, including loss of power, fire, severe weather conditions and any corruption of the systems. There can be no assurance that the contingency plans the Greencore Group or the Uniq Group have in place from time to time will be sufficient to mitigate the adverse consequences of disruption

to the their IT systems and any such occurrences could adversely affect their operations; and

- risk of breakdown of individual facilities and the loss of major manufacturing plants: due to the short lead times involved in servicing their customers, such incidents may have a material impact on the Greencore Group's or the Uniq Group's results from operations and could damage their reputation and prospects. Any repairs or maintenance work could also increase their costs and affect their cash flow generation.

2.3 *The Greencore Group's success depends on the continued contributions of its executive officers and senior management, both individually and as a group*

The successful operation of the Greencore Group relies on the expertise and capabilities of its senior management and personnel. The departure of a key member of management could, therefore, have a detrimental effect on the operating performance of the Greencore Group and there can be no certainty that any such employee could be replaced in a timely manner by a suitably experienced candidate.

2.4 *The Greencore Group and the Uniq Group may face product recall and product liability claims*

The sale of food or other products for human consumption involves the risk of injury to the Greencore Group's and the Uniq Group's end customers and to others. The actual or perceived sale of contaminated food or other products by the Greencore Group or the Uniq Group could result in product recalls or product liability claims, the settlement or outcome of which could have an adverse effect on their business, results of operation, financial condition and/or prospects. In addition, there can be no guarantee that insurance for product liability will in future remain available to the Greencore Group under the same terms as currently provided to the Greencore Group and the Uniq Group.

Even if an event causing a product recall proves to be unfounded or if a product liability claim against the Greencore Group or the Uniq Group is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that the products supplied caused illness or injury, or any product recall, could adversely affect both their reputation with existing and potential new customers and their corporate and brand image. An additional risk is that the Greencore Group and the Uniq Group may incur liability for mislabelling products, even if the mislabelled information was supplied by a third party. Any such event could, therefore, have an adverse effect on the Greencore Group's business, results of operation, financial condition and/or prospects. Greencore is not aware of any current recalls in relation to its products.

2.5 *The Greencore Group and the Uniq Group may face litigation claims in the future*

Given the nature of the industry in which the Greencore Group and the Uniq Group operates, it is possible that they could become involved in litigation, including consumer litigation and class actions, in the future which could have an adverse effect on the Greencore Group's business, results of operation, financial condition and/or prospects.

3. Financial risks

3.1 *The Greencore Group is exposed to market risks such as interest rate and exchange rate risks*

The Greencore Group is exposed to interest rate risk on borrowings drawn down on existing revolving credit facilities (including, if the Acquisition proceeds, the existing revolving credit facilities of Uniq). A significant movement in interest rates on floating borrowings could adversely impact the Greencore Group's profitability. There can be no assurance that the revolving credit facilities (for example, through the use of interest rate swap agreements) will provide adequate protection for the Greencore Group. Over the longer term, a significant increase in interest rates may have an adverse effect the Greencore Group's business, results of operation, financial condition and/or prospects.

The Greencore Group is also exposed to currency risk at a transactional level as sales and purchases in certain businesses are in currencies other than pounds sterling and at a translational level in relation to the translation of results of overseas operations denominated in currencies other than pounds sterling. In addition, certain of the US private placement notes

issued by Greencore are also denominated in currencies other than sterling. There can be no guarantee it will be possible to adequately hedge foreign exchange exposures arising from forecast transactions in foreign currencies, for example foreign currency forward contracts may not be available on reasonable terms, or at all, or may not be sufficient to hedge in full the Greencore Group's exposures, and consequently any significant fluctuations in exchange rates may over the longer term have an adverse effect on the Greencore Group's business, results of operation, financial condition and/or prospects.

3.2 *The Greencore Group could be adversely affected by changes in current tax law or practice, particularly in Ireland, the UK and the US*

The Greencore Group is subject to any changes in tax legislation (or changes to the interpretation of existing tax legislation) in a number of jurisdictions, including Ireland, the UK and the US. Any such changes could have a material adverse impact on the Greencore Group's business, results of operation, financial condition, business strategy and/or prospects.

Uniq has a range of tax assets arising from significant pension contributions in recent years together with other losses arising from previous trading performance and capital expenditure. There are detailed rules to determine how the various types of tax assets can be used and whilst the Greencore Group anticipates being able to use these assets in the coming years to offset future profits, a change to the current tax laws may make this more difficult to achieve.

A change in tax policy may also negatively impact the Greencore Group's ability to deliver shareholder value, deliver anticipated synergies, pay dividends, make acquisitions and achieve business targets.

3.3 *Risks inherent in the acquisition or disposal of businesses may have an adverse impact on the Greencore Group's business or financial results*

From time to time the Greencore Group's strategy may involve making acquisitions and disposals of businesses and brands.

Such acquisitions can involve numerous risks including failure to conduct appropriate due diligence on the operations of the business or brand being acquired, failure of acquisitions to be profitable or generate anticipated cash flows, entry to new markets and geographic areas where the Greencore Group has no previous experience and the diversion of management time and resources from existing operations. If any of the above risks materialise, or if the Greencore Group fails to integrate its acquisitions appropriately, it could have a material adverse impact on its business and financial results. Further information on risks specific to the Acquisition are set out in paragraphs 4.1 to 4.4 below.

Disposals, can also give rise to risks as they can result in claims against the Greencore Group, including for breach of warranty. Such claims could have a material adverse impact on the Greencore Group's business and financial results.

4. *Risks relating to the Acquisition*

4.1 *Uncertainties about the effects of the Acquisition could adversely affect the Greencore Group*

Uncertainty about the effects of the Acquisition, including effects on employees, business partners, contractors and customers, may adversely affect the business and operations of the Greencore Group and/or Uniq Group up to completion of the Acquisition. These uncertainties could cause customers, business partners and other parties that have business relationships with Greencore and/or Uniq to defer the completion of transactions or decisions concerning the Greencore Group's or Uniq Group's businesses, or to seek to change existing business relationships with the Greencore Group and/or Uniq Group.

Uncertainty about the long-term effects of the Acquisition may also adversely affect the business and operations of the Greencore Group in a similar manner in the period following Completion of the Acquisition.

4.2 *Implementation of the Acquisition is subject to the Conditions and Completion of the Acquisition may not occur*

The Board considers that the Acquisition is in the best interests of the Company and Shareholders taken as a whole. Completion of the Acquisition is subject to the Conditions, which include (amongst other things):

- valid acceptances of the Offer being received from Uniq Shareholders in respect of not less than 90 per cent. of the Uniq Shares to which the Offer relates;
- the Resolution to approve the Acquisition and the Resolutions relating to the Rights Issue being passed by Shareholders at the EGM (convened for 8 August 2011);
- the UK Office of Fair Trading indicating (in terms reasonably satisfactory to the Company) that it does not intend to refer the Acquisition or any related matter to the Competition Commission;
- the Irish Competition Authority determining that the Acquisition may be put into effect (or, as the case may be, not determining to the contrary within the relevant statutory time periods) in accordance with the provisions of the Irish Competition Act; and
- Admission of the New Greencore Shares (nil and fully paid) to the Official Lists.

The Company is in contact with, and intends to voluntarily notify the Offer to, the UK Office of Fair Trading and will be requesting confirmation from the UK Office of Fair Trading that no reference will be made. The UK Office of Fair Trading is under a duty to refer the Offer to the Competition Commission where it is or may be the case that the Offer may be expected to result in a substantial lessening of competition within any market in the United Kingdom. In the event of a reference of the Offer to the Competition Commission, the Offer would lapse in accordance with its terms.

Whilst the outcome of the UK Office of Fair Trading's review is unknown and not within the control of the Company, the Company believes that there are convincing arguments that the Offer would not be expected to result in a substantial lessening of competition on any reasonable analysis.

However, if this or any other of the Conditions are not satisfied and Completion of the Acquisition does not occur, the Company's ability to improve shareholder value and to implement the Board's strategic objectives may be prejudiced. Certain transaction costs incurred by the Company in connection with the Acquisition and Rights Issue will be irrecoverable if the Acquisition does not proceed.

4.3 *The anticipated benefits of the Acquisition may not be realised*

There can be no assurance that the post-Acquisition integration of the businesses of the Greencore Group and the Uniq Group will achieve the anticipated synergies and cost savings, in either a timely manner or at all.

These potential benefits can only be fully realised through a successful integration of the Uniq Group's businesses with the Greencore Group's current businesses. There is a risk that if the integration process does not proceed as contemplated, the expected synergies may not be realised, or they may not be realised in the timescale contemplated, which may have a significant impact on the business, results of operation and financial condition of the Greencore Group going forward.

Further, there is a risk that the small number of large retailers which the Greencore Group is dependent on for the majority of its sales may seek to re-negotiate pricing for Greencore Groups products. This re-negotiation, if successful, will affect the extent to which the potential benefits of the Acquisition are realised.

4.4 *The integration of the businesses of the Uniq Group into the Greencore Group will create a number of challenges*

The Greencore Group will encounter numerous challenges in combining its current operations with the operations of the Uniq Group, some of which may not become known until after the Completion of the Acquisition.

The combination could fail to realise the expected benefits or could result in substantial costs being incurred as a result of, for example, inconsistencies in standards, procedures and policies and business cultures between the Greencore Group and Uniq Group and the diversion of management's attention from their responsibilities as a result of the need to address integration issues.

5. Risks relating to Greencore Shares

5.1 *The Rights Issue, future equity issues and/or sales of Greencore Shares by major Shareholders could have an adverse impact on the market price of Greencore Shares*

The Company currently has no plans for a further offering of Greencore Shares following the Rights Issue. However, it is possible that the Company may decide to offer additional Greencore Shares in the future. The Rights Issue and/or an additional offering of equity shares (including, the issue of new classes of equity shares that have rights, preferences or privileges senior to the Greencore Shares) could have an adverse effect on the market price of Greencore Shares. In addition, a significant sale of Greencore Shares by any major Shareholders (including, but not limited to, the Shareholders listed in paragraph 6 of Part XII) could have an adverse effect on the market price of Greencore Shares.

5.2 *The price of Greencore Shares may be volatile and may be affected by a number of factors, some of which are beyond the Greencore Group's control, which could cause the value of Greencore Shares to decline*

The value of an investment in Greencore Shares may go down as well as up. The market value of Greencore Shares can fluctuate and may not always reflect the underlying asset value. A number of factors may impact on the market price of Greencore Shares, including, but not limited to: (i) variations in the Greencore Group's operating results; (ii) possible differences between the actual results and the results that were expected by investors and analysts; (iii) the Greencore Group's implementation of strategic and operational plans; (iv) fluctuations in the trading volume of Greencore Shares resulting in changes in the market price without any apparent correlation to the earnings or results of the Greencore Group; and (v) general economic and market conditions.

5.3 *There may be no active trading market for Greencore Shares*

There can be no assurance that an active trading market for Greencore Shares will continue following the completion of the Acquisition and/or Rights Issue. Shareholders may from time to time have difficulty selling their Greencore Shares.

5.4 *The dividend policy of the Company will be dependent on the financial condition of the Greencore Group and the ability of the Company's subsidiaries to pay dividends*

The Company will only be able to pay dividends to Shareholders to the extent that it has sufficient distributable reserves and cash available for this purpose and the Company may decide to use all or part of such cash for another purpose, for example, to invest in and further develop the Greencore Group's business. There is no guarantee that the Company will be able to make dividend payments in the future or to sustain dividend payments at any particular level.

It is expected that the Company will operate as a holding company for the Greencore Group's various operating subsidiaries and will not have any significant operations of its own. As a holding company, the Company will therefore be reliant on its subsidiaries being able (both financially and legally) to pay dividends or otherwise transfer cash to it in order to fund and make dividend payments.

5.5 *Pre-emption rights may not be available to US and other non-EU Shareholders*

In the case of increases to the Company's issued ordinary share capital, Shareholders will generally be entitled to pre-emption rights to subscribe for Greencore Shares unless such rights are waived by a special resolution at a general meeting of the Company. US and other non-EU Shareholders will be excluded from exercising any such pre-emption rights they may have, unless exemptions from any overseas securities law requirements are available. No assurances can be given that any exemption from such overseas securities law requirements would be available to enable US or other non-EU Shareholders to exercise such pre-emption rights or, if available, that the Company will utilise any such exemption.

5.6 *The ability of Shareholders to bring legal action on behalf of themselves or the Company may be materially affected by the governance of Irish law*

Greencore is a public limited company incorporated under the laws of Ireland. The rights of Shareholders are governed by Irish law and by the Company's Memorandum and Articles of Association as interpreted thereunder. These rights differ from the typical rights of shareholders in US corporations. In particular, Irish law currently limits the circumstances under which shareholders of Irish companies may bring actions on behalf of a company. In addition, Irish law does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders in a US corporation.

6. *Risks relating to the Rights Issue*

6.1 *The market price for Greencore Shares may decline below the Rights Issue Price*

There is no assurance that the market price of Greencore Shares will not decline below the Rights Issue Price. Should that occur, Qualifying Shareholders who take up their Rights will suffer an immediate unrealised loss as a result. Moreover, there can be no assurance that, following the exercise of Rights, Shareholders will be able to sell their New Greencore Shares at a price equal to or greater than the Rights Issue Price.

6.2 *Shareholders who do not (or are unable to) subscribe for New Greencore Shares under the Rights Issue will experience dilution in their ownership of the Company*

If a Qualifying Shareholder does not take up their Rights under the Rights Issue, such Qualifying Shareholder's shareholding in the Company will be diluted by a maximum of up to 45.5 per cent. as a result. Subject to certain exceptions, Shareholders in the United States or any other Excluded Territory will, in any event, not be able to participate in the Rights Issue. Further details on the maximum dilutive effect of the Rights Issue on Shareholders is set out in paragraph 3.1 of Part I of this document.

6.3 *An active trading market in the Nil Paid Rights may not develop*

An active trading market in the Nil Paid Rights may not develop on the London Stock Exchange or the Irish Stock Exchange during the nil paid trading period. In addition, because the trading price of the Nil Paid Rights depends on the market price of the Existing Greencore Shares, there is a risk that the price of the Nil Paid Rights may be volatile and subject to the same risks as noted in the paragraph 5.1 above. The existing volatility of the Existing Greencore Shares may also magnify the volatility of the Nil Paid Rights.

WHERE TO FIND HELP

If you have any question in relation to the completion and return of the Form of Proxy or participation in the Rights Issue, please telephone the Shareholder Helpline on the numbers set out below. The Shareholder Helpline is available between 9.00 a.m. and 5.00 p.m. (Dublin/London time) on any Business Day.

Shareholder Helpline telephone numbers

01 431 9832 (if calling from within Ireland)

00 353 (1) 431 9832 (if calling from within the United Kingdom)

+353 (1) 431 9832 (if calling from outside Ireland and the United Kingdom)

Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document and information relating to the Company's register of members and is unable to give advice on the merits of the Acquisition or Rights Issue or to provide legal, business, financial, accounting, tax, investment or other professional advice.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Important: each of the times and dates in the timetable below is indicative only and may be subject to change. Capitalised terms have the meanings ascribed to them in Part XV of this Prospectus.

<u>Event</u>	<u>Expected time/date⁽¹⁾</u>
Record date for entitlement under the Rights Issue for Qualifying Shareholders	5.00 p.m. on 5 August 2011
Latest time for receipt of Form of Proxy (or electronic/CREST proxy appointment) for the EGM	11.00 a.m. on 6 August 2011
Record date for eligibility to vote at the EGM (as specified by Article 64(a) of the Company's Articles of Association)	5.00 p.m. on 6 August 2011
EGM	11.00 a.m. on 8 August 2011
Renominalisation of Existing Greencore Shares becomes effective	close of business on 8 August 2011
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Shareholders only)	8 August 2011
Admission, dealings in Nil Paid and Fully Paid Rights commence on the London Stock Exchange and the Irish Stock Exchange and Existing Greencore Shares marked "ex" by the London Stock Exchange and the Irish Stock Exchange	8.00 a.m. on 9 August 2011
Start of subscription period	8.00 a.m. on 9 August 2011
Nil Paid Rights credited to stock accounts in CREST (Qualifying CREST Shareholders only), Nil Paid Rights and Fully Paid Rights enabled in CREST	as soon as practicable after 8.00 a.m. on 9 August 2011
Latest time and date for Cashless Take-up or disposal of Nil Paid Rights	3.00 p.m. on 16 August 2011
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights and Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 17 August 2011
Latest time for depositing renounced Provisional Allotment Letters, nil paid or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights and Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 18 August 2011
Latest time for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 19 August 2011
Latest time for acceptance, payment in full and registration or renunciation of Provisional Allotment Letters	11.00 a.m. on 23 August 2011
Announcement of results of Rights Issue	by 8.00 a.m. on 24 August 2011
Dealings in New Greencore Shares, commence on the London Stock Exchange and the Irish Stock Exchange	8.00 a.m. on 24 August 2011

<u>Event</u>	<u>Expected time/date⁽¹⁾</u>
New Greencore Shares in uncertificated form credited to CREST accounts	8.00 a.m. on 24 August 2011
Despatch of definitive share certificates for New Greencore Shares held in certificated form	by 2 September 2011
Anticipated latest date of Completion of the Acquisition	end of September 2011

Note:

- (1) The above times and dates are indicative only. The times and dates set out in the expected timetable of principal events above and mentioned throughout this document are subject to change, in which event details of the new times and dates will be notified to Shareholders and to the Irish Stock Exchange and London Stock Exchange via a Regulatory Information Service.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors of Greencore	Ned Sullivan (<i>Chairman</i>) Patrick Coveney (<i>Chief Executive Officer</i>) Alan Williams (<i>Chief Financial Officer</i>) Diane Walker (<i>Executive Director</i>) John Herlihy (<i>Non-Executive Director</i>) Gary Kennedy (<i>Non-Executive Director</i>) Patrick McCann (<i>Non-Executive Director</i>) Eric Nicoli (<i>Non-Executive Director</i>) David Simons (<i>Non-Executive Director</i>) David Sugden (<i>Non-Executive Director</i>)
Company Secretary	Conor O'Leary
Registered Office	No. 2 Northwood Avenue Northwood Business Park Santry Dublin 9 Ireland
Financial adviser, corporate broker, sponsor, global co-ordinator and joint underwriter	Barclays Capital 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom
Corporate broker	Goodbody Stockbrokers Ballsbridge Park Dublin 4 Ireland
Adviser	Oghma Partners LLP 7 Stanmer Villa Brighton East Sussex BN1 7HW
Solicitors to Greencore as to English law	Eversheds LLP One Wood Street London EC2V 7WS United Kingdom
Solicitors to Greencore as to Irish law	Arthur Cox Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland
Legal advisers to Greencore as to US law	Davis Polk & Wardwell LLP 99 Gresham Street London EC2V 7NG United Kingdom
Auditors and Reporting Accountants to Greencore	KPMG 1 Stokes Place St. Stephen's Green Dublin 2 Ireland

Registrar

Computershare Investor Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
Ireland

ACTION TO BE TAKEN

Voting at the EGM

The Acquisition and the Rights Issue will require approval by Shareholders at the EGM. The EGM will start at 11.00 a.m. on 8 August 2011 and will be held at The Crowne Plaza Hotel, Northwood Business Park, Santry, Dublin 9. The notice convening the EGM is set out in Schedule I to this document.

This document is accompanied by a Form of Proxy for use in respect of the EGM.

If you have not received all of the documents relevant to you, please contact the Shareholder Helpline. Please see page 20 for details.

Whether or not you intend to attend the EGM, please complete the enclosed Form of Proxy and return it in accordance with the instructions printed thereon so as to be received by Computershare, the Company's Registrars, by hand or by post, in accordance with the delivery instructions below, by no later than 11.00 a.m. on 6 August 2011 (or, in the case of an adjournment, not later than 48 hours before the time and date fixed for the holding of the adjourned meeting).

You may submit your proxy electronically via the internet by accessing the Registrar's website at www.eproxyappointment.com. You will be asked for your control number, shareholder reference number and unique PIN, all of which appear on the Form of Proxy sent to you. Alternatively, if you hold your Existing Greencore Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare Investor Services (Ireland) Limited (CREST participant ID 3RA50), so that it is received by no later than 11.00 a.m. on 6 August 2011 (or, in the case of an adjournment, no later than 48 hours before the time fixed for holding the adjourned meeting).

The completion and return of the Form of Proxy, an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent you from attending and voting in person at the EGM or any adjournment thereof, should you wish to do so.

Participation in the Rights Issue

It is expected that Qualifying Non-CREST Shareholders will (subject to certain exceptions) be sent Provisional Allotment Letters on 8 August 2011, and that Qualifying CREST Shareholders will (subject to certain exceptions) receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled as soon as practicable after 8.00 a.m. on 9 August 2011. The Nil Paid Rights so credited are expected to be enabled for settlement by CREST as soon as practicable after Admission of the Nil Paid Rights expected to be 8.00 a.m. on 9 August 2011.

The action to be taken in respect of the New Greencore Shares depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by a Provisional Allotment Letter) or are in uncertificated form (that is, are in CREST):

Qualifying Non-CREST Shareholders should refer to paragraphs 2.1, 2.3, 2.4 and 2.5 to 2.8 of Part II (Information on the Rights Issue) of this document.

Qualifying CREST Shareholders should refer to paragraphs 2.2, 2.3, 2.4 and 2.5 to 2.8 of Part II (Information on the Rights Issue) of this document and to the CREST Manual for further information on the CREST procedures referred to in this document.

All Overseas Shareholders and any person (including, without limitation, agents, custodians, nominees or trustees) who has a contractual or other legal obligation to forward any documents issued by the Company in connection with the Rights Issue, if and when received, to a jurisdiction outside Ireland or the United Kingdom should read paragraph 2.5 of Part II (Information on the Rights Issue) of this document.

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the actions necessary to take up their entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

The latest time and date for acceptance and payment in full for the New Greencore Shares by holders of the Nil Paid Rights is expected to be 11.00 a.m. on 23 August 2011.

Delivery of documents to the Registrar

Any documents to be returned, posted or delivered to the Company's Registrar in connection with the EGM or the Rights Issue (including any Provisional Allotment Letters, cheques or bankers' drafts) should be addressed in the following ways:

(a) BY POST:

(b) BY HAND:

(during normal business hours only
9.00 a.m. – 5.00 p.m.)

To: Computershare Investor Services
(Ireland) Limited
P.O.Box 954
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
Ireland

To: Computershare Investor Services
(Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
Ireland

PART I

LETTER FROM THE CHAIRMAN OF GRENCORE GROUP PLC

*(Incorporated and registered in Ireland under the Companies Acts 1963 to 2009
with registered number 170116)*

Directors:

Ned Sullivan (*Chairman*)
Patrick Coveney (*Chief Executive Officer*)
Alan Williams (*Chief Financial Officer*)
Diane Walker (*Executive Director*)
John Herlihy (*Non-Executive Director*)
Gary Kennedy (*Non-Executive Director*)
Patrick McCann (*Non-Executive Director*)
Eric Nicoli (*Non-Executive Director*)
David Simons (*Non-Executive Director*)
David Sugden (*Non-Executive Director*)

Registered Office:

No. 2 Northwood Avenue
Northwood Business Park
Santry
Dublin 9
Ireland

15 July 2011

To Shareholders and, for information purposes only, the Special Shareholder

Dear Shareholder,

Proposed Acquisition of Uniq and Rights Issue to raise approximately €80.2 million

1. Introduction

On 12 July 2011, the Company announced that it had reached agreement with the Uniq Board on the terms of a recommended cash offer by Greencore Foods to acquire the entire issued, and to be issued, share capital of Uniq PLC. The Offer values each Uniq Share at 96 pence and the entire issued ordinary share capital of Uniq at approximately £113 million.

The Company also announced that it was intending to raise approximately €80.2 million by way of the fully-underwritten rights issue. At an exchange rate of €1.00: £0.8775 as at 25 March 2011, the Rights Issue Proceeds will be £70.4 million. Given costs attributable to the Rights Issue of £3.0 million, expected net proceeds of the Rights Issue will be £67.4 million. The proceeds of the Rights Issue will be applied (net of expenses) towards funding the consideration payable to Uniq Shareholders in connection with the Acquisition. The Rights Issue is not conditional upon completion of the Acquisition and should the Rights Issue proceed and the Acquisition not complete, the current intention of the Board is that the proceeds of the Rights Issue will be used to reduce net debt while the Directors evaluate other opportunities. If the Directors determine that no opportunities to generate incremental shareholder value exist then the Directors intend to return the Rights Issue proceeds to Shareholders in the most tax efficient manner possible.

In addition to the proposed Acquisition and as is regularly the case, Greencore continues to assess other potential strategic opportunities both in the UK and in the US. Greencore will continue to evaluate these opportunities and any further opportunities that may arise. All such opportunities currently being considered have not progressed to a point at which the Board considers that there is any certainty that a transaction will be concluded.

The Acquisition is of sufficient size relative to the Greencore Group to constitute a Class 1 Transaction for the purposes of the Listing Rules and the Offer is therefore conditional (among other things) upon the approval of Shareholders. The Rights Issue is also conditional upon, among other things, the passing of the Resolutions. Accordingly, the EGM is to be held at 11.00 a.m. on 8 August 2011 at The Crowne Plaza Hotel, Northwood Business Park, Santry, Dublin 9 for the purposes of approving the Acquisition and the Resolutions that are required in order to implement the Rights Issue, including resolutions to increase the Company's authorised share capital, to permit the Board to issue and allot the New Greencore Shares, to disapply statutory pre-emption rights and a resolution relating to the Renominalisation of the Existing Greencore Shares. An explanation of the Resolutions to be proposed at the EGM is set out in paragraph 15 of this letter.

The purpose of this document is (amongst other things) to provide Shareholders with information on the Acquisition and Rights Issue, to explain the background to and reasons for each of them, and why the

Board unanimously believes that each of them is in the best interests of the Company and Shareholders as a whole.

The recommendation from the Board that you vote in favour of Resolutions to be proposed at the EGM is set out in paragraph 18 of this letter. A summary of the action that you need to take is set out in paragraph 16 of this letter.

Please note that you should read the whole of this document (and all information incorporated by reference into it which is listed in section 6 of Part XIII) and not only rely on the summarised information set out in this letter.

2. Information on the Acquisition

2.1 Key terms of the Offer

It is intended that the Acquisition will be implemented by way of the Offer. Greencore Foods has offered to acquire, the entire issued, and to be issued, ordinary share capital of Uniq on the terms and subject to the Conditions set out in the Announcement and to be set out in the Offer Document, on the following basis:

for each Uniq Share 96 pence in cash

The Offer values the existing issued share capital of Uniq at approximately £113 million, representing a premium of approximately 62.7 per cent. to the Opening Price of 59 pence on 1 April 2011 (being the day on which Uniq announced that it had been informed by Angel Street that it intended to undertake a process to realise all or part of its shareholding in Uniq) and a premium of 25.5 per cent. to the Closing Price of a Uniq Share on 11 July 2011 (being the last practicable date prior to the date of the Announcement).

The Conditions to the Offer are set out in full in the Announcement and will be set out in the Offer Document (neither of which documents are incorporated by reference into this document). In summary, Completion of the Acquisition is conditional, amongst other things, on:

- valid acceptances for the Offer being received from Uniq Shareholders in respect of not less than 90 per cent. of the Uniq Shares to which the Offer relates (and not, where permitted, withdrawn);
- the Resolutions to approve the Acquisition and the Rights Issue being passed by Shareholders by the requisite majority of votes at the EGM;
- Admission of the New Greencore Shares (nil and fully paid) to the Official Lists and to trading on the regulated markets of the London Stock Exchange and the Irish Stock Exchange;
- the UK Office of Fair Trading indicating (in terms reasonably satisfactory to the Company) that it does not intend to refer the Acquisition or any related matter to the Competition Commission;
- the Irish Competition Authority determining that the Acquisition may be put into effect (or, as the case may be, not determining to the contrary within the relevant statutory time periods) in accordance with the provisions of the Irish Competition Act;
- the Acquisition not being rendered partially or wholly impossible or significantly impeded as a result of legislation, regulation, any decision of a court or any action taken by any governmental authority (although no such issues are currently anticipated by the Board); and
- the other Conditions to the Offer being satisfied or (where permissible) waived.

The UK Office of Fair Trading has a period of 40 Business Days from the date on which it receives an informal submission in which to refer the Acquisition to the Competition Commission and the Irish Competition Authority has a period of 1 calendar month in which it must confirm whether to allow the Acquisition to be put into effect. It is intended that an informal submission to the UK Office of Fair Trading and application to the Irish Competition Authority will be made during the week commencing 25 July 2011 and therefore, subject to satisfaction of the Conditions to the Offer, it is expected that Completion of the Acquisition will occur by 30 September 2011.

On Completion of the Acquisition, Uniq will become a subsidiary of the Company. Under the terms of the Offer, Uniq Shareholders will only receive cash in consideration for their Uniq Shares and will not receive Greencore Shares in consideration for their Uniq Shares.

On completion of the Acquisition, application will be made for the cancellation of trading in Uniq Shares on AIM on 20 Business Days' notice. If sufficient valid acceptances of the Offer are received and/or sufficient Uniq Shares are otherwise acquired, the Company intends to apply the provisions of sections 979 to 982 (inclusive) of the Companies Act 2006 to acquire compulsorily any outstanding Uniq Shares to which the Offer relates.

The Board has reserved the right (with the consent of the UK Panel and/or the Irish Panel, as the case may be) to implement the Acquisition by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006 on terms no less favourable to Uniq Shareholders than the terms of the Offer.

2.2 Background to and reasons for the Acquisition

The Greencore strategy is centred on building leadership in the UK convenience food market. The Board believes in establishing and deepening leadership positions in discrete food categories, especially in chilled convenience foods, and in achieving operational excellence to deliver strong, sustainable and growing returns to shareholders. The Board believes that the Uniq business, which has recently completed its pension deficit-for-equity restructuring, represents an excellent fit to this strategy which will help the combined group achieve greater scale in the food to go and chilled desserts markets. Importantly, this scale can be achieved while adding new and complementary customer relationships to the Greencore Group. Furthermore, the elimination of duplicated corporate, divisional and functional overheads, and the overlapping nature of the respective supply chains create considerable potential for synergy delivery.

As a result of the decline in the Uniq Pension Scheme assets during the financial downturn, Uniq saw a significant increase in its pension deficit during 2008. Uniq was carrying a pension liability related to its legacy corporate structure which was many times the size of its underlying business and assets. Uniq considered a number of possible funding options for the Uniq Pension Scheme and on 24 March 2011 Uniq completed the Restructuring, which released it and certain other members of the Uniq Group from their obligations in relation to the defined benefit section of the Uniq Pension Scheme. Under the terms of the Restructuring, amongst other things: (1) the Trustee agreed to release Uniq and certain other members of the Uniq Group from the pension deficit in exchange for a cash payment to the Uniq Pension Scheme; and (2) Angel Street (which was formed for the purpose of the Restructuring) acquired 90.2 per cent. of the Uniq Shares. The Trustee is the primary creditor of Angel Street, which is now in administration.

On 1 April 2011, Uniq announced that Angel Street was undertaking a process to realise all or part of its shareholdings. Greencore participated in this process and on 12 July 2011, the Greencore Board and the Uniq Board announced that they had reached agreement on the terms of a recommended cash offer to be made by Greencore Foods for the entire issued, and to be issued, ordinary share capital of Uniq at a price of 96 pence in cash for each Uniq Share, valuing Uniq at approximately £113 million. The Board believes that the investment case for the Acquisition is underpinned by the synergy potential and strategic rationale which is set out below. Angel Street has irrevocably undertaken to accept the Offer in respect of 105,704,563 Uniq Shares, representing 90.2 per cent. of Uniq's existing issued share capital, being all the Uniq Shares it owns or controls.

Strong complementary portfolio and assets

The Board believes that the Acquisition will:

- add a set of quality businesses across the growing Food to Go and Desserts categories which can combine effectively with Greencore's existing portfolio;
- strengthen the Greencore Food to Go business by building further scale in sandwiches and by establishing Greencore as a more significant supplier in the salads marketplace;
- provide Greencore with a platform to build out a stronger, more broadly based, chilled desserts business than it operates today; Greencore recognises the progress Uniq has made in the restructuring of its desserts business in recent years and will continue to focus and improve that business to ensure acceptable returns;

- a complementary customer base, in particular adding a significant position with M&S in sandwiches and premium desserts, a customer to which Greencore has modest exposure to today; and
- broaden the platform to support continued investment in innovation for the benefit of Shareholders and the customers of the Greencore Group.

Greencore has a clear integration plan to combine the two businesses, within the existing Greencore structures, while ensuring that the Greencore Group protects and builds on the expertise, knowledge and commercial relationships that sit within the Uniq Group, especially within the Uniq “Food To Go” and “Desserts” businesses. Both Greencore and Uniq operate with a decentralised set of largely autonomous category business units. The Directors believe that this shared structural approach, allied to some commonality of systems, and many shared values will facilitate the integration of Uniq into the Greencore Group.

Tax

Uniq has a range of tax assets arising from significant pension contributions in recent years together with other losses arising from previous trading performance and capital expenditure. Whilst there are detailed rules to determine how the various types of tax assets can be used and a number of potential restrictions that can apply to these on a change of ownership, Greencore anticipates that Uniq should be able to use certain of these assets in the coming years to offset future profits as they arise and that, in particular, Uniq should be able to shelter its profits from tax for the foreseeable future.

Further information on the existing operations of the Greencore Group and Uniq Group (including their food portfolios and asset bases) is detailed in Parts III and IV of this document respectively.

Synergies

Greencore has looked closely at the potential synergy delivery resulting from the Acquisition. The assessment of this potential has been aided by the fact that both Greencore and Uniq operate in many of the same markets, with consequent duplication at the corporate, divisional and functional level, and with overlapping supply chains and supplier bases. In forming a view on the synergy potential, Greencore has relied on its own experience, together with the full cooperation and insight of Uniq senior management, as far as has been appropriate to date, and extensive analytical work.

As a result, the Board believes that, following the Acquisition, the Greencore Group will be able to achieve annual net cost synergies of at least £10 million. This comprises £5 million from the elimination of duplicated corporate, divisional and functional overheads and £5 million from purchasing and supply chain efficiencies generated from the overlapping nature of the respective supply chains.

The Board expects that the Greencore Group will benefit from approximately 70 per cent. of these synergies in the financial year to end September 2012, rising to approximately 100 per cent. in the following financial year. It is expected that realisation of these synergies will incur one-off cash costs of approximately £10 million, of which approximately 70 per cent. will be incurred in the first 12 months after Completion of the Acquisition, with the balance in the following year.

Greencore is putting in place an integration team under the leadership of a full-time Integration Director. Responsibility for tracking and delivery of the identified synergies will be a critical objective for this team. The Greencore Group chief executive and his executive team will be tasked by the Board with synergy delivery and will report to the Board on progress in this regard.

Strong credit profile

Following Completion of the Acquisition and the Rights Issue, the Board believes that the Company will have a strong credit profile which will facilitate financial and strategic flexibility for the future.

2.3 *Financing the Offer*

Full acceptance of the Offer (assuming the exercise of all outstanding options with an exercise price of less than £0.96 per Uniq Share under the Uniq Share Schemes and the acceptance of

the Offer by all Uniq Shareholders before the Offer closes) will result in the payment by Greencore Foods of approximately £113 million in cash to Uniq Shareholders.

Uniq has the Uniq Approved Scheme, the Uniq Unapproved Scheme and the Uniq PIP. It is not anticipated that the single outstanding award under the Approved Scheme will be exercised due to the amount of the exercise price relating thereto. Subject to the achievement of performance conditions, it is anticipated that Uniq will settle all entitlements under the Uniq PIP in cash on Completion of the Acquisition.

There are Warrants outstanding in respect of 234,846 Uniq Shares. Upon the Offer becoming unconditional in all respects, the holder of the Warrants will be able to give notice to exercise the Warrants. The Offer will extend to Uniq Shares resulting from the exercise of the Warrants.

It is intended that the funding for the Offer will be met by the proceeds of the Rights Issue and by drawing on the New Credit Facility. The New Credit Facility is summarised in paragraph 9.8 of Part XII.

3. Summary of the Rights Issue

3.1 Key terms of the Rights Issue

The Company intends to raise approximately €80.2 million by way of the Rights Issue. At an exchange rate of €1.00: £0.8775 as at 25 March 2011, the Rights Issue Proceeds will be £70.4 million. Given costs attributable to the Rights Issue of £3.0 million, expected net proceeds of the Rights Issue will be £67.4 million. The proceeds of the Rights Issue will be applied towards funding the consideration payable by Greencore Foods to the Uniq Shareholders in connection with the Acquisition. The Rights Issue is not conditional upon Completion of the Acquisition.

Under the Rights Issue, the New Greencore Shares will be offered by way of Nil Paid Rights to Qualifying Shareholders (other than, subject to certain limited exceptions, those with registered addresses in the United States or in the Excluded Territories) on the following basis:

5 New Greencore Shares at €0.46 each for every 6 Existing Ordinary Shares

held and registered in the name of the Qualifying Shareholder at the Record Date.

The Rights Issue Price of €0.46 per New Greencore Share represents a 52.1 per cent. discount to the Closing Price of an Existing Greencore Share of €0.961 on 11 July 2011, and a 37.3 per cent. discount to the TERP based on the Closing Price on 11 July 2011 (being the day prior to the Announcement).

Qualifying Shareholders who choose not to take up their Rights (or are ineligible) will be diluted by approximately 45.5 per cent. following the issue of the New Greencore Shares.

3.2 Conditions to the Rights Issue

The Rights Issue is conditional on:

- all of the Resolutions being passed by the requisite majorities of Shareholders at the EGM;
- the Underwriting Agreement having become unconditional in all respects;
- the New Credit Facility becoming and continuing to be enforceable against all of the parties thereto and having, and continuing to have, full force and effect;
- the Company having complied with all of its obligations and having satisfied all conditions to be satisfied by it under the New Credit Facility (as such obligations and conditions fall to be satisfied before Admission); and
- Admission of the New Greencore Shares, nil paid and fully paid, having occurred not later than 8.00 a.m. on the earlier of (a) 29 November 2011; and (b) the date on which the Offer lapses or is withdrawn.

The Rights Issue has been fully underwritten by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement.

The Rights Issue is not conditional upon completion of the Acquisition and should the Rights Issue proceed and the Acquisition not complete, the current intention of the Board is that the proceeds of the Rights Issue will be used to reduce net debt while the Directors evaluate other

opportunities. If the Directors determine that no opportunities to generate incremental shareholder value exist then the Directors intend to return the Rights Issue proceeds to Shareholders in the most tax efficient manner possible.

3.3 *Underwriting arrangements*

The Rights Issue has been fully underwritten by the Underwriters in accordance with the terms and subject to the conditions of the Underwriting Agreement. The Company has arranged for the Rights Issue to be underwritten in full to provide certainty as to the amount of cash to be raised. The Underwriters' obligations under the Underwriting Agreement are conditional only upon:

- all of the Resolutions relating to the Rights Issue being passed by the requisite majorities of Shareholders at the EGM;
- Admission of the New Greencore Shares, nil paid and fully paid, having occurred not later than 8.00 a.m. on the earlier of (a) 29 November 2011 and (b) the date on which the Offer lapses or is withdrawn; and
- Greencore having complied in all respects with the New Credit Facility and such facility being made available to the Greencore Group prior to Admission.

If these conditions are not satisfied or (where permitted) waived by the Underwriters by the required time and date or become incapable of being satisfied by the required time and date, the Underwriters' obligations shall cease and terminate in which case the Rights Issue will be revoked and will not proceed and the provisional allotments will lapse. The Underwriters do not have any rights to terminate the Underwriting Agreement. Further details relating to the Underwriting Agreement are set out in paragraph 9.1 of Part XII of this document.

3.4 *Entitlements to New Greencore Shares under the Rights Issue*

The number of New Greencore Shares to which a Qualifying Shareholder will be entitled to subscribe will be determined by reference to, and in proportion to, the number of Existing Greencore Shares held by a Qualifying Shareholder on the Record Date and otherwise on the terms and conditions as set out in this document and, in the case of Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Shareholders with a registered address in, or located in, the United States or any other Excluded Territory) the Provisional Allotment Letters.

Entitlements to New Greencore Shares will be rounded down to the next lowest whole number and fractions of New Greencore Shares will not be provisionally allotted to Qualifying Shareholders. Such fractions will be aggregated and, if possible, sold as soon as practicable after the commencement of dealings in the New Greencore Shares, nil paid. The net proceeds of such sales (after deduction of expenses) will be aggregated and will ultimately accrue for the benefit of the Company.

The Company has received non-binding letters of intent from Sheffield Asset Management LLC and Letko Brosseau (representing, in aggregate, 17 per cent. of the issued ordinary share capital of the Company) expressing their intent to take up in full their rights to subscribe for New Greencore Shares pursuant to the Rights Issue. The Company has received an irrevocable undertaking from Polaris Capital Management Limited (representing 14.85 per cent. of the issued ordinary share capital of the Company) to take up in full its Rights to subscribe for New Greencore Share under the Rights Issue. Each of the Directors either intends to take up in full their Rights to subscribe for New Greencore Shares under the Rights Issue or to sell sufficient of their Nil Paid Rights during the nil paid dealing period to meet the costs of taking up the balance of their entitlement to New Greencore Shares.

3.5 *Overseas Shareholders*

The attention of Qualifying Shareholders who have registered addresses outside the United Kingdom or Ireland, or who are resident in or located in, or who are citizens of, countries other than the United Kingdom or Ireland, or who are holding Existing Greencore Shares for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents) or who have a contractual or other legal obligation to forward this document, a Provisional Allotment Letter and any other document in relation to the Rights Issue to such persons, is drawn to the information which appears in paragraph 5 of Part II of this document. In particular, Qualifying

Shareholders who have registered addresses in, or who are resident in or located in, or who are citizens of, countries other than the United Kingdom or Ireland, should consult their professional advisers whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their entitlements to the Rights Issue.

The Company reserves the right to treat as invalid and will not be bound to issue any New Greencore Shares in respect of any acceptance or purported acceptance of the offer of New Greencore Shares which:

- appears to the Company or its agents to have been executed, effected or despatched from the United States or any of the Excluded Territories unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement; or
- in the case of a Provisional Allotment Letter, provides an address for delivery of the share certificates in or, in the case of a credit of New Greencore Shares in CREST, to a CREST member or CREST sponsored member whose registered address would be in the United States or any of the Excluded Territories or any other jurisdiction outside the United Kingdom or Ireland in which it would be unlawful to deliver such share certificates or make such a credit unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement.

If the Rights Issue proceeds, New Greencore Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders, including Overseas Shareholders. However, subject to certain limited exceptions, Provisional Allotment Letters will not be sent to, and Nil Paid Rights will not be credited to CREST accounts of, Overseas Shareholders with registered addresses in the United States or any of the Excluded Territories.

The attention of Overseas Shareholders with registered addresses in, or otherwise resident in, the United States or any of the Excluded Territories is drawn to paragraph 2.5 of Part II of this document.

3.6 Status of the New Shares

Applications will be made for the New Greencore Shares, nil paid and fully paid, to be admitted to the Official Lists of the UK Listing Authority and Irish Stock Exchange and for the New Greencore Shares, nil paid and fully paid, to be admitted to trading on regulated markets of the London Stock Exchange and the Irish Stock Exchange.

The New Greencore Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Greencore Shares, including the right to receive all dividends or other distributions made, paid or declared by reference to a record date falling after the date of allotment and issue of the New Greencore Shares.

3.7 Expected timetable for the Rights Issue

Subject to the passing of the Resolutions at the EGM, the Record Date for the Rights Issue is expected to be 5.00 p.m. on 5 August 2011. It is expected that Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, those with registered addresses in the United States or any of the Excluded Territories) will be sent a Provisional Allotment Letter on 9 August 2011. Dealing in the New Greencore Shares, nil paid, is expected to commence on the London Stock Exchange and Irish Stock Exchange on 9 August 2011. The expected latest date for acceptance and payment in full by Shareholders under the Rights Issue is expected to be 23 August 2011.

Please refer to the section of this document headed “Expected Timetable of Principal Events” on page 24 for further details and an important note about possible changes to the Rights Issue timetable and how any such changes will be communicated to Shareholders.

3.8 Acceptance procedure

The procedure for acceptance and payment under the Rights Issue is set out in paragraph 2 in Part II of this document. Further details will also appear in the Provisional Allotment Letter, which will be sent to all Qualifying Non-CREST Shareholders (other than, subject to certain limited

exceptions, those Qualifying Non-CREST Shareholders with a registered address in the United States or any of the Excluded Territories).

3.9 **Further information**

Further information in relation to the Rights Issue is contained in Part II of this document, together with the terms and conditions of the Rights Issue.

If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your duly authorised stockbroker, bank manager, solicitor or other independent professional adviser (being, in the case of shareholders in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) and, in the case of shareholders in the United Kingdom, an adviser authorised pursuant to FSMA, or, in the case of Shareholders in a territory outside Ireland or the United Kingdom, from another appropriately authorised independent financial adviser).

4. **Financial effects of implementing the Acquisition and the Rights Issue**

4.1 **The Rights Issue**

On a pro forma basis and assuming completion of the Rights Issue on 25 March 2011, the Greencore Group would have had net assets of £225.3 million at that date (based on the net assets of the Greencore Group as at 25 March 2011 and gross proceeds of €80.2 million from the Rights Issue), as more fully set out in the unaudited pro forma financial information in Part IX of this document.

4.2 **The Acquisition**

On a pro forma basis and assuming Completion of the Acquisition had occurred on 25 March 2011, the Greencore Group would have had net assets of £225.3 million at that date (based on the net assets of the Greencore Group as at 25 March 2011 and the Uniq Group as at 31 December 2010), as more fully set out in the unaudited pro forma financial information in Part IX of this document.

4.3 **Impact on earnings**

The Directors expect the Acquisition and associated financing (including the Rights Issue) to deliver mid-single digit (percentage point) adjusted earnings per share⁵ accretion in the financial year to end September 2012 and to be significantly accretive in years thereafter. However, this statement does not constitute a profit forecast nor should it be interpreted to mean that the future earnings per share, profits, margins or cash flows of the Greencore Group, taking into account the effect of the Rights Issue, will necessarily be greater than the historic published earnings per share, profits, margins or cash flows of the Greencore Group. The return on invested capital associated with the Acquisition is expected to comfortably exceed the Group's weighted average cost of capital in the first year after completion of the Acquisition, with higher returns achieved in the years following.

The Board's expectations of these financial effects are based upon an assumed acquisition completion date of 30 September 2011 and the realisation of synergies on the basis described above and do not take into account any exceptional restructuring costs.

5. **Information on the Greencore Group**

The Greencore Group is an international manufacturer of convenience foods comprising a core "Convenience Foods" division and an "Ingredients and Property" division. The Convenience Foods division provides a wide range of customer and licensed brands to major retail and foodservice customers in the UK, Ireland and the US.

The Greencore Group operates from 20 facilities (18 of which are manufacturing facilities) in the UK, Ireland and the US, directly employing approximately 7,000 people.

5 For these purposes "adjusted earnings per share" is earnings per Greencore Share before exceptional items, pension finance items, acquisition related amortisation, FX on inter-company and certain external loan balances and the movement in the fair value of all derivative financial instruments and related debt adjustment. Adjusted earnings per share has been stated before the accounting recognition of deferred tax assets upon acquisition. This accretion statement reflects the expected phased synergies of the acquisition and excludes exceptional costs related to the acquisition.

In the UK, the Convenience Foods division supplies many of the major food retailers across a range of products including sandwiches, snack salads, chilled convenience meals, sushi, chilled soups and sauces, ambient sauces and pickles, cakes and desserts and Yorkshire puddings.

Recently, the Greencore Group has made significant steps to concentrate its strategic focus on its convenience foods businesses in the selected geographies of the UK and the US. This follows the completion of a successful disposal programme, which saw the disposals of Greencore Group's non-core malt, water and continental European convenience food businesses.

As a result, at 24 September 2010, the Greencore Group was a focused, strong performing convenience food business with a 31.8 per cent. decrease in net debt from the previous year (down from €283.5 million as at 25 September 2009 to €193.4 million as at 24 September 2010).

In the half year ended 25 March 2011, the Greencore Group unaudited Group Condensed Financial Statements showed that Greencore delivered a HY11 performance which generated operating profits⁶ from continuing operations of €27.0 million on continuing sales of €441.8 million. As a result of the decrease in average net debt during the period, bank interest payable reduced by €4.7 million. As at 25 March 2011, the Greencore Group unaudited Group Condensed Financial Statements for HY11 stated that the Greencore Group had total assets of €844.0 million and net assets of €179.9 million.

Further information on the Greencore Group is set out in Part III of this document. The Company's unaudited consolidated Group Condensed Financial Statements for the half year ended HY11 together with the Company's audited consolidated Group Financial Statements for FY10, FY09 and FY08 are incorporated by reference into this document, as set out in Part XIII. In addition, the unaudited Group Condensed Financial Statements for the half year ended 25 March 2011 together with the audited consolidated Group Financial Statements for FY10 and FY09 have been restated in Part VI of this document in pounds sterling in order to present that information in a form consistent with that which will, subject to Completion of the Acquisition, be adopted in the Greencore Group's consolidated group financial statements to be published for FY11. The adjustment is presentational and does not affect the Greencore Group's reported earnings.

6. Information on the Uniq Group

The Uniq Group is a private label chilled foods producer in the UK whose shares are quoted on AIM. Uniq's business comprises two divisions: "Food to Go" and "Desserts". Food to Go is comprised of the sandwiches business at Uniq's Northampton site and the Smedley's salads business at its Spalding site. The Desserts division is supplied by Uniq's Minsterley and Evercreech sites.

Uniq's strategy is to achieve growth by empowering its businesses, with the aim of giving them the speed and flexibility to meet the needs of Uniq's customers, and to leverage its combined scale to support its businesses and enhance growth opportunities through quality and efficiency of service delivery. Uniq intends to meet the needs of its customers and consumers through innovation that satisfies the demands of growing and ever-changing markets and working in partnership with its key suppliers and customers to achieve the most effective supply chain capable of delivering added value to its shared consumers.

Headquartered in Gerrards Cross, England, Uniq employs around 1,900 people and manufactures its products in four sites across the UK at Minsterley, Spalding, Evercreech and Northampton.

Despite a series of divestments made to strengthen the Uniq Group's business, the Uniq Pension Scheme deficit amounted to approximately £400 million (on a buy-out basis) in February 2011. As a result, Uniq agreed with the Trustee to implement the Restructuring which was designed to discharge Uniq and certain members of the Uniq Group from their obligations in relation to the defined benefit section of the Uniq Pension Scheme.

As part of the Restructuring, it was proposed that Angel Street would be issued with new Uniq Shares which amounted to 90.2 per cent. of the issued share capital of Uniq. At the time of the Restructuring Uniq had its shares admitted to the Premium Segment of the Official List of the UK Listing Authority and to trade on its regulated market. Following completion of the Restructuring, Uniq was unable to comply with the 25 per cent. free float requirement of the UK Listing Rules due to the size of Angel Street's shareholding and therefore cancelled the admission of the Uniq Shares to the Official List of the UK Listing Authority and the trading of the Uniq Shares on its regulated market from 1 April 2011. The Uniq

6 Operating profit is stated before amortisation of acquisition related intangibles and exceptional items.

Shares are now quoted on AIM. On 1 April 2011, Uniq announced that Angel Street was undertaking a process to realise all or part of its shareholding.

In the financial year ended 31 December 2010, Uniq generated an operating profit of £1.7 million and a loss before tax of £11.2 million. Revenue in this period was £311.9 million, operating profit before significant items was £4.1 million and loss before tax and significant items was £8.8 million. Revenue generated by Uniq's "Food To Go" and "Dessert" divisions was approximately equal during this financial year.

In the financial year ended 31 December 2009 Uniq generated an operating loss of £2.6 million and a loss before tax of £18.5 million. Revenue in this period was £287.2 million, operating loss before significant items was £1.9 million and loss before tax and significant items was £17.8 million.

As at 31 December 2010, the Uniq Group had gross assets of £182.6 million and net liabilities of £21.9 million.

Further details on the Uniq Group are set out in Part IV of this document and Uniq's audited consolidated financial statements for financial years ended 31 December 2010, 31 December 2009 and 31 December 2008 are contained in Part VIII to this document.

7. Current trading, trends and prospects

7.1 The Greencore Group

On 12 July 2011 the Greencore issued the following interim management statement for the three month period ended 1 July 2011:

"The FY11 financial year is a 53 week year. The 'additional' week is included in the third quarter results. As a result, the tables set out below include quarterly and year to date revenue growth rates both including and excluding the 'additional' week and are presented using both Reported and Constant Currency."

Third Quarter Revenue Performance

Revenue Progression	Q3 Reported Currency (14 weeks)	Q3 Constant Currency (14 weeks)	Q3 Reported Currency (excl extra week)	Q3 Constant Currency (excl extra week)
Convenience Foods	+12%	+18%	+4%	+9%
Ingredients & Property	+33%	+33%	+24%	+24%
Total	<u>+14%</u>	<u>+19%</u>	<u>+6%</u>	<u>+11%</u>

Year to Date Revenue Performance

Revenue Progression	YTD Reported Currency (40 weeks)	YTD Constant Currency (40 weeks)	YTD Reported Currency (excl extra week)	YTD Constant Currency (excl extra week)
Convenience Foods	+10%	+9%	+7%	+6%
Ingredients & Property	+14%	+14%	+11%	+11%
Total	<u>+10%</u>	<u>+9%</u>	<u>+7%</u>	<u>+6%</u>

Convenience Foods

In our Interim results announced on 24 May 2011, we highlighted that the Convenience Foods division had recorded a good first half in challenging market conditions with sales from continuing operations increasing by 4.3% on a Constant Currency basis. This sales momentum has continued into the third quarter with Constant Currency sales growing by 9% during that period. This strong performance was driven by:

- Buoyant underlying demand during April and May reflecting in part good weather and the timing of bank/public holidays;
- The year on year impact of new customer gains particularly in our largest businesses of Prepared Meals and Food to Go;
- The Grocery business returning to revenue growth having completed its product rationalisation programme;

- Good sales growth in the US business reflecting strong growth in the recently acquired “On A Roll” business. On a Roll contributed 3 percentage points of Constant Currency revenue growth to the Convenience Foods division in the quarter.

Input cost inflation is expected to be around 4% in FY2011 with over 95% of ingredients and packaging requirements for the financial year either purchased or contracted. The financial impact of this inflation will have been mitigated in FY2011 through internal efficiencies, product reconfiguration and selected price increases.

Ingredients and Property

This division experienced exceptional revenue growth in the quarter driven both by the impact of commodity price movements and strong underlying demand.

Financial Position

As previously reported, the Group successfully completed the refinancing of its primary bank facility of £280 million for a 5 year term at competitive rates during May.

Outlook

“The trading environment in our core UK convenience foods market has been both challenging and volatile during 2011 and the Board expects this to remain the case in the seasonally important final quarter of FY2011. Nevertheless, assuming that the average Euro: Sterling exchange rate for the full year remains in the range of 0.85-0.87, the Board anticipates delivering adjusted EPS in line with market expectations.”

The above statement represents a profit forecast.

For clarification, earnings for the purposes of the calculation of ‘adjusted earnings per share’ are Greencore Group profits for the financial period attributable to equity shareholders adjusted for:

- exceptional items;
- FX on intercompany and external balances where hedge accounting is not applied;
- the movement in the fair value of all derivative financial instruments and related debt adjustments;
- amortisation of acquisition related intangible assets; and
- the effect of pension financing.

At the time the Board understood market expectations of Greencore Group adjusted earnings per share to be in the range of 15.0c to 16.0c, based on research published by six brokers covering Greencore.

The profit forecast been properly compiled on the basis of the assumptions set out below and is based on the unaudited consolidated interim results as at and for the six month period ended 25 March 2011 which formed the basis of the interim management report, the unaudited management accounts for the eight months ended 27 May 2011 and a forecast for the period ended 30 September 2011.

The profit forecast has been prepared on a basis consistent with the accounting policies that are expected to be used in the Group’s consolidated financial statements for the year ended 30 September 2011. These policies are consistent with those set out in the Statement of Accounting Policies set out in the Group consolidated financial statements for the year ended 24 September 2010, as updated by Note 2 of the Group’s Half yearly Financial Report for the period ended 25 March 2011.

The profit forecast has been prepared on the assumption that:

- there will be no material acquisitions or disposals of businesses during the financial year ended 30 September 2011 other than already completed prior to the date of this document*;
- there will be no material change in current levels of demand in the Group’s principal markets caused by significant changes in economic or other factors;

- there will be no major disruptions to the business of the Group, its suppliers or customers due to natural disaster, terrorism, extreme weather conditions, industrial disruption, civil disturbance or government action;
- there will be no change in legislation or regulatory requirements that will have a material impact on the Group's operations;
- there will be no material change in the rates of exchange, or inflation from those currently prevailing; and
- there will be no material change in the present management or control of the Group or its existing operational strategy*.

* These factors are within the control or influence of the Directors. The other factors highlighted above are outside the influence and control of the Directors.

A report from KPMG on the profit forecast is contained in Part XIV of this document.

The bases and assumptions applied in preparing the profit forecast are set out in Part XIV of this document.

7.2 **Uniq**

On 17 June 2011, Uniq gave the following trading update at its annual general meeting:

"Trading in the first 21 weeks of 2011 has been in line with the board's expectations. Overall sales have increased by 2.4 per cent. on the same period last year. Desserts sales are down 5.9 per cent. reflecting the phased exit of Cottage Cheese and the loss of Everyday Desserts business from Minsterley from April 2011, as previously reported, while Premium Desserts sales are ahead of last year. Food to Go sales are up on last year by 11.2 per cent. as a result of a continued focus on providing the product and service required by our customers and the end consumer."

8. **Overview of the Greencore Group**

8.1 **Domicile and listing**

Following the Acquisition and the Rights Issue, the Company will remain domiciled and tax resident in Ireland, with its registered and corporate head office in Dublin. Greencore Shares will continue to be admitted to the Official Lists of the UK Listing Authority and the Irish Stock Exchange and to trade on their regulated markets.

In order to facilitate entry in to the FTSE UK Index Series, the Company intends to apply for the cancellation of the Greencore Shares on the Official List of the Irish Stock Exchange and for the trading of Greencore Shares on the regulated market of the Irish Stock Exchange within the 12 month period following the date of this document.

Following the Acquisition and the Rights Issue, Greencore will report results in pounds sterling. The change in reporting currency and listing reflects the concentration of the Greencore Group's activities in pounds sterling.

8.2 **Management and employees**

It is intended that all of the current members of the Board will continue to serve on the Board following Completion of the Acquisition.

The Board recognises that in order to achieve the planned benefits of the Acquisition some operational restructuring will be required following completion of the Acquisition, which may lead to some redundancies where the businesses have overlapping functions or where this would otherwise improve efficiency. However, no decisions will be taken regarding any redundancies until a business review has been undertaken following Completion of the Acquisition and appropriate consultation with employee representatives has occurred.

The existing employment rights of all employees of both the Greencore Group and the Uniq Group will, following the Completion of the Acquisition, be fully safeguarded and any employee consultation requirements will be complied with.

8.3 **Dividends**

Shareholders who were on the Company's register on 3 June 2011 will be entitled to receive and retain the interim dividend in respect of the first 26 weeks of FY11 (ended 25 March 2011) of 3.0 cent per Existing Greencore Share, which was declared on 24 May 2011, and which is expected to be paid on 5 October 2011.

The Greencore Board believes that the proposed financing of the Acquisition will leave the Greencore Group with a strong credit profile which will facilitate financial and strategic flexibility for the future. On Completion of the Acquisition, the Board expects that the financial leverage of the Greencore Group will be broadly in line with Greencore's present position. As the financial benefits of the Acquisition outlined above are realised, the Board expects this financial leverage to fall, with the Group's net debt approaching 2 times EBITDA by the end of the Greencore Group's financial year ending in 2013.

Reflecting the confidence that the Board has in the benefits of the Acquisition and the cash generative potential of the Greencore Group, it is intended that following Completion of the Acquisition the Company will maintain its progressive dividend policy and continue to target a dividend payout ratio of 40 to 50 per cent. of adjusted earnings per share⁷.

9. **Irrevocable undertakings and letters of intent**

9.1 **Shareholders**

In addition to the undertakings to vote in favour of the Resolutions received from the Directors, Greencore has also received irrevocable undertakings to vote in favour of the Resolutions from Polaris Management, LLC and Artemis Investment Management LLP in respect of a total of 42.6 million Greencore Shares representing approximately 20.4 per cent. of the issued share capital of Greencore.

Greencore has also received non-binding letters of intent to vote in favour of the Resolutions from Letko Brosseau and Sheffield Asset Management LLC in respect of a total of approximately 35.6 million Greencore Shares representing approximately 17.0 per cent. of the issued share capital of Greencore.

9.2 **Uniq Shareholders**

In addition to the Irrevocable Undertaking entered into by Angel Street, the Company has also received irrevocable undertakings to accept the Offer from the directors of Uniq in respect of 37,893 Uniq Shares in aggregate, representing approximately 0.03 per cent. of Uniq's existing issued ordinary share capital.

10. **Framework Agreement**

Greencore, Greencore Foods and Uniq have entered into the Framework Agreement which contains provisions relating to the implementation of the Offer, including: (i) commitments by Greencore and Uniq to co-operate in relation to the preparation of documentation in connection with the Offer; (ii) commitments by Greencore and Uniq to co-operate in relation to applications to be made for clearance from relevant competition authorities; (iii) the provision of non-confidential information by Uniq to Greencore; (iv) assistance to be provided by Uniq to enable Greencore to commence preparatory arrangements for post-acquisition planning; and, (v) certain assurances and confirmations regarding the conduct of the business of Uniq. The Framework Agreement will terminate only in the event that (i) any condition of the Offer becomes incapable of being satisfied; (ii) the Offer lapses in accordance with its terms or is not made; or, (iii) by notice from Greencore to Uniq if the recommendation of Uniq Directors to accept the Offer is not given or is withdrawn, modified or qualified.

11. **Pension Schemes**

Neither the Acquisition, nor the Rights Issue will itself have any direct effect on pension accruals for members of the Greencore Group Pension Schemes, nor is it expected to have any adverse consequences on the expected funding contribution schedule of the Greencore Group Pension Schemes.

⁷ This does not mean that the Group's dividend payout ration will necessarily be at the level stated and this statement does not constitute a profit forecast or be interpreted to mean that future earnings per share, profits, margins and cashflow will support such a dividend policy.

Uniq and certain other members of the Uniq Group were discharged from their obligations in relation to the defined benefit section of the Uniq Pension Scheme (the pension deficit at the time was estimated to be more than £400 million on a buy-out basis) pursuant to the Restructuring which completed on 24 March 2011. The Uniq Pension Scheme was separated into two segregated sections pursuant to the Restructuring so that Uniq and certain other members of the Uniq Group could be discharged from their obligations relating to the defined benefit section of the Uniq Pension Scheme while leaving the money purchase section of the scheme, which is still open to future accrual, so far as possible unaffected by the Restructuring.

Any proposal by the Company to review pension provision going forward (whether before or after the Acquisition) would be the subject of a separate consultation exercise as and where required by local law.

12. Share Schemes

The Acquisition will have no effect on share options and incentive awards granted under the Greencore Share Schemes. As a result of the Rights Issue, any options or awards under the Greencore Share Schemes would be adjusted to take account of the dilutive effect of the Rights Issue, in accordance with the rules of the Greencore Share Schemes (subject, where applicable, to the consent of the appropriate tax authorities).

Uniq has the Uniq Approved Scheme, the Uniq Unapproved Scheme and the Uniq PIP. It is not anticipated that the single outstanding award under the Unapproved Scheme will be exercised due to the amount of the exercise price relating thereto. Subject to the achievement of performance conditions, it is anticipated that Uniq will settle all entitlements under the Uniq PIP in cash on Completion of the Acquisition.

13. Taxation

Your attention is drawn to Part X of this document. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

14. Renominalisation of Greencore Shares

Pursuant to the Articles of Association, the Company is not permitted to issue Greencore Shares at a discount to their nominal value, which is currently €0.63 per Greencore Share. It is proposed that the Company carries out the Renominalisation, which will reduce the nominal value of Greencore Shares to €0.01. This provides the Company and the Underwriters with the ability to set the Rights Issue Price at €0.46. The Rights Issue is conditional on, amongst other things, the approval of the Renominalisation by Shareholders.

It is proposed that, pursuant to the Renominalisation, each Existing Greencore Share in issue at the close of business on the date of the EGM will be subdivided into one Greencore Share of €0.01 ("€0.01 Greencore Shares") and one deferred share of €0.62 in the capital of the Company ("Deferred Shares"). The purpose of the issue of Deferred Shares is to ensure that the reduction in the nominal value of the Existing Greencore Shares does not result in a reduction in the capital of the Company.

Each Shareholder's proportionate interest in the issued ordinary share capital of the Company will remain unchanged as a result of the Renominalisation. Aside from the change in nominal value, the rights attaching to the €0.01 Greencore Shares (including voting and dividend rights and rights on a return of capital) will be identical in all respects to those of the Existing Greencore Shares immediately before the Renominalisation. No new share certificates will be issued in respect of the €0.01 Greencore Shares as existing share certificates for Existing Greencore Shares will remain valid in respect of the same number of €0.01 Greencore Shares arising from the Renominalisation. The Renominalisation will not affect the Company's net assets. Consequently, the market price of Greencore Shares immediately after completion of the Renominalisation should be the same as the market price immediately prior to the Renominalisation.

The Deferred Shares created on the Renominalisation becoming effective will have no voting or dividend rights and, on a return of capital on a winding up of the Company, will have the right to receive the amount paid up thereon only after Shareholders have received, in aggregate, any amounts paid up thereon plus €10 million per Greencore Share, the purpose of which is to ensure that the Deferred Shares have no economic value.

No share certificates or documents of title will be issued in respect of the Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to Deferred Shares, nor will they be admitted to the Official Lists or to trading on the Irish Stock Exchange, the London Stock Exchange or any other investment exchange. The Deferred Shares shall not be transferable at any time, other than with the prior written consent of the Board.

At the appropriate time, the Company may redeem or repurchase the Deferred Shares, make an application to the Irish High Court for the Deferred Shares to be cancelled, or acquire or cancel or seek the surrender of the Deferred Shares (in each case for no consideration) using such other lawful means as the Board may determine.

15. Extraordinary General Meeting

The notice convening the EGM to be held at 11.00 a.m. on 8 August 2011 at The Crowne Plaza Hotel, Northwood Business Park, Santry, Dublin 9 is set out in Schedule I to this document. The purpose of this meeting is to approve the Resolutions proposed in connection with the Acquisition and the Rights Issue. A summary of these resolutions is set out below. The full text of the Resolutions is set out in the notice in Schedule I.

Under the Listing Rules, the Acquisition is classified as a Class 1 Transaction (due to the size of the transaction relative to the Greencore Group). As such, the Acquisition requires the prior approval of Shareholders at a general meeting of the Company.

Accordingly, Resolution 1 to approve the Acquisition is being proposed at the EGM. Resolution 1 is an ordinary resolution requiring a simple majority of votes in favour in order to be passed and provides that the Board be authorised to implement the Acquisition, either by way of the Offer or, in the alternate (and subject to the consent of the UK Panel) by way of Scheme of Arrangement, subject to such non-material amendments to the terms as may be agreed by a committee of the Board.

Resolution 2 is a special resolution and the Acts require a majority of 75 per cent. of votes in favour in order for it to be passed. The purpose of Resolution 2 is to effect the Renominalisation by reducing the nominal value of Greencore Shares from €0.63 per share to €0.01 per share in order to help ensure that the Rights Issue Price can, if necessary, be less than €0.63 per share. The Renominalisation is described in further detail in section 14 of this letter.

Resolution 3 is an ordinary resolution requiring a simple majority of votes in favour in order to be passed and is required to be passed by the Acts. Resolution 3 proposes the increase in the Company's authorised ordinary share capital from 300,000,000 ordinary shares to 500,000,000 ordinary shares, which will create the additional unissued authorised capital necessary for the Company to implement the Rights Issue and meet such general requirements as may arise from time to time to issue more shares. If Resolution 3 becomes effective, the total increase in the authorised share capital of the Company will represent an increase of approximately 66 per cent. of the authorised share capital of the Company as at 14 July 2011, being the latest practicable date prior to the publication of this document.

Resolution 4 is a special resolution requiring a majority of 75 per cent. of votes in favour in order to be passed and is required to be passed by the Acts. Resolution 4 proposes the adoption of new Memorandum and Articles of Association of the Company incorporating provisions to effect the Renominalisation. The Company's current Memorandum and Articles of Association, and the Memorandum and Articles of Association as proposed to be amended by Resolution 4 are available for inspection during normal business hours on a Business Day at the locations set out in paragraph 17 of Part XII of this document and will also be available for inspection at the venue of the EGM for at least 15 minutes prior to, and during, the EGM.

Resolution 5 is an ordinary resolution requiring a simple majority of votes in favour in order to be passed and is required to be passed by the Acts. Resolution 5 is required to give the Directors the authority required by the Acts for the issue of the New Greencore Shares pursuant to the Rights Issue. Resolution 5 proposes that the Directors be authorised to allot New Greencore Shares for the purposes of the Rights Issue up to a maximum nominal amount equal to €1,743,000, comprising 174,300,000 New Greencore Shares (after the Renominalisation), being approximately equivalent to 83.3 per cent. of the nominal value of the existing issued ordinary share capital. This authority will lapse if not utilised in connection with the Rights Issue.

Resolution 6 is a special resolution requiring a majority 75 per cent. of votes in favour in order to be passed and is required to be passed by the Acts. Resolution 6 is required to confer on the Directors the power to disapply the statutory pre-emption provisions in the Acts relating to the allotment and issue of ordinary shares up to a maximum nominal amount equal to €1,743,000 for the purposes of the Rights Issue, being approximately equivalent to 83.3 per cent. of the nominal value (as adjusted by the Renominalisation) of the existing issued ordinary share capital of the Company.

The Resolutions to be proposed at the EGM are interconditional, which means none of these Resolutions will be deemed to be passed unless all Resolutions proposed at the EGM are passed.

16. Action to be taken by Shareholders

16.1 *In respect of the EGM*

A Form of Proxy for use at the EGM (or any adjournment thereof) accompanies this document. Whether or not you intend to be present at the EGM (to be held at 11.00 a.m. on 8 August 2011 at The Crowne Plaza Hotel, Northwood Business Park, Santry, Dublin 9), you are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by the Company's Registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland, no later than 11.00 a.m. on 6 August 2011 (or, in the case of an adjournment, no later than 48 hours before the time fixed for holding the adjourned meeting).

You may submit your proxy electronically via the internet by accessing the Registrar's website at www.eproxyappointment.com. You will be asked for your control number, shareholder reference number and unique PIN, all of which appear on the Form of Proxy sent to you. Alternatively, if you hold your Existing Greencore Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare Investor Services (Ireland) Limited (CREST participant ID 3RA50), in each case so that it is received by no later than 11.00 a.m. on 6 August 2011 (or, in the case of an adjournment, no later than 48 hours before the time fixed for holding the adjourned meeting).

The completion and return of the Form of Proxy, an electronic proxy appointment notification or a CREST Proxy Instruction (as the case may be) will not prevent you from attending and voting in person at the EGM or any adjournment thereof, should you wish to do so.

If the Form of Proxy is not returned or the electronic proxy appointment notification or CREST Proxy Instruction is not submitted so as to be received by 11.00 a.m. on 6 August 2011 (or, in the case of an adjournment, no later than 48 hours before the time fixed for holding the adjourned meeting), your vote will not count unless you attend the EGM in person.

16.2 *In respect of the Rights Issue*

Subject to the passing of all of the Resolutions to be proposed at the EGM, the record date for entitlements under the Rights Issue is expected to be 5.00 p.m. on 5 August 2011. Dealing in the New Greencore Shares, nil paid and fully paid is expected to commence on the London Stock Exchange and Irish Stock Exchange at 8.00 a.m. on 9 August 2011.

If the Rights Issue proceeds on this basis:

- if you are a Qualifying Non-CREST Shareholder (other than, subject to certain limited exceptions, those with a registered address in, or who are resident in, the United States or any Excluded Territory) you will be sent a Provisional Allotment Letter giving details of your entitlements to New Greencore Shares and the final Rights Issue Price and containing instructions on how to take up your entitlements under the Rights Issue; and
- if you are a Qualifying CREST Shareholder (other than, subject to certain limited exceptions, those with a registered address in, or who are resident in, the United States or any Excluded Territory) your CREST share account will be credited with your entitlement to Nil Paid Rights. You will not be sent a Provisional Allotment Letter. If you are a CREST sponsored member you should refer to your CREST sponsor regarding the action to be taken.

The procedures for acceptance and payment under the Rights Issue are set out in Part II (Information on the Rights Issue) of this document. The latest time and date for acceptance and

payment in full by Shareholders in respect of the Rights Issue is expected by the Company to be 11.00 a.m. on 23 August 2011, unless otherwise announced to a Regulatory Information Service.

If you are in any doubt as to what action you should take, you should immediately seek your own financial advice from your duly authorised stockbroker, bank manager, solicitor or other independent professional adviser (being, in the case of shareholders in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 (as amended) or the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) and, in the case of shareholders in the United Kingdom, an adviser authorised pursuant to FSMA, or, in the case of shareholders in a territory outside Ireland or the United Kingdom, from another appropriately authorised independent financial adviser).

16.3 Shareholder Helpline

If you have any questions please telephone the Shareholder Helpline. Please note that for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document and information relating to the Company's register of members and will be unable to give advice on the merits of the Acquisition or the Rights Issue or to provide legal, business, financial, tax, investment or other professional advice.

17. Further information

Before taking any action, you should read the whole of this document (and any information incorporated by reference into it) and, in particular, the section entitled "Risk Factors" set out on pages 11 to 19. The terms of the Rights Issue are set out in full in Part II.

18. Recommendation

The Board, which has received financial advice from Barclays Capital, considers the terms of the Acquisition to be fair and reasonable. In providing advice to the Board, Barclays Capital has relied upon the Board's commercial assessment of the Acquisition.

The Board considers the Acquisition and the Rights Issue to be in the best interests of the Company and Shareholders as a whole and, accordingly, unanimously recommends that Shareholders vote in favour of all of the Resolutions to be proposed at the EGM, as the Directors have irrevocably undertaken to do in respect of their own respective beneficial holdings of 721,090 Greencore Shares (representing, in aggregate, approximately 0.34 per cent. of the issued ordinary share capital of the Company).

Each of the Directors either intends to take up in full their rights to subscribe for New Greencore Shares under the Rights Issue or to sell sufficient of their Nil Paid Rights during the nil paid dealing period to meet the costs of taking up the balance of their entitlement to New Greencore Shares.

Yours sincerely

Chairman

PART II

INFORMATION ON THE RIGHTS ISSUE

1. Terms and Conditions of the Rights Issue

Subject to the fulfilment of the terms and conditions referred to below, the Company is proposing to raise gross proceeds of approximately €80.2 million through the Rights Issue. This will involve the issue of 174,276,013 New Greencore Shares, which are being offered to Qualifying Shareholders on the basis set out in this document (and in the case of Qualifying Non-Crest Shareholders (other than, subject to certain exception, Shareholders with a registered address in or located in, the United States or any other Excluded Territory), the Provisional Allotment Letter).

Under the Rights Issue, the New Greencore Shares will be offered by way of Nil Paid Rights to Qualifying Shareholders (other than, subject to certain limited exceptions, those with registered addresses in the United States or in the Excluded Territories) at a Rights Issue Price of €0.46 per New Greencore Share.

The number of New Greencore Shares to which a Qualifying Shareholder shall be entitled to subscribe will be determined by reference to, and in proportion to, the number of Existing Greencore Shares held by a Qualifying Shareholder on the Record Date ("Record Date Shares") on the basis of 5 New Greencore Shares for every 6 Record Date Share held and otherwise on the terms and conditions as set out in this document and, in the case of Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Shareholders with a registered address in, or located in, the United States or any other Excluded Territory) the Provisional Allotment Letters.

The Nil Paid Rights (also described as New Greencore Shares, nil paid) are entitlements to subscribe for the New Greencore Shares subject to payment of the Rights Issue Price. The Fully Paid Rights (also described as New Greencore Shares, fully paid) are entitlements to receive the New Greencore Shares, for which a subscription and payment has already been made.

Holdings of Record Date Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue. Entitlements to New Greencore Shares will be rounded down to the next lowest whole number and fractions of New Greencore Shares will not be allotted to Qualifying Shareholders. Such fractions will be aggregated and, if possible, sold as soon as practicable after the commencement of dealings in the New Greencore Shares, nil paid. The net proceeds of such sales (after deduction of expenses) will be aggregated and will ultimately accrue for the benefit of the Company.

The attention of Overseas Shareholders or any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this document into a jurisdiction other than Ireland or the United Kingdom is drawn to paragraph 2.5 and, in particular, the representations and warranties set out in 2.5.6(i) and 2.5.6(ii) below. Subject to the provisions of paragraph 2.5 below, Qualifying Shareholders with a registered address in the United States or any other Excluded Territory, will not have their CREST stock accounts credited with Nil Paid Rights and will not be sent Provisional Allotment Letters.

Applications will be made for the New Greencore Shares, nil paid and fully paid, to be admitted to listing on the Official Lists and to trading on the regulated markets of the London Stock Exchange and Irish Stock Exchange. It is expected that Admission of the Nil Paid Rights and Fully Paid Rights will become effective on 9 August 2011, and that dealings in the New Greencore Shares, nil paid, will commence by 8.00 a.m. on that date. The Existing Greencore Shares are (and the New Greencore Shares will be) in registered form and are (and will be) capable of being held in certificated or uncertificated form via CREST.

The ISIN for the New Greencore Shares will be the same as that of the Existing Greencore Shares, being IE0003864109. The ISIN for the Nil Paid Rights is IE00B5BGYF49 and for the Fully Paid Rights is IE00B4XKLD45.

The Existing Greencore Shares are already admitted to CREST. No further application for admission to CREST is required for the New Greencore Shares and all of the New Greencore Shares when issued and fully paid may be held and transferred by means of CREST. Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear requires the Company to confirm to it that certain conditions (imposed by the CREST Manual) have been satisfied before

Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied, in respect of the Nil Paid Rights and the Fully Paid Rights, on Admission. As soon as practicable after satisfaction of the conditions, the Company will confirm this to Euroclear.

None of the New Greencore Shares have been marketed or will be made available in whole or in part to the public other than pursuant to the Rights Issue.

The Rights Issue has been fully underwritten pursuant to the Underwriting Agreement. There are, however, certain limited conditions to the underwriting of the Rights Issue including, amongst others:

- (i) all of the Resolutions being passed by the requisite majorities of Shareholders at the EGM;
- (ii) the Underwriting Agreement having become unconditional in all respects (save for the condition relating to Admission);
- (iii) the New Credit Facility becoming and continuing to be enforceable against all of the parties thereto and having, and continuing to have, full force and effect;
- (iv) the Company having complied with all of its obligations and having satisfied all conditions to be satisfied by it under the New Credit Facility (as such obligations and conditions fall to be satisfied before Admission); and
- (v) Admission of the New Greencore Shares, nil paid, and fully paid occurring by not later than 8.00 a.m. on the earlier of (a) 29 November 2011; and (b) the date on which the Offer lapses or is withdrawn.

The Underwriters have arranged sub-underwriting for some of the New Greencore Shares. A summary of the principal terms and conditions of the Underwriting Agreement is contained in paragraph 9.1 of Part XII of this document.

The Underwriters and any of their respective affiliates may engage in trading activity, other than in connection with their roles under the Underwriting Agreement, and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own account in securities of the Company and related or other securities and instruments (including the Existing Greencore Shares, the Nil Paid Rights and Fully Paid Rights). Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

Subject to the conditions referred to above being satisfied (other than the condition relating to Admission of the Nil Paid Rights and Fully Paid Rights and save as provided in paragraph 2.5 below in respect of Overseas Shareholders), it is intended that:

- (i) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Shareholders with a registered address in the United States or any other Excluded Territory) on 8 August 2011;
- (ii) Computershare will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders with such shareholders' entitlements to Nil Paid Rights as soon as practicable (other than, subject to certain limited exceptions, Shareholders with a registered address in the United States or any other Excluded Territory) with effect from 8.00 a.m. on 9 August 2011;
- (iii) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear as soon as practicable after the Company has confirmed to Euroclear that all the conditions for admission of such rights to CREST have been satisfied, which is expected to be by 8.00 a.m. on 9 August 2011;
- (iv) New Greencore Shares will be credited to the relevant Qualifying CREST Shareholders (or their renounees) who validly take up their Rights by no later than 24 August 2011; and
- (v) share certificates for the New Greencore Shares to be held in certificated form will be despatched to relevant Qualifying Non-CREST Shareholders who validly take up their Rights by no later than 2 September 2011.

Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, Shareholders with a registered address or who are resident or located in the United States or any other Excluded Territory) will be sent a Provisional Allotment Letter (as described in step (i) above) to enable them to participate in the Rights Issue. Qualifying CREST Shareholders (other than, subject to certain limited exceptions, Shareholders with a registered address or who are resident or located in the United States

or any other Excluded Territory) can participate in the Rights Issue by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in step (iii) above) (such Shareholders' stock accounts having been credited as described in step (ii) above).

The New Greencore Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Greencore Shares (following the Renominalisation), including the right to receive all dividends or other distributions made, paid or declared by reference to a record date falling after the date of their issue. There will be no restrictions on the free transferability of the New Greencore Shares save as provided in the Memorandum and Articles of Association of the Company. The rights attaching to the New Greencore Shares are governed by the Memorandum and Articles of Association of the Company, a summary of which is set out in paragraph 3 of Part XII of this document.

All documents, including Provisional Allotment Letters (which constitute temporary documents of title), cheques and certificates sent to, by, from or on behalf of Qualifying Shareholders and/or their transferees or renounees (or their agents, as appropriate) will be sent entirely at their own risk.

Shareholders taking up their Rights by completing a Provisional Allotment Letter or by sending a Many-To-Many ("MTM") instruction to Euroclear will be deemed to have given the representations and warranties set out in paragraph 2.5.6 of this Part II, unless the requirement is waived by the Company.

2. Action to be taken

The action to be taken in respect of the New Greencore Shares depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Non-CREST Shareholder other than, subject to certain limited exceptions, an Existing Greencore Shareholder with a registered address, or who is resident in the United States or any other Excluded Territory, please refer to paragraphs 2.1, 2.3, 2.4 and 2.5 to 2.8 of this Part II.

If you are a Qualifying CREST Shareholder (other than, subject to certain limited exceptions, a Shareholder with a registered address, or who is resident or located in the United States or any other Excluded Territory), please refer to paragraphs 2.2, 2.3, 2.4 and 2.5 to 2.8 of this Part II and to the CREST Manual for further information on the CREST procedures referred to below.

If you are a Qualifying CREST Shareholder or a Qualifying Non-CREST Shareholder holding Existing Greencore Shares on behalf of, or for the amount or benefit of any person on a non-discretionary basis who is in the United States or any state of the United States, please refer to paragraph 2.5.2 of this Part II.

If you are a Qualifying CREST Shareholder or a Qualifying Non-CREST Shareholder with a registered address, or, subject to certain limited exceptions, who is resident in an Excluded Territory other than the United States, please refer to paragraph 2.5.3 of this Part II.

CREST sponsored members should refer to their CREST sponsors, as only their CREST sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST sponsored members.

All enquiries in relation to the Provisional Allotment Letters should be addressed to the shareholder helpline on (01) 431 9832 (if calling from within Ireland) or + 353 (1) 431 9832 (if calling from outside Ireland) between 9.00 a.m. and 5.00 p.m. on any Business Day. Please note that, for legal reasons, the shareholder helpline is only able to provide information contained in this document and information relating to Company's register of members and is unable to give advice on the merits of the Rights Issue or to provide legal, business, financial, accounting, tax, investment or other professional advice.

2.1 Action to be taken by Qualifying Non-CREST Shareholders in relation to the Nil Paid Rights represented by Provisional Allotment Letters

2.1.1 General

Provisional Allotment Letters are expected to be despatched to Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions as set out in paragraph 2.5 of this Part II, Qualifying Non-CREST Shareholders with a registered address in the United States or any other Excluded Territory) on 8 August 2011. Each Provisional Allotment Letter will set out:

- (i) the holding at the Record Date of Record Date Shares in certificated form on which the relevant Qualifying Shareholder's entitlement to New Greencore Shares has been based;
- (ii) the aggregate number and cost of New Greencore Shares in certificated form which have been provisionally allotted to the relevant Qualifying Shareholder;
- (iii) the procedures to be followed if the relevant Qualifying Shareholder wishes to dispose of all or part of his or her entitlement, convert all or part of his or her entitlement into uncertificated form or make use of the cashless take-up facility offered by Computershare;
- (iv) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation;
- (v) the procedure to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of his/her Nil Paid Rights through the Computershare Dealing Facility.

The latest time and date for requesting the sale of all Nil Paid Rights through the Computershare Dealing Facility will be 3.00 p.m. on 16 August 2011.

On the basis that Provisional Allotment Letters are posted on 8 August 2011, and that dealings in Nil Paid Rights commence on 9 August 2011, the latest time and date for acceptance and payment in full will be 11.00 a.m. on 23 August 2011.

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 8 August 2011, the expected timetable, as set out at the front of this document, will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service. All references in this Part II should be read as being subject to such adjustment.

2.1.2 Procedure for acceptance and payment

- (i) Qualifying Non-CREST Shareholders who wish to accept in full
Holders of Provisional Allotment Letters who wish to take up all of their Rights must return the Provisional Allotment Letter, together with payment of the full amount payable on acceptance, in accordance with the provisions of paragraph 2.1.2(vi) (Payments) of this Part II and in accordance with the instructions printed on the Provisional Allotment Letter, by post or by hand (during normal business hours only) to Computershare at the relevant address set out on page 26 of this document, so as to arrive as soon as possible and in any event so as to be received by not later than 11.00 a.m. on 23 August 2011. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for this purpose. If you post your Provisional Allotment Letter, it is recommended that you allow sufficient time for delivery. Once you have posted your Provisional Allotment Letter, duly completed with payment in this manner, you will be treated as having accepted the offer to subscribe for your entitlement of New Greencore Shares.
- (ii) Qualifying Non-CREST Shareholders who wish to accept in part
Holders of Provisional Allotment Letters who wish to take up some but not all of their Rights and wish to sell some or all of those Rights which they do not want to take up should first apply for split Provisional Allotment Letters by completing Form X on the Provisional Allotment Letter and returning it, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights or Fully Paid Rights (if appropriate) to be comprised in each split Provisional Allotment Letter, by post or by hand (during normal business hours only) to Computershare at the relevant address set out on page 26 of this document by 3.00 p.m. on 19 August 2011, the last date and time for splitting Nil Paid Rights or Fully Paid Rights. The Provisional Allotment Letter will then be cancelled and exchanged for the split Provisional Allotment Letters required. Such holders of Provisional Allotment Letters should then deliver the split Provisional Allotment Letter representing the Rights they wish to take up together with the payment for the amount payable on acceptance of such Rights, in accordance with the provisions of paragraph 2.1.2(vi)(Payments) of this Part II, by not later than 11.00 a.m. on

23 August 2011, the last time and date for acceptance and payment in full. The further split Provisional Allotment Letters (representing the New Greencore Shares such holder does not wish to take up) will be required in order to sell those rights not being taken up and will be returned by post.

Alternatively, Qualifying Non-CREST Shareholders who wish to take up some of their Rights, without selling or transferring the remainder, should complete Form X and the appropriate section on the original Provisional Allotment Letter indicating the number of New Greencore Shares they wish to take up and return it, together with a covering letter confirming the number of such Rights to be taken up together with payment for the amount payable on acceptance of such Rights in accordance with the provisions of paragraph 2.1.2(vi)(Payments) of this Part II, by post or by hand (during normal business hours only) to Computershare at the relevant address set out on page 26 of this document. In this case, the Provisional Allotment Letter and payment must be received by Computershare by 3.00 p.m. on 23 August 2011, the last date and time for splitting Nil Paid Rights.

- (iii) Qualifying Non-CREST Shareholders who wish to dispose of all of their Nil Paid Rights through the Computershare Dealing Facility

Qualifying Non-CREST Shareholders who wish to dispose of all of their Nil Paid Rights through the Computershare Dealing Facility should tick the box under Option C "Sell all your rights" on page 1 of the Provisional Allotment Letter, sign and date the bottom of page 1 of the Provisional Allotment Letter, and return their Provisional Allotment Letter, by post or by hand (during normal business hours only) to Computershare at the relevant address set out on page 26 of this document by 3.00 p.m. on 16 August 2011, the latest time and date for requesting disposals of Nil Paid Rights through the Computershare Dealing Facility. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for this purpose and for use in Ireland only. The terms and conditions of the Computershare Dealing Facility are appended to the Rights Issue Guide which accompanies the Provisional Allotment Letter.

- (iv) If you want to utilise the cashless take-up facility

If you want to utilise Computershare's Dealing Facility to sell a sufficient number of Nil Paid Rights to raise money to take up the remainder you should tick option B on the front page of the Provisional Allotment Letter, sign and date it and return the Provisional Allotment Letter by 3.00 p.m. on 16 August 2011. Other stockbrokers may offer this service and you would need to provide them with the Provisional Allotment Letter. The terms and conditions of this service are appended to the Rights Issue Guide which accompanies the Provisional Allotment Letter.

- (v) The Company's discretion as to validity of acceptances

If payment as set out in this Part II is not received in full by 11.00 a.m. on 23 August 2011, the provisional allotment will be deemed to have been declined and will lapse. The Company may elect, with the agreement of the Underwriters, but shall not be obliged, to treat as valid Provisional Allotment Letters and accompanying remittances for the full amount due which are received through the post with a post mark dated prior to 11.00 a.m. on 23 August 2011.

The Company may also (in its sole discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any acceptance or purported acceptance of the New Greencore Shares that appears to the Company to have been executed in, despatched from or that provided an address for delivery of definitive share certificates for New Greencore Shares in the United States or any other Excluded Territory unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

A Qualifying Non-CREST Shareholder who makes a valid acceptance and payment in accordance with this paragraph 2 is deemed to request that the New Greencore Shares to which they will become entitled be issued to them on the terms set out in this document and subject to the Memorandum and Articles of Association of the Company.

(vi) Payments

All payments must be in euro and made by cheque or banker's draft made payable to Computershare – Greencore plc Rights Issue and crossed "A/C payee only". Cheques or banker's drafts must be drawn on a licensed bank or licensed building society or branch of a licensed bank or licensed building society in Ireland. Banker's drafts (or equivalent instruments) may be drawn on any licensed credit institution or branch of a licensed credit institution within the Eurozone or the United Kingdom. From Admission of the Nil Paid Rights and Fully Paid Rights, Qualifying Non-CREST Shareholders agree that Computershare will hold such moneys in trust for the Company. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Computershare to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Rights Issue that cheques or banker's drafts shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques or banker's drafts are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent by, to, from or on behalf of the Qualifying Non-CREST Shareholder at their own risk. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If the New Greencore Shares have already been allotted to a Qualifying Non-CREST Shareholder prior to any payment not being so honoured upon first presentation or such acceptances being treated as invalid, the Company may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such New Greencore Shares on behalf of such Qualifying Non-CREST Shareholder and hold the proceeds of sale (net of the Company's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale, including, without limitation, any stamp duty payable on the transfer of such New Greencore Shares, and of all amounts payable by such Qualifying Non-CREST Shareholder pursuant to the terms of the Rights Issue in respect of the acquisition of such New Greencore Shares) on behalf of such Qualifying Non-CREST Shareholder. Neither the Company nor the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

If a cheque or banker's draft sent by a Qualifying Non-CREST Shareholder is drawn for an amount different from that set out on that Shareholder's Provisional Allotment Letter, that Shareholder's application shall be treated as an acceptance in respect of such whole number of New Greencore Shares that could be subscribed for at the Rights Issue Price with the amount for which that cheque or banker's draft is drawn (and not the amount set out in the Provisional Allotment Letter). Any balance from the amount of the cheque will be retained for the benefit of the Company.

(vii) Representations and Warranties

Holders of Provisional Allotment letters who are Overseas Shareholders and who wish to take up any of their entitlements must make the representations and warranties set out in paragraph 2.5.6 of this Part II.

2.1.3 *Anti-Money Laundering Legislation*

It is a term of the Rights Issue that, to ensure compliance with Anti-Money Laundering Legislation, the Company and/or Computershare, may require verification of the identity of the person by whom or on whose behalf a Provisional Allotment Letter is lodged with payment (which requirements are referred to below as the “verification of identity requirements”). The person(s) (the “acceptor”) who, by lodging a Provisional Allotment Letter with payment, as described above, accept(s) the allotment of the New Greencore Shares (the “relevant New Greencore Shares”) comprised in such Provisional Allotment Letter (being the provisional allottee or, in the case of renunciation, the person named in such Provisional Allotment Letter) shall thereby be deemed to agree to provide Computershare and/or the Company with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements and agree for Computershare to make a search via a credit reference agency where deemed necessary (a record of the search results will be retained).

If Computershare determines that the verification of identity requirements apply to an acceptance of an allotment and the verification of identity requirements have not been satisfied (which Computershare shall in its absolute discretion determine) by 11.00 a.m. on 23 August 2011, the Company may, in its absolute discretion, and without prejudice to any other rights of the Company, treat the acceptance as invalid or may confirm the allotment of the relevant New Greencore Shares to the acceptor but (notwithstanding any other term of the Rights Issue) such New Greencore Shares will not be issued to him or her or registered in his or her name until the verification of identity requirements have been satisfied (which Computershare shall in its absolute discretion determine). If the acceptance is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the acceptor, as the Company may in its absolute discretion allow, the Company will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to place the relevant New Greencore Shares (and for that purpose the Company will be expressly authorised to act as agent of the acceptor). Any proceeds of sale (net of expenses) of the relevant New Greencore Shares which shall be issued to and registered in the name of the purchaser(s) or an amount equivalent to the original payment, whichever is the lower, will be held by the Company in trust for the acceptor, subject to the requirements of the Anti-Money Laundering Legislation. The Registrar is entitled in its absolute discretion to determine whether the verification of identity requirements apply to any acceptor and whether such requirements have been satisfied. Neither the Company nor Computershare will be liable to any person for any loss suffered or incurred as a result of the exercise of any such discretion or as a result of any sale of relevant New Greencore Shares.

Return of a Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the acceptor that the Anti-Money Laundering Legislation will not be breached by acceptance of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity may result in your acceptance being treated as invalid or in delays in the despatch of a receipted fully paid Provisional Allotment Letter or a share certificate.

The verification of identity requirements will not usually apply:

1. if the acceptor is an organisation required to comply with the Money Laundering Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending the Council Directive 91/308/EEC on the prevention of the use of the financial system for the purposes of money laundering or the Money Laundering Directive 2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; or
2. if the acceptor is a regulated Irish broker or intermediary acting as agent and is itself subject to the Anti-Money Laundering Legislation; or

3. if the acceptor (not being an acceptor who delivers his or her acceptance in person) makes payment by way of a cheque drawn on an account in the name of such acceptor; or
4. if the aggregate subscription price for the relevant shares is less than €15,000.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in euro drawn on a licensed bank, building society or credit institution or branch of a licensed bank, building society or credit institution and bearing a bank sort code number in the top right-hand corner, the following applies. Cheques should be made payable to Computershare – Greencore plc Rights Issue and crossed "A/C payee only". Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application; or
- (ii) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti money-laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE), the agent should provide written confirmation with the Provisional Allotment Letter that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to Computershare or the relevant authority; or
- (iii) if a Provisional Allotment Letter is lodged by hand by the acceptor in person, he/she should ensure that he/she has with him or her evidence of identity bearing his or her photograph (for example, a valid full passport) and evidence of his or her address.

In order to confirm the acceptability of any written assurance referred to above or any other case, the acceptor should contact Computershare.

2.1.4 Dealings in Nil Paid Rights

Assuming the Rights Issue becomes unconditional, dealings on the Irish Stock Exchange and the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 a.m. on 9 August 2011. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters is expected to be 11.00 a.m. on 23 August 2011. Registration cannot be effected unless and until the Rights comprised in a Provisional Allotment Letter are fully paid.

2.1.5 Dealings in Fully Paid Rights

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the relevant Provisional Allotment Letter and delivering it, by post or by hand (during normal business hours) to Computershare, at the relevant address set out at page 26 of this document, by not later than 11.00 a.m. on 23 August 2011. To do this, Qualifying Non-CREST Shareholders will need to have their fully paid Provisional Allotment Letters returned to them after acceptance has been effected by Computershare. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Shareholders unless their return is requested by ticking the appropriate box on the Provisional Allotment Letter. After 23 August 2011, the New Greencore Shares will be in registered form and transferable in the usual way (see paragraph 2.1.10 of this Part II).

2.1.6 *Renunciation and splitting of Provisional Allotment Letters*

Qualifying Non-CREST Shareholders who wish to transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, the letter will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in the Provisional Allotment Letter may be transferred by delivery of the Provisional Allotment Letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, fully paid, is 11.00 a.m. on 23 August 2011.

If a holder of a Provisional Allotment Letter wishes to have only some of the New Greencore Shares registered in his or her name and to transfer the remainder, or wishes to transfer all of his or her Nil Paid Rights or (if appropriate) Fully Paid Rights but to different persons, he/she may have the Provisional Allotment Letter split, for which purpose he or his or her agent must complete and sign Form X on the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post or by hand (during normal business hours only) to Computershare, at the relevant address set out at page 26 of this document, by not later than 3.00 p.m. on 19 August 2011, to be cancelled and exchanged for the number of split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split letter should be stated in an accompanying letter. Form X on split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue.

The Company reserves the right to refuse to register any renunciation in favour of any person in respect of which the Company believes such renunciation may violate applicable legal or regulatory requirements, including (without limitation) any renunciation in the name of any person with an address outside Ireland or the United Kingdom.

Alternatively, Qualifying Non-CREST Shareholders who wish to take up some of their rights, without transferring the remainder, should complete Form X and the appropriate section on the original Provisional Allotment Letter indicating the number of New Greencore Shares they wish to take up and return it, together with a covering letter confirming the number of New Greencore Shares to be taken up together with payment of the amount payable on acceptance of such New Greencore Shares, in accordance with the provisions of paragraph 2.1.2(vi) (Payments) of this Part II, by post or by hand (during normal business hours only) to Computershare, at the relevant address set out at page 26 of this document. In this case, the Provisional Allotment Letter and payment must be received by Computershare by 11.00 a.m. on 23 August 2011.

2.1.7 *Registration in names of Qualifying Shareholders originally entitled*

A Qualifying Non-CREST Shareholder who wishes to have all of the New Greencore Shares to which he/she is entitled registered in his or her name must accept and make payment for such allotment in accordance with the provisions set out in this document and the Provisional Allotment Letter but need take no further action. A share certificate in respect of the New Greencore Shares subscribed for is expected to be sent to such Qualifying Non-CREST Shareholders by no later than 2 September 2011.

2.1.8 *Registration in names of persons other than Qualifying Shareholders originally entitled*

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Shareholders(s) originally entitled, Form X must be completed and the renounee or his or her agent(s) must complete Form Y on the Provisional Allotment Letter (unless the renounee is a CREST Member who wishes to hold such New Greencore Shares in uncertificated form, in which case Form X and the CREST Deposit Form must be completed (see paragraph 2.1.9 of this Part II)) and deliver the entire Provisional Allotment Letter, when fully paid, by post or by hand (during normal business hours) to Computershare, at the relevant address set out at page 26 of this document, by not later

than the latest time for registration of renunciations, which is expected to be 11.00 a.m. on 23 August 2011. Registration cannot be effected unless and until the New Greencore Shares comprised in a Provisional Allotment Letter are fully paid.

The New Greencore Shares comprised in several renounced Provisional Allotment Letters may be registered in the name of one holder (or joint holders) if Form Y on the Provisional Allotment Letter is completed on one Provisional Allotment Letter (the "Principal Letter") and all the Provisional Allotment Letters are delivered in one batch. Details of each Provisional Allotment Letter (including the Principal Letter) should be listed in a separate letter.

2.1.9 Deposit of Nil Paid Rights or Fully Paid Rights into CREST

The Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided in the next following paragraph or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights represented by the Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address appear on page 1 of the Provisional Allotment Letter or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form (both on the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS. In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form with the CCSS and (b) only the whole of the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. Qualifying Non-CREST Shareholders who wish to deposit some only of the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter into CREST, must first apply for split Provisional Allotment Letters by following the instructions in paragraph 2.1.2 of this Part II. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. The consolidation procedure described in paragraph 2.1.8 of this Part II must not be used.

A holder of the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 23 August 2011. **In particular, having regard to processing times in CREST and on the part of Computershare, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on the Provisional Allotment Letter duly completed) with the CCSS in order to enable the person acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 23 August 2011 is 3.00 p.m. on 18 August 2011.**

When Form X and the CREST Deposit Form (on the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letters will cease to be renounceable or transferable by delivery, and, for the avoidance of doubt, any entries in Form Y will not subsequently be recognised or acted upon by Computershare. All renunciations or transfers of Nil Paid Rights or Fully Paid Rights must be effected through the CREST system once such Nil Paid Rights or Fully Paid Rights have been deposited into CREST.

CREST sponsored members should contact their CREST sponsor as only their CREST sponsor will be able to take the necessary action to take up the entitlement or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of the CREST sponsored member.

2.1.10 Issue of New Greencore Shares in definitive form

Definitive share certificates in respect of the New Greencore Shares to be held in certificated form are expected to be despatched by post by 2 September 2011 at the risk of the persons entitled thereto to Qualifying Non-CREST Shareholders (or their transferees who hold Fully Paid Rights in certificated form), or in the case of joint holdings, to the first-named Qualifying Non-CREST Shareholders, at their registered address (unless lodging agent details have been completed on the Provisional Allotment Letter). After despatch of the definitive share certificates, Provisional Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive share certificates, instruments of transfer of the New Greencore Shares will be certified by Computershare against the register.

Notwithstanding any of the provisions of this document or of the Provisional Allotment Letters, the Company reserves the right to allot and/or issue any New Greencore Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or of facilities and/or systems operated by Computershare in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account ID details) are not provided in the CREST Deposit Form in the Provisional Allotment Letter where these are required.

2.1.11 Posting

All documents sent to, by, from or on behalf of shareholders or renouncees, or their agents, will be sent entirely at their own risk.

2.2 Action to be taken by Qualifying CREST Shareholders in relation to Nil Paid Rights and Fully Paid Rights in CREST

2.2.1 General

It is expected that each Qualifying CREST Shareholder (other than, subject to certain limited exceptions as set out in paragraph 2.5 of this Part II, Qualifying CREST Shareholders with a registered address in the United States or any other Excluded Territory) will receive a credit to his or her stock account in CREST of his or her entitlement to Nil Paid Rights on 9 August 2011. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Record Date Shares in uncertificated form held at the close of business on the Record Date by the Qualifying CREST Shareholder in respect of which the Nil Paid Rights are provisionally allotted.

The Nil Paid Rights will constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If, for any reason, it is impracticable to credit the stock accounts of such Qualifying CREST Shareholders, or to enable the Nil Paid Rights by 8.00 a.m. on 9 August 2011, Provisional Allotment Letters shall, unless the Company determines otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited and the expected timetable as set out in this document will be adjusted as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates but Qualifying CREST Shareholders may not receive any further written communication.

CREST Members who wish to take up all or part of their entitlements in respect of or otherwise to transfer Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement as only your CREST sponsor

will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

2.2.2 Procedure for acceptance and payment

(i) MTM instructions

CREST Members who wish to take up all or some of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an MTM instruction to Euroclear that, on its settlement, will have the following effect:

- (a) the crediting of a stock account of Computershare under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (b) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of Computershare in euro in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in paragraph 2.2.2(i)(a) of this Part II; and
- (c) the crediting of a stock account of the accepting CREST Member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST Member is entitled on taking up his or her Nil Paid Rights referred to in paragraph 2.2.2(i)(a) of this Part II.

(ii) Contents of MTM instructions

The MTM instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Nil Paid Rights to which the acceptance relates;
- (b) the participant ID of the accepting CREST Member;
- (c) the member account ID of the accepting CREST Member from which the Nil Paid Rights are to be debited;
- (d) the participant ID of Computershare, in its capacity as a CREST receiving agent. This is RA88;
- (e) the member account ID of Computershare, in its capacity as a CREST receiving agent. This is GREEN;
- (f) the number of Fully Paid Rights that the CREST Member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- (g) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights referred to in paragraph 2.2.2(ii)(a) of this Part II;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 23 August 2011;
- (i) the Nil Paid Rights ISIN number, which is IE00B5BGYF49;
- (j) the Fully Paid Rights ISIN number, which is IE00B4XKLD45;
- (k) the corporate action number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;
- (l) a contact name and telephone number in the shared note field; and
- (m) input with standard delivery instruction priority of 80.

(iii) Valid acceptance

An MTM instruction complying with each of the requirements as to authentication and contents set out in paragraph 2.2.2(ii) of this Part II will constitute a valid acceptance where either:

- (a) the MTM instruction settles by not later than 11.00 a.m. on 23 August 2011; or
- (b) at the discretion of the Company:
 - (I) the MTM instruction is received by Euroclear by not later than 11.00 a.m. on 23 August 2011; and
 - (II) a number of Nil Paid Rights at least equal to the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST Member specified in the MTM instruction at 11.00 a.m. on 23 August 2011.

An MTM instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Providers' Communications Host (as this term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST Member (or by the CREST sponsored member's CREST sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Providers' Communications Host.

(iv) Representations, warranties and undertakings of CREST Members

A CREST Member or CREST sponsored member who makes a valid acceptance in accordance with this paragraph 2.2.2 represents, warrants and undertakes to the Company and the Underwriters that he/she has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him or her or by his or her CREST sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 23 August 2011. In particular, the CREST Member or CREST sponsored member represents, warrants and undertakes that, at 11.00 a.m. on 23 August 2011 (or until such later time and date as the Company and the Underwriters may determine), there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST sponsored members should contact their CREST sponsor if they are in any doubt. Such CREST Member or CREST sponsored member taking up entitlements must make also the representations and warranties set out in paragraph 2.5.6 below of this Part II.

If there is insufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account of a CREST Member or CREST sponsored member for such amount to be debited or the CREST Member's or CREST sponsored member's acceptance is otherwise treated as invalid and New Greencore Shares have already been allotted to such CREST Member or CREST sponsored member, the Company and the Underwriters may (in their absolute discretion as to the manner, timing and terms) make arrangements for the sale of such New Greencore Shares on behalf of that CREST Member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale, including, without limitation, any stamp duty payable on the transfer of such New Greencore Shares, and of all amounts payable by the CREST Member or CREST sponsored member pursuant to the Rights Issue in respect of the acquisition of such New Greencore Shares) on behalf of such CREST Member or CREST-sponsored member. Neither the Company, the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such CREST Member or CREST sponsored member as a result.

- (v) CREST procedures and timings
- CREST Members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST sponsored member, to procure that his or her CREST Sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 23 August 2011. In connection with this, CREST Members and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.**
- (vi) CREST Member's undertaking to pay
- A CREST Member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this paragraph 2.2.2(vi) undertakes to pay to the Company, or procure the payment to the Company of, the amount payable in euro on acceptance in accordance with the above procedures or in such other manner as the Company may require (it being acknowledged that, where payment is made by means of the CREST RTGS payment mechanism, the creation of an RTGS payment obligation in euro in favour of Computershare's RTGS settlement (as defined in the CREST Manual) in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST Member (or CREST sponsored member) to pay the amount payable on acceptance) and (b) requests that the Fully Paid Rights and/or New Greencore Shares to which he/she will become entitled be issued to him or her on the terms set out in this document and subject to the Memorandum and Articles of Association of the Company. From Admission of the Nil Paid Rights and Fully Paid Rights Qualifying CREST Shareholders agree that to the extent that as such monies are paid to Computershare, Computershare will hold such moneys in trust for the Company.
- If the payment obligations of the relevant CREST Member or CREST sponsored member in relation to such New Greencore Shares are not discharged in full and such New Greencore Shares have already been allotted to the CREST Member or CREST sponsored member, the Company and the Underwriters may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such New Greencore Shares on behalf of the CREST Member or CREST sponsored member and hold the proceeds of sale (net of the Company's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale, including, without limitation, any stamp duty on the transfer of such New Greencore Shares, and of all amounts payable by such CREST Member or CREST sponsored member pursuant to the terms of the Rights Issue in respect of the acquisition of such New Greencore Shares) or an amount equal to the original payment of the CREST Member or CREST sponsored member. Neither the Company, the Sponsor nor the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by the CREST Member or CREST sponsored member as a result.
- (vii) The Company's discretion as to rejection and validity of acceptances
- The Company may, after consultation with the Underwriters, agree in its absolute sole discretion to:
- (a) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this paragraph 2.2.2. Where an acceptance is made as described in this paragraph 2.2.2, which is otherwise valid, and the MTM instruction concerned fails to settle by 11.00 a.m. on 23 August 2011 (or by such later time and date as the Company and the

Underwriters have determined), each of the Company and the Underwriters shall be entitled to assume, for the purposes of its right to reject an acceptance contained in this paragraph 2.2.2, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 2.2.2 unless the Company is aware of any reason outside the control of the CREST Member or CREST sponsor (as appropriate) for the failure to settle;

- (b) treat as valid (and binding on the CREST Member or CREST sponsored member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 2.2.2;
- (c) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as the Company and the Underwriters may determine;
- (d) treat a properly authenticated dematerialised instruction (in this paragraph 2.2.2 (the “first instruction”) as not constituting a valid acceptance if, at the time at which Computershare receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or Computershare has received actual notice from Euroclear of any of the matters specified in article 35(5)(a) of the Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (e) accept an alternative instruction or notification from a CREST Member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification, if, for reasons or due to circumstances outside the control of any CREST Member or CREST sponsored member or (where applicable) CREST sponsor, the CREST Member or CREST sponsored member is unable validly to take up all or part of his or her Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Computershare in connection with CREST.

2.2.3 Anti-Money Laundering Legislation

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not an Irish or EU regulated person or institution (such as an Irish financial institution), then, irrespective of the value of the application, Computershare is entitled to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application. You must therefore contact Computershare before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance (as described above) constitutes a warranty and undertaking by the applicant to provide promptly to Computershare any information Computershare may specify as being required for the purposes of the verification of the identity requirements in the Anti-Money Laundering Legislation or the FSMA. Pending the provision of such information and other evidence as Computershare may require to satisfy the verification of identity requirements, Computershare, having consulted with the Company and the Underwriters, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If such information and other evidence of identity has not been provided within a reasonable time, then Computershare

will not permit the MTM instruction concerned to proceed to settlement but without prejudice to the right of the Company and/or the Underwriters to take proceedings to recover any loss suffered by any of them as a result of failure by the applicant to provide such information and other evidence.

2.2.4 Dealings in Nil Paid Rights in CREST

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the Irish Stock Exchange and on the London Stock Exchange are expected to commence at 8.00 a.m. on 9 August 2011. A transfer (in whole or in part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 23 August 2011.

2.2.5 Dealings in Fully Paid Rights in CREST

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this document, the Fully Paid Rights may be transferred by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be at close of CREST business on 23 August 2011. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 23 August 2011. After 23 August 2011, the New Greencore Shares will be registered in the name(s) of the person(s) entitled to them in the Company's register of members and will be transferable in the usual way (see paragraph 2.2.7 of this Part II).

2.2.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4.30 p.m. on 17 August 2011, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 23 August 2011. You are recommended to refer to the CREST Manual for details of such procedures.

2.2.7 Issue of New Greencore Shares in CREST

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 23 August 2011 (the latest date for settlement of transfers of Fully Paid Rights in CREST). New Greencore Shares (in definitive form) will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. Computershare will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to New Greencore Shares with effect from the next business day (expected to be 24 August 2011).

2.2.8 Right to allot/issue in certificated form

Despite any other provision of this document, the Company reserves the right to allot and/or issue any Nil Paid Rights, Fully Paid Rights or New Greencore Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Computershare in connection with CREST.

2.3 **Procedure in respect of Rights not taken up (whether certificated or in CREST) and withdrawal**

2.3.1 *Procedure in respect of New Greencore Shares not taken up*

If an entitlement to New Greencore Shares is not validly taken up by 11.00 a.m. on 23 August 2011, in accordance with the procedure laid down for acceptance and payment, then that provisional allotment will be deemed to have been declined and will lapse. The Underwriters will endeavour to procure, by not later than 4.30 p.m. on the second Business Day after 23 August 2011, subscribers for all of those New Greencore Shares not taken up at a price per unit of New Greencore Shares which is at least equal to the aggregate of the Rights Issue Price and the expenses of procuring such subscribers (including any applicable brokerage and commissions and amounts in respect of value added tax).

Notwithstanding the above, the Underwriters may cease or decline to endeavour to procure any such subscribers if, in their opinion, it is unlikely that any such subscribers can be procured at such a price and by such a time. If and to the extent that subscribers for New Greencore Shares cannot be procured on the basis outlined above, the relevant New Greencore Shares will be subscribed for by the Underwriters or sub-underwriters (if any) at the Rights Issue Price pursuant to the terms of the Underwriting Agreement.

Any premium over the aggregate of the Rights Issue Price and the expenses of procuring subscribers (including any applicable brokerage and commissions and amounts in respect of value added tax) shall be paid (subject as provided in this paragraph 2.3.1 and subject to compliance with the Anti-Money Laundering Legislation):

- (i) where the Nil Paid Rights were, at the time they were not taken up, represented by a Provisional Allotment Letter, to the person whose name and address appeared on the Provisional Allotment Letter;
- (ii) where the Nil Paid Rights were, at the time they were not taken up, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST; and
- (iii) where an entitlement to New Greencore Shares was not taken up by an Overseas Shareholder, to that Overseas Shareholder.

New Greencore Shares for which subscribers are procured on this basis will be reallocated to such subscribers, and the aggregate of any premiums (being the amount paid by such subscribers after deducting the Rights Issue Price and the expenses of procuring such subscribers, including any applicable brokerage and commissions and amounts in respect of value added tax), if any, will be paid (without interest) to those persons entitled (as referred to above) *pro rata* to the relevant lapsed provisional allotments, save that amounts of less than €5.00 per holding will not be paid but will be aggregated and retained by Computershare for the benefit of the Company. Cheques for the amounts due will be sent by post, at the risk of the person(s) entitled, to their registered addresses (the registered address of the first-named in the case of joint holders), provided that, where any entitlement concerned was held in CREST, the amount due will, unless the Company (in its absolute discretion) otherwise determines, be satisfied by the Company procuring the creation of an assured payment obligation in favour of the relevant CREST Member's (or CREST sponsored member's) RTGS settlement in respect of the cash amount concerned in accordance with the RTGS payment mechanism.

Any transactions undertaken pursuant to this paragraph 2.3 or paragraph 2.5.1 of this Part II shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments and neither the Company nor the Underwriters nor any other person procuring subscribers shall be responsible for any loss, expense or damage (whether actual or alleged) arising from the terms or timing of any such subscription, any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis so described. The Underwriters will be entitled to retain any brokerage fees, commissions or other benefits received in connection with these arrangements.

2.3.2 *Withdrawal rights*

Persons who have the right to withdraw their acceptances under article 52 of the Prospectus Regulations after a supplementary prospectus (if any) has been published and

who wish to exercise such right of withdrawal must do so by lodging a written notice of withdrawal which must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a CREST Member, the participant ID and the member account ID of such CREST Member, with Computershare by facsimile (only during normal business hours) on +353 (0) 1216 3151 or by post or by hand (only during normal business hours) at the relevant address set out on page 26 of this document, so as to be received no later than two Business Days after the date on which the supplementary prospectus was published, withdrawal being effective as at receipt of the written notice of withdrawal. Notice of withdrawal given by any other means or which is deposited with or received by Computershare after the expiry of such period will not constitute a valid withdrawal. Furthermore, based on advice received by the Company as to the effect of statutory withdrawal rights where the allotment contract is fully performed, the Company will not permit the exercise of withdrawal rights after payment by the relevant shareholder of its subscription in full and the allotment of the New Greencore Shares to such shareholder becoming unconditional, in the event that a supplemental prospectus is published after such payment. This does not affect shareholders' statutory withdrawal rights under the Prospectus Regulations. In such circumstances, shareholders are advised to consult their professional advisers including their legal advisers.

Provisional allotments of entitlements to New Greencore Shares which are the subject of a valid withdrawal notice will be deemed to be declined. Such entitlements to New Greencore Shares will be subject to the provisions of paragraph 2.3.1 of this Part II as if the entitlement had not been validly taken up.

2.4 Taxation

The information contained in Part X (Taxation Considerations) of this document is intended only as a general guide to the current tax position in Ireland and the United Kingdom and Qualifying Shareholders should consult their own tax advisers regarding the tax treatment of the Proposals in light of their own circumstances.

Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.

2.5 Overseas Shareholders

The making of the offer of New Greencore Shares, Nil Paid Rights and Fully Paid Rights to persons who have a registered address, or are registered or located in jurisdictions other than Ireland or the United Kingdom, may be affected by the law or regulatory requirements of the relevant jurisdictions. Accordingly, any such person, who is in any doubt as to his or her position should consult an appropriate professional adviser without delay.

2.5.1 General

The distribution of this document or any other documents issued by the Company in connection with the Rights Issue and the making of the Rights Issue to persons who have registered addresses in, or who are located resident, or who are generally resident in, or which are corporations, partnerships or other entities created or organised under the laws of countries other than Ireland or the United Kingdom, or to persons who are agents or nominees of or custodians, trustees or guardians for residents in countries other than Ireland or the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to take up their Rights. In particular, subject to certain limited exceptions, this document or any other documents issued by the Company in connection with the Rights Issue should not be distributed, forwarded to or transmitted in or into the United States or any other Excluded Territory.

Receipt of this document or any other documents issued by the Company in connection with the Rights Issue and/or the crediting of the Nil Paid Rights to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this document or any other documents issued by the

Company in connection with the Rights Issue must be treated as information only and should not be copied or redistributed.

It is also the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside Ireland or the United Kingdom wishing to take up rights under the Rights Issue to satisfy himself/herself as to the full observance of the applicable laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents which may be required, observing any other requisite formalities and paying of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 2.5.1 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his or her position should consult his or her professional adviser without delay. None of the Company or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the New Greencore Shares regarding the legality of an investment in the New Greencore Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

New Greencore Shares will be provisionally allotted (nil paid) to all Qualifying Shareholders (other than, subject to certain exceptions, Shareholders with a registered address or who are resident in the United States or any other Excluded Territory), including Overseas Shareholders. Provisional Allotment Letters will not be sent to Qualifying Non-CREST Shareholders and Nil Paid Rights will not be credited to the CREST accounts of Qualifying CREST Shareholders with registered addresses in the United States or any other Excluded Territory or their agent or intermediary, except where the Company and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this document and/or a Provisional Allotment Letter and/or receiving a credit of Nil Paid Rights to a stock account in CREST with a bank or financial institution in any territory other than Ireland and the United Kingdom may treat the same as constituting an invitation or offer to him or her nor should he/she in any event use the Provisional Allotment Letter or deal in Nil Paid Rights or Fully Paid Rights in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her, or the Provisional Allotment Letter could lawfully be used or dealt with, without contravention of any registration or other legal requirements. In such circumstances, this document and the Provisional Allotment Letter are to be treated as sent for information only and should not be copied or redistributed.

Persons (including, without limitation, agents, custodians, nominees and trustees) receiving a copy of this document and/or a Provisional Allotment Letter or whose stock account is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same or transfer Nil Paid Rights or Fully Paid Rights in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a Provisional Allotment Letter or a credit of Nil Paid Rights or Fully Paid Rights is received by any person in any such territory, or by his or her agent or nominee, he/she must not seek to take up the rights referred to in the Provisional Allotment Letter or in this document or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this document or a Provisional Allotment Letter or transfer Nil Paid Rights or Fully Paid Rights into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 2.5 of this Part II of this document.

Subject to paragraphs 2.5.2, 2.5.3, 2.5.4 and 2.5.5 of this Part II, any person (including, without limitation, custodians, agents, nominees and trustees) outside Ireland and the United Kingdom wishing to take up Rights under the Rights Issue must satisfy himself/herself as to the full observance of the applicable laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 2.5 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position

should consult their professional advisers without delay. None of the Company, the Sponsor or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the New Greencore Shares regarding the legality of an investment in the New Greencore Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

The Company and the Underwriters reserve the right to treat as invalid and will not be bound to allot or issue any New Greencore Shares in respect of any acceptance or purported acceptance of the offer of New Greencore Shares which:

- (i) appears to the Company and the Underwriters or their respective agents to have been executed or effected in or despatched from the United States or any other Excluded Territory unless the Company and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal requirement; or
- (ii) in the case of a Provisional Allotment Letter, provides an address for delivery of the share certificates in or, in the case of a credit of New Greencore Shares in CREST, to a CREST Member or CREST sponsored member whose registered address would be in the United States or any other Excluded Territory or any other jurisdiction outside Ireland and the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit unless the Company and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal requirement.

The attention of Overseas Shareholders located or with registered addresses in the United States or any other Excluded Territory is drawn to paragraphs 2.5.2 to 2.5.6 of this Part II of this document.

The provisions of paragraph 2.3.1 of this Part II will apply to Overseas Shareholders who do not take up New Greencore Shares provisionally allotted to them or are unable to take up New Greencore Shares provisionally allotted to them because such action would result in a contravention of applicable law or regulatory requirements. Accordingly, such Overseas Shareholders will be treated as Qualifying Shareholders that have not taken up their entitlement for the purposes of paragraph 2.3.1 above and the Underwriters will endeavour to procure subscribers for the relevant New Greencore Shares. The net proceeds of such subscriptions (after deduction of expenses) will be paid to the relevant Qualifying Shareholders pro-rated to their holdings of Record Date Shares at the Record Date as soon as practicable after receipt. Neither the Company nor the Underwriters or any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the subscription or the procuring of it or any failure to procure subscribers.

Despite any other provision of this document or the Provisional Allotment Letter, the Company and the Underwriters reserve the right to permit any shareholder to take up his or her rights if the Company and the Underwriters in their sole and absolute discretion are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Those Qualifying Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 2.1.2 and 2.2.2 of this Part II of this document.

Overseas Shareholders who wish, and are permitted, to apply for New Greencore Shares should note that payment must be made in accordance with paragraph 2.1.2 (vi) (Payments) of this Part II of this document.

2.5.2 *United States of America*

This document and the information contained herein is not an offer for the sale of securities in the United States. None of the Nil Paid Rights, Fully Paid Rights or New Greencore Shares referred to herein have been or will be registered under the Securities Act, or under any securities law of any state or other jurisdiction in the United States, and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, in

or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Pursuant to this document, the Nil Paid Rights, Fully Paid Rights and New Greencore Shares referred to herein are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). Accordingly, unless otherwise determined by the Company and the Underwriters, in their sole discretion and effected in a lawful manner, Qualifying Shareholders with a registered address in the United States will not, as applicable, have their CREST stock accounts credited with Nil Paid Rights and will not be sent Provisional Allotment Letters. This document and the information contained herein is being sent to such Qualifying Shareholders in compliance with the Listing Rules, is confidential and should not be copied or redistributed by them.

The Company and the Underwriters reserve the right to treat as invalid any Provisional Allotment Letter (or renunciation thereof) that appears to the Company or the Underwriters or their respective agents to have been executed or effected in or despatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Rights Issue, or which does not make the representations and warranties set out in paragraph 2.5.6 of this Part II below or where the Company or the Underwriters believe acceptance of such Provisional Allotment Letter may infringe applicable legal or regulatory requirements. The Company and the Underwriters will not be bound to allot (on a non-provisional basis) or issue any Nil Paid Rights, Fully Paid Rights or New Greencore Shares to any person with an address in, or who is otherwise located in, the United States in whose favour a Provisional Allotment Letter or any Nil Paid Rights, Fully Paid Rights or New Greencore Shares may be transferred or renounced. In addition, the Company and the Underwriters reserve the right to reject any MTM instruction sent by or on behalf of any CREST Member with a registered address in the United States or appears to the Company or the Underwriters to have been despatched from the United States or any other Excluded Territory, in a manner which may involve a breach of the laws of any jurisdiction or they or their agents believe may violate any applicable legal or regulatory requirement, or which does not make the representations and warranties set out in paragraph 2.5.6 of this Part II of this document.

In addition, until 40 days after the completion of the Rights Issue, an offer, sale or transfer of the New Greencore Shares, the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

The provisions of paragraph 2.3 of this Part II of this document will apply to any rights not taken up.

2.5.3 *Excluded Territories other than the United States*

Due to restrictions under the securities laws of the Excluded Territories (other than the United States for which see paragraph 2.5.2 above), and subject to certain limited exceptions, no Provisional Allotment Letters will be sent to Shareholders with registered addresses in the Excluded Territories (other than the United States for which see paragraph 2.5.2 above) and their entitlements will be sold in accordance with the provisions of paragraph 2.3.1 above. Although Nil Paid Rights may be credited to the CREST stock accounts of Qualifying CREST Shareholders with registered addresses, or resident in, the Excluded Territories (other than the United States for which see paragraph 2.5.2 above), the crediting of Nil Paid Rights does not constitute an offer to Shareholders in any jurisdiction. Any such Qualifying CREST Shareholders will not be entitled to take up rights in the Rights Issue unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. Subject to certain exceptions, the Provisional Allotment Letters, the Nil Paid Rights, the Fully Paid Rights or the New Greencore Shares may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the Excluded Territories (other than the United States for which see paragraph 2.5.2 above). No offer of New Greencore Shares is being made by virtue of this document or the Provisional Allotment Letters into the Excluded Territories (other than the United States for which see paragraph 2.5.2 above).

2.5.4 *Overseas territories other than the Excluded Territories*

Provisional Allotment Letters will be posted to Qualifying Non-CREST Shareholders other than to Qualifying Non-CREST Shareholders with, subject to certain limited exceptions, a registered address, in the United States or any other Excluded Territory and Nil Paid Rights will be credited to the CREST stock accounts of Qualifying CREST Shareholders other than to Qualifying CREST Shareholders with, subject to certain limited exceptions, a registered address, in the United States or any other Excluded Territory. Such Qualifying Shareholders if not resident or located in the United States or any other Excluded Territory may, subject to the laws of the relevant jurisdictions, accept their rights under the Rights Issue in accordance with the instructions set out in this document and, if relevant, the Provisional Allotment Letter. In cases where Overseas Shareholders do not take up Nil Paid Rights, their entitlements will be dealt with if possible in accordance with the provisions of paragraph 2.3.1 of this Part II of this document.

Qualifying Shareholders who have registered addresses in or who are resident or located in, or who are citizens of, all countries other than Ireland and the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

2.5.5 *Member States of the European Economic Area (other than Ireland and the United Kingdom)*

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive 2003/71/EC (the "Prospectus Directive") (each, a "relevant member state") (except for Ireland and the United Kingdom), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the "relevant implementation date") no New Greencore Shares, Nil Paid Rights or Fully Paid Rights have been offered or will be offered to the public in that relevant member state prior to the publication of a prospectus in relation to the New Greencore Shares, Nil Paid Rights and Fully Paid Rights which has been approved by the UK Listing Authority and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of New Greencore Shares, Nil Paid Rights or Fully Paid Rights may be made to the public in that 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 (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of New Greencore Shares, Nil Paid Rights or Fully Paid Rights shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression "an offer of any New Greencore Shares, Nil Paid Rights or Fully Paid Rights to the public" in relation to any New Greencore Shares, Nil Paid Rights or Fully Paid Rights in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and any New Greencore Shares, Nil Paid Rights and Fully Paid Rights to be offered so as to enable an investor to decide to subscribe for any New Greencore Shares, Nil Paid Rights or Fully Paid Rights, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

The Company intends to request the UK Listing Authority to provide a certificate of approval and a copy of this document to the relevant competent authority in the Ireland pursuant to the passporting provisions of the Prospectus Regulations.

Prior to completion of the passporting process, any offer of New Greencore Shares, Nil Paid Rights or Fully Paid Rights in the United Kingdom shall be made subject to the restrictions applicable in the other Member States (except Ireland) as described above in this section.

It is expected that Qualifying Shareholders in all member states of the European Economic Area will be able to participate in the Rights Issue.

2.5.6 Representations and warranties relating to Overseas Shareholders

(i) Qualifying Non-CREST Shareholders

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of the New Greencore Shares comprised therein, making or accepting an offer to subscribe for New Greencore Shares or acquiring Rights or New Greencore Shares, represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company's and the Underwriters' satisfaction that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction, (a) such person is not accepting and/or renouncing the Provisional Allotment Letter, or requesting registration of the relevant New Greencore Shares, from within the United States or any other Excluded Territory; (b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for New Greencore Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (c) such person is not accepting or renouncing for the account of a person located within the United States unless (i) the instruction to accept or renounce was received from a person outside the United States and (ii) the instructing person has advised such person that it has the authority to give such instruction and that it has authority to give such instruction and either (x) has investment discretion over such account or (y) is an investment manager or investment company that in the case of (x) and (y) is acquiring the New Greencore Shares in an offshore transaction within the meaning of Regulation S under the US Securities Act; and (d) such person is not acquiring Rights or New Greencore Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights or New Greencore Shares into the United States or any Excluded Territory or any territory referred to in (b) above. The Company and each of the Underwriters may treat as invalid any acceptance or purported acceptance of the allotment of New Greencore Shares comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it (a) appears to the Company and the Underwriters to have been executed or effected in or despatched from the United States or any other Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in the United States or any other Excluded Territory for delivery of definitive share certificates for New Greencore Shares (or any jurisdiction outside Ireland and the United Kingdom in which it would be unlawful to deliver such certificates); or (c) purports to exclude the warranty required by this paragraph 2.5.6.

(ii) Qualifying CREST Shareholders

A CREST Member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part II represents and warrants to the Company and the Underwriters that, except where proof has been provided to the Company's and the Underwriters' satisfaction that such person's acceptance will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction, (a) such person is not within the United States or any other Excluded Territory; (b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for New Greencore Shares; (c) such person is not accepting for the account of a person located within the United States unless (i) the instruction to accept was received from a person outside the United States and (ii) the instructing person has advised such person that it has the authority to give such instruction and either (x) has investment discretion over such account or (y) is

an investment manager or investment company that in the case of (i) and (ii) is acquiring the New Greencore Shares in an offshore transaction within the meaning of Regulation S under the US Securities Act; and (d) such person is not acquiring Rights or New Greencore Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, into the United States or any such Excluded Territory or any jurisdiction referred to in (b) above.

2.5.7 *Waiver*

The provisions of this paragraph 2.5.7 and of any other terms of the Rights Issue relating to Overseas Shareholders may be waived, varied or modified as regards specific Qualifying Shareholders or on a general basis by the Company and the Global Coordinator in its absolute discretion. Subject to this, the provisions of this paragraph 2.5.7 supersede any terms of the Rights Issue inconsistent herewith. References in this paragraph 2.5.7 to shareholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this paragraph 2.5.7 shall apply to them jointly and to each of them.

2.6 ***Times and dates***

The Company shall, in its discretion and after consultation with its financial and legal advisers and the Global Coordinator, be entitled to amend the dates that Provisional Allotment Letters are despatched or dealings in Nil Paid Rights commence or amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this document and in such circumstances shall notify the Central Bank of Ireland, the Irish Stock Exchange, Financial Services Authority and the London Stock Exchange, and make an announcement on a Regulatory Information Service. **In the event that such an announcement is made, Qualifying Shareholders might not, and will not be entitled to, receive any further written communications.**

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Rights Issue specified in this document (or such later date as may be agreed between the Company and the Global Coordinator), the latest date for acceptance under the Rights Issue shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

2.7 ***Governing law***

The terms and conditions of the Rights Issue as set out in this document and, where appropriate, the Provisional Allotment Letter, and any non-contractual obligation related thereto, shall be governed by, and construed in accordance with, the laws of Ireland.

2.8 ***Jurisdiction***

The courts of Ireland are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter (including, without limitation, disputes arising relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this document or the Provisional Allotment Letter). By accepting rights under the Rights Issue in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders (other than, subject to certain limited exceptions, those with a registered address, or resident in, the United States or any other Excluded Territory only) the Provisional Allotment Letter, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of Ireland and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

PART III

INFORMATION ON GRENCORE

1. Introduction

The Grencore Group is an international manufacturer of convenience foods comprising a core “Convenience Foods” division and an “Ingredients and Property” division. The Convenience Foods division provides a wide range of customer and licensed brands to major retail and foodservice customers in the UK, Ireland and the US.

In the UK, the Convenience Foods division has well established positions in the convenience food market, supplying many of the major food retailers across a range of products including sandwiches, chilled prepared meals, chilled soups and sauces, ambient sauces and pickles, cakes and desserts and Yorkshire puddings. Recently, Grencore has also been extending its presence outside the UK with the expansion of its convenience food business in the US.

Grencore operates from 20 facilities (17 of which are manufacturing facilities) in the UK, Ireland and the US, directly employing approximately 7,000 people.

Recently, the Grencore Group has made significant steps to concentrate its strategic focus on its convenience foods businesses in the selected geographies of the UK and the US. This follows the completion of a successful disposal programme, which saw the disposals of the Grencore Group’s non-core malt, water and continental European convenience food businesses.

In FY10, the Grencore audited annual financial statements showed that the Grencore Group generated continuing operating profits⁸ of €59.7 million on continuing sales of €856.0 million and that Grencore’s net assets at 24 September 2010 were €178.9 million. In HY11, the Grencore Group unaudited consolidated Condensed Group Financial Statements showed that Grencore generated continuing operating profits⁹ of €27 million on continuing sales of €441.8 million and that Grencore’s net assets at 25 March 2011 were €179.9 million.

2. Background and history

Grencore was established in 1991 through a flotation of the state-owned Irish Sugar Corporation by the Irish Government. 55 per cent. of the Company was initially privatised, and the Irish Government sold the balance of its holding in 1992 and 1993.

During the following decade, Grencore acquired various food and malt businesses. In 2001, Grencore purchased Hazlewood Foods plc, a UK-based convenience foods company. This acquisition and the subsequent disposal of a number of non-core businesses paved the way for the growth of the Convenience Foods business within Grencore.

In 2006, following further food business acquisitions and the decision by the EU Council of Agriculture Ministers to fundamentally reform the EU sugar regime, Grencore renounced its EU sugar quota and exited the sugar processing business with the closure of its facilities in Carlow and Mallow.

In 2008, Grencore purchased Home Made Brand Foods in Massachusetts, a chilled foods manufacturer which established the “Grencore USA” business, which is part of the Convenience Foods division. A second facility was opened in the US in 2009 and a third was acquired in 2010.

During 2010, Grencore streamlined the Grencore Group’s strategic focus further through the disposal of its malt, water and continental convenience food businesses.

3. Nature of operations and principal activities

Grencore is an established manufacturer of convenience foods. The core Convenience Foods division has 15 manufacturing facilities across the UK and the US. Grencore’s Ingredients and Property division is served by 2 Irish-based manufacturing facilities.

The Convenience Food division provides a wide range of chilled, frozen and ambient foods to major food retailers, foodservice providers, manufacturers, petrol forecourts and airlines in the UK, Ireland and the US.

8 Operating profit is stated before amortisation of acquisition related intangibles and exceptional items.

9 Operating profit is stated before amortisation of acquisition related intangibles and exceptional items.

In the UK, Greencore has established positions in sandwiches, Italian chilled meals, branded chilled meals, chilled non-dairy desserts, chilled sauces, cooking sauces and pickles and Christmas cakes. Supply is generally in bulk quantities, however, Greencore also has a nationwide chilled delivery service that supplies direct within the petrol forecourt and convenience sector.

Greencore is also a manufacturer in the chilled food market in the North Eastern region of the United States.

3.1 **Convenience Foods division**

The Convenience Foods division is the largest in the group operating from 15 manufacturing facilities (12 in the UK and three in the US) and employing approximately 6,700 employees (6,200 in the UK and 500 in the US). In HY11, Greencore's Convenience Foods division generated revenues from continuing operations of €402.4 million and operating profit¹⁰ from continuing operations of €26 million. In FY10, Greencore's Convenience Foods division generated revenues from continuing operations of €784.5 million and operating profit¹¹ from continuing operations of €54.1 million.

The Convenience Foods division comprises the following businesses:

Greencore Food to Go

Greencore Food to Go is a large sandwich manufacturer and also produces prepared salads and sushi, and operates a UK mainland radial chilled van distribution service through Greencore Direct to Store. It operates from four manufacturing facilities in the UK at Manton Wood (Nottinghamshire), Park Royal (London), Bow (London) and Crosby (Liverpool).

The business has long-standing experience in providing own label brands to leading UK retailers and selected foodservice channels. Greencore Direct to Store also delivers the quality *Sutherland Deli* and *Foo.go* ranges daily across the UK. Other branded products include the recently re-launched Sushi San.

Greencore Prepared Meals

Greencore Prepared Meals is an established manufacturer of chilled prepared meals as well as meat spreads, and also produces quiche and savoury flans. It operates from three manufacturing facilities in Kiveton (Sheffield), Warrington and Wisbech (Cambridgeshire). The products of this business are marketed in the UK to a wide range of leading UK multiple and convenience channels. The business provides a full range of supermarket own label ready meals as well as a range of chilled meals in partnership with Weight Watchers.

Greencore Chilled Sauces and Soups

Established over 30 years ago, the business is a supplier of chilled sauces and chilled soups from its modern facility in Bristol. The range includes own private label Italian sauces, chilled soups, meat and fish sauces and gravies.

Greencore Grocery

Operating from a facility in Selby near York, Greencore Grocery is a manufacturer of bottled recipe products, producing a wide range of both branded and customer own brand sauces, pickles, dressings, condiments and soft drinks. Branded products include a range of pickles produced under licence from Heinz, along with Seriously Good Sauces developed by Greencore and Gordon Ramsey for Comic Relief and various Weight Watchers products.

Greencore Cakes and Desserts

Greencore Cakes and Desserts is a producer of celebration cakes and supplier of Christmas cakes and hot and cold eating desserts, operating from a modern, purpose built facility based on a 13-acre site near Hull.

10 Operating profit is stated before amortisation of acquisition related intangibles and exceptional items.

11 Operating profit is stated before amortisation of acquisition related intangibles and exceptional items.

Ministry of Cake

Through its facility in Taunton, Greencore is a supplier of frozen desserts to the UK foodservice industry, providing desserts to restaurants and others.

Greencore Frozen Foods

Greencore Frozen Foods, operating from its facility in Leeds, is a supplier of frozen Yorkshire puddings and "toad in the hole", both under brands such as Bisto and Roberts and under customer own brand labels.

Greencore USA

The Group entered the US with the acquisition of a facility in Newburyport near Boston in 2008. Since then it has added a small facility in Cincinnati and a small sandwich manufacturer near Boston, and cumulatively the business has seen very strong growth and now holds established regional market positions in the fresh manufactured sandwiches, salads, chilled entrees and chilled quiche markets serving a customer base that includes leading national and regional retailers. US retailers continue to seek a fresh in-store prepared foods solution and the growth that the Greencore Group has experienced is reflective of this trend. The Greencore Group sees real potential for growth in the US on the back of this trend and the platform set up to date.

3.2 Ingredients and Property division

The Ingredients and Property division, operating from three facilities in Ireland, comprises Trilby Trading and associated molasses companies as well as a small team that manages the Greencore Group's legacy property assets.

4. Geographical revenue split and the Greencore customer base

The table below details Greencore's total revenue across its Convenience Foods and Ingredients and Property divisions from external customers (including continuing and discontinued operations) by geographical location for FY10.

<u>Jurisdiction</u>	<u>Revenue (millions)</u>
United Kingdom	€782.2
Ireland	€96.2
Rest of the World	€123.4

Approximately 79 per cent. of Greencore's Convenience Food division revenue is generated through sales to five major UK retailers – Tesco, Asda, Co-op, Sainsbury's and Morrisons. No other individual customer accounts for more than 10 per cent. of Greencore's revenues.

5. Summary financial information

The table below sets out Greencore's summary financial information for the periods shown, prepared in accordance with IFRS. Investors should read the full text of this document, including the information incorporated by reference into it, and not rely solely on this summary.

<u>Financial period/year ended</u>	<u>25 March 2011⁽¹⁾</u>	<u>24 September 2010⁽²⁾</u>	<u>24 September 2009⁽²⁾</u>	<u>24 September 2008⁽³⁾</u>
Group sales	€441.8m	€856.0m	€800.9m	€1,308.1m
Group operating profit ⁽⁴⁾	€27.0m	€59.7m	€50.8m	€77.3m
Group operating margin ⁽⁴⁾	6.1%	7.0%	6.3%	5.9%
Dividend per share	3.0c	7.5c	7.5c	13.51c
Adjusted EPS	6.8c	16.7c	17.4c	20.3c

(1) Financial information reported for 25 March 2011 represents the half year ended 25 March 2011 and is as extracted, without material adjustment, from the unaudited consolidated Group Condensed Financial Statements of Greencore for HY11, which are incorporated by reference into this document as set out in Part XIII of this document. It was prepared on a continuing basis, excluding results in respect of the malt, water and continental Europe convenience foods businesses which were discontinued in 2010. Note that the Greencore Group's convenience foods portfolio is second half weighted. This weighting is primarily driven by weather and seasonal buying patterns impacting, in particular, the demand for chilled product categories.

(2) Financial information reported for FY10 and FY09 is as extracted, without material adjustment, from the audited consolidated Group Financial Statements of Greencore for FY10, which are incorporated by reference into this document as set out in Part XIII of this document. It was prepared on a continuing basis, excluding results in respect of the malt, water and continental Europe convenience foods businesses which were discontinued in 2010.

(3) Financial information reported for FY08 is as extracted, without material adjustment, from the audited consolidated Group Financial Statements of Greencore for FY09, which are incorporated by reference into this document as set out in Part XIII of this document, and have not been adjusted in respect of the malt, water and continental Europe convenience foods businesses which were discontinued in 2010.

(4) Before exceptional items and acquisition-related amortisation.

6. Current trading and prospects

On 12 July 2011 Greencore issued the following interim management statement for the three month period ended 1 July 2011:

“The FY11 financial year is a 53 week year. The ‘additional’ week is included in the third quarter results. As a result, the tables set out below include quarterly and year to date revenue growth rates both including and excluding the ‘additional’ week and are presented using both Reported and Constant Currency.

Third Quarter Revenue Performance

Revenue Progression	Q3 Reported Currency (14 weeks)	Q3 Constant Currency (14 weeks)	Q3 Reported Currency (excl extra week)	Q3 Constant Currency (excl extra week)
Convenience Foods	+12%	+18%	+4%	+9%
Ingredients & Property	+33%	+33%	+24%	+24%
Total	<u>+14%</u>	<u>+19%</u>	<u>+6%</u>	<u>+11%</u>

Year to Date Revenue Performance

Revenue Progression	YTD Reported Currency (40 weeks)	YTD Constant Currency (40 weeks)	YTD Reported Currency (excl extra week)	YTD Constant Currency (excl extra week)
Convenience Foods	+10%	+9%	+7%	+6%
Ingredients & Property	+14%	+14%	+11%	+11%
Total	<u>+10%</u>	<u>+9%</u>	<u>+7%</u>	<u>+6%</u>

Convenience Foods

In our Interim results announced on 24 May 2011, we highlighted that the Convenience Foods division had recorded a good first half in challenging market conditions with sales from continuing operations increasing by 4.3% on a Constant Currency basis. This sales momentum has continued into the third quarter with Constant Currency sales growing by 9% during that period. This strong performance was driven by:

- Buoyant underlying demand during April and May reflecting in part good weather and the timing of bank/public holidays;
- The year on year impact of new customer gains particularly in our largest businesses of Prepared Meals and Food to Go;
- The Grocery business returning to revenue growth having completed its product rationalisation programme;
- Good sales growth in the US business reflecting strong growth in the recently acquired “On A Roll” business. On a Roll contributed 3 percentage points of Constant Currency revenue growth to the Convenience Foods division in the quarter.

Input cost inflation is expected to be around 4% in FY2011 with over 95% of ingredients and packaging requirements for the financial year either purchased or contracted. The financial impact of this inflation will have been mitigated in FY2011 through internal efficiencies, product reconfiguration and selected price increases.

Ingredients and Property

This division experienced exceptional revenue growth in the quarter driven both by the impact of commodity price movements and strong underlying demand.

Financial Position

As previously reported, the Group successfully completed the refinancing of its primary bank facility of £280 million for a 5 year term at competitive rates during May.

Attention is drawn to the separate announcement issued on 12 July 2011 by the Company regarding the proposed acquisition of Uniq Plc. The financing of this proposed acquisition includes an issue of equity via a rights issue and the provision of new debt facilities. Fuller details are provided in the announcement.

Outlook

The trading environment in our core UK convenience foods market has been both challenging and volatile during 2011 and the Board expects this to remain the case in the seasonally important final quarter of FY2011. Nevertheless, assuming that the average Euro: Sterling exchange rate for the full year remains in the range of 0.85-0.87, the Board anticipates delivering adjusted EPS in line with market expectations.”

The above statement represents a profit forecast.

For clarification, earnings for the purposes of the calculation of ‘adjusted earnings per share’ are Greencore Group profits for the financial period attributable to equity shareholders adjusted for:

- Exceptional items.
- FX on intercompany and external balances where hedge accounting is not applied.
- The movement in the fair value of all derivative financial instruments and related debt adjustments.
- Amortisation of acquisition related intangible assets.
- The effect of pension financing.

At the time the Board understood market expectations of Greencore Group adjusted earnings per share to be in the range of 15.0c to 16.0c, based on research published by six brokers covering Greencore.

The profit forecast been properly compiled on the basis of the assumptions set out below and is based on the unaudited consolidated interim results as at and for the six month period ended 25 March 2011 which formed the basis of the interim management report, the unaudited management accounts for the eight months ended 27 May 2011 and a forecast for the period ended 30 September 2011.

The profit forecast has been prepared on a basis consistent with the accounting policies that are expected to be used in the Group’s consolidated financial statements for the year ended 30 September 2011. These policies are consistent with those set out in the Statement of Accounting Policies set out in the Group consolidated financial statements for the year ended 24 September 2010, as updated by Note 2 of the Group’s Half yearly Financial Report for the period ended 25 March 2011.

The profit forecast has been prepared on the assumption that:

- There will be no material acquisitions or disposals of businesses during the financial year ended 30 September 2011 other than already completed prior to the date of this document*.
- There will be no material change in current levels of demand in the Group’s principal markets caused by significant changes in economic or other factors.
- There will be no major disruptions to the business of the Group, its suppliers or customers due to natural disaster, terrorism, extreme weather conditions, industrial disruption, civil disturbance or government action.
- There will be no change in legislation or regulatory requirements that will have a material impact on the Group’s operations.
- There will be no material change in the rates of exchange, or inflation from those currently prevailing.
- There will be no material change in the present management or control of the Group or its existing operational strategy.*

* These factors are within the control or influence of the Directors. The other factors highlighted above are outside the influence and control of the Directors.

A report from KPMG on the profit forecast is contained in Part XIV of this document.

PART IV

INFORMATION ON UNIQ

1. Introduction

The Uniq Group is a private label chilled foods producer in the UK whose shares are quoted on AIM. Uniq's business comprises two divisions: "Food to Go" and "Desserts". Headquartered in Gerrards Cross, England, Uniq employs around 1,900 people and manufactures its products in four sites across the UK (Minsterley, Spalding, Evercreech and Northampton). Food to Go is comprised of the sandwiches business at Uniq's Northampton site and the Smedley's salads business at its Spalding site. The Desserts division is supplied by Uniq's Minsterley and Evercreech sites.

In the financial year ended 31 December 2010, Uniq generated an operating profit of £1.7 million on revenue of £311.9 million (operating profit before significant items was £4.1 million) and in the financial year ended 31 December 2009, Uniq generated an operating loss of £2.6 million on sales of £287.2 million (operating loss before significant items was £1.9 million). As at 31 December 2010, Uniq's audited annual consolidated financial statements for the year ended 31 December 2010 stated that Uniq had gross assets of £182.6 million and net liabilities of £21.9 million. An explanation of Uniq's recent restructuring and its impact on the results of Uniq is set out in paragraph 6 below.

2. Background and history

At its peak during the 1980s, Uniq (which was formerly called Unigate PLC) was a multinational conglomerate with over 30,000 employees in the UK, continental Europe and North America. Whilst Unigate plc was involved in a range of industries, its primary business was the processing of dairy-based products with its heritage being a door-to-door milk delivery company in the UK. Unigate PLC had a very large defined benefit pension plan with over 40,000 UK members, including active members, deferred members and pensioners.

During the 1990s, Unigate PLC adopted a strategy of 'returning to core business', meaning a divestment program of all businesses other than its UK and continental European food and logistics businesses. The implementation of this strategy resulted in the disposal of its North American businesses, as well as several engineering and exhibition service businesses in the UK.

In 2000, the board of directors of Unigate PLC decided to crystallise value for its mature dairy and logistics businesses and to focus solely on the pan-European chilled convenience foods sector. Unigate PLC sold its dairy business to Dairy Crest PLC and changed its name to Uniq. Under the terms of this transaction, the Uniq Group retained the responsibility for around 21,000 members of the dairy business in the Uniq Pension Scheme. The result was that, despite a significant downsizing of its business, the Uniq Group continued to be responsible for a defined benefit pension plan with over 40,000 members.

In May 2001, Uniq demerged its logistics business, Wincanton plc, through a flotation on the London Stock Exchange. As part of the demerger, the Uniq Pension Scheme was split roughly in half, with a proportion of the pension members being transferred to a new pension scheme with Wincanton plc. Following the demerger, the Uniq Pension Scheme had approximately 21,000 pension members, most of whom were either deferred members or pensioners but also had a much smaller business with which to support the Uniq Pension Scheme.

During 2001 and 2002, a number of further major divestments were made by Uniq. These included the sales of (i) its pork products business to Grampian Country Foods Group Limited, (ii) its St. Ivel spreads business to Dairy Crest plc and (iii) its Shape yoghurts business to Danone SA.

In 2006, the board of Uniq recognised that Uniq was not a 'pan-European group' but a number of separate businesses with distinct markets and challenges. In light of this and as the pension deficit now amounted to approximately £85 million (on an IAS 19 basis), the Uniq board adopted a strategy intended to transform the Uniq Group and create value for all of Uniq's stakeholders.

The Uniq Group's balance sheet was strengthened through the sales of the Belgian salads business in 2006 and of the French St. Hubert spreads business in 2007, for aggregate gross proceeds of £288 million. This enabled the Uniq Group to pay off bank debt and set aside £87 million in a secure account to offset substantially the deficit at that time in the Uniq Pension Scheme. The remaining cash provided funds to support the recovery of the retained businesses, which were incurring substantial losses.

Alignment of the Uniq Group's businesses with their customers and markets was tackled through decentralising the organisation to allow management to act faster and more effectively. Major milestones were achieved in each of the Uniq Group's divisions, with recovery evident throughout the business.

The decline in world financial markets during 2008 resulted in a sharp reduction in the value of the Uniq Pension Scheme assets. Despite a reduction in the Uniq Pension Scheme liabilities during this period, the net result was a significant increase in the Uniq Pension Scheme deficit which, at the end of 2008, amounted to approximately £144 million against which £96 million was held in a secure account, resulting in a net Uniq Pension Scheme deficit of £48 million (on an IAS 19 basis).

Consequently, the need to strengthen the Uniq Group's businesses became more urgent. Accordingly, the Uniq Board decided to pursue opportunities in France and Northern Europe to create value through joint ventures or sales of its businesses in those markets and would focus the Uniq Group's resources on strengthening its businesses in the UK.

In October 2009, the Uniq Group sold its Marie business in France for £60.9 million and, in January 2010, it sold its Netherlands business for £18 million. This was followed by the sale of its German and Polish businesses for £25.7 million in April 2010. The net proceeds from the sales of these businesses were used to support the growth of the UK business and to assist the Uniq Group in its triennial statutory funding discussions with the Trustee.

On 9 February 2011 Uniq announced it had reached agreement with the Trustee on the terms of the Restructuring which were designed to relieve Uniq and certain other members of the Uniq Group from their defined benefit obligations under the Uniq Pension Scheme (the pension deficit at the time was estimated to be more than £400 million on a buy-out basis). The Restructuring was carried out by way of scheme of arrangement and a "regulated apportionment arrangement" for the purposes of the Employer Debt Regulations and completed on 24 March 2011.

The Uniq Pension Scheme was separated into two segregated sections for funding and statutory debt purposes pursuant to the Restructuring (the Money Purchase Section and the Salary Related Section). This was so that Uniq and certain other members of the Uniq Group could be released from their obligations in relation to the Salary Related Section, while leaving the Money Purchase Section, which is still open to future accrual, so far as possible unaffected by the Restructuring.

The Trustee agreed to discharge Uniq and the other members of the Uniq Group from their obligations in relation to the Salary Related Section in effect in exchange for a payment to the Uniq Pension Scheme (which together with payment of certain costs and expenses by the Uniq Group amounted to approximately £14.0 million) and a 90.2 per cent. shareholding in Uniq being issued to Angel Street, a new company specifically formed for the purpose of the Restructuring. As part of the Restructuring, Angel Street became an employer under the Uniq Pension Scheme and is now solely responsible for the Salary Related Section.

On 23 March 2011, Uniq (as principal employer) terminated the Salary Related Section and immediately thereafter the Trustee began to wind up that section in accordance with the trust deed and rules governing the Uniq Pension Scheme and pensions legislation and designated 23 March 2011 as the date for measuring the deficit. The winding-up of the Salary Related Section and designation of that time triggered a Section 75 debt on Angel Street. As a result of such Section 75 debt being triggered, Angel Street was placed into administration on 24 March 2011 and the Trustee is its primary creditor. The administration of Angel Street triggered the start of a PPF assessment period in relation to the Salary Related Section. The PPF exercises the Trustee's creditor rights in respect of the Salary Related Section whilst it is in the assessment period.

3. Nature of operations and principal activities

Uniq is a private label chilled foods producer in the UK, manufacturing sandwiches, salads and desserts for major food retailers including M&S and comprises of two business divisions: Food to Go and Desserts.

3.1 Food to Go

Uniq's Food to Go division generates approximately half of the revenues of the Uniq Group. In the financial year ended 31 December 2010, the Food to Go division generated revenues of £157.0 million and operating profit of £11.0 million. The Food to Go division consists of the Northampton sandwich business and the Smedleys salad business.

Sandwiches

Uniq's sandwiches division at Northampton operates in the UK sandwich market, which includes sandwiches, baguettes, rolls and wraps. Northampton has a long track record of profit and sales growth driven by a close relationship with M&S. Northampton has supplied M&S for more than 30 years and has been one of only three suppliers of sandwiches, wraps and rolls to M&S. In the second half of Uniq's financial year ended 31 December 2009, the third supplier was removed and Northampton won the bulk of their business, thereby taking Northampton's share of M&S's sandwiches business to more than 65 per cent.

Salads

Uniq's salad division, Smedleys Salads, operates in the UK side of plate market, which includes pre-packed salad products such as coleslaw, potato and pasta salads. It is also in the Salad Bar market and recently entered Fresh to Go salads. Operating from a purpose-built site in Spalding, Lincolnshire, it produces private label prepared dressed salads for major retailers and foodservice customers. Its location in Lincolnshire means it can source over half of its fresh salad ingredients from within a 70-mile radius. Smedleys is now the second largest supplier by volume and third largest by value in the market growing with the overall market and also winning competitor market share¹².

3.2 Desserts

Uniq's desserts division operates from two facilities in the UK (Evercreech and Minsterley). The division serves four sub-sectors in the market: Premium Desserts, Cadbury Chocolate Desserts, Differentiated Yoghurt and Everyday Desserts. In the financial year ended 31 December 2010, the desserts division generated revenues of £154.9 million and an operating loss of £2.7 million.

Evercreech

The Evercreech site makes Premium Desserts for M&S and is exiting cottage cheese. It produces around 70 per cent. of its output for M&S (increasing to 100 per cent. following the planned withdrawal from cottage cheese supply) and has benefited from M&S's strong performance in desserts and from investment in Evercreech to further match M&S's commitment to quality and innovation. Recently, Cottage Cheese has been the subject of a phased exit from Evercreech which contributed to the 5.9 per cent. reduction in Desserts sales referred to in Uniq's trading update on 17 June 2011 which is set out in paragraph 7 below.

Minsterley

The Minsterley site makes Cadbury Chocolate Desserts under a co-pack agreement with Müller, Differentiated Yoghurt mainly for M&S and Premium and Everyday Desserts for other major retailers. In 2010, major investment took place at Minsterley in the form of new packing equipment, more flexible equipment and improvements in the site infrastructure. Despite Uniq's intention to build its capability and customer base for its premium, differentiated yoghurt at Minsterley the loss of the Everyday Desserts business and a further reduction in the margins achievable in this sector has lead Uniq to conclude that the returns it can realise from this category are insufficient to justify further investment in capital. Consequently, the Uniq Directors have decided to withdraw from yoghurt in April 2012.

4. Geographical revenue split and the Uniq's customer base

The Uniq Group's revenue and its assets and liabilities are all based in the United Kingdom. Revenue from one customer, Marks & Spencer, of both the Food to Go and Desserts segments represents approximately £178.0 million or 57 per cent. (2009: £153.8 million) of the Uniq Group's total continuing revenues in 2010. In 2009 revenues from another customer within the Desserts business, Müller, represented approximately £29.0 million or 10.1 per cent. of the Uniq Group's total continuing revenues. However in the financial year ended 31 December 2010, no other customer represented greater than 10 per cent. of the Uniq Group's total continuing revenues. Information in this section 4 is sourced from Uniq's audited consolidated financial statements for the year ended 31 December 2010.

The Board do not believe that Uniq is dependent on any key suppliers.

¹² Market statistics from Kantar World Panel, 52 weeks ended 17 April 2011.

5. Summary financial information

The table below sets out Uniq's summary financial information for the periods shown, prepared in accordance with IFRS. Investors should read the full text of this document, including the audited financial statements for Uniq for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010, and not rely solely on this summary.

Financial period/year ended	31 December 2010	31 December 2009	31 December 2008
Group sales	£311.9m	£287.2m	£286.7
Group operating profit after significant items	£1.7m	£(2.6)m	£(4.7)
Group operating margin	0.5%	-0.9%	-1.6%
Dividend per share	Nil	Nil	Nil
Adjusted EPS ⁽¹⁾	(4.9)p	(7.2)p	(6.6)p

(1) For the purpose of this Part IV, adjusted EPS is shown by reference to the Uniq Group's loss before significant and related tax.

6. Information regarding Uniq's restructuring

For the financial year ended 31 December 2010, the restructuring costs referred to in the Uniq Group's financial statements included costs or income associated with the restructuring of businesses, gains or losses on the disposal or closure of businesses (principally the closure of the cottage cheese operation in the Desserts segment), amounts associated with the restructuring of the Uniq Group's operations in relation to the management of the Uniq Pension Scheme which Uniq completed in March 2011 and gains or losses on the disposal of overseas businesses disclosed as discontinued. The net pre-tax credit from these restructuring items was £29.8 million.

Further information on the Restructuring of the Uniq Pension Scheme is set out in paragraph 2 of this Part IV.

7. Current trading and prospects of Uniq

In its audited consolidated annual report and accounts for 2010 Uniq included the following review of its Desserts business:

"On the back of the disturbance caused by the price increase and as a result of the decision to discontinue cottage cheese production at Evercreech we conducted a comprehensive review of our Desserts business. Our Desserts business supplies four distinct sub-sectors of the desserts market: premium desserts, Cadbury chocolate desserts, yoghurt and everyday desserts. Three of these sub-sectors are either profitable or on track to achieve profitability, while the losses are concentrated in everyday desserts. As a result of the Desserts review we have approved the following profit improvement plans:

- To use the space freed up at Evercreech by the discontinuance of cottage cheese production to invest in further growing our premium desserts business – which grew by 21 per cent. in 2010.
- To implement ambitious growth plans for Cadbury desserts for which we have identified considerable potential. We need to secure support for these plans from our partners.
- To continue to build our capability and customer base for our premium, differentiated yoghurt business at Minsterley, with support from M&S.
- To implement a plan to significantly reduce the overheads and costs in everyday desserts and work with our customers to address the market needs while ensuring that we stop the losses in this sub-sector."

On 17 June 2011, Uniq gave the following trading update at its annual general meeting:

"Trading in the first 21 weeks of 2011 has been in line with the board's expectations. Overall sales have increased by 2.4 per cent. on the same period last year. Desserts sales are down 5.9 per cent. reflecting the phased exit of Cottage Cheese and the loss of Everyday Desserts business from Minsterley from April 2011, as previously reported, while Premium Desserts sales are ahead of last year. Food to Go sales are up on last year by 11.2 per cent. as a result of a continued focus on providing the product and service required by our customers and the end consumer."

Despite Uniq's intention to build its capability and customer base for its premium, differentiated yoghurt at Minsterley, a further reduction in the margins achievable in this sector has lead Uniq to conclude that the returns it can realise from this category are insufficient to justify further investment in capital. Consequently, the Uniq Directors have decided to withdraw from yoghurt in April 2012. This is likely to result in a number of employees being at risk of redundancy and a consultation process has commenced at the site. It is anticipated that following this restructuring, the loss of this business will not have a material impact of the financial position of the Minsterley site.

PART V

OPERATING AND FINANCIAL REVIEW

The following operating and financial review is intended to convey the Board's perspective on the Greencore Group's financial condition and operating performance during HY11, HY10, FY10, FY09 and FY08, and should be read in conjunction with Greencore's unaudited consolidated Group Condensed Financial Statements for HY11 and HY10 and the audited consolidated Group Financial Statements for FY10, FY09 and FY08 (all of which are incorporated by reference into this document as set out in Part V) and the Restated Historical Financial Information (which is set out in Part VI of this document). The financial information on Greencore discussed in this Part V is reported for HY11, H10, FY10 and FY09 in pounds sterling (as extracted or derived, without material adjustment, from the Restated Historical Financial Information) and for FY09 and FY08 in € (as extracted, without material adjustment, from Greencore's audited consolidated Group Financial Statements for FY09 and FY08) and for HY11 and HY10 (as extracted or derived, without material adjustment from Greencore's unaudited consolidated Group Condensed Financial Statements for HY11 and for HY10). Investors should read the whole of this document (and the information incorporated by reference into it) and not solely rely on key or summarised information in this Part V.

1. Overview of the Greencore Group's operations

Information on the Company, including an introduction to the Greencore Group, a summary of its background and history and a description of the nature of its operations and principal activities are set out in Part III of this document. References in this Part V to business divisions or segments correspond to the business divisions described in paragraph 3 of Part III. References to categories within the Convenience Foods division/segment in this Part V correspond to the business units described in paragraph 3.1 of Part III.

1.1 Key Performance Indicators

The Greencore Group uses the following key performance indicators to measure the performance of its operations.

Return on Capital Employed

Capital is defined as the sum of the book value of shareholders' equity plus comparable net debt¹³ but excluding investment property and pension scheme assets or deficits net of deferred tax with the returns measure expressed as operating profit^{14, 15} including share of associates. The Greencore Group's return on capital employed was 13.3 per cent. in HY11 compared to 13.8 per cent. in HY10, and 14.1 per cent. in FY10 compared to 10.2 per cent. in FY09. The Group's return on capital employed was 14.8 per cent. in FY09 compared to 14.5 per cent. in FY08.

Sales Growth

Group revenue from continuing operations on a Constant Currency basis grew by 4.4 per cent. in HY11 compared to HY10. Revenue increased by 6.9 per cent. in FY10 from FY09. Revenue reduced by 0.8 per cent. in FY09 compared to FY08. For a discussion of sales growth over the respective periods, see paragraphs 5.1, 5.2 and 5.3.

Operating Margin

The Group's operating margin in HY11 was 6.1 per cent. compared to 6.5 per cent. in HY10. The Group's operating margin was 7.0 per cent. in FY10 compared to 6.3 per cent. in FY09. The Group's operating margin was 6.6 per cent. in FY09 compared to 5.9 per cent. in FY08. For a discussion of operating margin over the respective periods, see paragraphs 5.1, 5.2 and 5.3.

13 Comparable net debt comprises current and non-current borrowings less cash equivalents and excludes the impact of the fair value or derivative financial instruments and related debt adjustments.

14 Operating profit is operating profit from continuing operations and is before exceptional items and acquisition related amortisation. It is calculated based on amounts disclosed in tables 5.1, 5.2 and 5.3.

15 Continuing operations in the comparisons for HY11 to HY10, and FY10 to FY09, exclude disposed activities. The disposed activities excluded from the comparisons for HY11 to HY10 and FY10 to FY09 are included in the comparisons for FY09 to FY08 as continuing operations.

Free Cash Flow

The Greencore Group's free cash measure is defined as net cash flow from continuing operating activities after capital expenditure but before exceptional items and pension deficit funding. Greencore Group continuing free cash was £2.3 million in HY11, £9.9 million in HY10 and £71.3 million in FY10.

Free cash flow for FY09 and FY08 was defined as net cash flow from operating activities before exceptional items adjusted for replacement capital expenditure, and was £74.3 million and €73.8 million respectively. Replacement capital expenditure was defined as capital expenditure required to maintain assets at their previously assessed operating capacity. For a discussion of free cash flow over the respective periods, see paragraphs 7.1, 7.2 and 7.3.

2. Basis of presentation

2.1 *Restatement of unaudited consolidated Group Condensed Financial Statements for the Half Year ended 25 March 2011, the Half Year ended 26 March 2010 and the audited consolidated Group Financial Statements for FY10 and FY09*

For the purposes of paragraph 20.1 of Annex I of Prospectus Directive Regulation 809/2004, the Restated Historical Financial Information has been prepared in order to restate the audited consolidated Group Financial Statements for FY10 and for FY09 in a form consistent with that which will be adopted in the Greencore Group's first set of audited consolidated Group Financial Statements following Completion of the Acquisition (to be published for the 53 weeks ending 30 September 2011), having regard to accounting standards and policies and legislation applicable to such financial statements. In addition, for the purpose of consistency and ease of interpretation, given the Group's intention to report in pounds sterling for the year ended 30 September 2011, restated unaudited Group Condensed Financial Statements for the Half Years ended 25 March 2011 and 26 March 2010 have also been included. The Restated Historical Financial Information, is set out in Part VI of this document.

Following the Acquisition and the Rights Issue, Greencore will present results in pounds sterling. At the same time Greencore Group PLC will change its functional currency from € to pounds sterling. IAS 21 The Effects of Changes in Foreign Exchange Rates describes functional currency as the "currency of the primary economic environment in which an entity operates". The change in functional currency reflects the increased concentration of the Greencore Group's activities in pounds sterling. The change in presentation currency will align the Greencore Group's external financial reporting with the profile of the Greencore Group.

In accordance with IAS 21, the change in functional currency of Greencore Group PLC will be accounted for prospectively following completion of the Acquisition whilst the change in presentation currency will be applied retrospectively.

In restating Greencore's unaudited consolidated Group Condensed Financial Statements for the Half Year ended March 2011 and for March 2010 and the audited consolidated Greencore Group Financial Statements for FY10 and for FY09, Greencore has converted that information from € to pounds sterling using the procedures outlined below:

- Assets, liabilities and equity were translated into pounds sterling at closing rates of exchange at each respective balance sheet date.
- Trading results were translated into pounds sterling at average rates for the relevant period.
- Differences resulting from the retranslation have been taken to reserves.

Accordingly, the comparisons of Greencore's consolidated results from operations, balance sheet and cash flows for (and as at period/year-end) HY11, HY10, FY10 and FY09, which are set out in paragraphs 5.1, 5.2, 6.1, 6.2, 7.1 and 7.2 of this Part V respectively, have been prepared in pounds sterling, as extracted or derived without material adjustment from the Restated Historical Financial Information.

The comparisons of Greencore's consolidated results from operations, balance sheet and cash flows for (and as at year-end) FY09 and FY08, which are set out in paragraphs 5.3, 6.3 and 7.3 of this Part V respectively, have been prepared in €, as extracted or derived without material adjustment from Greencore's audited consolidated Group Financial Statements in respect of those financial years, which are incorporated by reference as set out in Part VII of this document.

2.2 *Change in reportable segments upon adoption of IFRS 8, Operating Segments*

For HY10 and FY10, on adoption of IFRS 8, *Operating Segments*, Greencore had three reportable segments: (i) Convenience Foods; (ii) Ingredients and Property; and (iii) Malt. The entire results of the Malt segment formed part of the results from discontinued operations for those years.

For FY09 and the comparative information for FY08, Greencore's results were analysed in two primary business segments: (i) Convenience Foods; and (ii) Ingredients and Property. In those reporting periods, Malt formed part of the Ingredients and Property segment.

3. *Principal factors affecting the results from operations*

The following are the principal factors, in addition to general economic and market conditions and government policy, legislation or regulation, which have had and are likely to continue to have a material effect on Greencore's results from operations and financial condition. Investors should also read the section of this document entitled "Risk Factors" for a discussion of the risks and uncertainties applicable to the Greencore Group, paragraph 6 of Part III for information relating to current trading, trends and prospects, and to paragraphs 5, 6 and 7 of this Part V for further discussion of these factors.

3.1 *Consumer behaviour and demand*

The results of Greencore are affected by changing consumer behaviour and demand.

There is evidence that many of the lifestyle changes and food consumption patterns seen in recent years are now embedded with consumers adjusting to a new economic environment. Consumers are demanding an innovative, quality food proposition for food on the go as well as at home offerings whilst also expecting this product offering to be at a price they can afford to pay.

Consumer preferences are constantly changing and factors such as dietary concerns, nutritional values and new products, among others, need constant consideration. There has been a sustained trend of the consumer in the last year to eating more food at home, with a switch from dining out.

Food manufacturers and retailers are continuously adapting and require cost and time efficient processes while still allowing for the supply of a quality differentiated product offering.

3.2 *Market trends*

This business has a significant presence in the UK and also has a presence in the USA, with the large majority of its revenues generated in the UK. For the 52 weeks ended 19 March 2011, the sandwiches category in the UK had grown by 9.1 per cent.¹⁶ For the 52 weeks ended 23 March 2011 the ready meals category in the UK has grown by 7.8 per cent.¹⁷

3.3 *Raw materials and supplies*

The food business uses a significant quantity of raw materials in manufacturing its products, largely comprising fuel, wheat-based products, protein, produce, fat and other food ingredients. The prices of raw materials are subject to fluctuation. The Greencore Group faces the challenge of managing potential cost increases of its finished product and the related challenge of passing on price increases to customers.

4. *Investment activity*

For information regarding the significant investments made by Greencore in HY11, FY10, FY09 and FY08, please refer to Note 17 to the unaudited consolidated Group Condensed Financial Statements for the half year ended March 2011, Note 37 to the Group Financial Statements on page 104 of Greencore's Annual Report for FY10, Note 36 to the Group Financial Statements on page 106 of Greencore's Annual Report for FY09, and Note 36 to the Group Financial Statements on page 111 of Greencore's Annual Report for FY08, each of which are incorporated by reference into this document as set out in Part VIII of this Prospectus.

Greencore has no currently approved expenditure for future acquisitions.

¹⁶ Volume growth rate from Nielsen Grocery Multiples, 52 weeks ended 19 March 2011.

¹⁷ Volume growth rate from Kantar World Panel, 52 weeks ended 23 March 2011.

5. Results from operations

Paragraph 5.1 sets out Greencore's consolidated results from operations for HY11 and HY10 in pounds sterling, paragraph 5.2 sets out Greencore's consolidated results from operations for FY10 and FY09 in pounds sterling, and paragraph 5.3 sets out Greencore's consolidated results from operations for FY09 and FY08 in €, in each case followed by a comparative discussion of those results. The results from operations for HY11/HY10, FY10/FY09 and FY09/08 have been prepared on the basis set out in paragraph 2 above.

5.1 Comparison of Greencore's consolidated results from operations for HY11/HY10

	Pre-exceptional HY11 (£'000)	Exceptional HY11 (£'000)	Total HY11 (£'000)	Pre-exceptional HY10 (£'000)	Exceptional HY10 (£'000)	Total HY10 (£'000)
Continuing operations						
Revenue	378,630	–	378,630	363,734	–	363,734
Cost of sales	(256,228)	–	(256,228)	(243,280)	–	(243,280)
Gross profit	122,402	–	122,402	120,454	–	120,454
Operating costs, net ...	(99,225)	(15,127)	(114,352)	(96,833)	–	(96,833)
Group operating profit/ (loss) before acquisition related amortisation	23,177	(15,127)	8,050	23,621	–	23,621
Amortisation of acquisition related intangibles	(1,228)	–	(1,228)	(1,040)	–	(1,040)
Group operating profit/(loss)	21,949	(15,127)	6,822	22,581	–	22,581
Finance income	10,130	–	10,130	11,012	–	11,012
Finance costs	(15,117)	–	(15,117)	(24,358)	–	(24,358)
Share of profit of associates after tax ...	290	–	290	300	–	300
Profit/(loss) before taxation	17,252	(15,127)	2,125	9,535	–	9,535
Taxation	(2,447)	107	(2,340)	(1,805)	–	(1,805)
Profit/(loss) for the period from continuing operations	14,805	(15,020)	(215)	7,730	–	7,730
Discontinued operations						
Results from discontinued operations	–	–	–	7,040	7,569	14,609
Profit/(loss) for the financial period	14,805	(15,020)	(215)	14,770	7,569	22,339

Revenue from continuing operations (HY11/HY10)

Group revenue from continuing operations was £378.6 million in HY11 compared to £363.7 million in HY10, an increase of 4.1 per cent.

The Convenience Foods division had a good first half in challenging market conditions and achieved revenues from continuing operations of £344.8 million in HY11 compared to £330.4 million in HY10, an increase of 4.3 per cent. The sales performance was encouraging in light of the challenging trading environment and significant disruption from severe weather in four of our largest factories in the UK and the US during December/January (Manton Wood, Kiveton, Hull and Newburyport). The majority of the Group's business experienced increased sales in the period. The Cakes and Desserts business had a challenging HY11 with the business being impacted by excess industry capacity.

The Ingredients and Property division achieved revenues from continuing operations of £33.8 million in HY11 compared to £33.3 million in HY10, an increase of 1.6 per cent., despite a reduction in property trading activity due to the adverse economic environment currently being experienced in Ireland.

Operating Profit¹⁸ (HY11/HY10)

Group operating profit from continuing operations was £23.2 million in HY11 compared to £23.6 million in HY10, a decrease of 1.9 per cent.

The Convenience Foods division achieved operating profits from continuing operations of £22.3 million in HY11 compared to £22.0 million in HY10, an increase of 1.2 per cent. The division's operating margin from continuing operations decreased to 6.5 per cent. in HY11 from 6.7 per cent. in HY10. The decrease in operating margin is due to raw material inflation. The impact of raw material inflation has been largely offset through selective price increases, product re-engineering in conjunction with our retail partners and significant efficiency programmes throughout the business, such as Lean Manufacturing and Total Lowest Cost initiatives.

The Ingredients and Property division reported operating profits of £0.9 million in HY11 compared to £1.6 million in HY10, a decrease of 44.4 per cent., principally as a result of a reduction in property trading activity due to the adverse economic environment currently being experienced in Ireland, where the majority of the Group's property portfolio is located.

Amortisation of acquisition related intangibles (HY11/HY10)

Amortisation of intangible assets reported in HY11 was £1.2 million compared to £1.0 million in HY10, an increase of £0.2 million. This is due primarily to the additional amortisation relating to the US On A Roll acquisition during HY11.

Finance income (HY11/HY10)

Finance income from continuing operations decreased by £1.0 million to £10 million in HY11.

Finance Costs (HY11/HY10)

Finance costs from continuing operations decreased by 37.9 per cent. from £24.4 million in HY10 to £15.1 million in HY11. This was principally due to the overall reduction in borrowings.

Share of profit from associates (HY11/HY10)

The Ingredients and Property division has a 50 per cent. associate. Share of profit of associates after tax remained constant in HY11/HY10 at £0.3 million.

Exceptional items (HY11/HY10)

Exceptional items from continuing operations (pre-tax) were £Nil in HY10 compared to an expense of £15.0 million in HY11. Of this: £11.6 million related to transaction costs associated with the costs of a proposed merger with Northern Foods plc, an assessment of a potential acquisition of Northern Foods plc and the transaction costs relating to the On A Roll acquisition in the US; and £3.5 million represents a legal claim related to former activities.

Taxation (HY11/HY10)

Taxation expense (pre-exceptional) was £2.4 million in HY11 compared to £1.8 million in HY10, an increase of £0.6 million (35.6 per cent.). The Greencore Group's effective tax rate was in line with HY10 at 18 per cent.

Discontinued operations (HY11/HY10)

Results from discontinued operations were £Nil in HY11 compared to £14.6 million in HY10. HY10 reflects the disposal of Greencore's interest in the malt, bottled water and continental European convenience foods businesses.

18 Operating profit is stated here before amortisation of acquisition related intangibles and exceptional items.

5.2 Comparison of Greencore's consolidated results from operations for FY10/FY09

	Pre-exceptional FY10 (£'000)	Exceptional FY10 (£'000)	Total FY10 (£'000)	Pre-exceptional FY09 (£'000)	Exceptional FY09 (£'000)	Total FY09 (£'000)
Continuing operations						
Revenue	739,863	–	739,863	705,546	–	705,546
Cost of sales	(491,996)	–	(491,996)	(457,308)	(1,313)	(458,621)
Gross profit	247,867	–	247,867	248,238	(1,313)	246,925
Operating costs, net ...	(196,274)	–	(196,274)	(203,525)	(20,388)	(223,913)
Group operating profit/ (loss) before acquisition related amortisation	51,593	–	51,593	44,713	(21,701)	23,012
Amortisation of acquisition related intangibles	(2,043)	–	(2,043)	(1,851)	–	(1,851)
Group operating profit/(loss)	49,550	–	49,550	42,862	(21,701)	21,161
Finance income	22,606	–	22,606	28,297	–	28,297
Finance costs	(46,387)	–	(46,387)	(70,442)	–	(70,442)
Share of profit of associates after tax ...	443	–	443	385	–	385
Profit/(loss) before taxation	26,212	–	26,212	1,102	(21,701)	(20,599)
Taxation	(4,680)	–	(4,680)	(2,831)	2,954	123
Profit/(loss) for the period from continuing operations	21,532	–	21,532	(1,729)	(18,747)	(20,476)
Discontinued operations						
Results from discontinued operations	6,307	2,321	8,628	16,548	(3,480)	13,068
Profit/(loss) for the financial period	27,839	2,321	30,160	14,819	(22,227)	(7,418)

Revenue from continuing operations (FY10/FY09)

Group revenue from continuing operations was £739.8 million in FY10 compared to £705.5 million in FY09, an increase of 4.9 per cent.

The Convenience Foods division achieved revenues from continuing operations of £678.1 million in FY10 compared to £624.3 million in FY09, an increase of 8.6 per cent. The increase in revenue was driven by increases in volumes in most category businesses year on year. A key highlight of the growth in revenues in the Convenience Food division was the resurgence in the Chilled Ready Meals category (part of the Prepared Meals business) which experienced a 22 per cent. increase in sales growth. That growth was driven by a sustained trend of existing customers to eat more food at home, with a switch from dining out, as well as the addition of a significant new ready meal customer during the year. The Food to Go business experienced sales growth year on year due to the reversal of 'down trading' to cheaper sandwiches and the delivery of new product development (NPD) and innovation. The Chilled Sauces and Soups and Ministry of Cake businesses also contributed to the division's growth in revenue due principally to increased sales volumes. Finally, the US Convenience Foods business recorded revenue growth of 18 per cent. year on year driven, mainly, by Food to Go volumes.

The Ingredients and Property division achieved revenues from continuing operations of £61.8 million in FY10 compared to £81.2 million in FY09, a decrease of 24.0 per cent., reflecting reduced molasses and edible oils volumes year on year.

Operating Profit¹⁹ (FY10/FY09)

Group operating profit from continuing operations was £51.6 million in FY10 compared to £44.7 million in FY09, an increase of 15.4 per cent.

19 Operating profit is stated here before amortisation of acquisition related intangibles and exceptional items.

The Convenience Foods division achieved operating profits from continuing operations of £46.8 million in FY10 compared to £39.4 million in FY09, an increase of 18.9 per cent. The division's operating margin from continuing operations increased to 6.9 per cent. in FY10 from 6.3 per cent. in FY09, an increase of 60 basis points. The improvement in operating margin year on year in the division reflects the benefits of increased volumes, operating efficiencies and productivity growth. A healthy performance management culture and a set of over 200 separate efficiency initiatives driven through the business have helped achieve the improvement in operating margin. Specifically, operating efficiencies were achieved in the Convenience Foods division through the reduction in excess manufacturing capacity in the Prepared Meals business and the completion of the SKU rationalisation in the Grocery business which eliminated non-economic product lines.

The Ingredients and Property division reported operating profits of £4.8 million in FY10 compared to £5.3 million in FY09, a decrease of 10.1 per cent., principally as a result of the reduced molasses and edible oils volumes year on year.

Amortisation of acquisition related intangibles (FY10/FY09)

Amortisation of intangible assets reported in FY10 was £2.0 million compared to £1.8 million in FY09, an increase of £0.2 million (10.4 per cent.). This is due primarily to the first full year of amortisation in FY10 relating to £3.9 million of brand additions to the Food to Go business during FY09.

Finance income (FY10/FY09)

Finance income from continuing operations decreased by 20.1 per cent. from £28.3 million in FY09 to £22.6 million in FY10. This was principally due to a decrease in expected return on defined benefit pension scheme assets.

Finance Costs (FY10/FY09)

Finance costs from continuing operations decreased by 32.9 per cent. from £70.4 million in FY09 to £46.4 million in FY10. This was principally due to the overall reduction in borrowings and significant reduction in interest rates experienced in FY10 and the associated impact of marking to market the Greencore Group's fixed interest rate swaps.

Share of profit from associates (FY10/FY09)

Share of profit of associates after tax remained constant in FY10/FY09 at £0.4 million.

Exceptional items (FY10/FY09)

Exceptional items from continuing operations (pre-tax) were £Nil in FY10 compared to a loss of £21.7 million in FY09. In FY09, £10.7 million of exceptional costs related to the exit from the Frozen Desserts sub-category of the Frozen Foods division as well as the restructuring program within the Convenience Foods business. The Frozen Foods division is now solely comprised of the manufacture of frozen Yorkshire puddings. A further £11.0 million of exceptional costs in FY09 related to the closure of the grain trading business at Drummonds. A tax gain of £3.0 million was recorded in FY09 in relation to these exceptional items.

Taxation (FY10/FY09)

Taxation expense (pre-exceptional) was £4.7 million in FY10 compared to £2.8 million in FY09, an increase of £1.9 million (68.5 per cent.). The Greencore Group's effective tax rate increased from 16 per cent. in FY09 to 17 per cent. in FY10, reflecting the change in profile of the Greencore Group's profits following disposals in FY10.

Discontinued operations (FY10/FY09)

Results from discontinued operations were £8.6 million in FY10 compared to £13.1 million in FY09, a decrease of 33.9 per cent. which reflects the disposal of Greencore's interest in the malt, bottled water and continental European convenience foods businesses in FY10.

5.3 Comparison of Greencore's consolidated results from operations for FY09/FY08

	Pre-exceptional FY09 (€'000)	Exceptional FY09 (€'000)	Total FY09 (€'000)	Pre-exceptional FY08 (€'000)	Exceptional FY08 (€'000)	Total FY08 (€'000)
Continuing operations						
Revenue	1,103,800	–	1,103,800	1,308,097	–	1,308,097
Cost of sales	(742,521)	(4,388)	(746,909)	(947,221)	–	(947,221)
Gross profit	361,279	(4,388)	356,891	360,876	–	360,876
Operating costs (net) ...	(288,352)	(19,563)	(307,915)	(283,571)	(13,586)	(297,157)
Group operating profit/ (loss) before acquisition related amortisation	72,927	(23,951)	48,976	77,305	(13,586)	63,719
Amortisation of acquisition related intangibles	(2,101)	–	(2,101)	(672)	–	(672)
Group operating profit/(loss)	70,826	(23,951)	46,875	76,633	(13,586)	63,047
Finance income	32,711	–	32,711	43,167	–	43,167
Finance costs	(80,429)	–	(80,429)	(65,788)	–	(65,788)
Share of profit of associates after tax ..	437	–	437	1,329	–	1,329
Profit/(loss) before taxation	23,545	(23,951)	(406)	55,341	(13,586)	41,755
Taxation	(6,724)	2,136	(4,588)	(9,189)	3,854	(5,335)
Profit/(loss) for the period from continuing operations	16,821	(21,815)	(4,994)	46,152	(9,732)	36,420
Discontinued operations						
Results from discontinued operations	–	(3,415)	(3,415)	–	18,892	18,892
Profit/(loss) for the financial period	16,821	(25,230)	(8,409)	46,152	9,160	55,312

Revenue from continuing operations (FY09/FY08)

Group revenue from continuing operations was €1,103.8 million in FY09 compared to €1,308.1 million in FY08, a decrease of 15.6 per cent. (or 0.8 per cent. on a Constant Currency basis).

The Convenience Foods division achieved revenues from continuing operations of €794.4 million in FY09 compared to €894 million in FY08, a decrease of 11.1 per cent. (or an increase of 2.2 per cent. on a continuing business²⁰, Constant Currency basis). The Food to Go business experienced a decline in the first quarter of FY09 with consumers opting temporarily to make more of their own sandwiches. However, this trend was short lived, with consumers returning to the sandwich fixture over time. Salads and sushi drove growth in the Food to Go business, with growth levels of 30 per cent. and 31 per cent. respectively. The Prepared Meals business was re-energised with retailers bringing consumers back to ready meals in an era where consumers are eating out less. The Grocery business improved performance, reflecting an increase in “at home” dining and, specifically, an increase in evening meals prepared from scratch supporting demand for stir-in sauces. The development of the US business also contributed to the Constant Currency sales increase in the Convenience Foods division, with the opening of a new satellite facility, introduction of new products and new customer wins.

The Ingredients and Property division achieved revenues from continuing operations of €309.4 million in FY09 compared to €414.1 million in FY08, a decrease of 25.3 per cent. (or 8.2 per cent. on a continuing business²⁰ Constant Currency basis). This was principally due to

²⁰ Continuing business comparisons exclude frozen desserts in the Convenience Foods division and exclude Drummonds in the Ingredients and Property division. Those businesses were discontinued during the first half of FY09 but were not classified as discontinued operations in the Greencore Group audited financial statements for FY09.

deterioration in the global malt market, as well as being due to lower demand for edible oils from Irish food and snack manufacturers.

Operating Profit²¹ (FY09/FY08)

Group operating profit from continuing operations was €72.9 million in FY09 compared to €77.3 million in FY08, a decrease of 5.7 per cent. (or an increase of 6.1 per cent. on a Constant Currency basis).

The Convenience Foods division achieved operating profits from continuing operations of €46.4 million in FY09 compared to €46.2 million in FY08, an increase of 0.4 per cent. (or 14.1 per cent. on a Constant Currency basis). The division's operating margin from continuing operations increased to 5.8 per cent. in FY09 from 5.3 per cent. in FY08, an increase of 50 basis points. The improvement in operating margin year on year in the division is underpinned by the lean manufacturing and cost reduction programme, which had a particular focus on overheads. In particular, there were operational improvements in the ambient Grocery business (through exiting 350 SKUs with poor returns), the Prepared Meals business (efficiencies delivered from the closure in FY09 of inefficient facilities and reduction in SKUs with poor returns) and the bottled water business (cost reduction and elimination of loss making trade). In addition, a year of significant progress was made in Greencore's US business, which almost doubled its contribution to group operating profit.

The Ingredients and Property division reported operating profits of €26.6 million in FY09 compared to €31.1 million in FY08 a decrease of 14.7 per cent. This was principally due to deterioration in the global malt market.

Amortisation of acquisition related intangibles (FY09/FY08)

Amortisation of intangible assets reported in FY09 was €2.1 million compared to €0.7 million in FY08, an increase of €1.4 million (212.6 per cent.). This is due primarily to the first full year of amortisation in FY09 relating to €12.6 million of acquisition related intangibles during FY08 in the Convenience Foods division.

Finance income (FY09/FY08)

Finance income from continuing operations decreased by 24.2 per cent. from €43.2 million in FY08 to €32.7 million in FY09. This was principally due to a decrease in expected return on defined benefit pension scheme assets.

Finance Costs (FY09/FY08)

Finance costs from continuing operations increased by 22.3 per cent. to €80.4 million in FY09 from €65.8 million in FY08. This was principally due to the significant reduction in interest rates and the associated impact of marking to market the Greencore Group's fixed interest rate swaps.

Associates (FY09/FY08)

The Ingredients and Property division has a 50 per cent. molasses associate. Share of profit of associates after tax decreased to €0.4 million in FY09 from €1.3 million in FY08.

Exceptional items (FY09/FY08)

Exceptional items from continuing operations (pre-tax) were a charge to the income statement of €24.0 million in FY09 compared to a charge of €13.6 million in FY08.

Exceptional items in FY09 comprised of: (i) €12.1 million of costs relating to the exit from Frozen Desserts category and the Convenience Foods business restructuring program; (ii) €12.5 million of costs relating to the closure of the grain trading business at Drummonds; (iii) €3.0 million of costs related to grain/barley stocks associated with the poor harvest quality arising as a result of extreme adverse weather conditions during 2008; and (iv) €3.6 million of income in settlement of an insurance claim relating to an incident at the Greencore Group's malting facility in Belgium.

Exceptional items in FY08 comprised of: (i) €12.4 million of costs relating to the closure of a Kiveton-based ready meal facility and a Huddersfield-based frozen desserts facility; and (ii)

21 Operating profit is stated here before amortisation of acquisition related intangibles and exceptional items.

€1.1 million of costs relating to the investigation into a deliberate concealment of cost in the bottled water business.

A tax gain of €2.2 million in FY09 and €3.9 million in FY08 was recorded in relation to these exceptional items.

Taxation (FY09/FY08)

Taxation expense (pre-exceptional) was €6.7 million in FY09 compared to €9.2 million in FY08, a decrease of €2.5 million (26.8 per cent.). The Greencore Group's effective tax rate was 16 per cent. in both FY09 and FY08.

Discontinued operations (FY09/FY08)

Results from discontinued operations was a charge of €3.4 million in FY09 compared to income recorded of €18.9 million in FY08. These reflect ongoing items in respect of the exit from the Group's sugar processing business in 2006.

6. Balance sheet data

6.1 Comparison of Greencore's consolidated balance sheet data as at 25 March 2011 and 24 September 2010

	25 March 2011 (£'000)	24 September 2010 (£'000)
ASSETS		
Non-current assets		
Intangible assets	361,034	343,184
Property, plant and equipment	184,572	184,532
Investment property	33,105	32,164
Investments in associates	859	579
Other receivables	2,762	5,353
Derivative financial instruments	10,358	16,304
Deferred tax assets	36,363	39,263
Total non-current assets	<u>629,053</u>	<u>621,379</u>
Current assets		
Inventories	39,536	33,549
Trade and other receivables	65,828	54,747
Derivative financial instruments	68	2,109
Cash and cash equivalents	6,135	9,931
Total current assets	<u>111,567</u>	<u>100,336</u>
TOTAL ASSETS	<u><u>740,620</u></u>	<u><u>721,715</u></u>
EQUITY		
Capital and reserves attributable to equity holders of Greencore		
Share capital	117,013	112,536
Share premium	106,927	102,782
Reserves	(68,934)	(66,015)
	<u>155,006</u>	<u>149,303</u>
Minority interest in equity	2,884	2,444
TOTAL EQUITY	<u><u>157,890</u></u>	<u><u>151,747</u></u>

	25 March 2011 (£'000)	24 September 2010 (£'000)
LIABILITIES		
Non-current liabilities		
Borrowings	224,185	157,288
Retirement benefit obligations	89,663	100,474
Other payables	4,015	4,405
Provisions for liabilities	3,361	3,351
Deferred tax liabilities	38,125	37,191
Government grants	89	97
Total non-current liabilities	<u>359,438</u>	<u>302,806</u>
Current liabilities		
Borrowings	–	35,120
Derivative financial instruments	8,605	16,028
Trade and other payables	184,625	185,036
Provisions for liabilities	6,499	7,038
Current taxes payable	23,563	23,940
Total current liabilities	<u>223,292</u>	<u>267,162</u>
TOTAL LIABILITIES	<u>582,730</u>	<u>569,968</u>
TOTAL EQUITY AND LIABILITIES	<u><u>740,620</u></u>	<u><u>721,715</u></u>

Non-current assets (HY11/FY10)

Overall, Non-current assets increased by £7.7 million to £629.1 million at 25 March 2011.

During the six month period to 25 March 2011, the Group made approximately £9.1 million of additions to property, plant and equipment, investment property and intangible assets. The Group also disposed of certain assets with a carrying amount of £0.3 million for proceeds of £0.8 million.

In addition, £4.4 million of goodwill, £7.0 million of intangible assets and £0.4 million of plant and equipment were acquired as part of the acquisition of On a Roll Sales in the period.

Current assets (HY11/FY10)

Overall, current assets increased by 11.2 per cent. to £111.6 million at 25 March 2011 from £100.3 million at 24 September 2010.

Non-current liabilities (HY11/FY10)

Overall, non-current liabilities increased to £359.4 million as at 25 March 2011 from £302.8 million as at 24 September 2010, an increase of 18.7 per cent.

Borrowings increased by £66.9 million from £157.3 million as at 24 September 2010 to £224.2 million as at 25 March 2011. Non-current and current borrowings totalled £192.4 million at 24 September 2010 compared to £224.2 million at 25 March 2011, the US acquisition of On A Roll contributing to a significant element of this increase. During HY11, the Group repaid £33.3 million of current Greencore Private Placement Notes which had reached their maturity dates.

Retirement benefit obligations decreased to £89.7 million at 25 March 2011 from £100.5 million at 24 September 2010. The key driver in the decrease was a reduction in liabilities in the period resulting from the movement in corporate bond yields which is the interest rate required under IAS19 to calculate pension liabilities.

Current liabilities (HY11/FY10)

Overall, current liabilities decreased from £267.2 million as at 24 September 2010 to £223.3 million as at 25 March 2011, a decrease of 16.4 per cent.

Derivative financial instruments have decreased by £7.4 million to £8.6 million at 25 March 2011.

Trade and other payables decreased by £0.4 million from £185.0 million at 24 September 2010 to £184.6 million at 25 March 2011.

Current taxes payable have decreased by £0.3 million to £23.6 million at 25 March 2011 from £23.9 million at 24 September 2010.

Equity (HY11/FY10)

Share capital and Share premium increased due to the issuance of 1.1 million ordinary shares during HY10 – mostly in relation to the scrip dividend scheme.

Reserves decreased by £2.9 million to a deficit of £68.9 million at 25 March 2011 from a deficit of £66.0 million at 24 September 2010. The decrease reflects movement in reserves attributable to loss for HY11, dividends, group defined benefit pension schemes, cash flow hedges, currency translation movements and share based payments. A full reconciliation of movements in Reserves is provided in the Statement of Changes in Equity contained in the Restated Historical Financial Information for HY10, which is set out in Part VI of this document.

Minority interest increased during the period to £2.9 million as at 25 March 2011 from £2.4 million as at 24 September 2010.

6.2 Comparison of Greencore's consolidated balance sheet data as at 24 September 2010 and 25 September 2009

	2010 (£'000)	2009 (£'000)
ASSETS		
Non-current assets		
Intangible assets	343,184	369,252
Property, plant and equipment	184,532	291,555
Investment property	32,164	648
Investments in associates	579	583
Other receivables	5,353	–
Derivative financial instruments	16,304	14,940
Deferred tax assets	39,263	39,266
Total non-current assets	621,379	716,244
Current assets		
Inventories	33,549	75,228
Trade and other receivables	54,747	87,277
Derivative financial instruments	2,109	–
Cash and cash equivalents	9,931	40,124
Total current assets	100,336	202,629
TOTAL ASSETS	721,715	918,873
EQUITY		
Capital and reserves attributable to equity holders of Greencore		
Share capital	112,536	119,871
Share premium	102,782	109,252
Reserves	(66,015)	(75,033)
	149,303	154,090
Minority interest in equity	2,444	3,280
TOTAL EQUITY	151,747	157,370
LIABILITIES		
Non-current liabilities		
Borrowings	157,288	313,964
Retirement benefit obligations	100,474	91,201
Other payables	4,405	6,324
Provisions for liabilities	3,351	5,652
Deferred tax liabilities	37,191	43,517
Government grants	97	1,001
Total non-current liabilities	302,806	461,659

	2010 (£'000)	2009 (£'000)
Current liabilities		
Borrowings	35,120	19
Derivative financial instruments	16,028	24,876
Trade and other payables	185,036	240,056
Provisions for liabilities	7,038	10,309
Current taxes payable	23,940	24,584
Total current liabilities	267,162	299,844
TOTAL LIABILITIES	569,968	761,503
TOTAL EQUITY AND LIABILITIES	721,715	918,873

Non-current assets (year-end FY10/FY09)

Overall, Non-current assets decreased 13.2 per cent. to £621.4 million at 24 September 2010 from £716.2 million at 25 September 2009.

Intangible assets decreased by £26.1 million (7.1 per cent.) to £343.2 million at 24 September 2010 due to adverse currency translation movements of £21.3 million and adjustments to the carrying amount of goodwill of £0.1 million offset by total amortisation of £3.5 million and a reduction of £1.4 million arising as a result of the disposal of undertakings during the year.

Property, plant and equipment decreased by £107.0 million (36.7 per cent.) to £184.5 million at 24 September 2010. Significant decreases resulted from disposals (mainly related to the discontinuation of the malt, water and continental European convenience foods businesses during FY10 (in aggregate, £79.4 million); transfers to investment property on adoption of amendments to IAS 40, *Investment Property*, (£30.2 million); and depreciation (£20.3 million). These were partially offset by increases from additions of £28.3 million and adverse currency translation movements of £5.5 million.

Investment properties of £32.2 million at 24 September 2010 had increased in FY10 by £31.6 million from £0.6 million at 25 September 2009. This reflected the transfer of £30.2 million from property, plant and equipment on adoption of amendments to IAS 40, *Investment Property*, as well as £0.4 million of net additions and £0.9 million of favourable currency translation movements.

Investments in associates was £0.6 million at 24 September 2010, compared to £0.6 million at 25 September 2009. Included within this balance is recognition of Greencore's share of profit after tax of the associate (£0.4 million), offset by dividends received from the associate (£0.5 million).

Other receivables increased to £5.4 million at 24 September 2010 from £Nil at 25 September 2009, reflecting deferred consideration in respect of the bottled water and continental European convenience foods businesses in FY10.

*Derivative financial instruments (net)*²² increased to a net derivative financial instrument asset of £2.4 million at 24 September 2010 from a net derivative financial instrument liability of £10.0 million at 25 September 2009. This represents an increase in the net position of £12.4 million and reflects the movement in the fair value of interest rate swaps and forward foreign exchange contracts held by the Greencore Group.

Deferred tax assets less Deferred tax liabilities at 24 September 2010 was an asset of £2.1 million. This compared to a liability of £4.3 million at 25 September 2009. The increase of £6.4 million is due to increases relating to: (i) the elimination of £3.9 million of deferred tax liabilities previously recorded in the malt, water and continental European convenience foods businesses; (ii) a net increase of £3.2 million recorded directly against equity in respect of the Greencore Group defined benefit pension schemes and cash flow hedges; offset by decreases relating to: (i) an additional £0.9 million recorded against the income statement (primarily relating

²² Represented, as at 24 September 2010, by non-current assets, current assets and current liabilities of £16.3 million, £2.1 million and £16.0 million respectively, and, as at 25 September 2009, by non-current assets and current liabilities of £14.9 million and £24.9 million respectively.

to origination and reversal of temporary differences on property, plant and equipment); and (ii) £0.1 million of favourable currency translation movements.

Current assets (year-end FY10/FY09)

Overall, current assets decreased by 50.5 per cent. to £100.3 million at 24 September 2010 from £202.6 million at 25 September 2009.

The derivative financial instrument current asset of £2.1 million is discussed as part of the overall movement in derivative financial instruments above.

Inventories and Trade and other receivables decreased significantly at 24 September 2010 compared to 25 September 2009 – by £41.7 million (55.4 per cent.) and £32.5 million (37.3 per cent.) respectively. This was primarily as a consequence of the disposals of the malt, water and continental European convenience foods businesses.

Movements in *Cash and cash equivalents* year on year are discussed as part of the review of cash flow information in paragraph 7.1 below.

Non-current liabilities (year-end FY10/FY09)

Overall, non-current liabilities decreased to £302.8 million as at 24 September 2010 from £461.7 million as at 25 September 2009, a decrease of 34.4 per cent.

The deferred tax liabilities of £37.2 million are discussed as part of the overall movement in deferred tax above.

Non-current and current *Borrowings* totalled £192.4 million at 24 September 2010 compared to £313.9 million at 25 September 2009. This represents an overall decrease in borrowings of £121.5 million (38.7 per cent.). This was primarily due to a £114.5 million reduction in debt from repayments and £8.8 million of favourable currency translation movements and hedge adjustments.

Retirement benefit obligations increased to £100.5 million at 24 September 2010 from £91.2 million at 25 September 2009 due to actuarial gains and losses recorded of £21.2 million; interest on the schemes liabilities of £21.9 million; favourable currency translation movement of £1.6 million; and current service costs of £1.1 million, all offset by decreases from returns on the scheme assets of £21.9 million; settlements on disposals of undertakings of £5.7 million; and employer contributions of £10.1 million.

Other payables decreased to £4.4 million at 24 September 2010 from £6.3 million at 25 September 2009.

Non-current and current *Provisions for liabilities* totalled £10.4 million at 24 September 2010, compared to £16.0 million at 25 September 2009. The decrease in provision is due primarily to the utilisation of: (i) provisions for remediation and closure related to facilities in the Ingredients and Property division; and (ii) provisions for certain lease obligations.

Government grants decreased by £0.9 million to £0.1 million at 24 September 2010 from £1.0 million at 25 September 2009. This is primarily due to disposals of the malt, water and continental European convenience foods businesses.

Current liabilities (year-end FY10/FY09)

Overall, current liabilities decreased from £299.8 million as at 25 September 2009 to £267.2 million as at 24 September 2010, a decrease of 10.9 per cent.

Current borrowings (£35.1 million), current derivative financial instruments (£16.0 million) and current provisions for liabilities (£7.0 million) are discussed above as part of the overall movement in borrowings, derivative financial instruments and provisions for liabilities.

Trade and other payables decreased by £55.1 million from £240.1 million at 25 September 2009 to £185.0 million at 24 September 2010, largely due to the disposal of the malt, water and continental European convenience foods businesses during 2010.

Current taxes payable have decreased by £0.7 million (2.6 per cent.) to £23.9 million at 24 September 2010 from £24.6 million at 25 September 2009.

Equity (year-end FY10/FY09)

Share capital and *Share premium* increased due to the issuance of 2.2 million ordinary shares during FY10 – mostly in relation to the scrip dividend scheme.

Reserves increased by £9.0 million to a deficit of £66.0 million at 24 September 2010 from a deficit of £75.0 million at 25 September 2009. The increase reflects movement in reserves attributable to profit for FY10, dividends, group defined benefit pension schemes, cash flow hedges, currency translation movements and share based payments. A full reconciliation of movements in *Reserves* is provided in the Statement of Changes in Equity contained in the Restated Historical Financial Information for FY10, which is set out in Part VI of this document.

Minority interest decreased during the year to £2.4 million as at 24 September 2010 from £3.3 million as at 25 September 2009. This was as a result of dividends paid to minorities being £0.6 million greater than the share of profit after tax attributable to them.

6.3 **Comparison of Greencore's consolidated balance sheet as at 25 September 2009 and 26 September 2008**

	2009 (€'000)	2008 (€'000)
ASSETS		
Non-current assets		
Intangible assets	404,305	402,986
Property, plant and equipment	319,233	367,388
Investment property	710	808
Investments in associates	638	1,244
Retirement benefit assets	–	866
Derivative financial instruments	16,358	–
Deferred tax assets	42,993	35,722
Total non-current assets	784,237	809,014
Current assets		
Inventories	82,369	125,160
Trade and other receivables	95,562	138,834
Cash and cash equivalents	43,933	139,040
Available for sale financial assets	–	23
Total current assets	221,864	403,057
TOTAL ASSETS	1,006,101	1,212,071
EQUITY		
Capital and reserves attributable to equity holders of Greencore		
Share capital	131,250	129,641
Share premium	119,623	118,961
Reserves	(82,156)	(9,364)
	168,717	239,238
Minority interest in equity	3,591	4,816
TOTAL EQUITY	172,308	244,054
LIABILITIES		
Non-current liabilities		
Borrowings	343,769	407,500
Derivative financial instruments	–	15,346
Retirement benefit obligations	99,859	68,956
Other payables	6,924	10,148
Provisions for liabilities	6,188	11,831
Deferred tax liabilities	47,648	51,183
Government grants	1,096	1,047
Total non-current liabilities	505,484	566,011

	2009 (£'000)	2008 (£'000)
Current liabilities		
Borrowings	21	69
Derivative financial instruments	27,237	5,286
Trade and other payables	262,845	356,953
Provisions for liabilities	11,288	12,601
Current taxes payable	26,918	27,097
Total current liabilities	328,309	402,006
TOTAL LIABILITIES	833,793	968,017
TOTAL EQUITY AND LIABILITIES	1,006,101	1,212,071

Non-current assets (year-end FY09/FY08)

Overall, Non-current assets decreased by 3.1 per cent. to €784.2 million at 25 September 2009 from €809.0 million at 26 September 2008.

Intangible assets increased by €1.3 million (0.3 per cent.) to €404.3 million at 25 September 2009 due to brand and minority interest acquisitions in the Convenience Foods division (€7.7 million) and transfers of computer software assets from *property, plant and equipment* (€1.1 million), offset by decreases arising from adverse currency translation movements of €3.9 million and total amortisation of €3.5 million.

Property, plant and equipment decreased by €48.2 million (13.1 per cent.) to €319.2 million at 25 September 2009 from €367.4 million at 26 September 2008.

Significant decreases resulted from disposals (€5.4 million), adverse currency translation movements (€41.7 million), depreciation (€26.7 million), impairments (€1.9 million) and transfers to computer software assets (€1.1 million). These were partially offset by increases from additions of €28.5 million.

Investment properties of €0.7 million at 25 September 2009 decreased by €0.1 million from €0.8 million at 26 September 2008 as a result of depreciation.

Investments in associates was €0.6 million at 25 September 2009 compared to €1.2 million at 26 September 2008. The decrease was due primarily to dividends received from the associate (€0.9 million) and adverse currency translation movements (€0.1 million), offset by the recognition of Greencore's share of profit after tax of the associate (€0.4 million).

*Derivative financial instruments liability (net)*²³ decreased to a net derivative financial instrument liability of €10.9 million at 25 September 2009 from a net derivative financial instrument liability of €20.6 million at 26 September 2008. This represents a decrease in the net liability of €9.7 million and reflects the movement in the fair value of interest rate swaps and forward foreign exchange contracts held by the Group.

Deferred tax assets less Deferred tax liabilities at 25 September 2009 was a liability of €4.7 million. This compared to a liability of €15.5 million at 26 September 2008. The decrease in the liability of €10.8 million is due to: (i) a net decrease in the liability of €13.2 million recorded directly against equity in respect of Greencore Group defined benefit pension schemes and cash flow hedges; (ii) the elimination of €0.1 million of deferred tax liabilities previously recorded in the Drummonds business; and (iii) favourable currency translation movements of €1.1 million, offset by: (iv) an increase in the liability of €3.6 million recorded against the income statement (primarily relating to origination and reversal of temporary differences on property, plant and equipment).

Current assets (year-end FY09/FY08)

Overall, current assets decreased by 45.0 per cent. to €221.9 million at 25 September 2009 from €403.1 million at 26 September 2008.

Inventories and Trade and other receivables decreased significantly at 25 September 2009 compared to 26 September 2008 – by €42.8 million (34.2 per cent.) and €43.3 million (31.2 per

²³ Represented, as at 26 September 2008, by "non-current liabilities" and "current liabilities" of €15.3 million and €5.3 million respectively, and, as at 25 September 2009, by "non-current assets" and "current liabilities" of €16.4 million and €27.2 million respectively.

cent.) respectively. The decrease in *Inventories* is due to the disposal of Greencore's interest in Drummonds in 2009, the reduction in economic SKUs in the Grocery category and decrease in inventory levels in the Malt business. The decrease in *Trade and other receivables* is due primarily to reduced trade receivable balances at 25 September 2009 resulting from the disposal of Greencore's interest in Drummonds in 2009 and decreases in Malt trade receivables.

Movements in *Cash and cash equivalents* year on year are discussed as part of the review of cash flow information in paragraph 7.2 below.

Non-current liabilities (year-end FY09/FY08)

Overall, Non-current liabilities decreased to €505.5 million as at 25 September 2009 from €566.0 million as at 26 September 2008, a decrease of 10.7 per cent.

The deferred tax liabilities of €47.6 million are discussed as part of the overall movement in deferred tax above.

Non-current and current *Borrowings* were €343.8 million at 25 September 2009, compared to €407.6 million at 24 September 2008. This represents an overall decrease in borrowings of €63.8 million (15.6 per cent.). This decrease is due to a reduction in debt from net repayments (€57.2 million) and favourable currency translation movements (€36.6 million), both offset by an increase relating to hedge adjustments (€30.0 million).

*Retirement benefit obligations (net)*²⁴ increased to €99.9 million at 25 September 2009 from €68.1 million at 26 September 2008 due to: (i) Actuarial gains and losses recorded of €49.4 million; (ii) interest on the schemes liabilities of €28.9 million; and (iii) current/past service costs of €3.7 million, all offset by decreases from: (iv) returns on the scheme assets of €30.0 million; (v) favourable currency translation movements of €8.1 million; and (vi) employer contributions of €12.1 million.

Other payables decreased to €6.9 million at 25 September 2009 from €10.1 million at 26 September 2008.

Non-current and current *Provisions for liabilities* totalled €17.5 million at 25 September 2009, compared to €24.4 million at 26 September 2008. The principal decreases in *Provisions for liabilities* relate to: the utilisation of provisions relating to environmental obligations, historical restructurings and leasehold/onerous contract provisions (€6.2 million); the payment of deferred contingent consideration (€3.2 million); and favourable currency translation movements (€0.6 million). These were offset by increases to deferred contingent consideration and to leasehold and onerous contract related provisions totalling €3.1 million.

Government grants increased by €0.1 million to €1.1 million at 25 September 2009 from €1.0 million 26 September 2008. This was principally due to the receipt of new grants, offset by annual amortisation.

Current liabilities (year-end FY09/FY08)

Overall, current liabilities decreased to €328.3 million as at 25 September 2009 from €402.0 million as at 26 September 2008, a decrease of 18.3 per cent.

Current *Borrowings* (€0.02 million), current *Derivative financial instruments* (€27.2 million) and current *Provisions for liabilities* (€11.3 million) are discussed above as part of the overall movement in *Borrowings*, *Derivative financial instruments* and *Provisions for liabilities*.

Trade and other payables decreased by €94.1 million to €262.8 million at 25 September 2009 from €357.0 million at 26 September 2008, largely due to the disposal of Greencore's interest in Drummonds in 2009, the reduction in economic SKUs in the Grocery category and the decrease in inventory levels in the Malt business.

Current taxes payable decreased by €0.2 million (0.1 per cent.) from €27.1 million at 26 September 2008 to €26.9 million at 25 September 2009.

24 Represented, as at 25 September 2009, by "retirement benefit obligations" of €99.9 million, and, as at 26 September 2008, by "retirement benefit assets" and "retirement benefit obligations" of €0.9 million and €69.0 million respectively.

Equity (year-end FY09/FY08)

Share capital and *Share premium* increased due to the issuance of 2.6 million ordinary shares during the year, mostly as a result of the scrip dividend scheme.

Reserves decreased by €72.8 million to a deficit of €82.2 million at 25 September 2009 from a deficit of €9.4 million at 26 September 2008. The increase in deficit reflected movement in reserves attributable to profit for FY09, dividends, group defined benefit pension schemes, cash flow hedges, currency translation movements and share based payments. A full reconciliation of movements in *Reserves* is provided in the Statement of Changes in Equity contained in Greencore's audited consolidated Group Financial Statements for FY09, which are incorporated by reference into this document as set out in Part VII of this Prospectus.

Minority interest decreased during the year as a result of dividends paid to minorities and acquisitions of previously held minority interests being greater than the share of profit after tax attributable to them.

7. Cash flow analysis

7.1 Comparison of Greencore's consolidated cash flow statement for HY11/HY10

	2011 (£'000)	2010 (£'000)
Cash flows from operating activities		
Profit before taxation	2,125	9,535
Finance income	(10,130)	(11,012)
Finance costs	15,117	24,358
Share of profit of associates (after tax)	(290)	(300)
Exceptional items – continuing	15,127	–
Operating profit – continuing (pre-exceptional)	21,949	22,581
Depreciation	8,569	8,366
Amortisation of intangibles assets	1,806	1,681
Employee share option expense	828	611
Amortisation of government grants	(7)	(23)
Difference between pension charge and cash contributions	(4,195)	(2,410)
Working capital movement	(17,623)	5,150
Other movements	(149)	231
Net cash inflow from operating activities		
before exceptional items	11,178	36,187
Cash outflow related to exceptional items	(12,311)	(3,405)
Interest paid	(9,157)	(13,330)
Tax paid	(1,470)	(41)
Operating cash flows from discontinued operations	–	(11,320)
Net cash (outflow)/inflow from operating activities	(11,760)	8,091
Cash flows from investing activities		
Dividends received from associates	–	15
Purchase of property, plant and equipment	(12,468)	(12,317)
Purchase of investment property	(578)	–
Purchase of intangible assets	(3)	(3)
Acquisition of undertakings and purchase of minority interest	(11,220)	–
Disposal of undertakings and investment in associate	403	95,678
Interest received	33	801
Investing cash flows from discontinued operations	–	(1,856)
Net cash (outflow)/inflow from investing activities	(23,833)	82,318

	2011 (£'000)	2010 (£'000)
Cash flows from financing activities		
Proceeds from issue of shares	14	–
Ordinary shares purchased – own shares	(428)	(1,729)
Increase in bank borrowings	73,906	97,706
Repayment of loan notes	(33,299)	(44,420)
Decrease in finance lease liabilities	–	(18)
Cash outflow arising from derivative financial instruments . .	(3,950)	–
Dividends paid to equity holders of the Company	(4,145)	(4,061)
Net cash inflow from financing activities	32,098	47,478
Net (decrease)/increase in cash and cash equivalents . .	(3,495)	137,887

Net cash (outflow)/inflow from operating activities (HY11/HY10)

Net cash from operating activities was an outflow of £11.8 million at 25 March 2011 compared to an inflow of £8.1 million at 26 March 2010.

Operating profit – continuing (pre-exceptional) activities decreased marginally by £0.6 million to £21.9 million at 25 March 2011.

Working capital movements and *Other movements* represented a cash outflow of £17.6 million in HY11 compared to an inflow of £5.2 million in HY10 – a decrease of £22.8 million. This was primarily due to the movements in inventory, trade and other receivables and trade and other payables.

Cash outflow related to exceptional items was £12.3 million in HY11 compared to £3.4 million in HY10, an increase of £8.9 million.

Net cash flow from investing activities (HY11/HY10)

Net cash flow from investing activities was a cash outflow of £23.8 million in HY11, compared to a cash inflow of £82.3 million in HY10 – a reduction in cash flow of £106.1 million.

Disposal of undertakings was a cash inflow of £95.7 million in HY10 compared to only £0.4 million in HY11 – an increase of £95.3 million.

Acquisition of undertakings was £11.2 million in HY11 compared to £Nil in HY10, this represents the US acquisition of On a Roll in 2011.

Net cash inflow from financing activities (HY11/HY10)

Net cash inflow from financing activities was £32.1 million in HY11 compared to £47.5 million in HY10 – a decrease in cash flow of £15.4 million. *Net repayments of bank borrowings* and *Private Placement notes* were £40.6 million in HY11 compared to £53.3 million in HY10. In addition, in October 2010 the Group settled a portion of fixed interest contracts for £3.9 million.

Net decrease in cash and cash equivalents (HY11/HY10)

There was a decrease in cash and cash equivalents from all activities (operating, investing and financing) in HY11 of £3.5 million, compared to an increase in cash and cash equivalents from all activities in HY10 of £137.9 million.

7.2 Comparison of Greencore's consolidated cash flow statement for FY10/FY09

	2010 (£'000)	2009 (£'000)
Cash flows from operating activities		
Profit/(loss) before taxation	26,212	(20,599)
Finance income	(22,606)	(28,297)
Finance costs	46,387	70,442
Share of profit of associates (after tax)	(443)	(385)
Exceptional items – continuing	–	21,701
Operating profit – continuing (pre-exceptional)	49,550	42,862
Depreciation	16,785	16,739
Amortisation of intangibles assets	3,383	2,997
Employee share option expense	1,496	802
Amortisation of government grants	(33)	(102)
Difference between pension charge and cash contributions	(8,853)	(7,181)
Working capital movement	21,300	7,758
Other movements	161	2,648
Net cash inflow from operating activities before exceptional items	83,789	66,523
Cash outflow related to exceptional items	(5,620)	(18,685)
Interest paid	(24,948)	(26,708)
Tax paid	(1,112)	(323)
Operating cash flows from discontinued operations	(11,783)	16,080
Net cash inflow from operating activities	40,326	36,887
Cash flows from investing activities		
Dividends received from associates	464	794
Purchase of property, plant and equipment	(20,315)	(20,499)
Purchase of investment property	(991)	–
Purchase of intangible assets	–	(5,986)
Acquisition of undertakings and purchase of minority interest	(2,522)	(4,352)
Disposal of undertakings and investment in associate	92,640	2,594
Interest received	864	2,172
Government grants received, net	–	140
Investing cash flows from discontinued operations	(2,448)	(9,299)
Net cash inflow/(outflow) from investing activities	67,692	(34,436)
Cash flows from financing activities		
Ordinary shares purchased – own shares	(1,729)	–
Drawdown of new bank facilities	98,459	230,368
Decrease in bank borrowings	(169,682)	(280,674)
Repayment of Private Placement Notes	(43,321)	–
Decrease in finance lease liabilities	(16)	(53)
Cash outflow arising from derivative financial instruments	(8,294)	–
Dividends paid to equity holders of the Company	(10,754)	(22,022)
Dividends paid to minority interests	(1,124)	(1,348)
Net cash outflow from financing activities	(136,461)	(73,729)
Net decrease in cash and cash equivalents	(28,433)	(71,278)

Net cash inflow from operating activities (FY10/FY09)

Net cash inflow from operating activities increased £3.4 million (9.3 per cent.) to £40.3 million in FY10 from £36.9 million in FY09. The various components of this caption are explained below.

Operating profit – continuing (pre-exceptional) increased by £6.6 million (15.6 per cent.) to £49.5 million in FY10 from £42.9 million in FY09. This reflects the overall improvement in

Greencore Group's operating profit in FY10 compared to FY09, as described in paragraph 5.1 above.

Net cash inflow from operating activities before exceptional items increased by £17.3 million (25.9 per cent.) to £83.8 million in FY10 from £66.5 million in FY09. Non-cash *Depreciation* added back was £16.8 million in FY10, which was in line with 2009 levels. Non-cash *Amortisation of intangible assets* added back was £3.4 million in FY10, 12.9 per cent. higher than in FY09. This increase was primarily as a result of the first full year of amortisation on £3.7 million of brand additions to the Food to Go business which had taken place during FY09. Non-cash *Employee share option expense* added back was £1.5 million in FY10, 86.5 per cent. higher than in FY09. This was due primarily to the income statement charge in respect of new awards under the share awards granted in December 2009. The *Difference between pension charge and cash contributions* was an £8.9 million cash outflow in FY10 compared to £7.2 million in 2009. This was primarily due to the reduced pension scheme income statement charge in FY10 resulting from lower current services costs. *Working capital movements* and *Other movements* represented a cash inflow of £21.5 million in FY10 compared to £10.4 million in FY09 – an increase in cash inflow of £11.1 million (106.3 per cent.). This was primarily due to the movements in inventory, trade and other receivables and trade and other payables discussed in paragraph 6.1 above.

Cash outflow related to exceptional items was £5.6 million in FY10 compared to £18.7 million in FY09, a decrease of £13.1 million reflecting the higher cash outlay in FY09 related to restructurings from FY09 and previous financial years. *Interest paid* in FY10 was £24.9 million compared to £26.7 million in FY09, due primarily to lower outstanding average debt resulting from repayments in FY10. *Tax paid* in FY10 was £1.1 million compared to £0.3 million in FY09. *Operating cash flows from discontinued operations* was an outflow of £11.8 million in FY10 compared to an inflow of £16.1 million in FY09 due to the effects of the disposal of the malt, bottled water and continental European convenience foods businesses in FY10.

Net cash flow from investing activities (FY10/FY09)

Net cash flow from investing activities was a cash inflow of £67.7 million in FY10, compared to a cash outflow of £34.4 million in FY09 – an improvement in cash flow of £102.1 million.

Disposal of undertakings and investment in associate was a cash inflow of £92.6 million in FY10 compared to only £2.6 million in FY09 – an increase of £90.0 million. *Cash outflow from investment activity in discontinued operations* fell to £2.4 million in FY10 from £9.3 million in FY09. These reflect the proceeds from disposal of and reduced capital expenditures relating to the malt, bottled water and continental European convenience foods businesses in FY10. Finally, *Purchase of intangible assets* was £Nil in FY10 compared to £6.0 million in FY09, reflecting the purchase of Food to Go brands and computer software in FY09.

Net cash outflow from financing activities (FY10/FY09)

Net cash outflow from financing activities was £136.5 million in FY10 compared to £73.7 million in FY09 – an improvement in cash flow of £62.8 million. The principal component of the change was the debt restructuring in FY10, where *Net repayments of bank borrowings* and *Private Placement notes* were £114.5 million in FY10 compared to £50.3 million in FY09. In addition, £11.3 million less cash outflow on *Dividends paid to equity holders* in FY10 compared to FY09 was offset by £8.3 million additional cash outflow on the purchase of Greencore's own shares and in relation to derivative financial instruments.

Net decrease in cash and cash equivalents (FY10/FY09)

There was a decrease in cash and cash equivalents from all activities (operating, investing and financing) in FY10 of £28.4 million, compared to a decrease in cash and cash equivalents from all activities in FY09 of £71.3 million. Variations in cash flows from operating, investing and financing activities are explained individually above.

7.3 Comparison of Greencore's consolidated cash flow statement for FY09/FY08

	2009 (€'000)	2008 (€'000)
Cash flows from operating activities		
(Loss)/profit before taxation	(406)	41,755
Finance income	(32,711)	(43,167)
Finance costs	80,429	65,788
Share of profit of associates (after tax)	(437)	(1,329)
Exceptional items – continuing	23,951	13,586
Operating profit – continuing (pre-exceptional)	70,826	76,633
Depreciation	26,774	26,716
Amortisation of intangibles assets	3,544	1,710
Employee share option expense	910	319
Amortisation of government grants	(116)	(88)
Difference between pension charge and cash contributions	(8,455)	(6,379)
Working capital movement	(2,966)	(14,243)
Other movements	3,235	(1,678)
Net cash inflow from operating activities before exceptional items	93,752	82,990
Cash (outflow)/inflow related to exceptional items	(21,210)	73,187
Interest paid	(30,304)	(33,327)
Tax paid	(367)	(470)
Net cash inflow from operating activities	41,871	122,380
Cash flows from investing activities		
Dividends received from associates	901	531
Purchase of property, plant and equipment	(33,908)	(43,667)
Purchase of intangible assets	(6,795)	(1,144)
Acquisition of undertakings and purchase of minority interest	(4,940)	(48,555)
Disposal of undertakings and investment in associate	2,944	1,311
Interest received	2,548	2,690
Government grants received, net	159	(25)
Net cash outflow from investing activities	(39,091)	(88,859)
Cash flows from financing activities		
Proceeds from issue of shares	–	281
Ordinary shares purchased – own shares	–	(800)
Drawdown of new bank facilities	261,500	–
Other (decrease)/increase in bank borrowings	(318,604)	21,178
Repayment of loan Notes	–	(1,308)
Decrease in finance lease liabilities	(60)	(38)
Dividends paid to equity holders of the Company	(24,998)	(16,633)
Dividends paid to minority interests	(1,530)	(1,273)
Net cash (outflow)/inflow from financing activities	(83,692)	1,407
Net (decrease)/increase in cash and cash equivalents	(80,912)	34,928

Net cash inflow from operating activities (FY09/FY08)

Net cash inflow from operating activities decreased €80.5 million (65.8 per cent.) to €41.9 million in FY09 from €122.4 million in FY08. The various components of this caption are explained below.

Operating profit – continuing (pre-exceptional) decreased by €5.8 million (7.6 per cent.) to €70.8 million in FY09 from €76.6 million in FY08.

Net cash inflow from operating activities before exceptional items increased by €10.8 million (13.0 per cent.) from €83.0 million in FY08 to €93.8 million in FY09. Non cash depreciation added back was €26.7 million in FY09, which was in line (only a 0.2 per cent. increase) with FY08 levels.

Non-cash *Amortisation of intangible assets* added back was €3.5 million in FY09, 107 per cent. higher than in FY08. This was due primarily to the first full year of amortisation in FY09 on €47.7 million of acquisitions carried out by the Convenience Foods division in FY08. Non-cash *Employee share option expense* added back was €0.9 million in FY09, €0.6 million higher than in FY08. This is due primarily to the income statement charge in respect of new share awards granted in December 2009. The *Difference between pension charge and cash contributions* represented €8.5 million of a cash outflow in FY09 compared to €6.4 million in FY08. This was due to increased employer contributions in FY09 and reduced pension scheme income statement charges in FY09 (resulting from lower current services costs). *Working capital movements* and *Other movements* represented a cash inflow of €0.3 million in FY09 compared to a €15.9 million cash outflow in FY08 – an increase in cash inflow of €16.2 million.

Cash (outflow)/inflow related to exceptional items was a €21.2 million outflow in FY09, compared to €73.2 million of an inflow in FY08 – a decrease in cash flow of €94.4 million. This is due primarily to the receipt of funds under EU restructuring aid in FY08 as a result of Greencore renouncing its sugar quota. *Interest paid* decreased to €30.3 million in FY09 compared to €33.3 million in FY08 – a decrease of €3.0 million which reflects the net-favourable impact of the €/£ exchange rate on the sterling denominated portion of the Greencore Group's interest expense offsetting a higher interest margin subsequent to the Greencore Group's re-financing. *Tax paid* did not change significantly in FY09 compared to FY08.

Net cash flow from investing activities (FY09/FY08)

Net cash flow from investing activities was a cash outflow of €39.1 million in FY09, compared to €88.9 million in 2008. This represented a decrease in cash outflow of €49.8 million. The principal components of the change are discussed below.

Acquisition of undertakings and purchase of minority interest decreased by €43.6 million to €4.9 million in FY09 to €48.6 million in FY08. This reflects the increased level of acquisitions in FY08 (Ministry of Cake in the UK, Home Made Brand Foods Inc. in the US and the Danone water business in the UK) compared to FY09 (during which Greencore paid additional deferred consideration in respect of the Home Made Brand Foods Inc. acquisition made in FY08 and made a small acquisition of minority interests). *Purchase of property, plant and equipment* decreased to €33.9 million in FY09, compared to €43.7 million in FY08 – a decrease of €9.8 million. *Purchase of intangible assets* increased by €5.7 million to €6.8 million in FY09, compared to €1.1 million in FY08. The figure for FY09 included €4.4 million in respect of brand acquisitions in the Food to Go business, as well as increased computer software additions.

Net cash outflow from financing activities (FY09/FY08)

Net cash outflow from financing activities was €83.7 million in FY09 compared to a cash inflow of €1.4 million FY08 – a decrease in cash flow of €85.1 million. The significant component in the change was a €57.1 million reduction in *Bank borrowings and facilities* in FY09 compared to €21.2 million increase in bank borrowings in FY08 – a swing of €78.3 million. In addition *Dividends paid to equity holders of the Company* were €25.0 million in FY09 compared to €16.6 million in FY08 – a €8.4 million increase in cash outflow. There were no other significant movements in cash flows from financing activities.

Net decrease in cash and cash equivalents (FY09/FY08)

There was a decrease in cash and cash equivalents from all activities (operating, investing and financing) in FY09 of €80.9 million, compared to an increase in cash and cash equivalents from all activities in FY08 of €34.9 million. Variations in cash flows from operating, investing and financing activities have been explained individually above.

8. Capital resources and funding structure

The Greencore Group's primary sources of liquidity are cash flows from operations and borrowings under the Greencore Credit Facility and Greencore Private Placement Notes. The Greencore Group's primary uses of cash is to fund acquisitions, capital expenditure and debt servicing.

8.1 ***Comparison of borrowings and net debt as at 24 September 2010 and 25 September 2009***

Borrowings (being the total of current and non-current borrowings as set out in the Greencore Group balance sheet) amounted to €226.8 million as at 24 September 2010, compared to €343.8 million as at 25 September 2009. Cash and Cash equivalents amounted to €11.7 million as at 24 September 2010, compared to €43.9 million as at 25 September 2009. Total Net Debt (defined as Borrowings less cash and cash equivalents) amounted to €215.1 million at 24 September 2010, compared to €299.9 million as at 25 September 2009. The decrease in Borrowings and Net Debt from the year ended 25 September 2009 to the year ended 24 September 2010 is due primarily to the repayment of borrowings in 2010.

8.2 ***Principal sources of borrowing***

As at 24 September 2010, the Greencore Group's borrowed funds principally consisted of:

- €45.2 million outstanding under the Greencore Group's credit facility (which was subsequently re-financed in May 2011); and
- €181.7 million in respect of the Greencore Private Placement Notes (after offsetting cross-currency interest rate swaps designated as fair value hedges).

Greencore credit facility

In April 2009, Greencore entered into a syndicated revolving credit facility agreement. This facility provided up to £285 million in availability (which can be drawn under different currencies) and was due to expire in April 2012. Borrowings under the credit facility were available to fund the general corporate purposes of Greencore. As at 24 September 2010, €45.2 million (denominated entirely in US dollars) was drawn under this facility, and the weighted average interest rate applying to drawn amounts under the facility was 5.325 per cent. The credit facility, was refinanced by the Greencore Credit Facility in May 2012, further details of which are set out in paragraph 9.6 of Part XII.

Greencore Private Placement Notes

Pursuant the Greencore Note Purchase Agreement dated 28 October 2003, Greencore Funding Limited as issuer and Greencore as parent guarantor carried out a US private placement of the Greencore Private Placement Notes, comprising \$230 million of unsecured US dollar denominated notes and £43 million of unsecured pounds sterling denominated notes. The Greencore Private Placement Notes were used to repay other loan commitments and for the general corporate purposes of Greencore.

In October 2009, the Greencore Private Placement Notes were partly repaid such that, as at 24 September 2010, \$185 million of the US dollar denominated notes and £25 million of the pounds sterling denominated notes remained in issue. \$55 million of the US dollar denominated notes matured in October 2010, and of the remaining US dollar denominated notes in issue as at 25 March 2011, \$30 million will mature in October 2013 and \$100 million will mature in October 2015. All of the pounds sterling denominated notes mature in October 2013.

Interest on the outstanding Greencore Private Placement Notes is payable bi-annually in arrears on 28 October and 28 April at fixed rates which, as at 24 September 2010, ranged from 4.98 per cent. to 5.90 per cent.

Financial and other covenants governing Greencore Group debt.

The terms of both the Greencore Credit Facility and the Greencore Note Purchase Agreement contain representations, events of default and/or affirmative covenants, negative covenants and certain other undertakings, all of which are customary for facilities/agreements of their type.

Cross-currency interest rate swaps

The Greencore Group utilises cross-currency interest rate swaps to swap fixed rate US\$ denominated debt of US\$185 million into floating rate pounds sterling debt of £111 million. The floating rates are based on pounds sterling LIBOR. These swaps are designated as fair value hedges under IAS39 Financial Instruments: Recognition and Management.

8.3 **Summary of debt commitments**

The following table summarises Greencore Group's contractual obligations, commercial commitments and principal payments as at 24 September 2010.

	Total	Less than 1 year	1-5 years	Greater than 5 years
		(All figures in €'000s)		
Greencore Private Placement Notes	(205,007)	(49,965)	(155,042)	—
Cross-currency interest rate swaps – fair value hedges	21,144	6,109	10,096	4,939
Greencore Credit Facility	(48,500)	(1,267)	(47,233)	—
Other bank borrowings and overdrafts . . .	—	—	—	—
Total Debt before Finance Leases	(232,363)	(45,123)	(192,179)	4,939
Finance Leases	—	—	—	—
Total Debt including Finance Leases	(232,363)	(45,123)	(192,179)	4,939
Operating Leases	(66,962)	(9,327)	(24,028)	(33,607)
Total Contractual Obligations	(299,325)	(54,450)	(216,207)	(28,668)

9. **Capitalisation and indebtedness**

9.1 **Statement of capitalisation and indebtedness as at 27 May 2011**

The following table shows the capitalisation and indebtedness of Greencore Group as at 27 May 2011, based on unaudited management financial information prepared for the month ended 27 May 2011 and prepared under IFRS.

	€'000s
Total non-current debt	(372,609)
Total Indebtedness	(372,609)
Shareholder equity	
Share capital	(134,210)
Share premium	(122,922)
Other reserves	79,392
Total shareholder equity	(177,740)
Total capitalisation	(550,349)

9.2 **Statement of net indebtedness**

The following table details the unaudited net financial indebtedness of the Greencore Group as at 27 May 2011, based on unaudited management financial information prepared for the month ended 27 May 2011 under IFRS.

	€'000s
Liquid assets	
Cash	28,755
Cash equivalents	—
Total liquidity	<u>28,755</u>
Current financial debt	
Greencore Private Placement Notes	—
Finance leases	—
Cross-currency interest rate swaps – fair value hedges ..	—
Total current financial debt	<u>—</u>
Net current financial indebtedness	<u>—</u>
Non-current debt	
Bank borrowings	(252,873)
Greencore Private Placement Notes	(130,980)
Finance leases	—
Cross-currency interest rate swaps – fair value hedges ..	11,244
Total non-current debt	<u>(372,609)</u>
Net financial indebtedness	<u>(343,854)</u>

9.3 **Capital resources and liquidity management**

Greencore's liquidity requirements arise primarily from the need to fund its working capital and capital expenditure, as well as make interest and principal payments on its outstanding indebtedness. Greencore's principal source of liquidity is its cash flow from operating activities, equity financing, and borrowings from banks and private placement note holders.

Borrowings are arranged with the aim of providing an appropriate maturity profile and to maintain short term liquidity. Bank facilities include revolving credit facilities from a range of Irish, UK and European banks that Greencore maintains strong working relationships with. On 13 May 2011, the Group signed up to a refinancing of its bank debt facilities, with new facilities of €329.8 million extending maturity to May 2016.

The Company has also issued private placement notes as a longer term form of debt financing, with the most recent issue on 28 October 2003, with a maturity profile of 7, 10 and 12 years. The notes issued for 7 years matured and were repaid in October 2010.

As at 27 May 2011, the Group had "headroom" in its liquidity of some €105.1 million, being the difference between its committed facilities of €449 million and its net indebtedness of €343.9 million. The next reduction in term debt facilities will be October 2013, when the next repayment of the 2003 series private placement notes of €49.8 million falls due.

The main volatility in monthly cash flow of the Group comes from working capital due to the seasonal profile of our business and our customers' and suppliers' working capital profile. Average net debt is forecast to be approximately €75 million higher than net debt at the end of the Group's financial year in September, which is a seasonal low point.

9.4 **Off-balance sheet arrangements**

Greencore has not used special purpose vehicles or similar financing arrangements on a historical basis. In addition, Greencore has not had and does not have off-balance sheet arrangements with any of its affiliates.

9.5 ***Provisions for Liabilities, Contingent liabilities and guarantees***

As at 25 March 2011, provisions for liabilities amounted to £9.9 million (of which £6.5 million was deemed current and £3.4 million non-current), primarily comprising: (i) statutory or constructive remediation and closure obligations arising in respect of the legacy property assets in the Ingredients and Property division; (ii) provisions for leasehold dilapidations (relating to the estimated cost of returning leasehold premises to their original condition) and onerous contractual obligations for properties held under operating leases; and (iii) deferred contingent consideration in respect of the acquisition On A Roll and in respect of certain other acquisitions. Further information regarding provisions for liabilities as at 25 March 2011 is set out in Note 12 of Greencore's unaudited consolidated Group Condensed Financial Statements for the half year ended 25 March 2011, which are incorporated by reference into this document as set out in Part VII.

As at 24 September 2010, provisions for liabilities amounted to £10.4 million (of which £7.0 million was deemed current and £3.4 million non-current). Further information regarding provisions for contingent liabilities as at 24 September 2010 is set out in Note 25 (page 99) of Greencore's audited Consolidated Group Financial Statements for FY10, which are incorporated by reference into this document as set out in Part VI.

The Group and certain of its subsidiaries continue to be subject to various legal proceedings relating to its current and former activities. Provisions for anticipated settlement costs and associated expenses arising from legal and other disputes are made where a reliable estimate can be made of the probable outcome of the proceedings.

As at 25 March 2011, the Group had provided security to the Government of Ireland for the purpose of facilitating the receipt of restructuring aid as provided for in Commission Regulation (EC) No 968/2006. The security is in the form of a bank guarantee and amounted to £8.2 million (24 September 2010: £8.0 million). As at 24 May 2011, the amount of this security was £1.7 million. The guarantee becomes payable if the Group does not complete its commitments under its restructuring plan, at which time, that part of the aid granted in respect of the commitment concerned can be recovered from the Group. The Group continues to perform its commitments under its restructuring plan and accordingly, in the opinion of the Directors, the likelihood of repayment of any restructuring aid received is considered to be remote, therefore no provision has been recognised in the Group Condensed Financial Statements in respect of this guarantee.

As part of the agreement to dispose of Greencore Malt, the Group provided a bank guarantee to Axéreal Union de Coopératives Agricoles for an amount of £8.5 million to guarantee the performance by the Group of its payment obligations in respect of any breach of warranty, indemnity or covenant under the disposal agreement in respect of any claim made by Axéreal Union de Coopératives Agricoles up to 26 March 2014.

10. **Quantitative and qualitative disclosures about market risk**

The Greencore Group's activities expose it to a variety of market risks including interest rate risks, foreign currency risk and price risk. These risks are managed by Greencore under policies approved by the Board. Greencore uses derivative financial instruments, in particular foreign currency forward contracts, currency swaps and interest rate swaps, to manage certain of the financial risks associated with the underlying business activities of Greencore and the financing of those activities. The principal financial risks are actively managed by Greencore's Treasury department. This department operates within the strict Board-approved policies and procedures. On an ongoing basis, the Treasury department actively monitors market conditions with a view to minimising the exposure of Greencore to changing market factors while at the same time minimising the volatility of the funding costs of Greencore.

10.1 ***Interest rate risk***

Greencore's exposure to market risk for changes in interest rates arises from its floating rate borrowings, cash and cash equivalents and derivatives. Greencore's policy is to optimise interest cost and reduce volatility in reported earnings. This is managed by regularly reviewing Greencore's debt profile on a currency by currency basis and by selectively using interest rate swaps to limit the level of floating interest rate exposure. At least 35 per cent. of debt is fixed rate in accordance with policy approved by the Board.

10.2 **Foreign currency risk**

Greencore is exposed to currency risk as sales and purchases in certain businesses are denominated in currencies other than the functional currency of the entity concerned. Greencore employs foreign currency forward contracts to economically hedge foreign exchange exposures arising from forecast transactions in foreign currencies.

Greencore operates internationally with the majority of its profits earned outside of Ireland. It has significant investments outside of Ireland with the largest single investment being in the UK. In order to protect its euro Balance Sheet and reduce cash flow risk, Greencore has financed most of its investment in the UK by borrowing in sterling. Although a portion of this funding is obtained by directly borrowing sterling, a significant element of the funding is achieved through US dollar borrowings converted to sterling using cross-currency swaps.

10.3 **Price risk**

Greencore purchases a variety of commodities which can experience significant price volatility. The price risk on these commodities is managed by Greencore through its purchasing function. Greencore's policy is to minimise its exposure to volatility by adopting an appropriate forward purchase strategy.

11. **Principal accounting policies and estimates**

Greencore's consolidated Group Financial Statements are prepared in accordance with IFRS, as adopted by the EU. A summary of the principal accounting policies applied in the preparation of Greencore's audited consolidated Group Financial Statements for FY10 (being the most recently prepared audited financial statements of the Greencore Group) are set out in the Group Statement of Accounting Policies contained in pages 50 to 61 of Greencore's Annual Report for FY10, and which is incorporated by reference into this document as set out in Part VII.

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Financial Statements for HY11 are consistent with those applied in the Annual Report for the financial year ended 24 September 2010 and are as set out in those financial statements. The Group has reviewed its accounting policy for Exceptional Items and made the following clarification in the Group's unaudited Consolidated Condensed Financial Statements for HY11: 'Exceptional items include transaction costs. In management's judgement such costs, by virtue of their nature as non-recurring and unrelated to the trading result of the business, should be highlighted and disclosed as exceptional items.'

The adoption of new standards and interpretations (as set out in the 2010 Annual Report) that became effective for the Group's financial statements for the year ended 30 September 2011 did not have any significant impact on the Group Condensed Financial Statements for the half year ended 25 March 2011.

In certain circumstances, the preparation of financial statements requires the use of judgment, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Actual results may differ from these estimates and assumptions. The following paragraphs are intended to provide an understanding of the policies that are considered critical because of the level of complexity of judgment, assumption or estimation involved in their application and their potential overall impact on the carrying amounts of assets and liabilities in Greencore's consolidated Group Financial Statements. Save as noted in paragraph 11.10 below in relation to the change to the functional currency of the Greencore Group, the Company will continue to prepare its Group Financial Statements in a manner consistent with its current accounting policies following completion of the Acquisition.

11.1 **Goodwill**

Acquisitions on or after 26 September 2009

Goodwill arising on acquisition of businesses represents the excess of the cost of an acquisition over the fair value of the Greencore Group's interest in the identifiable net assets of the acquired entity at the date of acquisition. Any excess of the fair value of the net assets acquired over the cost of the acquisition (i.e. discount on acquisition) is credited to the Income Statement in the period of acquisition.

Acquisitions on or before 25 September 2009

Goodwill arising on acquisition of businesses represents the excess of the cost of an acquisition over the fair value of the Greencore Group's interest in the identifiable net assets of the acquired entity at the date of acquisition. Any excess of the fair value of the net assets acquired over the cost of the acquisition (i.e. discount on acquisition) is credited to the Income Statement in the period of acquisition. Transaction costs, other than those associated with the issue of debt or equity securities, incurred by the Greencore Group in connection with business combinations were capitalised as part of the cost of acquisition.

Subsequent Measurement

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. On acquisition, goodwill is allocated to cash-generating units expected to benefit from the combination's synergies. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the Income Statement.

Goodwill arising on investments in associates is included in the carrying amount of the investment and any impairment of the goodwill is included in income from associates.

11.2 Taxation

Current tax represents the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantially enacted at the balance sheet date, along with any adjustment to tax payable in respect of previous years.

The Greencore Group provides in full for deferred tax assets and liabilities (using the liability method), arising from temporary differences between the tax base of assets and liabilities and their carrying amounts in the Group Financial Statements except where they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability that at the date of initial recognition does not affect accounting or taxable profit or loss on a transaction that is not a business combination. Such differences result in an obligation to pay more tax or a right to pay less tax in future periods. A deferred tax asset is only recognised where it is probable that future taxable profits will be available against which the temporary differences giving rise to the asset can be utilised.

Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the year in which the asset is realised or the liability settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

11.3 Derivative financial instruments

The activities of the Greencore Group expose it to the financial risks of changes in foreign exchange rates and interest rates. The Greencore Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swap agreements to hedge these exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments which are not designated as effective hedging instruments (i.e. trading derivatives), are classified as a current asset or liability regardless of maturity. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months.

The fair value of derivative instruments is determined by using valuation techniques. The Greencore Group uses its judgment to select the most appropriate valuation methods and makes assumptions that are mainly based on market conditions existing at the balance sheet date.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging

instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purposes of hedge accounting, derivatives are classified as:

- “fair value hedges”, when hedging the exposure of changes in the fair value of a recognised asset or liability; or
- “cash flow hedges”, when hedging the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction; or
- “net investment hedges”, when hedging the exposure to variability in foreign currency when translating investments in subsidiaries held in currencies other than the presentation currency of the Greencore Group.

Changes to the fair value of derivatives

Any gains or losses arising from changes in the fair value of derivatives which are classified as held for trading are taken to the Income Statement and charged to finance income or expense. These may arise from derivatives for which hedge accounting is not applied because they are not designated as hedging instruments. The Greencore Group does not use derivatives for trading or speculative purposes.

The treatment of gains and losses arising from remeasuring derivatives designated as hedging instruments depends on the nature of the hedging relationship. A summary of the treatment for each classification of derivative employed by the Greencore Group is set out below.

- *Fair value hedge:* in the case of fair value hedges which are designated and qualify for hedge accounting, any gain or loss arising from the remeasurement of the hedging instrument to fair value is reported in the Income Statement as finance costs. In addition, any fair value gain or loss attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Income Statement as finance costs. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised on an effective interest basis to the Income Statement with the objective of achieving full amortisation by maturity of the hedged item.
- *Cash flow hedge:* where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised within equity in the hedging reserve, with the ineffective portion being reported in the Income Statement as finance costs. When a highly probable forecast transaction results in the recognition of a non-financial asset or liability, the cumulative gain or loss is removed from the hedging reserve in equity and included in the initial measurement of the non-financial asset or liability. Otherwise, the associated gains and losses that had previously been recognised within equity in the hedging reserve are transferred to the Income Statement as the cash flows of the hedged item impact the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised within equity in the hedging reserve is kept in the hedging reserve until the forecast transaction occurs. If a hedged transaction is no longer anticipated to occur, the net cumulative gain or loss recognised within equity in the hedging reserve is transferred immediately to the Income Statement as finance costs.

- *Net investment hedge:* foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

11.4 ***Impairment of property, plant and equipment and investment property***

The carrying amounts of property, plant and equipment and investment property are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. When the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater 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. Impairment losses are recognised in the Income Statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Income Statement. Following the recognition or reversal of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a *pro rata* basis. An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

11.5 ***Provisions***

Provisions are recognised when the Greencore Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Where the Greencore Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

11.6 ***Employee share based payments***

The Greencore Group grants equity settled share-based payments to employees through the Greencore Share Schemes. The fair value of these payments is determined at the date of grant and is expensed to the Income Statement on a straight-line basis over the vesting period. The fair value is determined using a trinomial valuation model, as measured at the date of grant, excluding the impact of any non-market conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet

date, the Greencore Group revises its estimates of the number of options or awards that are expected to vest, recognising any adjustment in the Income Statement, with a corresponding adjustment to equity.

To the extent that the Greencore Group receives a tax deduction relating to services paid for by means of share awards or options, deferred tax is provided on the basis of the difference between the market price of the underlying equity as at the date of the relevant Group Financial Statements and the exercise price of the option. As a result, the deferred tax impact of share options will not directly correlate with the expense reported in the Income Statement. To the extent that the deductible difference exceeds the cumulative charge to the Income Statement, it is recorded in the Statement of Recognised Income and Expense.

Proceeds received from the exercise of options, net of any directly attributable transaction costs, are credited to the share capital and share premium accounts.

11.7 Retirement benefit obligations – defined benefit pension plans

The cost of providing benefits under the Greencore Group's defined benefit plans is determined separately for each plan, using the projected unit credit method by professionally qualified actuaries and arrived at using actuarial assumptions based on market expectations at the balance sheet date. These valuations attribute entitlement benefits to the current period (to determine current service cost), and to the current and prior periods (to determine the present value of defined benefit obligations). Past service costs are recognised in the Income Statement on a straight-line basis over the vesting period, or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the Income Statement during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The expected return on plan assets and the interest cost is recognised in the Income Statement as finance income and cost respectively.

Actuarial gains and losses are recognised, in full, in the Group Statement of Recognised Income and Expense in the period in which they occur.

The defined benefit pension asset or liability in the Balance Sheet comprises the total, for each plan, of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised, less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities, is the published bid price. The value of a net pension benefit asset is the present value of any economic benefit the Greencore Group reasonably expects to recover by way of refund of surplus from the plan at the end of the plan's life or reduction in future contributions to the plan.

11.8 Establishing lives for depreciation purposes of property, plant and equipment

Property, plant and equipment is shown at cost less depreciation and any impairment. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs.

Depreciation is provided so as to write off the cost less residual value of each item of property plant and equipment during its expected useful life using the straight line method according to the following principles:

- freehold and long leasehold buildings – 40 to 50 year depreciation period;
- plant, machinery, equipment, fixtures and fittings – 3 to 25 year depreciation period;
- freehold land is not depreciated; and
- useful lives and residual values are reassessed annually.

11.9 **Acquisition related intangible assets**

An intangible asset, which is an identifiable non-monetary asset without physical substance, is capitalised separately from goodwill as part of a business combination to the extent that it is probable that the expected future economic benefits attributable to the asset will accrue to the Greencore Group and that its fair value can be measured reliably. The asset is deemed to be identifiable when it is separable (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Greencore Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amounts of definite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. Any impairment charge is taken to the Income Statement.

The amortisation of intangible assets is calculated to write off the book value of definite-lived intangible assets over their useful lives on a straight line basis on the assumption of zero residual value. Customer related intangible assets are amortised over periods ranging from twelve to fifteen years. Non customer related intangible assets, such as brands, are amortised over periods between three and ten years.

11.10 **Foreign currency**

Functional and presentation currency

The standalone financial statements of each member of the Greencore Group are measured in the currency of the primary economic environment in which the entity operates (the functional currency). The Group Financial Statements are presented in €, which is the Greencore Group's presentation currency. Following Completion of the Acquisition, the Group Financial Statements will be presented in pounds sterling, the functional currency of the Company and the presentation currency of the Greencore Group.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Income Statement, except when deferred in equity as qualifying net investment hedges and qualifying cash flow hedges.

Translation differences on non-monetary financial assets such as equities classified as available for sale, are included in the available for sale reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Group companies

The Income Statement and Balance Sheet of members of the Greencore Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at each balance sheet date are translated at the closing rate at the date of the balance sheet;
- income and expenses in the Income Statement are translated at the rates at the date of the transaction, normally estimated using average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and on borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the Income Statement as part of the gain or loss on sale.

PART VI

RESTATED HISTORICAL FINANCIAL INFORMATION RELATING TO GRENCORE

For the purposes of paragraph 20.1 of Annex I of Prospectus Directive Regulation 809/2004, the Restated Historical Financial Information has been prepared in order to restate:

- Grencore's audited consolidated Group Financial Statements for FY10 and FY09 (as set out in Part VI (B)); and
- Grencore's unaudited consolidated Group Condensed Financial Statements for the Half Years ended March 2011 and March 2010 (as set out in Part VI (C));

in a form consistent with that which will be adopted in the Grencore Group's first set of audited consolidated Group Financial Statements following Completion of the Acquisition (to be published for the 53 weeks ending 30 September 2011), having regard to accounting standards and policies and legislation applicable to such financial statements.

A report from KPMG in respect of the restated financial information for the years ended September 2010 and September 2009 appears on the following page in Part VI (A).

PART VI(A)

The Directors
Greencore Group plc
No. 2 Northwood Avenue
Northwood Business Park
Santry, Dublin 9



15 July 2011

Dear Sirs

Greencore Group plc (the 'Company')

We report on the financial information set out on pages 114 to 177 in Part VI(B) of this document. This financial information has been prepared for inclusion in the combined Class I circular and prospectus ("Document") dated 15 July 2011 of Greencore Group plc on the basis of the accounting policies set out in Part VI(B). This report is required by paragraph 20.1 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in Part VI(B) of this document and in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph 2(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005) and Prospectus Rule 5.5.3R(2)(f) of the UK Listing Authority to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work 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 information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Document dated 15 July 2011, a true and fair view of the state of affairs of Greencore Group plc as at the dates stated and of its profits, cash flows and recognised changes in equity for the periods then ended in accordance with the basis of preparation set out in Part VI (B) and in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Declaration

For the purposes of paragraph 2(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005) and Prospectus Rule 5.5.3R(2)(f) of the UK Listing Authority we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

PART VI(B)

ACCOUNTING POLICIES

1. Basis of preparation and basis of presentation

Restatement of the audited consolidated Group Financial Statements for FY10 and FY09

For the purposes of paragraph 20.1 of Annex I of Prospectus Directive Regulation 809/2004, the Restated Historical Financial Information has been prepared in order to restate Greencore's audited consolidated Group Financial Statements for FY10 and FY09 in a form consistent with that which will be adopted in the Greencore Group's first set of audited consolidated Group Financial Statements following Completion of the Acquisition (to be published for the 53 weeks ending 30 September 2011), having regard to accounting standards and policies and legislation applicable to such financial statements.

Following the Acquisition and the Rights Issue, Greencore will present results in pounds sterling. At the same time Greencore Group PLC will change its functional currency from € to pounds sterling. IAS 21 The Effects of Changes in Foreign Exchange Rates describes functional currency as the "currency of the primary economic environment in which an entity operates". The change in functional currency reflects the increased concentration of the Greencore Group's activities in pounds sterling. The change in presentation currency will align the Greencore Group's external financial reporting with the profile of the Greencore Group.

In accordance with IAS 21 the change in functional currency of Greencore Group PLC will be accounted for prospectively following completion of the Acquisition whilst the change in presentation currency will be applied retrospectively.

In restating Greencore's audited consolidated Group Financial Statements for FY10 and for FY09, Greencore has converted that information from € to pounds sterling using the procedures outlined below:

- Assets, liabilities and equity were translated into pounds sterling at closing rates of exchange at each respective balance sheet date.
- Trading results were translated into pounds sterling at average rates for the relevant period.
- Differences resulting from the retranslation have been taken to reserves.

2. Critical accounting policies and estimates

Greencore's consolidated Group Financial Statements are prepared in accordance with IFRS, as adopted by the EU. A summary of the principal accounting policies applied in the preparation of Greencore's audited consolidated Group Financial Statements for FY10 (being the most recently prepared audited financial statements of the Greencore Group) are set out in the Group Statement of Accounting Policies contained in pages 50 to 61 of Greencore's Annual Report for FY10, and which is incorporated by reference into this document as set out in Part VII.

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Financial Statements are consistent with those applied in the Annual Report for the financial year ended 24 September 2010 and are as set out in those financial statements.

In certain circumstances, the preparation of financial statements requires the use of judgment, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Actual results may differ from these estimates and assumptions. The following paragraphs are intended to provide an understanding of the policies that are considered critical because of the level of complexity of judgment, assumption or estimation involved in their application and their potential overall impact on the carrying amounts of assets and liabilities in Greencore's consolidated Group Financial Statements. Save as noted in paragraph 2.10 below in relation to the change to the functional currency of the Greencore Group, the Company will continue to prepare its Group Financial Statements in a manner consistent with its current accounting policies following completion of the Acquisition.

2.1 **Statement of Compliance**

The Group Financial Statements of Greencore Group plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union (EU) and those parts of the Companies Acts, 1963 to 2009, applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

The IFRS adopted by the EU and applied by the Group in the preparation of these Financial Statements are those that were effective for the accounting period ending 24 September 2010.

2.2 **Basis of Preparation**

The Group Financial Statements, which are presented in pounds sterling, rounded to the nearest thousand (unless otherwise stated), have been prepared under the historical cost convention, as modified by the measurement at fair value of certain financial assets and financial liabilities including available for sale financial assets and derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged are adjusted to record the changes in the fair values attributable to the risks that are being hedged. Share options and share awards granted to employees are recognised at fair value at the date of grant.

The accounting policies set out below have been applied consistently by all the Group's subsidiaries and associates and have been consistently applied to all years presented, unless otherwise stated.

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Financial Statements of the Group are prepared for a 52 week period ended 24 September 2010. Comparatives are for the 52 week period ended 25 September 2009. The Balance Sheets for 2010 and 2009 have been prepared as at 24 September 2010 and 25 September 2009 respectively.

2.3 **Basis of consolidation**

The Group Financial Statements comprise the Financial Statements of the parent undertaking and its subsidiary undertakings, together with the Group's share of the results of associated undertakings.

Subsidiaries

Subsidiary undertakings are included in the Group Financial Statements from the date on which control over the operating and financial policies is obtained, and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in determining the existence or otherwise of control. All inter-group transactions, balances and unrealised gains on transactions between Group undertakings are eliminated on consolidation. Unrealised losses are also eliminated except where they provide evidence of impairment.

Associates

An associate is an enterprise over which the Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, but which is not a subsidiary or a jointly controlled entity.

The Group's share of the results, assets and liabilities of an associate are included in the Financial Statements using the equity method of accounting. Under the equity method of accounting, the investment in the associate is carried in the Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less distributions received, less any impairments in the value of the investment. The Group Income Statement

reflects the Group's share of the results after tax of the associate. The Group Statement of Recognised Income and Expense reflects the Group's share of any income and expense recognised by the associate outside of profit or loss.

Unrealised gains on the sale of assets between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Such gains are deducted from the Group's equity, carried as deferred income and released to the Group Income Statement over the same period as depreciation is charged. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. When the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the associate. The Group ceases to use the equity method of accounting on the date from which it no longer has significant influence over the associate, or when the interest becomes held for sale.

2.4 Revenue Recognition

Revenue represents the fair value of the sale of goods and rendering of services to external customers, net of trade discounts and value added tax in the ordinary course of the Group's activities. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably, which generally arises on delivery or in accordance with specific terms and conditions agreed with customers. Revenue from the rendering of services is recognised in the period in which the services are rendered on the basis of services provided.

2.5 Property, Plant and Equipment

Property, plant and equipment is shown at cost less depreciation and any impairments. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs.

Depreciation is provided so as to write off the cost less residual value of each item of property, plant and equipment during its expected useful life using the straight line method over the following periods:

Freehold and long leasehold buildings	40 – 50 years
Plant, machinery, equipment, fixtures and fittings	3 – 25 years
Freehold land is not depreciated	

Useful lives and residual values are reassessed annually.

Subsequent costs incurred relating to specific assets are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the Income Statement during the financial period in which they are incurred.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. When the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater 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. Impairment losses are recognised in the Income Statement.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in

the Income Statement. Following the recognition or reversal of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Gains or losses on the disposal of property, plant and equipment represent the difference between the net proceeds and the carrying value at the date of sale.

2.6 Assets Held Under Leases

Finance Leases

Leases of property, plant and equipment, where the Group retains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant interest charge on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing loans and borrowings, allocated between current and non-current as appropriate. The interest element of the finance cost is charged to the Income Statement over the lease period. Assets held under finance leases are depreciated over the shorter of their expected useful lives or the lease term, taking into account the time period over which benefits from the leased assets are expected to accrue to the Group.

Operating Leases

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases, net of incentives received from the lessor, are charged to the Income Statement on a straight line basis over the period of the lease. Income earned from operating leases is credited to the Income Statement when earned.

2.7 Business Combinations

Acquisitions on or after 26 September 2009

The purchase method of accounting is used in accounting for the acquisition of businesses. In accordance with IFRS 3 Business Combinations, the cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control. The assets, liabilities and contingent liabilities of the acquired entity are measured at their fair values at the date of acquisition. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated are made within twelve months of the acquisition date and are effected prospectively from the date of acquisition.

Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrues the probable amount of any additional consideration payable in the cost of the acquisition as a liability at the acquisition date where this can be measured reliably. This amount is reassessed at each subsequent balance sheet date with any adjustments to the liability recognised in the Income Statement.

To the extent that deferred purchase consideration and earn-out obligations are payable after one year from the date of acquisition, they are discounted at an appropriate interest rate and, accordingly, are carried at net present value in the Group Balance Sheet. An appropriate interest charge, at a constant interest rate on the carrying amount, adjusted to reflect material conditions, is reflected in the Income Statement over the earn-out period, increasing the value of the provision so that the obligation will reflect its settlement value at the time of maturity.

Acquisitions on or before 25 September 2009

Where a business combination occurred on or before 25 September 2009 and the business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrued the probable amount of any additional consideration payable in the cost of the acquisition as a liability at the acquisition date where this could be measured reliably. This amount is reassessed at each subsequent balance sheet date with any adjustments to the liability accounted for as adjustments to the cost of the acquisition and reflected in goodwill.

2.8 **Goodwill**

Acquisitions on or after 26 September 2009

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Any excess of the fair value of the net assets acquired over the cost of the acquisition (i.e. discount on acquisition) is credited to the Income Statement in the period of acquisition.

Acquisitions on or before 25 September 2009

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Any excess of the fair value of the net assets acquired over the cost of the acquisition (i.e. discount on acquisition) is credited to the Income Statement in the period of acquisition. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of acquisition.

Subsequent Measurement

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. On acquisition, goodwill is allocated to cash-generating units expected to benefit from the combination's synergies. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the Income Statement.

Goodwill arising on investments in associates is included in the carrying amount of the investment and any impairment of the goodwill is included in income from associates.

2.9 **Acquisition Related Intangible Assets**

An intangible asset, which is an identifiable non-monetary asset without physical substance, is capitalised separately from goodwill as part of a business combination to the extent that it is probable that the expected future economic benefits attributable to the asset will accrue to the Group and that its fair value can be measured reliably. The asset is deemed to be identifiable when it is separable (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amounts of definite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. Any impairment charge is taken to the Income Statement.

The amortisation of intangible assets is calculated to write off the book value of definite-lived intangible assets over their useful lives on a straight line basis on the assumption of zero residual value. Customer related intangible assets are amortised over periods ranging from twelve to fifteen years. Non-customer related intangible assets, such as brands, are amortised over periods between three and ten years.

2.10 **Computer Software**

Costs incurred on the acquisition of computer software and software licences are capitalised. Other costs directly associated with developing and maintaining computer software programmes are capitalised once the recognition criteria set out in IAS 38 Intangible Assets are met. Computer software is amortised over five years.

2.11 **Investments**

Financial fixed assets (other than cash equivalents, loans and receivables and derivatives) are classified as available for sale and are initially recognised at fair value, and fair valued at each balance sheet date. Unrealised gains and losses arising from changes in the fair value of investments classified as available for sale are recognised within equity in the available for sale investment reserve. When such investments are sold or impaired, the accumulated fair value

adjustments are included in the Income Statement within finance income or costs as gains or losses from investments. Impairments are recognised in finance costs when a diminution in value is deemed to be significant and prolonged.

Available for sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months of the balance sheet date.

2.12 *Investment Property*

Investment property is shown at cost less depreciation and any impairment. The cost of investment property comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Investment property is depreciated so as to write off the cost, less residual value, on a straight-line basis over the expected life of each property. Freehold buildings held as investment property are depreciated over their expected useful life, normally assumed to be 40-50 years. Freehold land is not depreciated.

Rental income arising on investment property is accounted for on a straight-line basis over the lease term of the ongoing leases and is recognised within other income.

In relation to the recognition of income on the disposal of property, income is recognised when there is an unconditional exchange of contracts, or when all necessary terms and conditions have been fulfilled.

2.13 *Discontinued Operations and Non-Current Assets Held for Sale*

A discontinued operation is a component of an entity that either has been disposed of, abandoned, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operation; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal, abandonment, or when the operations meet the criteria to be classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount and the fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than continued use. This condition is regarded as satisfied only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.14 *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is calculated based on first-in, first-out (FIFO) or weighted average as appropriate. Cost includes raw materials, direct labour expenses and related production and other overheads. Net realisable value is the estimated selling price, in the ordinary course of business, less costs to completion and appropriate selling and distribution expenses.

2.15 *Trade and Other Receivables*

Trade and other receivables are initially recognised at fair value and subsequently carried net of provision for impairment. A provision is made when there is objective evidence that the Group will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Any trade and other receivables included in non-current assets are carried at amortised cost (i.e. adjusted for the time value of money).

2.16 **Cash and Cash Equivalents**

Cash and cash equivalents are initially recognised at fair value and subsequently carried at amortised cost. Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and have an original maturity of three months or less.

2.17 **Trade and Other Payables**

Trade and other payables are initially recorded at fair value and subsequently at the higher of cost or payment or settlement amounts. Where the time value of money is material, payables are carried at amortised cost.

2.18 **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 an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

2.19 **Borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the proceeds net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the settlement or cancellation of liabilities are recognised in finance income and finance costs as appropriate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.20 **Finance Income and Expense**

Finance income comprises interest income on funds invested (including available for sale financial assets), dividend income, gains on the disposal of available for sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss.

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance expense comprises interest expense on borrowings, unwinding of the discount on liabilities, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

2.21 ***Derecognition of Financial Assets and Liabilities***

Financial Assets

A financial asset is derecognised when the Group no longer controls the contractual rights that comprise the financial asset, which is normally the case when the asset is sold or the rights to receive cash flows from the asset have expired, and the Group has not retained substantially all risks and rewards of ownership and has transferred control of the asset.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the recognition of a new liability with the result that the difference in the respective carrying amounts, together with any costs or fees incurred, is recognised in the Income Statement.

2.22 ***Derivative Financial Instruments***

The activities of the Group expose it to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swap agreements to hedge these exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments which are not designated as effective hedging instruments (i.e. trading derivatives) are classified as a current asset or liability regardless of maturity. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months.

The fair value of derivative instruments is determined by using valuation techniques. The Group uses its judgement to select the most appropriate valuation methods and makes assumptions that are mainly based on market conditions existing at the balance sheet date.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purposes of hedge accounting, derivatives are classified as:

- fair value hedges, when hedging the exposure of changes in the fair value of a recognised asset or liability; or
- cash flow hedges, when hedging the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction; or
- net investment hedges, when hedging the exposure to variability in foreign currency when translating investments in subsidiaries held in currencies other than the presentation currency of the Group.

Any gains or losses arising from changes in the fair value of all other derivatives which are classified as held for trading are taken to the Income Statement and charged to finance income or expense. These may arise from derivatives for which hedge accounting is not applied because they are not designated as hedging instruments. The Group does not use derivatives for trading or speculative purposes.

The treatment of gains and losses arising from remeasuring derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Fair Value Hedge

In the case of fair value hedges which are designated and qualify for hedge accounting, any gain or loss arising from the remeasurement of the hedging instrument to fair value is reported in the Income Statement as finance costs. In addition, any fair value gain or loss attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Income Statement as finance costs. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised on an effective interest basis to the Income Statement with the objective of achieving full amortisation by maturity of the hedged item.

Cash Flow Hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised within equity in the hedging reserve, with the ineffective portion being reported in the Income Statement as finance costs. When a highly probable forecast transaction results in the recognition of a non-financial asset or liability, the cumulative gain or loss is removed from the hedging reserve in equity and included in the initial measurement of the non-financial asset or liability. Otherwise, the associated gains and losses that had previously been recognised within equity in the hedging reserve are transferred to the Income Statement as the cash flows of the hedged item impact the Income Statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised within equity in the hedging reserve is kept in the hedging reserve until the forecast transaction occurs. If a hedged transaction is no longer anticipated to occur, the net cumulative gain or loss recognised within equity in the hedging reserve is transferred immediately to the Income Statement as finance costs.

Net Investment Hedge

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

2.23 Taxation

Current tax represents the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantially enacted at the balance sheet date, along with any adjustment to tax payable in respect of previous years.

The Group provides in full for deferred tax assets and liabilities (using the liability method), arising from temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements except where they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability that at the date of initial recognition does not affect accounting or taxable profit or loss on a transaction that is not a business combination. Such differences result in an obligation to pay more tax or a right to pay less tax in future periods. A deferred tax asset is only recognised where it is probable that future taxable profits will be available against which the temporary differences giving rise to the asset can be utilised.

Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are anticipated to apply in the year in which the asset is realised or the liability settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2.24 **Employee Benefits**

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group. Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

2.25 **Retirement Benefit Obligations**

Defined Contribution Pension Plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate defined contribution scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined Benefit Pension Plans

The cost of providing benefits under the Group's defined benefit plans is determined separately for each plan, using the projected unit credit method by professionally qualified actuaries and arrived at using actuarial assumptions based on market expectations at the balance sheet date. These valuations attribute entitlement benefits to the current period (to determine current service cost), and to the current and prior periods (to determine the present value of defined benefit obligations). Past service costs are recognised in the Income Statement on a straight-line basis over the vesting period, or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the Income Statement during the period in which the settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The expected return on plan assets and the interest cost is recognised in the Income Statement as finance income and cost respectively.

Actuarial gains and losses are recognised, in full, in the Group Statement of Recognised Income and Expense in the period in which they occur.

The defined benefit pension asset or liability in the Balance Sheet comprises the total, for each plan, of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not yet recognised, less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is the present value of any economic benefit the Group reasonably expects to recover by way of refund of surplus from the plan at the end of the plan's life or reduction in future contributions to the plan.

2.26 **Employee Share-Based Payments**

The Group grants equity settled share-based payments to employees (through Executive Share Option Schemes, Employee Sharesave Schemes and a Deferred Bonus Plan). The fair value of these payments is determined at the date of grant and is expensed to the Income Statement on a straight-line basis over the vesting period. The fair value is determined using a trinomial valuation model, as measured at the date of grant, excluding the impact of any non-market conditions. Non-market vesting conditions are included in assumptions about the number of

options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options or awards that are expected to vest, recognising any adjustment in the Income Statement, with a corresponding adjustment to equity.

To the extent that the Group receives a tax deduction relating to services paid for by means of share awards or options, deferred tax is provided on the basis of the difference between the market price of the underlying equity as at the date of the Financial Statements and the exercise price of the option. As a result, the deferred tax impact of share options will not directly correlate with the expense reported in the Income Statement. To the extent that the deductible difference exceeds the cumulative charge to the Income Statement, it is recorded in the Statement of Recognised Income and Expense.

Proceeds received from the exercise of options, net of any directly attributable transaction costs, are credited to the share capital and share premium accounts.

2.27 Foreign Currency

Functional and Presentation Currency

The individual Financial Statements of each Group entity are measured in the currency of the primary economic environment in which the entity operates (the functional currency). The Group Financial Statements are presented in pounds sterling, which is the Company's new functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the Income Statement, except when deferred in equity as qualifying net investment hedges and qualifying cash flow hedges.

Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in the available for sale reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Group Companies

The Income Statement and Balance Sheet of Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at each balance sheet date are translated at the closing rate at the date of the balance sheet;
- income and expenses in the Income Statement are translated at the rates at the date of the transaction, normally estimated using average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and on borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the Income Statement as part of the gain or loss on sale.

2.28 Government Grants

Government grants for the acquisition of assets are recognised at their fair value when there is reasonable assurance that the grant will be received and any conditions attached to them have been fulfilled. The grant is held on the Balance Sheet as a deferred credit and released to the Income Statement over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

2.29 **Research and Development**

Expenditure on research and development is recognised as an expense in the period in which it is incurred. An asset is recognised only when all the conditions set out in IAS 38 Intangible Assets are met.

2.30 **Segmental Reporting**

The Group reports segmental information by class of business and by geographical area. The Group's primary reporting segment, for which more detailed disclosures are made is by class of business. On adoption of IFRS 8, the Group identified three reportable segments: (i) Convenience Foods, (ii) Ingredients & Property and (iii) Malt. Refer to Note 1 for further information.

2.31 **Exceptional Items**

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the Group Income Statement and results for the year. Examples of such items may include significant restructuring programmes, profits or losses on termination of operations, litigation costs and settlements and significant impairments of assets. Group management exercises judgement in assessing each particular item which, by virtue of their scale or nature, should be highlighted and disclosed in the Group Income Statement and notes to the Group Financial Statements as exceptional items. Exceptional items are included within the Income Statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

2.32 **Minority Interests**

The interest of minority shareholders is stated at the minorities' proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest balance are allocated against the interest of the parent.

2.33 **Share Capital**

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are taken as a deduction within equity, net of tax, from the proceeds.

Treasury Shares

Where the Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

2.34 **Dividends**

Interim dividends payable are recognised as a liability of the Company when the Board of Directors resolves to pay the dividend and the shareholders have been notified in accordance with the Company's Articles of Association. Final dividends of the Company are recognised as a liability when they have been approved by the Company's shareholders.

2.35 **Critical Accounting Estimates and Assumptions**

Group management makes estimates and assumptions concerning the future in the preparation of the Group Financial Statements, which can significantly impact the reported amounts of assets and liabilities. The significant estimates and assumptions used in the preparation of the Group's Financial Statements are outlined in the relevant notes.

ANNUAL FINANCIAL INFORMATION

Group Income Statement

years ended 24 September 2010 and 25 September 2009

	Notes	2010			2009 As re-presented*		
		Pre-exceptional £'000	Exceptional (Note 6) £'000	Total £'000	Pre-exceptional £'000	Exceptional (Note 6) £'000	Total £'000
Continuing operations							
Revenue.....	1	739,863	–	739,863	705,546	–	705,546
Cost of sales		(491,996)	–	(491,996)	(457,308)	(1,313)	(458,621)
Gross profit		247,867	–	247,867	248,238	(1,313)	246,925
Operating costs, net.....	2	(196,274)	–	(196,274)	(203,525)	(20,388)	(223,913)
Group operating profit/(loss) before acquisition related amortisation		51,593	–	51,593	44,713	(21,701)	23,012
Amortisation of acquisition related intangibles	13	(2,043)	–	(2,043)	(1,851)	–	(1,851)
Group operating profit/(loss)		49,550	–	49,550	42,862	(21,701)	21,161
Finance income	7	22,606	–	22,606	28,297	–	28,297
Finance costs.....	7	(46,387)	–	(46,387)	(70,442)	–	(70,442)
Share of profit of associates after tax.....	8	443	–	443	385	–	385
Profit/(loss) before taxation		26,212	–	26,212	1,102	(21,701)	(20,599)
Taxation	9	(4,680)	–	(4,680)	(2,831)	2,954	123
Profit/(loss) for the period from continuing operations		21,532	–	21,532	(1,729)	(18,747)	(20,476)
Discontinued operations							
Result from discontinued operations.....	10	6,307	2,321	8,628	16,548	(3,480)	13,068
Profit/(loss) for the financial period	3	27,839	2,321	30,160	14,819	(22,227)	(7,408)
Attributable to:							
Equity shareholders		27,329	2,321	29,650	13,507	(22,227)	(8,720)
Minority interests	30	510	–	510	1,312	–	1,312
		27,839	2,321	30,160	14,819	(22,227)	(7,408)
Basic earnings/(loss) per share (pence)							
Continuing operations				10.3			(10.7)
Discontinued operations.....				4.2			6.4
	11			14.5			(4.3)
Diluted earnings/(loss) per share (pence)							
Continuing operations				10.1			(10.7)
Discontinued operations.....				4.2			6.4
	11			14.3			(4.3)

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

Group Statement of Recognised Income and Expense

years ended 24 September 2010 and 25 September 2009

	Notes	2010 £'000	2009 £'000
Items of income and expense taken directly within equity			
Currency translation differences		(8,968)	22,511
Current tax on currency translation differences	9	(1,314)	—
Currency translation differences recycled to Income Statement on disposal	35	6,520	—
Hedge of net investment in foreign currency subsidiaries		247	598
Actuarial loss on Group defined benefit pension schemes	28	(24,886)	(43,546)
Deferred tax on Group defined benefit pension schemes	9	3,650	11,644
Cash flow hedges:			
Gain/(loss) taken to equity		53	(1,490)
Transferred to Income Statement for the period		1,526	1,404
Deferred tax on cash flow hedges	9	(430)	(57)
Cash flow hedge losses recycled to Income Statement on disposal	35	96	—
Net expense recognised directly within equity		(23,506)	(8,936)
Group result for the financial period		30,160	(7,408)
Total recognised income and expense for the financial year . .		6,654	(16,344)
Attributable to:			
Equity shareholders		6,366	(18,200)
Minority interests		288	1,856
Total recognised income and expense for the financial year . .		6,654	(16,344)

Group Balance Sheet

at 24 September 2010 and at 25 September 2009

	Notes	2010 £'000	2009 £'000
ASSETS			
Non-current assets			
Intangible assets	13	343,184	369,252
Property, plant and equipment	14	184,532	291,555
Investment property	15	32,164	648
Investments in associates	19	579	583
Other receivables	17	5,353	–
Derivative financial instruments	23	16,304	14,940
Deferred tax assets	26	39,263	39,266
Total non-current assets		621,379	716,244
Current assets			
Inventories	16	33,549	75,228
Trade and other receivables	17	54,747	87,277
Derivative financial instruments	23	2,109	–
Cash and cash equivalents	21	9,931	40,124
Total current assets		100,336	202,629
Total assets		721,715	918,873
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	112,536	119,871
Share premium		102,782	109,252
Reserves		(66,015)	(75,033)
		149,303	154,090
Minority interest in equity	30	2,444	3,280
Total equity		151,747	157,370
LIABILITIES			
Non-current liabilities			
Borrowings	22	157,288	313,964
Retirement benefit obligations	28	100,474	91,201
Other payables	18	4,405	6,324
Provisions for liabilities	25	3,351	5,652
Deferred tax liabilities	26	37,191	43,517
Government grants	27	97	1,001
Total non-current liabilities		302,806	461,659
Current liabilities			
Borrowings	22	35,120	19
Derivative financial instruments	23	16,028	24,876
Trade and other payables	18	185,036	240,056
Provisions for liabilities	25	7,038	10,309
Current taxes payable		23,940	24,584
Total current liabilities		267,162	299,844
Total liabilities		569,968	761,503
Total equity and liabilities		721,715	918,873

Group Cash Flow Statement

years ended 24 September 2010 and 25 September 2009

		2010	2009
	Notes	£'000	As re-presented* £'000
Profit/(loss) before taxation		26,212	(20,599)
Finance income		(22,606)	(28,297)
Finance costs		46,387	70,442
Share of profit of associates (after tax)		(443)	(385)
Exceptional items – continuing		–	21,701
Operating profit – continuing (pre-exceptional)		49,550	42,862
Depreciation		16,785	16,739
Amortisation of intangible assets		3,383	2,997
Employee share option expense		1,496	802
Amortisation of government grants		(33)	(102)
Difference between pension charge and cash contributions		(8,853)	(7,181)
Working capital movement	31	21,300	7,758
Other movements		161	2,648
Net cash inflow from operating activities before exceptional items		83,789	66,523
Cash outflow related to exceptional items	31	(5,620)	(18,685)
Interest paid		(24,948)	(26,708)
Tax paid		(1,112)	(323)
Operating cash flows from discontinued operations	10	(11,783)	16,080
Net cash inflow from operating activities		40,326	36,887
Cash flow from investing activities			
Dividends received from associates	19	464	794
Purchase of property, plant and equipment		(20,315)	(20,499)
Purchase of investment property		(991)	–
Purchase of intangible assets		–	(5,986)
Acquisition of undertakings and purchase of minority interest		(2,522)	(4,352)
Disposal of undertakings and investment in associate		92,640	2,594
Interest received		864	2,172
Government grants received, net	27	–	140
Investing cash flows from discontinued operations	10	(2,448)	(9,299)
Net cash inflow/(outflow) from investing activities		67,692	(34,436)
Cash flow from financing activities			
Ordinary shares purchased – own shares		(1,729)	–
Drawdown of new bank facilities	24	98,459	230,368
Decrease in bank borrowings	24	(169,682)	(280,674)
Repayment of Private Placement Notes	24	(43,321)	–
Decrease in finance lease liabilities	24	(16)	(53)
Cash outflow arising from derivative financial instruments		(8,294)	–
Dividends paid to equity holders of the Company		(10,754)	(22,022)
Dividends paid to minority interests	30	(1,124)	(1,348)
Net cash outflow from financing activities		(136,461)	(73,729)
Net decrease in cash and cash equivalents		(28,443)	(71,278)
Reconciliation of opening to closing cash and cash equivalents			
Cash and cash equivalents at beginning of year	21	40,124	110,134
Translation adjustment	24	(1,750)	1,268
Decrease in cash and cash equivalents	24	(28,443)	(71,278)
Cash and cash equivalents at end of year	21	9,931	40,124

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

Group Statement of Changes in Equity

years ended 24 September 2010 and 25 September 2009

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
At 25 September 2009	119,871	109,252	(29,129)	(45,904)	154,090	3,280	157,370
Items of income and expense taken directly within equity							
Currency translation differences	(8,555)	(7,800)	7,609	—	(8,746)	(222)	(8,968)
Current tax on currency translation differences	—	—	—	(1,314)	(1,314)	—	(1,314)
Tax on translation of cash flow hedge reserve	—	—	12	—	12	—	12
Currency translation differences recycled to Income Statement on disposal of foreign operation	—	—	6,520	—	6,520	—	6,520
Net investment hedge	—	—	247	—	247	—	247
Actuarial loss on Group defined benefit pension schemes	—	—	—	(24,886)	(24,886)	—	(24,886)
Deferred tax asset on Group defined benefit pension schemes	—	—	—	3,650	3,650	—	3,650
Cash flow hedges							
fair value gains in period	—	—	53	—	53	—	53
tax on fair value losses	—	—	(15)	—	(15)	—	(15)
transfers to Income Statement	—	—	1,526	—	1,526	—	1,526
tax on transfers to Income Statement recycled to Income Statement on disposal of operation	—	—	(427)	—	(427)	—	(427)
Profit for the financial period	—	—	96	—	96	—	96
Profit for the financial period	—	—	—	29,650	29,650	510	30,160
Employee share option expense	—	—	1,496	—	1,496	—	1,496
Settlement of grant	—	—	(110)	—	(110)	—	(110)
Transfer on exercise, lapse or forfeit of share options	—	—	(258)	258	—	—	—
Shares acquired by Deferred Share Awards Trust (a)	—	—	(1,729)	—	(1,729)	—	(1,729)
Issue of shares	1,220	1,330	—	—	2,550	—	2,550
Dividends	—	—	—	(13,360)	(13,360)	(1,124)	(14,484)
At 24 September 2010	<u>112,536</u>	<u>102,782</u>	<u>(14,109)</u>	<u>(51,906)</u>	<u>149,303</u>	<u>2,444</u>	<u>151,747</u>

Group Statement of Changes in Equity

years ended 24 September 2010 and 25 September 2009

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
At 26 September 2008.	102,689	94,229	(3,499)	(3,919)	189,500	3,815	193,315
Items of income and expense taken directly within equity							
Currency translation differences	15,765	14,440	(8,238)	—	21,967	544	22,511
Net investment hedge	—	—	598	—	598	—	598
Actuarial loss on Group defined benefit pension schemes	—	—	—	(43,546)	(43,546)	—	(43,546)
Deferred tax asset on Group defined benefit pension schemes	—	—	—	11,644	11,644	—	11,644
Cash flow hedges							
fair value losses in period	—	—	(1,490)	—	(1,490)	—	(1,490)
tax on fair value losses	—	—	417	—	417	—	417
transfers to Income Statement	—	—	1,404	—	1,404	—	1,404
tax on transfers to Income Statement	—	—	(393)	—	(393)	—	(393)
Tax on translation of cash flow hedge reserve	—	—	(81)	—	(81)	—	(81)
Loss for the financial period	—	—	—	(8,720)	(8,720)	1,312	(7,408)
Employee share option expense	—	—	802	—	802	—	802
Transfer on exercise, forfeit or lapse of share options that have vested	—	—	(465)	465	—	—	—
Own Share Reserve reclassification (b)	—	—	(18,184)	18,184	—	—	—
Issue of shares	1,417	583	—	—	2,000	—	2,000
Dividends	—	—	—	(20,012)	(20,012)	(1,348)	(21,360)
Acquisition of minority interests	—	—	—	—	—	(1,043)	(1,043)
At 25 September 2009.	<u>119,871</u>	<u>109,252</u>	<u>(29,129)</u>	<u>(45,904)</u>	<u>154,090</u>	<u>3,280</u>	<u>157,370</u>

Other reserves

	Share options £'000	Own shares £'000	Capital conversion reserve fund £'000	Hedging reserve £'000	Foreign currency translation reserve £'000	Total £'000
At 25 September 2009	1,605	(19,584)	853	(1,265)	(10,738)	(29,129)
Items of income and expense taken directly within equity						
Currency translation differences	(135)	1,426	(61)	20	6,359	7,609
Tax on translation of cash flow hedge reserve	—	—	—	12	—	12
Currency translation differences recycled to Income Statement on disposal of foreign operation	—	—	—	—	6,520	6,520
Net investment hedge	—	—	—	—	247	247
Cash flow hedges						
fair value losses in period	—	—	—	53	—	53
tax on fair value losses	—	—	—	(15)	—	(15)
transfers to Income Statement	—	—	—	1,526	—	1,526
tax on transfers to Income Statement	—	—	—	(427)	—	(427)
recycled to Income Statement on disposal of operation	—	—	—	96	—	96
Employee share option expense	1,496	—	—	—	—	1,496
Transfer on exercise, lapse or forfeit of share options	(258)	—	—	—	—	(258)
Settlement of grant	(110)	—	—	—	—	(110)
Shares acquired by Deferred Share Awards Trust (a)	—	(1,729)	—	—	—	(1,729)
At 24 September 2010	<u>2,598</u>	<u>(19,887)</u>	<u>792</u>	<u>—</u>	<u>2,388</u>	<u>(14,109)</u>

Group Statement of Changes in Equity

years ended 24 September 2010 and 25 September 2009

	Share options £'000	Own shares £'000	Capital conversion reserve fund £'000	Hedging translation reserve £'000	Foreign currency translation reserve £'000	Total £'000
At 26 September 2008	778	(322)	740	(1,228)	(3,467)	(3,499)
Items of income and expense taken directly within equity						
Currency translation differences	144	(732)	113	106	(7,869)	(8,238)
Tax on translation of cash flow hedge reserve	—	—	—	(81)	—	(81)
Net investment hedge	—	—	—	—	598	598
Cash flow hedges						
fair value losses in year	—	—	—	(1,490)	—	(1,490)
tax on fair value losses	—	—	—	417	—	417
transfers to Income Statement	—	—	—	1,404	—	1,404
tax on transfers to Income Statement	—	—	—	(393)	—	(393)
Employee share option/awards expense	802	—	—	—	—	802
Transfer on exercise, forfeit or lapse of share options . .	(465)	—	—	—	—	(465)
2008 Deferred Bonus Plan expense reclassification . . .	346	(346)	—	—	—	—
Own Shares Reserve reclassification (b)	—	(18,184)	—	—	—	(18,184)
At 25 September 2009	<u>1,605</u>	<u>(19,584)</u>	<u>853</u>	<u>(1,265)</u>	<u>(10,738)</u>	<u>(29,129)</u>

- (a) Pursuant to the terms of the Deferred Bonus Plan, 1,425,832 shares were purchased by the Trustees of the Plan in the financial year ended 24 September 2010 at a cost of £1.7 million. These shares are included in the Balance Sheet at cost of £1.7 million.
- (b) In 1998, the Company re-purchased ordinary shares as set out in Note 29. A number of these shares were re-issued in 2004 and 2005. The reserve arising on the re-purchase of these ordinary shares in 1998 less the cost of the re-issue of the shares in 2004 and 2005 was reclassified to the Own Shares Reserve from Retained Earnings.

Notes to the Group Financial Statements

years ended 24 September 2010 and 25 September 2009

1. Segment Information

On adoption of IFRS 8, the Group identified three reportable segments: (i) Convenience Foods, (ii) Ingredients & Property and (iii) Malt. In the Annual Report for the year ended 25 September 2009, the Group presented two primary business segments: (i) Convenience Foods and (ii) Ingredients & Property. These reportable segments align with the Group's internal financial reporting system and the manner in which the Chief Operating Decision Maker assesses performance and allocates the Group's resources. The Group is organised around different product portfolios.

The Convenience Foods reportable segment is the aggregation of two operating segments, Convenience Foods UK and Convenience Foods US and the Continent ("International Convenience Foods"). This segment derives its revenue from the production and sale of convenience food.

Ingredients & Property represents the aggregation of 'all other segments' as allowed under IFRS 8 (IFRS 8 specifies that, where the external revenue of reportable segments exceeds 75 per cent. of the total Group revenue, it is permissible to aggregate all other segments into one reportable segment). The Ingredients & Property reportable segment derives its revenue from the distribution of vegetable oils and molasses and the management of the Group's property assets.

The Malt reportable segment represents the manufacture and sale of malt.

The Chief Operating Decision Maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before exceptionals and acquisition related amortisation. Net finance costs and income tax are managed on a centralised basis, therefore these items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision Maker and are accordingly omitted from the segmental information below. Intersegment revenue is not material and thus not subject to separate disclosure.

Comparatives for the year ended 25 September 2009 have been restated to reflect the operating segments reported for the current year.

During the year, the Group completed the disposal of its Malt business ("Greencore Malt"), its bottled water business ("Greencore Water") and its Dutch based convenience foods business ("Greencore Continental"). In accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, the operations of Greencore Malt, Greencore Water and Greencore Continental are considered to be discontinued. Comparatives have been re-presented to reflect discontinued operations.

	Convenience Foods		Ingredients & Property		Malt (discontinued)		Total	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Total revenue	725,852	699,828	61,785	81,264	78,296	191,298	865,933	972,390
Less: Revenue from discontinued operations (Note 10)	(47,774)	(75,546)	—	—	(78,296)	(191,298)	(126,070)	(266,844)
Revenue – continuing operations	678,078	624,282	61,785	81,264	—	—	739,863	705,546
Total operating profit before exceptional items and acquisition related amortisation	46,676	40,836	4,810	5,350	7,390	18,059	58,876	64,245
Less: Operating loss/(profit) from discontinued operations	107	(1,473)	—	—	(7,390)	(18,059)	(7,283)	(19,532)
Group operating profit before exceptional items and acquisition related amortisation – continuing operations	46,783	39,363	4,810	5,350	—	—	51,593	44,713
Amortisation of acquisition related intangible assets	(2,043)	(1,851)	—	—	—	—	(2,043)	(1,851)
Exceptional items	—	(10,627)	—	(11,074)	—	—	—	(21,701)
Group operating profit/(loss)	44,740	26,885	4,810	(5,724)	—	—	49,550	21,161
Finance income	—	—	—	—	—	—	22,606	28,297
Finance costs	—	—	—	—	—	—	(46,387)	(70,442)
Share of profit of associates after tax	—	—	443	385	—	—	443	385
Profit/(loss) before taxation	—	—	443	385	—	—	26,212	(20,599)

	Convenience Foods		Ingredients & Property		Malt (discontinued)		Total	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Segment assets								
Assets	606,234	656,478	47,295	50,383	–	117,099	653,529	823,960
Investments in associates	–	–	579	583	–	–	579	583
Total assets	<u>606,234</u>	<u>656,478</u>	<u>47,874</u>	<u>50,966</u>	<u>–</u>	<u>117,099</u>	<u>654,108</u>	<u>824,543</u>

Reconciliation to Total Assets as Reported in the Group Balance Sheet

Deferred tax assets		39,263	39,266
Cash and cash equivalents		9,931	40,124
Derivative financial instruments		18,413	14,940
Total assets as reported in the Group Balance Sheet		<u>721,715</u>	<u>918,873</u>

	Convenience Foods		Ingredients & Property		Malt (discontinued)		Total	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Segment liabilities								
Liabilities	249,098	225,895	40,587	35,615	–	78,589	289,685	340,099

Reconciliation to Total Liabilities as Reported in the Group Balance Sheet

Borrowings (current and non-current)		192,408	313,983
Derivative financial instruments (current and non-current)		16,028	24,876
Government grants		97	1,001
Declared interim dividend		5,258	5,601
Interest payable		5,361	7,842
Income tax liabilities (current and deferred)		61,131	68,101
Total liabilities as reported in the Group Balance Sheet		<u>569,968</u>	<u>761,503</u>

Other Segment Information

	Convenience Foods		Ingredients & Property		Total	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Continuing operations						
Capital expenditure	24,997	19,810	2,233	3,230	27,230	23,040
Depreciation included in segment result	16,549	15,554	236	1,185	16,785	16,739
Amortisation of intangible assets	3,383	2,997	–	–	3,383	2,997
Impairment of property, plant and equipment	–	55	–	1,391	–	1,446

	Convenience Foods		Ingredients & Property		Malt (discontinued)		Total	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Discontinued operations								
Capital expenditure	695	1,420	–	–	1,405	6,637	2,100	8,057
Depreciation included in segment result	1,395	2,171	–	–	2,077	4,677	3,472	6,848
Amortisation of intangible assets	51	21	–	–	35	104	86	125
Impairment of property, plant and equipment	–	202	–	(367)	–	–	–	(165)

Geographical Analysis

The following is a geographical analysis of the segment information presented above.

	Ireland		UK		Rest of World		Total Group	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Total revenue	83,155	129,847	676,119	694,356	106,659	148,187	865,933	972,390
Capital expenditure	1,954	5,430	23,885	19,342	3,491	6,325	29,330	31,097
Segment assets	25,972	69,561	584,800	672,584	43,336	82,398	654,108	824,543

2. Operating Costs, Net

	2010 £'000	2009 As re-presented* £'000
Distribution costs	33,170	35,764
Administrative expenses	160,307	166,901
Research and development	4,023	3,911
Other operating costs	1,413	907
Other operating income	(2,639)	(3,958)
Total operating costs, net	196,274	203,525
Exceptional charge (Note 6)	–	20,388
Total operating costs, net	196,274	223,913

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

3. Result for the Financial Period

The result for the financial period has been arrived at after charging/(crediting) the following amounts:

	2010 £'000	2009 £'000
Depreciation:		
Owned assets	20,216	23,461
Investment property	–	86
Assets held under finance lease	41	40
	20,257	23,587
Amortisation of intangible assets	3,469	3,122
Operating lease rentals:		
Premises, plant and equipment	13,024	14,118
Auditor's remuneration		
Audit of the Group Financial Statements	527	595
Other assurance services	212	66
Tax advisory services	644	520
Other non-audit services	–	–
	1,383	1,181
Government grants released	(73)	(102)
Rental income from investment properties	(308)	(232)

Directors' remuneration is shown in the Report on Directors' Remuneration and in Note 36.

4. Employment

The average monthly number of persons (including Executive Directors) employed by the Group during the year was:

	2010 Number	2009 Number
Production	5,936	6,187
Distribution	633	602
Administration	875	858
	<u>7,444</u>	<u>7,647</u>

The staff costs for the year for the above employees were:

	2010 £'000	2009 £'000
Wages and salaries	154,983	161,596
Social welfare costs	14,055	14,446
Employee share option expense (Note 5)	1,496	802
Pension costs – defined contribution plans (Note 28)	2,119	463
Pension costs – settlement on disposal of defined benefit plan (Note 28)	(5,745)	–
Pension costs – defined benefit plans (Note 28)	<u>1,138</u>	<u>3,226</u>
	168,046	180,533
Defined benefit interest cost (Note 28)	22,188	25,494
Defined benefit expected return on plan assets (Note 28)	<u>(21,902)</u>	<u>(26,442)</u>
	<u>168,332</u>	<u>179,585</u>

Actuarial loss on Group defined benefit schemes recognised in the Statement of Recognised Income and Expense:

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets (Note 28)	18,405	(33,129)
Actuarial losses arising on the scheme liabilities (Note 28)	<u>(43,291)</u>	<u>(10,417)</u>
Total included in the Statement of Recognised Income and Expense	<u>(24,886)</u>	<u>(43,546)</u>

5. Share-Based Payments

Executive Share Option Scheme

The Group's employee share options are equity-settled share-based payments as defined in IFRS 2 Share-Based Payments. IFRS 2 requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The charge recognised in the Income Statement of £0.081 million (2009: £0.071 million) was arrived at through applying a trinomial model, which is a lattice option-pricing model. To the extent that any options vest, they will ordinarily remain exercisable at any time up to ten years from the date of grant and are settled in equity through the issue of shares once exercised.

The general terms and conditions applicable to the share options granted by the Group are addressed in the Report on Directors' Remuneration. All conditions are non-market based.

Options were granted over 1,035,000 ordinary shares on 30 November 2009. These awards will be exercisable, subject to the performance measurement targets being attained between 30 November 2012 and 30 November 2019, at an exercise price of €1.40. Options were granted over 780,000 ordinary shares on 3 June 2010. These awards will be exercisable, subject to the performance measurement targets being attained between 3 June 2013 and 3 June 2020, at an exercise price of €1.27. The weighted average fair value of share options granted during the year ended 24 September 2010 was €0.28.

Options were granted over 1,690,000 ordinary shares on 3 December 2008. These awards will be exercisable, subject to the performance measurement targets being attained between 3 December 2011 and 3 December 2018, at an exercise price of €0.80. Options were granted over 30,000 ordinary shares on 9 June 2009. These awards will be exercisable, subject to the performance measurement targets being attained between 9 June 2012 and 9 June 2019, at an exercise price of €1.17. The weighted average fair value of share options granted during the year ended 25 September 2009 was €0.15.

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year under the plan:

	Number outstanding	2010 Weighted average exercise price €	Number outstanding	2009 Weighted average exercise price €
At beginning of year	5,340,000	2.64	5,350,000	3.38
Granted	1,815,000	1.34	1,720,000	0.81
Expired	(395,000)	2.84	(150,000)	3.56
Forfeit	(690,000)	2.53	(1,580,000)	3.07
At end of year	6,070,000	2.25	5,340,000	2.64
Exercisable at end of year	—	—	—	—

Range of Exercise Prices for the Share Option Plan

	Number outstanding	Weighted average contract life years	Weighted average exercise price €	Number exercisable
At 24 September 2010				
€0.01 – €1.00	1,355,000	8.19	0.80	—
€1.01 – €2.00	1,735,000	9.31	1.34	—
€2.01 – €3.00	1,265,000	1.20	2.68	—
€3.01 – €4.00	1,015,000	5.56	3.41	—
€4.01 – €5.00	700,000	6.86	4.89	—
	6,070,000	6.46	2.25	—
At 25 September 2009				
€0.01 – €1.00	1,560,000	9.19	0.80	—
€1.01 – €2.00	30,000	7.91	1.17	—
€2.01 – €3.00	1,740,000	1.95	2.72	—
€3.01 – €4.00	1,160,000	6.43	3.39	—
€4.01 – €5.00	850,000	7.85	4.89	—
	5,340,000	6.01	2.64	—

Sharesave Schemes

The Group operates savings-related share option schemes in both Ireland and the UK. Options are granted at a discount of between 15 per cent. and 25 per cent. of the market price at the date of invitation over three, five and seven year savings contracts and options are exercisable during the six month period following completion of the savings contract. The charge recognised in the Income Statement of £0.258 million (2009: £0.163 million) was arrived at through applying a trinomial model, which is a lattice option-pricing model.

During the year ended 24 September 2010, Sharesave scheme options were granted over 9,864 shares and 793,471 shares, which will ordinarily be exercisable at an exercise price of €0.95 and Stg £0.90 respectively per share, during the period 1 July 2013 to 1 January 2014 for the three year scheme, 1 July 2015 to 1 January 2016 for the five year scheme and 1 July 2017 to 1 January 2018 for

the seven year scheme. The weighted average fair value of share options granted during the year ended 24 September 2010 was €0.38.

During the year ended 25 September 2009, sharesave scheme options were granted over 285,500 shares and 1,927,583 shares, which will ordinarily be exercisable at an exercise price of €0.88 and Stg £0.87 respectively per share, during the period 7 July 2012 to 7 January 2013 for the three year scheme, 7 July 2014 to 7 January 2015 for the five year scheme and 7 July 2016 to 7 January 2017 for the seven year scheme. The weighted average fair value of share options granted during the year ended 25 September 2009 was €0.31.

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year under the Irish Sharesave Scheme.

	Number outstanding	2010 Weighted average exercise price €	Number outstanding	2009 Weighted average exercise price €
At beginning of year	319,067	1.09	129,247	2.92
Granted	9,864	0.95	285,500	0.88
Forfeit	(72,876)	1.72	(95,680)	2.94
At end of year	256,055	0.90	319,067	1.09
Exercisable at end of year	2,451	2.88	23,405	2.68

Range of Exercise Prices for the Irish Sharesave Scheme (expressed in euro)

	Number outstanding	Weighted average contract life years	Weighted average exercise price €	Number exercisable	Weighted average exercise price €
At 24 September 2010					
€0.01 – €1.00	253,604	2.71	0.88	–	–
€2.01 – €3.00	1,505	0.33	2.20	1,505	2.20
€3.01 – €4.00	946	0.30	3.95	946	3.95
	256,055	2.69	0.90	2,451	2.88
At 25 September 2009					
€0.01 – €1.00	285,500	3.62	0.88	–	–
€2.01 – €3.00	28,344	0.67	2.65	23,405	2.68
€3.01 – €4.00	5,223	1.29	3.95	–	–
	319,067	3.32	1.09	23,405	2.68

The following table illustrates the number and weighted average exercise prices (expressed in sterling) of, and movements in, share options during the year under the UK Sharesave Scheme.

	Number outstanding	2010 Weighted average exercise price £	Number outstanding	2009 Weighted average exercise price Stg £
At beginning of year	2,555,366	1.22	1,250,726	2.21
Granted	793,471	0.90	1,927,583	0.87
Exercised	(31,733)	0.87	–	–
Forfeit	(807,257)	1.55	(622,943)	2.13
At end of year	2,509,847	1.02	2,555,366	1.22
Exercisable at end of year	39,824	2.08	216,738	1.98

Range of Exercise Prices for the UK Sharesave Scheme

	Number outstanding	Weighted average contract life years	Weighted average exercise price £	Number exercisable	Weighted average exercise price Stg £
At 24 September 2010					
£0.01 – £1.00	2,268,333	3.47	0.88	15,116	0.87
£1.01 – £2.00	29,956	1.42	1.77	4,131	1.85
£2.01 – £3.00	166,953	1.94	2.20	–	–
£3.01 – £4.00	44,605	1.87	3.01	20,577	3.01
	<u>2,509,847</u>	<u>3.32</u>	<u>1.02</u>	<u>39,824</u>	<u>2.08</u>
At 25 September 2009					
£0.01 – £1.00	1,899,630	4.16	0.87	–	–
£1.01 – £2.00	145,677	1.16	1.74	60,025	1.66
£2.01 – £3.00	379,660	1.86	2.16	156,713	2.10
£3.01 – £4.00	130,399	2.11	3.01	–	–
	<u>2,555,366</u>	<u>3.54</u>	<u>1.22</u>	<u>216,738</u>	<u>1.98</u>

Deferred Bonus Plan

Senior Executives participate in the Deferred Bonus Plan as outlined in the Report on Directors' Remuneration. In accordance with this plan, half the annual bonus earned by participating Senior Executives is deferred into Company shares calculated at market value on the date of award, to be held by a trustee for the benefit of individual participants without any additional performance requirements or matching. The shares vest after three years but are forfeit should an executive voluntarily leave the Group within the three year time period, subject to normal 'good leaver' provisions. The charge recognised in the Income Statement of £1.157 million (2009: £0.567 million) was arrived at through applying a trinomial model, which is a lattice option-pricing model.

On 1 December 2009, 1,866,065 awards were granted to senior executives of the Group under the Deferred Bonus Plan. A cumulative charge of £0.389 million was recognised in the Income Statement in FY10. A charge amounting to £0.13 million was included in the Group Financial Statements in FY09 in respect of the estimated 2009 charge related to these awards.

On 3 December 2008, 1,458,412 awards were granted to senior executives of the Group under the Deferred Bonus Plan. A cumulative charge of £0.228 million was recognised in the Income Statement in FY09.

The following table illustrates the number and weighted average exercise prices of, and movements in, share awards during the year under the plan:

	2010		2009	
	Number outstanding	Weighted average exercise price €	Number outstanding	Weighted average exercise price €
At beginning of year	1,765,398	–	307,246	–
Granted	1,866,065	–	1,458,152	–
Forfeit	(423,007)	–	–	–
At end of year	<u>3,208,456</u>	<u>–</u>	<u>1,765,398</u>	<u>–</u>
Exercisable at end of year	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

On 1 December 2010, 2,033,281 awards were granted to senior executives of the Group under the Deferred Bonus Plan. A charge amounting to £0.213 million relating to Executive Directors and £0.056 million relating to other awards has been included in the Group Financial Statements in respect of the estimated 2010 charge related to these awards. The total fair value of the awards will be taken as a charge to the Income Statement over the vesting period of the awards.

The following two tables show the weighted average assumptions used to fair value the equity settled options granted in the Executive Share Option Scheme, the Sharesave Scheme and the Deferred Bonus Plan.

2010					
	Executive Share Option Scheme	Sharesave 3 year	Sharesave 5 year	Sharesave 7 year	Deferred Bonus Plan
Dividend yield (%)	5.60%	5.93%	5.93%	5.93%	5.43%
Expected volatility (%)	37%	56%	47%	41%	52%
Risk-free interest rate (%) . .	3.01%	0.76%	1.48%	2.08%	2.04%
Expected life of option (years)	10.00	3.50	5.50	7.50	3.00
Share price at grant (€)	1.35	1.27	1.27	1.27	1.38
Exercise price (€)	1.34	1.10	1.10	1.10	–
2009					
	Executive Share Option Scheme	Sharesave 3 year	Sharesave 5 year	Sharesave 7 year	Deferred Bonus Plan
Dividend yield (%)	9.10%	7.14%	7.14%	7.14%	9.13%
Expected volatility (%)	45%	51%	42%	37%	45%
Risk-free interest rate (%) . .	3.50%	1.62%	2.41%	2.96%	3.50%
Expected life of option (years)	10.00	3.50	5.50	7.50	3.00
Share price at grant (€)	0.90	1.15	1.15	1.15	0.92
Exercise price (€)	0.81	0.96	1.00	1.01	–

The average share price during the year was €1.34 (2009: €1.08).

The expected volatility is estimated based on the historic volatility of the Company's share price over a period equivalent to the life of the relevant option. The risk-free rate of return is the yield on a government bond of a term consistent with the life of the option.

The range of the Company's share price during the year was €1.12 to €1.69.

6. Exceptional Items

Exceptional items are those that, in management's judgement, should be disclosed by virtue of their nature or amount. Such items are included within the Income Statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

The Group reports the following exceptional items:

	Notes	2010 £'000	2009 As re- presented* £'000
Continuing operations			
Convenience Foods	(f)	–	(10,627)
Ingredients & Property	(g)	–	(11,074)
		–	(21,701)
Tax on exceptional items		–	2,954
Total continuing operations		–	(18,747)

		2010	2009
	Notes	£'000	As re-presented* £'000
Discontinued operations (net of tax)			
Greencore Malt	(a)	11,047	(471)
Greencore Water	(b)	(5,040)	—
Greencore Continental	(c)	(3,686)	—
Exit from sugar processing	(d)	—	367
Legal settlement and related costs	(e)	—	(3,376)
Total discontinued operations		2,321	(3,480)
Total exceptional gains/(losses)		2,321	(22,227)

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1 and 10 for further information.

(a) Greencore Malt

The Group completed the disposal of the Malt businesses on 26 March 2010. A profit on disposal of £11.0 million was recognised in the Income Statement. This includes the recycle of £3.8 million of cumulative foreign currency translation losses and £0.1 million cash flow hedge losses, both of which were previously recognised in equity. The net impact of the disposal on the Group's equity was an increase of £14.9 million.

During the prior period, the Group settled an insurance claim in relation to an incident at its malting facility at Ghlin, Belgium resulting in the recognition of an exceptional gain of £3.2 million (£2.1 million net of tax) being the excess over previously anticipated receipts. Additionally, the Group took a charge of £2.6 million related to grain/barley stocks associated with the poor harvest quality arising as a result of the extreme adverse 2008 weather conditions experienced during the harvest period.

(b) Greencore Water

The Group completed the disposal of its bottled water business on 26 March 2010. A loss on disposal of £5.0 million was recognised in the Income Statement. This includes the recycle of £2.7 million cumulative foreign currency translation losses, previously recognised in equity. The net impact of the disposal on the Group's equity was a decrease of £2.3 million.

(c) Greencore Continental

The Group completed the disposal of its Dutch based convenience foods business on 20 August 2010. A loss on disposal of £3.7 million was recognised in the Income Statement.

(d) Exit from Sugar Processing

The Group exited its sugar processing business in 2006. In the prior year, a net gain of £0.4 million arose on the disposal of previously impaired assets.

(e) Legal Settlement and Related Costs

During the prior year, the Group settled a historical outstanding claim relating to its previous sugar trading activities and recognised an exceptional charge of £3.4 million in respect of both settlement and legal costs.

(f) Convenience Foods

During the prior year, the Group finalised its strategic review of the Frozen Desserts category. It was concluded that it should exit from this category, due to its tertiary market position, by closing its remaining facility. The Group also finalised its business restructuring programme resulting in head count reductions at business units. The total cost of this restructuring, which comprised principally asset write-offs and redundancy costs, was £10.6 million (£7.7 million net of tax).

(g) Ingredients & Property

During the prior year, the Group determined that it would either close or sell its grain trading business at Drummonds. As a result of this decision, provisions of £10.8 million were recognised to write assets down to fair value less costs to sell. The Group disposed of Drummonds on 26 June 2009 and an additional loss of £0.3 million was recognised on disposal.

7. Finance Costs and Finance Income

	2010 £'000	2009 As re- presented* £'000
Finance Costs		
Bank overdrafts and loans	13,362	15,281
Other borrowings	9,385	11,990
Interest on obligations under finance leases	3	4
Interest on defined benefit pension scheme liabilities	21,871	24,850
Unwind of discount on liabilities	238	388
Fair value movement on hedged financial liabilities (Note 24)	5,426	26,456
Fair value movement on fair value hedges (Note 24)	(5,512)	(27,097)
Fair value movement on interest rate swaps not designated as hedges	3,312	18,999
Fair value movement on forward foreign exchange contracts not designated as hedges	(1)	391
Foreign exchange on inter-company balances and external loans where hedge accounting is not applied	(1,697)	(820)
	<u>46,387</u>	<u>70,442</u>
Finance Income		
Interest income on bank deposits	(864)	(2,362)
Expected return on defined benefit pension scheme assets	(21,649)	(25,922)
Gain on disposal of available for sale financial asset	–	(13)
Unwind of discount on assets	(93)	–
	<u>(22,606)</u>	<u>(28,297)</u>
Net finance expense recognised in the Income Statement	<u>23,781</u>	<u>42,145</u>
Recognised directly in equity		
Currency translation effects on foreign currency net investment	2,984	(4,749)
Currency translation effect on foreign currency borrowings	247	598
Effective portion of changes in fair value of cash flow hedges	53	(1,490)
Net change in fair value of cash flow hedges transferred to Income Statement recognised in discontinued operations	1,526	1,404
	<u>4,810</u>	<u>(4,237)</u>

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

8. Share of Profit of Associates after Tax

The Group's share of profit of associates after tax is equity accounted and is presented as a single line item in the Group Income Statement. The Group's share of net assets of associates is shown in Note 19.

	2010 £'000	2009 £'000
Group share of:		
Revenue	<u>3,303</u>	<u>18,361</u>
Profit before finance costs	688	650
Finance income/costs (net)	<u>(48)</u>	<u>(74)</u>
Profit before taxation	640	576
Taxation	<u>(197)</u>	<u>(191)</u>
Profit after taxation (Note 19)	<u>443</u>	<u>385</u>

9. Taxation

	2010 £'000	2009 As re- presented* £'000
Continuing operations		
Current tax		
Corporation tax charge	182	181
Overseas tax charge	2,103	303
Total current tax (pre-exceptional)	<u>2,285</u>	<u>484</u>
Deferred tax		
Origination and reversal of temporary differences	2,162	1,935
Defined benefit pension obligations	882	433
Effect of tax rate change	(574)	–
Employee share options	(75)	(21)
Total deferred tax	<u>2,395</u>	<u>2,347</u>
Income tax expense (pre-exceptional)	<u>4,680</u>	<u>2,831</u>
Tax charge on exceptional items		
Current tax	–	(274)
Deferred tax	–	(2,680)
Exceptional tax credit	–	(2,954)
Total tax charge from continuing operations (pre-associates)	<u>4,680</u>	<u>(123)</u>
Discontinued operations		
Current tax	2,693	(442)
Deferred tax	(1,461)	3,534
Income tax expense (pre-exceptional)	<u>1,232</u>	<u>3,092</u>
Tax credit on exceptional items		
Current tax	–	1,072
Total tax charge from discontinued operations	<u>1,232</u>	<u>4,164</u>
Total tax charge for the year	<u>5,912</u>	<u>4,041</u>
Current tax relating to items charged to equity		
Income tax relating to foreign exchange	<u>1,314</u>	<u>–</u>
Deferred tax relating to items (charged)/credited to equity		
Actuarial loss on pension liability	(3,650)	(11,644)
Cash flow hedges transferred to Income Statement	–	393
Cash flow hedges fair value adjustments	430	(417)
Cash flow hedge currency translation adjustment	–	81
	<u>(1,906)</u>	<u>(11,587)</u>

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

Reconciliation of Total Tax Expense

The tax charge for the year can be reconciled to the profit/(loss) per the Income Statement as follows:

	2010 £'000	2009 £'000
Profit/(loss) for the year	30,160	(7,408)
Total tax charge for the year	5,912	4,041
Less: Share of profit of associates after tax	(443)	(385)
	<u>35,692</u>	<u>(3,752)</u>
Tax expense at Irish corporation tax rate of 12.5%.	4,454	(470)
Effects of:		
Expenses not deductible for tax purposes	2,763	5,122
Differences in effective tax rates on overseas earnings.	1,870	(801)
Utilisation of tax losses.	79	(144)
Tax exempted earnings and earnings at reduced Irish rates	(668)	(80)
Effect of rate change on deferred tax balance	(574)	–
Other	<u>(2,012)</u>	<u>414</u>
Total tax charge for the year	<u><u>5,912</u></u>	<u><u>4,041</u></u>

Factors That May Impact Future Tax Charges and Other Disclosures

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. No provision has been recognised in respect of deferred tax relating to unremitted earnings of subsidiaries as there is no commitment to remit earnings.

The tax charge in future periods will be impacted by any changes to the corporation tax rate in force in the countries in which the Group operates. In the UK, the Finance Bill 2010 included a reduction in the rate of corporate income tax from 28 per cent. to 27 per cent. and this was substantially enacted on 21 July 2010. The rate reduction applies from 1 April 2011. Deferred tax balances must be recognised at the future tax rate applicable when the balance is expected to unwind. As such, the rate reduction to 27 per cent. is reflected in the closing deferred tax balance. The UK 2010 Emergency Budget announced further annual reductions in the corporate tax rate of 1 per cent. annually, reaching 24 per cent. on 1 April 2014. The finance bill did not include these additional rate reductions so they are not substantively enacted and therefore not reflected in the closing deferred tax balance.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

10. Discontinued Operations

The Group disposed of its interest in its malt, bottled water and Dutch based convenience foods businesses in 2010. These operations are considered, in management's judgement, to be discontinued operations in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. The respective profit and losses on the disposal of these businesses were recognised in the Group Income Statement within discontinued operations. The details of the profits/losses are set out in Note 6. Further details on the net assets of the businesses disposed of and consideration received are set out in Note 35.

The revenue, results and cash flows of the Group's discontinued operations (sugar processing, malt, bottled water and Dutch based convenience foods businesses) were as follows:

	2010			2009		
	Pre- exceptional £'000	Exceptional (Note 6) £'000	Total £'000	Pre- exceptional £'000	As re- presented* Exceptional (Note 6) £'000	Total £'000
Revenue	126,070	–	126,070	266,844	–	266,844
Cost of sales	(92,600)	–	(92,600)	(196,813)	(2,553)	(199,366)
Operating costs, net	(26,187)	–	(26,187)	(50,499)	(222)	(50,721)
Operating profit/(loss)	7,283	–	7,283	19,532	(2,775)	16,757
Finance income and costs (net)	256	–	256	108	–	108
Profit/(loss) before taxation . .	7,539	–	7,539	19,640	(2,775)	16,865
Taxation	(1,232)	–	(1,232)	(3,092)	(1,072)	(4,164)
Profit/(loss) from operations before gain on disposal . . .	6,307	–	6,307	16,548	(3,847)	12,701
Gain on disposal (Note 6) . . .	–	2,321	2,321	–	367	367
Gain from discontinued operations	6,307	2,321	8,628	16,548	(3,480)	13,068

	2010 £'000	2009 As re- presented* £'000
Profit before taxation	7,539	16,865
Net finance costs	(256)	(108)
Exceptional items – discontinued	–	2,775
Operating profit – discontinued (pre-exceptional)	7,283	19,532
Depreciation	3,472	6,848
Amortisation of intangible assets	86	125
Amortisation of government grants	(41)	–
Difference between pension charge and cash contributions	(89)	(268)
Working capital movement	(26,597)	(10,371)
Other movements	33	203
Net cash (outflow)/inflow from operating activities before exceptional items	(15,853)	16,069
Cash inflow related to exceptional items	4,836	–
Interest paid	–	11
Tax paid	(766)	–
Net cash (outflow)/inflow from operating activities	(11,783)	16,080
Cash flow from investing activities		
Purchase of property, plant and equipment	(2,448)	(9,372)
Interest received	–	73
Net cash outflow from investing activities	(2,448)	(9,299)
Net (decrease)/increase in cash and cash equivalents	(14,231)	6,781

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1 and 6 for further information.

11. Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares and shares held in trust in respect of the Deferred Bonus Awards Scheme. The adjusted figures for basic and diluted earnings per ordinary share are after the elimination of exceptional items, the effect of foreign exchange (FX) on inter-company balances and external loans where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets and the effect of pension financing.

	2010 £'000	2009 As re-presented* £'000
Profit/(loss) attributable to equity holders of the Company	29,650	(8,720)
Exceptional items (post-tax)	(2,321)	22,227
Fair value of derivative financial instruments and related debt adjustments where hedge accounting is not applied.	3,225	18,748
FX on inter-company balances and external loans where hedge accounting is not applied	(1,698)	(818)
Amortisation of acquisition related intangible assets (net of tax)	1,368	1,297
Pension financing, net (net of tax).	(383)	(1,546)
Fair value of derivative financial instruments and related debt adjustments and pension financing included in discontinued operations	(298)	(192)
Numerator for adjusted earnings per share calculation	29,543	30,996
Result from discontinued operations – pre-exceptional	(6,307)	(16,548)
Fair value of derivative financial instruments and related debt adjustments and pension financing included in discontinued operations	298	192
Numerator for continuing adjusted earnings per share calculation	23,534	14,640
Numerator for discontinued basic earnings per share		
Discontinued profit for the year	8,628	13,068
Profit for the year from discontinued operations (pre-exceptional)	6,307	16,548
Fair value of derivative financial instruments and related debt adjustments and pension financing included in discontinued operations	(298)	(192)
Numerator for discontinued adjusted EPS	6,009	16,356
	2010 pence	2009 As re-presented* pence
Basic earnings/(loss) per ordinary share		
Continuing operations	10.3	(10.7)
Discontinued operations	4.2	6.4
	14.5	(4.3)
Adjusted basic earnings per ordinary share		
Continuing operations	11.5	7.2
Discontinued operations	2.9	8.1
	14.4	15.3

Denominator for earnings per share and adjusted earnings per share calculation

	2010	2009
Shares in issue at the beginning of the year (thousands)	208,333	205,780
Treasury shares (thousands)	(3,905)	(3,905)
Shares held by Trust (thousands)	(1,641)	(393)
Effect of shares issued in period (thousands)	1,715	1,234
Weighted average number of ordinary shares in issue during the year (thousands)	<u>204,502</u>	<u>202,716</u>

Diluted Earnings per Ordinary Share

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Employee share options, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable ordinary shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability have not been satisfied as at the end of the reporting period. Options over 5,635,988 (2009: 6,114,678) shares were excluded from the diluted EPS calculation as they were either ant dilutive or contingently issuable ordinary shares which had not satisfied the performance conditions attaching at the end of the reporting period.

	2010 pence	2009 As re- presented* pence
Diluted earnings/(loss) per ordinary share		
Continuing operations	10.1	(10.7)
Discontinued operations	4.2	6.4
	<u>14.3</u>	<u>(4.3)</u>
Adjusted diluted earnings per ordinary share	<u>14.3</u>	<u>15.3</u>

A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earning per share amounts is as follows:

Denominator for diluted earnings per share and adjusted earnings per share calculation

	2010	2009
Weighted average number of ordinary shares in issue during the year (thousands)	204,502	202,716
Dilutive effect of share options (thousands)	2,548	248
Weighted average number of ordinary shares for diluted earnings per share (thousands)	<u>207,050</u>	<u>202,964</u>

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

12. Dividends Paid and Proposed

	2010 £'000	2009 £'000
Amounts recognised as distributions to equity holders in the year:		
Equity dividends on ordinary shares:		
Final dividend of 4.50c for the year ended 25 September 2009 (2008: 8.21c)	8,002	14,601
Interim dividend of 3.00c for the year ended 24 September 2010 (2009: 3.00c)	5,358	5,411
Total	<u>13,360</u>	<u>20,012</u>
Proposed for approval at AGM:		
Equity dividends on ordinary shares:		
Final dividend of 4.50c for the year ended 24 September 2010 (2009: 4.50c)	<u>8,039</u>	<u>8,104</u>

This proposed dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Balance Sheet of the Group as at 24 September 2010 in accordance with IAS 10 Events After the Balance Sheet Date. The proposed final dividend for the year ended 24 September 2010 will be payable on 1 April 2011 to shareholders on the Register of Members at 3 December 2010.

13. Goodwill and Intangible Assets

	Goodwill £'000	Computer software and other intangibles £'000	Acquisition related intangible assets – Customer related £'000	Acquisition related intangible assets – *Non- customer related £'000	Total £'000
Year ended 24 September 2010					
Opening net book amount	350,082	5,236	8,129	5,805	369,252
Disposals	–	(309)	–	(1,084)	(1,393)
Adjustments	84	–	–	–	84
Currency translation differences	(21,495)	63	172	(30)	(21,290)
Amortisation charge	–	(1,426)	(818)	(1,225)	(3,469)
Closing net book amount	<u>328,671</u>	<u>3,564</u>	<u>7,483</u>	<u>3,466</u>	<u>343,184</u>
At 24 September 2010					
Cost	328,671	8,053	9,450	5,754	351,928
Accumulated amortisation	–	(4,489)	(1,967)	(2,288)	(8,744)
Net book amount	<u>328,671</u>	<u>3,564</u>	<u>7,483</u>	<u>3,466</u>	<u>343,184</u>
Year ended 25 September 2009					
Opening net book amount	305,470	3,387	7,784	2,564	319,205
Additions	–	2,108	–	3,878	5,986
Acquisitions	828	–	–	–	828
Disposals	–	(22)	–	–	(22)
Adjustments	(11)	–	–	–	(11)
Transfers from property, plant and equipment, net**	–	929	–	–	929
Currency translation differences	43,795	105	1,194	365	45,459
Amortisation charge	–	(1,271)	(849)	(1,002)	(3,122)
Closing net book amount	<u>350,082</u>	<u>5,236</u>	<u>8,129</u>	<u>5,805</u>	<u>369,252</u>

	Goodwill £'000	Computer software and other intangibles £'000	Acquisition related intangible assets – Customer related £'000	Acquisition related intangible assets – *Non- customer related £'000	Total £'000
At 25 September 2009					
Cost	350,082	11,138	9,249	7,075	377,544
Accumulated amortisation	–	(5,902)	(1,120)	(1,270)	(8,292)
Net book amount	<u>350,082</u>	<u>5,236</u>	<u>8,129</u>	<u>5,805</u>	<u>369,252</u>

* Non-customer related acquisition related intangibles represent all other acquisition related intangible assets, primarily brands.

** Transfers from property, plant and equipment are items of computer software previously carried as property, plant and equipment and which were reclassified to intangible assets in FY09.

Goodwill acquired in business combinations is allocated at acquisition to the cash generating units (CGUs) that are expected to benefit from that business combination. A summary of the allocation of the carrying value of goodwill by segment is as follows:

	2010 £'000	2009 £'000
Convenience Foods.	326,407	347,603
Ingredients & Property.	2,264	2,479
	<u>328,671</u>	<u>350,082</u>

Impairment Testing and Goodwill

Goodwill acquired through business combinations has been allocated to CGUs for the purposes of impairment testing based on the business unit into which the business will be assimilated.

The recoverable amount of each CGU is based on a value in use computation. The cash flow forecasts employed for this computation are extracted from the 2011 budget document formally approved by the Board of Directors, and specifically exclude incremental profits and other cash flows stemming from future acquisitions. The 2011 forecast cash flows are projected forward for five years using the same assumptions. A terminal value reflecting inflation of 2 per cent. (but no other growth) is applied to the Year Five cash flows. A present value of the future cash flows is calculated using a discount rate of 8 per cent. (2009: 8 per cent.). Applying these techniques, no impairment arose in either 2010 or 2009.

The key assumptions include management's estimates of future profitability based on modest sales growth and inflation expectations, capital expenditure requirements including continuing investment, most particularly in prepared meals, food to go, grocery and the US, and working capital savings. The prior year assumptions were prepared on the same basis. The values applied to the key assumptions are derived from a combination of external and internal factors based on historical experience and take into account management's expectation of future trends affecting the industry and other developments and initiatives in the business. Estimation of the carrying value of goodwill is a key judgmental estimate in the preparation of the Group Financial Statements.

Adjustments to the goodwill allocated to Convenience Foods in relation to the acquisition of Sushi San in 2007 and Ministry of Cake in 2008 were recorded in 2009 and 2010. These adjustments arose due to the revision of the estimate of deferred contingent consideration payable to the former owners of these businesses.

An adjustment to the goodwill allocated to Convenience Foods in relation to the acquisition of Home Made Brand Foods in 2008 was recorded in 2009. This adjustment arose due to the revision of the estimate of deferred contingent consideration that was ultimately paid to the former owners of the business and due to the finalisation of acquisition costs. The fair values of the assets acquired were determined provisionally as at 26 September 2008 and no changes to these values were recorded on finalisation in 2009.

An adjustment to the goodwill allocated to Ingredients & Property in relation to the acquisition of the minority interest in Trilby Trading in 2009 was recorded in 2010. The adjustment arose due to the revision of the estimate of deferred contingent consideration payable to the former minority interest.

Sensitivity Analysis

If the estimated discount rate applied to the discounted cash flows had been 10 per cent. higher than management's estimates, there would have been no requirement on the Group to recognise an impairment against goodwill.

If the estimated cash flow forecasts used in the value in use computations had been 10 per cent. lower than management's estimates, again there would have been no requirement on the Group to recognise any impairment against goodwill.

14. Property, Plant and Equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Capital work in progress £'000	Total £'000
Year ended 24 September 2010					
Opening net book amount	128,187	146,202	8,569	8,597	291,555
Additions	7,881	10,772	1,698	7,989	28,340
Disposals	(19,417)	(57,156)	(188)	(2,617)	(79,378)
Reclassifications	1,853	7,788	(4,490)**	(5,151)	—
Currency translation differences	(2,386)	(2,329)	(458)	(342)	(5,515)
Transfers to investment property*	(25,000)	(65)	—	(5,148)	(30,213)
Depreciation charge	(3,043)	(16,013)	(1,201)	—	(20,257)
Closing net book amount	88,075	89,199	3,930	3,328	184,532

* Transfers of assets under remediation to investment property on adoption of the amendments to IAS 40 Investment Property resulting from the 2008 Annual Improvements to IFRSs as described in the Group Statement of Accounting Policies.

** Reclassification of items of plant and machinery previously presented as fixtures and fittings.

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Capital work in progress £'000	Total £'000
At 24 September 2010					
Cost	111,464	205,253	10,542	3,328	330,587
Accumulated depreciation	(23,389)	(116,054)	(6,612)	—	(146,055)
Net book amount	88,075	89,199	3,930	3,328	184,532
Year ended 25 September 2009					
Opening net book amount	126,412	141,608	9,591	13,398	291,009
Additions	1,912	16,183	2,698	4,318	25,111
Disposals	(2,109)	(2,624)	(11)	—	(4,744)
Reclassifications	1,889	9,733	(1,550)	(10,072)	—
Currency translation differences	3,097	1,985	223	953	6,258
Exceptional provision for impairment	(23)	(1,593)	(33)	—	(1,649)
Transfers to intangible assets, net*	—	(929)	—	—	(929)

	Land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Capital work in progress £'000	Total £'000
Depreciation charge	(2,991)	(18,161)	(2,349)	–	(23,501)
Closing net book amount	128,187	146,202	8,569	8,597	291,555
At 25 September 2009					
Cost	161,917	340,185	19,380	8,597	530,079
Accumulated depreciation	(33,730)	(193,983)	(10,811)	–	(238,524)
Net book amount	128,187	146,202	8,569	8,597	291,555

* Transfers to intangible assets are items of computer software previously carried as property, plant and equipment which were reclassified to intangible assets in FY09.

Assets Held under Finance Leases

The net book amount and the depreciation charge during the year in respect of assets held under finance leases and capitalised in property, plant and machinery are as follows:

	2010 £'000	2009 £'000
Cost	–	1,583
Accumulated depreciation	–	(837)
Net book amount	–	746
Depreciation charge for the year	41	40

15. Investment Property

	2010 £'000	2009 £'000
Opening net book amount	648	640
Additions	991	–
Disposals	(614)	–
Transfers from property, plant and equipment*	30,213	–
Currency translation differences	926	94
Depreciation charge	–	(86)
Closing net book amount	32,164	648
Analysed as:		
Cost	32,164	1,786
Accumulated depreciation	–	(1,138)
Net book amount	32,164	648

* Transfers of assets under remediation to investment property on adoption of the amendments to IAS 40 Investment Property resulting from the 2008 Annual Improvements to IFRSs as described in the Group Statement of Accounting Policies.

The fair value of the Group's investment properties at 24 September 2010 was £43.6 million (2009: £2.2 million). The valuation was carried out by the Group Property Director and was arrived at by reference to location, market conditions, status of planning applications and stage of completion of remediation where appropriate.

Profit on disposal of property in the Ingredients & Property segment amounted to £1.7 million (2009: £2.6 million).

Investment property at 24 September 2010 represents the Group's land subject to remediation, upon which no depreciation is provided.

16. Inventories

	2010 £'000	2009 £'000
Raw materials and consumables	15,276	37,683
Work in progress	673	2,559
Finished goods and goods for resale	17,600	34,986
	<u>33,549</u>	<u>75,228</u>

None of the above carrying amounts have been pledged as security for liabilities entered into by the Group.

Inventory recognised within cost of sales (pre-exceptional continuing and discontinued)	471,991	532,747

17. Trade and Other Receivables

	2010 £'000	2009 £'000
Current		
Trade receivables	34,696	61,744
Amounts receivable from associates	–	11
Prepayments	3,349	11,089
VAT	4,339	3,929
Other receivables	12,363	10,504
Subtotal – current	<u>54,747</u>	<u>87,277</u>
Non-current		
Other receivables	5,353	–
Total	<u>60,100</u>	<u>87,277</u>

The fair value of current receivables approximates book value due to their size and short-term nature.

Non-current receivables are discounted to present value or bear interest at market rates and accordingly represent fair value.

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is disclosed in Note 23.

18. Trade and Other Payables

	2010 £'000	2009 £'000
Current		
Trade payables	106,204	157,340
Employment related taxes	2,753	4,653
Other payables and accrued expenses	70,816	71,110
VAT	5	1,352
Declared interim dividend	5,258	5,601
Subtotal – current	<u>185,036</u>	<u>240,056</u>
Non-current		
Other payables	4,405	6,324
Total	<u>189,441</u>	<u>246,380</u>

The Group's exposure to liquidity and currency risk is disclosed in Note 23.

19. Investments in Associates

	2010 £'000	2009 £'000
Share of associate's balance sheet		
Current assets	1,215	1,695
Non-current assets	161	185
Current liabilities	(523)	(1,091)
Non-current liabilities	(274)	(206)
Net assets	579	583
Carrying amount of associates		
At beginning of year	583	985
Share of profit after tax of associate (Note 8)	443	385
Dividends received	(464)	(794)
Currency translation differences	17	7
At end of year	579	583

Details of the Group's principal associates, all of which are unlisted, are shown in Note 37.

20. Available for Sale Financial Assets

	2010 £'000	2009 £'000
At beginning of year	—	18
Fair value adjustment recognised in the Income Statement	—	13
Disposal	—	(31)
Currency translation differences	—	—
At end of year	—	—

21. Cash and Cash Equivalents

	2010 £'000	2009 £'000
Cash at bank and in hand	9,931	40,124

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, between one day and one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents equals the carrying amount. Note 24 includes details of the Group's net debt at 24 September 2010.

22. Borrowings

	2010 £'000	2009 £'000
Non-current		
Bank borrowings	38,308	116,566
Private Placement Notes	118,980	195,723
Finance leases	—	1,675
Subtotal – non-current	157,288	313,964
Current		
Private Placement Notes	35,120	—
Finance leases	—	19
Subtotal – current	35,120	19
Total borrowings	192,408	313,983

The maturity of non-current borrowings is as follows:

	2010 £'000	2009 £'000
Between 1 and 2 years	38,308	128,220
Between 2 and 5 years	46,064	116,069
Over 5 years	72,916	69,675
	<u>157,288</u>	<u>313,964</u>

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2010 £'000	2009 £'000
6 months or less	73,428	134,567
1 – 5 years	46,064	109,722
Over 5 years	72,916	69,694
	<u>192,408</u>	<u>313,983</u>

Bank Borrowings

The Group's bank borrowings are denominated in euro, sterling and US\$ and bear floating rate interest, set at commercial rates based on a spread over EURIBOR, sterling LIBOR and US\$ LIBOR, for periods ranging from one week to six months. At 24 September 2010, the Group's borrowings comprised of US\$60.0 million with a final maturity in April 2012.

At 24 September 2010, the Group had available £246.7 million (2009: £264.1 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. Uncommitted overdraft facilities undrawn at 24 September 2010 amounted to £8.7 million (2009: £10.4 million).

Finance Leases

The Group had finance leases for various items of property, plant and equipment. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are set out in Note 32.

Private Placement Notes

The Group's Private Placement Notes were issued in October 2003 and comprise fixed rate debt of US\$185 million (the US\$ Notes) and fixed rate debt of Stg £25 million (the Stg £ Notes).

The US\$ Notes are all fixed rate and comprise of US\$55 million maturing in October 2010, US\$30 million maturing in October 2013 and US\$100 million maturing in October 2015. The fixed rates on these Notes range from 4.98 per cent. to 5.90 per cent. These Notes have been swapped (using cross-currency interest rate swaps designated as fair value hedges under IAS 39 Financial Instruments: Recognition and Measurement) from fixed US\$ to floating sterling rates, repricing semi-annually at commercial rates based on a spread over sterling LIBOR.

The Stg £25 million fixed rate Note has a rate of 6.19 per cent. and matures in October 2013.

The average spread the Group paid on its bank borrowings and Private Placement Notes in the year ended 24 September 2010 was 1.54 per cent.

Guarantees

The Group's bank borrowings and Private Placement Notes are secured by guarantees from Greencore Group plc and cross-guarantees from various companies within the Group. The Group treats these guarantees as insurance contracts and accounts for them as such.

23. Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks including interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. These financial risks are managed by the Group under policies approved by the Board of Directors. The Group uses derivative financial instruments, in particular foreign currency forward contracts, currency swaps and interest rate swaps, to manage

certain of the financial risks associated with the underlying business activities of the Group and the financing of those activities. The principal financial risks are actively managed by the Group's Treasury department. This department operates within strict Board approved policies and guidelines. On an ongoing basis, the Treasury department actively monitors market conditions with a view to minimising the exposure of the Group to changing market factors while at the same time minimising the volatility of the funding costs of the Group.

Financial Assets and Liabilities

	2010						
	Loans and receivables £'000	FV through income statement £'000	Cash flow hedges £'000	Financial liabilities at amortised cost £'000	Financial liabilities in fair value hedges £'000	Carrying value £'000	Fair value £'000
Trade and other receivables	56,751	—	—	—	—	56,751	56,751
Cash and cash equivalents	9,931	—	—	—	—	9,931	9,931
Derivative financial instruments . . .	—	2,385	—	—	—	2,385	2,385
Bank borrowings	—	—	—	(38,308)	—	(38,308)	(38,071)
Private Placement Notes	—	—	—	(25,000)	(129,100)	(154,100)	(153,109)
Trade and other payables	—	—	—	(185,056)	—	(185,056)	(185,056)

The fair value of the financial liabilities held at amortised cost and the financial liabilities in fair value hedges have been calculated by discounting the expected future cash flows at prevailing interest rates and by applying period end exchange rates.

	2009						
	Loans and receivables £'000	FV through income statement £'000	Cash flow hedges £'000	Financial liabilities at amortised cost £'000	Financial liabilities in fair value hedges £'000	Carrying value £'000	Fair value £'000
Trade and other receivables	76,188	—	—	—	—	76,188	76,188
Cash and cash equivalents	40,124	—	—	—	—	40,124	40,124
Derivative financial instruments . . .	—	(8,180)	(1,756)	—	—	(9,936)	(9,936)
Bank borrowings	—	—	—	(116,566)	—	(116,566)	(113,351)
Private Placement Notes	—	—	—	(43,000)	(152,723)	(195,723)	(186,823)
Finance lease liabilities	—	—	—	(1,694)	—	(1,694)	(1,694)
Trade and other payables	—	—	—	(241,207)	—	(241,207)	(241,207)

Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows;

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not observable market data (unobservable inputs).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets carried at fair value				
Cross-currency swaps – fair value hedges	—	18,413	—	18,413
	—	18,413	—	18,413
Liabilities carried at fair value				
Interest rate swaps – not designated as fair value hedges	—	(15,803)	—	(15,803)
Forward foreign exchange contracts – not designated as cash flow hedges	—	(225)	—	(225)
	—	(16,028)	—	(16,028)

During the period, there were no transfers between the different levels.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates arises from its floating rate borrowings, cash and cash equivalents and derivatives. The Group's policy is to optimise interest cost and reduce volatility in reported earnings. This is managed by reviewing the debt profile of the Group regularly on a currency by currency basis and by selectively using interest rate swaps to limit the level of floating interest rate exposure. At least 35 per cent. of debt is fixed rate in accordance with policy approved by the Board of Directors.

Cash flow sensitivity analysis for floating rate debt

The full year impact of both an upward and a downward movement in each applicable interest rate and interest rate curve by 100 basis points (assuming all the other variables remain constant) is shown below.

	On profit after tax		On equity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Effect of a downward movement of 100 basis points (cost)	(4,985)	(8,745)	(4,892)	(9,066)
Effect of an upward movement of 100 basis points (gain)	4,572	7,696	4,487	7,979

Foreign Currency Risk

The Group is exposed to currency risk as sales and purchases in certain businesses are denominated in currencies other than the functional currency of the entity concerned. The Group employs foreign currency forward contracts to economically hedge foreign exchange exposures arising from forecast transactions in foreign currencies.

The Group's trading entity exposures to foreign currency risk for amounts not denominated in the functional currency of the relevant entity at the balance sheet date were as follows (excluding borrowings and derivative financial instruments):

Denominated in:	EUR £'000	2010 USD £000	GBP £'000	EUR £'000	2009 USD £000	GBP £'000
Trade receivables	168	660	765	2,310	1,344	1,624
Trade payables	(817)	(853)	(494)	(590)	(262)	(1,440)
Cash and cash equivalents	(5)	370	3,156	5,002	1,996	91
Gross balance sheet exposure	(654)	177	3,427	6,722	3,078	275

Substantially all of these exposures are covered by forward foreign currency contracts.

The Group operates internationally with the majority of its profits earned outside of Ireland. It has significant investments outside of Ireland with the largest single investment being in the UK. In order to protect the Group's euro Balance Sheet and reduce cash flow risk, the Group has financed most of its investment in the UK by borrowing sterling. Although a portion of this funding is obtained by directly borrowing sterling, a significant element of the funding is achieved through US dollar borrowings converted to sterling using cross-currency swaps.

During the period, the Group designated US\$60 million of US\$ borrowings and £90 million of sterling borrowings as hedges of its net investments in a US subsidiary and UK subsidiaries respectively. The foreign exchange gain of £0.243 million arising on translation of the borrowings to euro at the balance sheet date was recognised in the translation reserve in shareholders' equity.

Sensitivity analysis for primary foreign currency risk

A 10 per cent. strengthening of the euro exchange rate against the sterling or US\$ exchange rates in respect of the translation of amounts not denominated in the functional currency of relevant entities into the functional currency of the relevant entities would increase profit after tax and equity by the amount shown below. This assumes that all other variables remain constant. A 10 per cent. weakening of the euro exchange rate against the sterling or US\$ exchange rates would have an equal and opposite effect.

	On profit after tax		On equity	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Impact of 10 per cent. strengthening of euro vs sterling gain	450	2,453	442	1,011
Impact of 10 per cent. strengthening of euro vs dollar (cost)/gain	(201)	(691)	3,285	2,167

The effect on equity of a movement between euro and US\$ would be offset by the translation of the net assets of the subsidiaries against which the US\$ borrowings are hedged. The above calculations do not include the variability in Group profitability which arises on the translation of foreign currency subsidiaries' financial statements to Group presentation currency. There were no sterling borrowings designated as hedges of the Group's net investments in UK subsidiaries at 24 September 2010.

Liquidity Risk

The Group's policy on funding capacity is to ensure that it always has sufficient long-term funding and committed bank facilities in place to meet foreseeable peak borrowing requirements with additional headroom of 30 per cent. over peak budget requirements. The Group also operates a prudent approach to liquidity risk management by spreading the maturities of its debt to long-term financing. The Treasury department actively monitors the funding requirements of the business. Cash requirements are managed centrally and reviewed on a daily basis. Excess funds are placed on short-term (less than one month) deposits while ensuring that sufficient cash is available on demand to meet expected operational requirements.

The following are the carrying amounts and contractual liabilities of financial liabilities (including interest payments):

	Carrying amount £'000	Contractual amount £'000	Period 1-6 months £'000	Period 6-12 months £'000	Period 1-5 years £'000	Period > 5 years £'000
24 September 2010						
Non-Derivative Financial Instruments						
Bank borrowings	(38,308)	(41,143)	(536)	(539)	(40,068)	—
Private Placement Notes	(154,100)	(173,907)	(39,187)	(3,198)	(131,522)	—
Trade and other payables	(185,056)	(185,056)	(184,323)	(339)	(394)	—
Derivative Financial Instruments						
Interest rate swaps – not designated as fair value hedges	(15,803)					
Outflow		(17,707)	(3,286)	(2,398)	(11,848)	(175)
Cross-currency swaps – fair value hedges	18,413					
Inflow		143,492	38,414	2,424	36,926	65,728
Outflow		(125,555)	(34,450)	(1,205)	(28,361)	(61,539)
Foreign currency forward contracts	(225)					
Inflow		5,911	1,595	3,635	681	—
Outflow		(6,463)	(1,925)	(4,470)	(68)	—

25 September 2009	Carrying amount £'000	Contractual amount £'000	Period 1-6 months £'000	Period 6-12 months £'000	Period 1-5 years £'000	Period > 5 years £'000
Non-Derivative Financial Instruments						
Bank borrowings	(116,566)	(150,041)	(2,568)	(2,451)	(145,022)	–
Private Placement Notes	(195,723)	(227,895)	(4,962)	(4,948)	(151,807)	(66,178)
Finance lease liabilities	(1,694)	(6,206)	(62)	(45)	(354)	(5,745)
Trade and other payables	(241,207)	(241,288)	(237,695)	(2,380)	(1,213)	–
Derivative Financial Instruments						
Interest rate swaps – not designated as fair value hedges	(22,253)					
Outflow		(21,884)	(4,399)	(4,589)	(12,749)	(147)
Cross-currency swaps – fair value hedges	14,940					
Inflow		176,667	3,929	3,929	101,248	67,561
Outflow		(164,360)	(1,976)	(1,941)	(94,973)	(65,470)
Foreign currency forward contracts		(2,623)				
Inflow		114,463	90,257	13,887	10,319	–
Outflow		(116,664)	(90,381)	(15,756)	(10,527)	–

Gains and losses on foreign currency forward contracts are credited/charged to the Income Statement when the cash flows arise.

Credit Risk

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations on financial assets held in the Balance Sheet. Risk is monitored both centrally and locally. The Group derives a significant proportion of its revenue from sales to a limited number of major customers. Sales to individual customers can be of significant value and the failure of any such customer to honour its debts could materially impact the Group's results. The Group derives significant benefit from trading with its large customers and manages the risk by regularly reviewing the credit history and rating of all significant customers.

The Group assessed the carrying value of other receivables based on management's assessment of credit risk and knowledge of the counterparty. The amount was neither past due nor impaired at 24 September 2010.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet:

	Carrying amount	
	2010 £'000	2009 £'000
Trade receivables	34,696	61,744
Other receivables	17,715	10,504
Cash and cash equivalents	9,931	40,124
Derivative financial instruments	18,413	14,940

Trade receivables

79 per cent. of revenue in the convenience foods segment is to the top five UK retailers. Revenue earned individually from four of these customers, £151.5 million, £119.5 million, £102.4 million and £89.1 million respectively, represents more than 10 per cent. of the Group's revenue.

The Group also manages credit risk through the use of a receivables purchase arrangement. Under the terms of this agreement the Group has transferred substantially all of the credit risk and control of the receivables, which are subject to this agreement, and accordingly £13.1 million (2009: £12.9 million) has been derecognised at year end.

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2010 £'000	2009 £'000
Ireland	6,231	11,319
United Kingdom	25,370	29,749
Other Europe	70	16,451
Rest of World	3,025	4,225
	<u>34,696</u>	<u>61,744</u>

Ageing of trade receivables

The aged analysis of trade receivables split between amounts that were neither past due nor impaired and amounts past due but not impaired at 24 September 2010 and 25 September 2009 were as follows:

	2010 £'000	2009 £'000
Neither past due nor impaired:		
Receivable within 3 months of the balance sheet date	28,380	48,404
Past due but not impaired:		
Receivable between 1 and 6 months of the balance sheet date	6,316	13,126
Receivable between 6 and 9 months of the balance sheet date	–	214
Total	<u>34,696</u>	<u>61,744</u>

Trade receivables are in general receivable within 90 days of the balance sheet date, are unsecured and are not interest bearing. The figures disclosed above are stated net of provisions for impairment. The movements in the provision for impairment of receivables are as follows:

	2010 £'000	2009 £'000
At beginning of year	1,242	2,511
Translation adjustment	(33)	177
Eliminated on disposal	(476)	(941)
Provided during year	816	418
Written-off during year	(710)	(817)
Recovered during year	(40)	(106)
At end of year	<u>799</u>	<u>1,242</u>

Cash and cash equivalents

Exposure to credit risk on cash and derivative financial instruments is monitored by Group Treasury. It is Group policy that cash is only placed on deposit with institutions with a minimum short-term credit rating of A-1 with Standard & Poor's or P-1 with Moody's.

The maximum exposure to credit risk for cash and cash equivalents by geographic location of financial institution was:

	Carrying amount	
	2010 £'000	2009 £'000
Europe	297	8,810
UK	6,648	25,062
Ireland and other	2,986	6,252
	<u>9,931</u>	<u>40,124</u>

Price Risk

The Group purchases a variety of commodities which can experience significant price volatility. The price risk on these commodities is managed by the Group through the Group purchasing function. It is Group policy to minimise its exposure to volatility by adopting an appropriate forward purchase strategy.

Derivative Financial Instruments

Derivative financial instruments recognised as assets and liabilities in the Group Balance Sheet are analysed as follows:

	Assets £'000	2010 Liabilities £'000	Net £'000
Current			
Interest rate swaps – not designated as hedges	–	(15,803)	(15,803)
Forward foreign exchange contracts – not designated as cash flow hedges	–	(225)	(225)
Cross-currency interest rate swaps – fair value hedges . .	2,109	–	2,109
	<u>2,109</u>	<u>(16,028)</u>	<u>(13,919)</u>
Non-current			
Cross-currency interest rate swaps – fair value hedges . .	16,304	–	16,304
	<u>16,304</u>	<u>–</u>	<u>16,304</u>
Total	<u>18,413</u>	<u>(16,028)</u>	<u>2,385</u>
	Assets £'000	2009 Liabilities £'000	Net £'000
Current			
Interest rate swaps – not designated as hedges	–	(22,252)	(22,252)
Forward foreign exchange contracts – cash flow hedges	–	(1,756)	(1,756)
Forward foreign exchange contracts – not designated as cash flow hedges	–	(868)	(868)
	<u>–</u>	<u>(24,876)</u>	<u>(24,876)</u>
Non-current			
Cross-currency interest rate swaps – fair value hedges . .	14,940	–	14,940
	<u>14,940</u>	<u>–</u>	<u>14,940</u>
Total	<u>14,940</u>	<u>(24,876)</u>	<u>(9,936)</u>

Derivative instruments which are not designated as effective hedging instruments (i.e. trading derivatives) are classified as a current asset or liability regardless of maturity. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months.

Cross-Currency Interest Rate Swaps

The Group utilises cross-currency interest rate swaps to swap fixed rate US\$ denominated debt of US\$185 million into floating rate sterling debt of Stg £111 million. The floating rates are based on sterling LIBOR. These swaps are designated as fair value hedges under IAS 39 Financial Instruments: Recognition and Measurement.

Interest Rate Swaps

The Group utilises interest rate swaps, not designated as hedges under IAS 39 Financial Instruments: Recognition and Measurement, to swap floating rate euro, sterling and US\$ liabilities into fixed rate euro, sterling and US\$ liabilities respectively. The principal amounts of the Group's borrowings which are swapped at 24 September 2010 total €50 million, Stg £90 million and US\$45 million (2009: total €105 million, Stg £155 million and US\$45 million). At 24 September 2010, the fixed interest rates vary

from 3.04 per cent. to 5.70 per cent. (2009: 3.64 per cent. to 5.27 per cent.) and the floating rates are based on EURIBOR, sterling LIBOR and US Dollar LIBOR. At 24 September 2010, the maturity profile of the interest rate swaps ranged from 28 October 2010 to 28 October 2015.

Forward Foreign Exchange Contracts

The notional principal amounts of outstanding forward foreign exchange contracts at 24 September 2010 total £24.5 million (2009: £87 million). A net gain of £1.533 million (2009: £0.20 million) was recognised in the cash flow reserve in equity at 24 September 2010 on foreign exchange forward contracts designated as cash flow hedges under IAS 39 Financial Instruments: Recognition and Measurement, all of which has been recognised in the Income Statement for the year ended 24 September 2010. A gain of £0.511 million (2009: £0.068 million) has been recognised in the Income Statement, presented as part of discontinued operations, in respect of ineffective cash flow hedges in the period. No outstanding forward foreign exchange contracts are designated in cash flow hedges at 24 September 2010.

24. Analysis of Net Debt

Reconciliation of Opening to Closing Net Debt

Net debt is a non-IFRS measure which comprises current and non-current borrowings and the cross-currency interest rate swaps in fair value hedges related to the Private Placement Notes less cash and cash equivalents. It does not include other derivative financial instruments, but does include the proportion of the fair value of the hedging adjustment on the Private Placement Notes which is included in their carrying value on the Balance Sheet.

The reconciliation of opening to closing net debt for the year ended 24 September 2010 is as follows:

	At 25 September 2009 £'000	Disposals £'000	Cash flow £'000	Hedge adjustment £'000	Translation adjustments £'000	At 24 September 2010 £'000
Cash and cash equivalents	40,124	(2,474)	(25,969)	—	(1,750)	9,931
Bank borrowings	(116,566)	—	71,223*	—	7,035	(38,308)
Finance leases	(1,694)	1,629	16	—	49	—
Private Placement Notes	(195,723)	—	45,399	(5,426)	1,650	(154,100)
Cross-currency interest rate swaps – fair value hedges	14,940	—	(2,078)	5,512	39	18,413
Total	(258,919)	(845)	88,591	86	7,023	(164,064)

* During the year, the Group used its bank borrowing facilities to draw down £98.5 million. The Group used £95.1 million of this drawdown to restructure its debt currency profile. The Group also repaid £169.7 million of its bank borrowing facilities during the year.

	At 26 September 2008 £'000	Disposals £'000	Cash flow £'000	Hedge adjustment £'000	Translation adjustments £'000	At 25 September 2009 £'000
Cash and cash equivalents	110,134	(8,270)	(63,008)	—	1,268	40,124
Bank borrowings	(152,040)	—	50,306*	—	(14,832)	(116,566)
Finance leases	(1,525)	—	53	—	(222)	(1,694)
Private Placement Notes	(169,270)	—	—	(26,456)	3	(195,723)
Cross-currency interest rate swaps – fair value hedges	(12,156)	—	—	27,097	(1)	14,940
Total	(224,857)	(8,270)	(12,649)	641	(13,784)	(258,919)

* The Group concluded a refinancing of existing bank borrowings which resulted in the repayment of existing facilities totalling £226.9 million on 15 April 2009 and the draw down of £230.4 million of new facilities on the same date.

Comparable Net Debt

Comparable net debt is a non-IFRS performance measure used by the Group as a key performance indicator. Comparable net debt comprises net debt excluding the impact of derivative financial instruments and fair value of the Private Placement Notes. The reconciliation of comparable net debt for the year ended 24 September 2010 is set out in the following table.

	At 25 September 2009 £'000	Disposals £'000	Cash flow £'000	Translation adjustments £'000	At 24 September 2010 £'000
Cash and cash equivalents	40,124	(2,474)	(25,969)	(1,750)	9,931
Bank borrowings	(116,566)	—	71,223*	7,035	(38,308)
Finance leases	(1,694)	1,629	16	49	—
Private Placement Notes	(181,054)	—	43,321	1,689	(136,044)
Total	(259,190)	(845)	88,591	7,023	(164,421)

* During the year, the Group used its bank borrowing facilities to draw down £96.6 million. The Group used £93.3 million of this drawdown to restructure its debt currency profile. The Group also repaid £166.5 million of its bank borrowing facilities during the year.

	At 26 September 2008 £'000	Disposals £'000	Cash flow £'000	Translation adjustments £'000	At 25 September 2009 £'000
Cash and cash equivalents	110,134	(8,270)	(63,008)	1,268	40,124
Bank borrowings	(152,040)	—	50,306	(14,832)	(116,566)
Finance leases	(1,525)	—	53	(222)	(1,694)
Private Placement Notes	(181,056)	—	—	2	(181,054)
Total	(224,487)	(8,270)	(12,649)	(13,784)	(259,190)

* The Group concluded a refinancing of existing bank borrowings which resulted in the repayment of existing facilities totalling £226.9 million on 15 April 2009 and the draw down of £230.4 million on new facilities on the same date.

Currency Profile

The currency profile of net debt and derivative financial instruments at 24 September 2010 was as follows:

	USD £'000	EUR £'000	GBP £'000	Total £'000
Cash and cash equivalents	3,542	5,327	1,062	9,931
Borrowings	(38,308)	—	(154,100)	(192,408)
Derivative financial instruments	(2,182)	8,512	(3,945)	2,385
	<u>(36,948)</u>	<u>13,839</u>	<u>(156,983)</u>	<u>(180,092)</u>

The currency profile of net debt and derivative financial instruments at 25 September 2009 was as follows:

	USD £'000	EUR £'000	GBP £'000	Total £'000
Cash and cash equivalents	362	18,667	21,095	40,124
Borrowings	(34,370)	(83,891)	(195,722)	(313,983)
Derivative financial instruments	(2,044)	(9,951)	1,602	(10,393)
	<u>(36,052)</u>	<u>(75,175)</u>	<u>(173,025)</u>	<u>(284,252)</u>

Interest Rate Profile

The interest rate profile of net debt at 24 September 2010 was as follows:

	Floating rate debt £'000	Fixed rate debt £'000	Total £'000
EUR	5,327	—	5,327
STG	(19,624)	(115,000)	(134,624)
USD	13,118	(47,885)	(34,767)
	<u>(1,179)</u>	<u>(162,885)</u>	<u>(164,064)</u>

The interest rate profile of net debt at 25 September 2009 was as follows:

	Floating rate debt £'000	Fixed rate debt £'000	Total £'000
EUR	18,667	(83,891)	(65,224)
STG	35,036	(194,723)	(159,687)
USD	(5,887)	(28,121)	(34,008)
	<u>47,816</u>	<u>(306,735)</u>	<u>(258,919)</u>

25. Provisions for Liabilities

	Remediation and closure £'000	Deferred contingent consideration £'000	Other £'000	Total £'000
At beginning of year	8,953	518	6,490	15,961
Provided in year	166	14	259	439
Utilised in year	(2,912)	(366)	(2,249)	(5,527)
Currency translation differences	(586)	(29)	(27)	(642)
Unwind of discount to present value in the year	—	—	158	158
At end of year	<u>5,621</u>	<u>137</u>	<u>4,631</u>	<u>10,389</u>

Analysed as:

	2010 £'000	2009 £'000
Non-current liabilities	3,351	5,652
Current liabilities	7,038	10,309
	<u>10,389</u>	<u>15,961</u>

Remediation and Closure

Remediation and closure obligations and related costs arise primarily from the Ingredients & Property segment, and have been established to cover either a statutory or constructive obligation of the Group to carry out remedial works. Remediation amounts relate to irrevocable commitments in respect of programmes commenced and committed to in the Ingredients & Property segment, primarily related to the exit from sugar processing. The estimation of remediation and closure provisions is a key judgement in the preparation of the financial statements. A significant portion of the balance provided is not contracted and accordingly the timing of payments is subject to a degree of uncertainty. Substantially all costs are expected to have been incurred by September 2011.

Deferred Contingent Consideration

Deferred contingent consideration at 24 September 2010 and at 25 September 2009 represents the estimated amount payable in respect of the acquisition of the minority interest of Trilby Trading Limited. This amount becomes payable in March 2011.

Deferred consideration arising on other acquisitions is included in other payables.

Other

Other provisions primarily consist of (a) provisions for leasehold dilapidations in respect of certain leases, relating to the estimated cost of reinstating leasehold premises to their original condition at the time of the inception of the lease as provided for in the lease agreement; and (b) provision for onerous contractual obligations for properties held under operating lease. It is anticipated that these will be payable within five years.

26. Deferred Taxation

The Group's deferred tax assets and liabilities are analysed as follows:

	Property, plant and equipment £'000	Acquisition related intangibles £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Employee share options £'000	Other £'000	2010 Total £'000	2009 As re- presented* Total £'000
At beginning of year	(22,198)	(3,225)	22,204	491	46	(1,569)	(4,251)	(12,247)
Income Statement charge (Note 9)	(2,123)	113	(882)	–	75	422	(2,395)	333
Tax charged to equity (Note 9)	–	–	3,650	(430)	–	–	3,220	11,587
Discontinued tax credit (Note 9)	1,461	–	–	–	–	–	1,461	(3,534)
Disposals (Note 35)	5,756	–	(1,500)	(35)	–	(256)	3,965	137
Currency translation differences and other	452	248	(22)	(26)	(5)	(575)	72	(527)
At end of year	(16,652)	(2,864)	23,450	–	116	(1,978)	2,072	(4,251)
Deferred tax assets (deductible temporary differences)	14,271	–	23,450	–	116	1,426	39,263	39,266
Deferred tax liabilities (taxable temporary differences)	(30,923)	(2,864)	–	–	–	(3,404)	(37,191)	(43,517)
Net deferred tax liability	(16,652)	(2,864)	23,450	–	116	(1,978)	2,072	(4,251)

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

No deferred tax asset is recognised in respect of certain tax losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered. The unrecognised deferred tax asset at 24 September 2010 was £15.4 million (2009: £17.4 million).

No deferred tax asset is recognised in respect of certain capital losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. The unrecognised deferred tax asset at 24 September 2010 was £3.8 million (2009: £4.1 million).

27. Government Grants

	2010 £'000	2009 £'000
At beginning of year	1,001	829
Received in year	–	146
Amortised in year	(73)	(102)
Disposals	(785)	–
Repaid in year	–	(6)
Currency translation differences	(46)	134
At end of year	97	1,001

Government grants received of £nil (2009: £0.61 million) are repayable under certain circumstances as set out in the grant agreements.

28. Retirement Benefit Obligations

The Group operates either defined benefit or defined contribution pension schemes in all of its main operating locations. Scheme assets are held in separate trustee administered funds.

Defined Contribution Schemes

The total cost charged to income of £2.119 million (2009: £0.463 million) represents employer contributions payable to these schemes at rates specified in the rules of the schemes. At year-end, £0.327 million (2009: £0.029 million) was included in other accruals in respect of defined contribution pension accruals.

Defined Benefit Schemes

The Group operates four defined benefit schemes in the Republic of Ireland and previously the Group operated a scheme in the Netherlands (the Eurozone schemes). The Group also operates three defined benefit schemes in the UK (the UK schemes). The Projected Unit Credit actuarial cost method has been employed in determining the present value of the defined benefit obligation arising, the related current service cost and, where applicable, past service cost.

Actuarial gains and losses and the associated movement in the deferred tax asset are recognised in retained income via the Statement of Recognised Income and Expense.

Full actuarial valuations were carried out between 1 April 2007 and 1 April 2010. In general, actuarial valuations are not available for public inspection, however, the results of valuations are advised to the members of the various schemes.

The size of the obligation is sensitive to judgmental actuarial assumptions. These include demographic assumptions covering mortality, economic assumptions covering price inflation, benefit increases, and the discount rate. The expected return on plan assets is also a key judgement.

The principal actuarial assumptions were as follows:

	<u>2010</u>	<u>2009</u>
Rate of increase in pension payment	0% – 3.00%	0% – 3.00%
Discount rate	4.90% – 5.20%	5.60% – 6.00%
Inflation rate	1.80% – 3.00%	2.00% – 3.00%

The expected long-term rates of return on the assets of the schemes were as follows:

	<u>2010</u>	<u>2009</u>
Equities	7.94% – 8.50%	8.05% – 9.50%
Bonds	3.10% – 5.07%	3.80% – 5.60%
Property	7.50%	8.50%
Cash/other	1.00%	1.00%

The expected long-term rate of return on scheme assets is calculated taking account of the available yield on fixed interest stock and allows for additional returns on the growth assets.

Assumptions regarding future mortality experience are set based on information from published statistics and experience in all geographic regions and are selected to reflect the characteristics and experience of the membership of the relevant plans. In relation to the UK, this has been done by adjusting standard mortality tables to reflect recent research into mortality experience in the UK (S1N (YoB) MC tables combined with an underpin for improvements factors). The average life expectancy, in years, of a pensioner retiring at 65 is as follows:

	<u>2010 years</u>	<u>2009 years</u>
Male	20–26	20–22
Female	23–28	23–25

The Group does not operate any post-employment medical benefit schemes.

Sensitivity of Pension Liability to Judgmental Assumptions

<u>Assumption</u>	<u>Change in assumption</u>	<u>Impact on scheme liabilities</u>
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 7.4%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 4.9%
Rate of mortality	Members assumed to live 1 year longer	Increase by 2.6%

Market Value of the Assets of the Schemes

	2010 £'000	2009 £'000
Equities	179,654	191,192
Bonds	118,539	104,803
Property	14,268	18,197
Cash/other	11,060	2,856
Total market value at end of year	323,521	317,048
Present value of scheme liabilities	(423,995)	(408,249)
Deficit in schemes	(100,474)	(91,201)
Deferred tax asset	23,450	22,204
Net liability at end of year	(77,024)	(68,997)

Defined Benefit Pension Assets and Liabilities as Analysed in the Group Balance Sheet

	2010 £'000	2009 £'000
Non-current liabilities	(100,474)	(91,201)

Expense Charged in the Group Income Statement in Respect of Defined Benefit Pension Schemes

	2010 £'000	2009 £'000
Current service costs (included in operating costs)	1,138	3,175
Past service costs	—	51
Total included in staff costs (Note 4)	1,138	3,226

	2010 £'000	2009 £'000
Interest cost	22,188	25,494
Expected return on plan assets	(21,902)	(26,442)
Total included in finance costs (continuing and discontinued)	286	(948)

The total return on plan assets for the year was a gain of £3.496 million (2009: loss of £6.687 million)

Actuarial Losses Recognised in the Statement of Recognised Income and Expense

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	18,405	(33,129)
Actuarial losses arising on the scheme liabilities	(43,291)	(10,417)
Total included in the Statement of Recognised Income and Expense	(24,886)	(43,546)

Cumulative Actuarial Loss Recognised in the Statement of Recognised Income and Expense

	2010 £'000	2009 £'000
At beginning of year	(115,932)	(61,393)
Currency translation	8,713	(10,993)
Actuarial loss for the year	(24,886)	(43,546)
At end of year	(132,105)	(115,932)

Movement in the Fair Value of Plan Assets

	2010 £'000	2009 £'000
At beginning of year	317,048	306,234
Expected return on plan assets	21,902	26,442
Actuarial gains/(losses) on plan assets	18,405	(33,129)
Settlement on disposal of operations	(7,256)	–
Contributions by employers	10,079	10,674
Contributions by members	508	1,802
Benefits paid	(22,486)	(23,878)
Currency translation differences	(14,679)	28,903
At end of year	<u>323,521</u>	<u>317,048</u>

Movement in the Present Value of Defined Benefit Obligations

	2010 £'000	2009 £'000
At beginning of year	408,249	360,168
Current service costs	1,138	3,175
Past service cost	–	51
Interest cost	22,188	25,494
Settlement on disposal of operations	(13,001)	–
Actuarial loss	43,291	10,417
Contributions by members	508	1,802
Benefits paid	(22,486)	(23,878)
Currency translation differences	(15,892)	31,020
At end of year	<u>423,995</u>	<u>408,249</u>

On the disposal of the malt businesses £4.8 million of the total consideration was used to fund the pension deficit in respect of active members which transferred to the purchaser. This transfer gave rise to a settlement gain of £5.7 million, which is included in the profit on disposal of the malt businesses.

History of Experience Adjustments

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Present value of defined benefit obligations	(423,995)	(408,249)	(360,167)	(399,334)	(400,873)
Fair value of scheme assets	323,521	317,048	306,233	381,368	365,889
Deficit in the schemes	<u>(100,474)</u>	<u>(91,201)</u>	<u>(53,934)</u>	<u>(17,966)</u>	<u>(34,984)</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Difference between the expected and actual return on scheme assets (£'000)	18,405	(33,129)	(115,228)	(8,077)	14,670
As a percentage of scheme assets	5.6%	10.8%	39.0%	2.2%	4.0%
Actuarial (losses)/gains on scheme liabilities (£'000)	(43,291)	(10,417)	65,779	12,033	(7,021)
As a percentage of the present value of scheme liabilities	10.0%	2.6%	18.9%	3.3%	1.7%
Total recognised in Statement of Recognised Income and Expenses (£'000)	(24,886)	(43,546)	(49,448)	4,564	7,648
As a percentage of the present value of the scheme liabilities	<u>5.8%</u>	<u>11.1%</u>	<u>14.2%</u>	<u>1.2%</u>	<u>1.9%</u>

The expected contributions payable to Group defined benefit schemes in 2011 are £10.6 million.

29. Equity Share Capital

	2010 Authorised £'000	2009 Authorised £'000
300,000,000 ordinary shares of 63c each	160,329	172,614
1 special rights preference share of €1.26 (a).	—	—
	<u>160,329</u>	<u>172,614</u>
	2010 Issued and fully paid £'000	2009 Issued and fully paid £'000
206,668,944 (2009: 204,428,229) ordinary shares of €0.63 each	110,449	117,624
3,904,716 ordinary shares of €0.63 each held as treasury shares (d)	2,087	2,247
1 special rights preference share of €1.26 (a).	—	—
	<u>112,536</u>	<u>119,871</u>

- (a) The special share is owned by the Minister for Agriculture and Food, on behalf of the Irish State. This gives the owner certain rights, *inter alia*, in relation to the shares, sugar quota and sugar producing assets of Irish Sugar Limited.
- (b) Details of share options granted under the Company's Executive Share Option Scheme, savings-related share option schemes and the Deferred Bonus Plan and the terms attaching thereto are provided in Note 5 to the Group Financial Statements and in the Report on Directors Remuneration.
- (c) During the year 2,208,982 (2009: 2,553,869) shares were issued in respect of the scrip dividend scheme.
- (d) In 1998, the company re-purchased 4,906,250 ordinary shares. During the current year and the prior year none of these shares were re-issued. The remaining 3,904,716 shares are held as treasury shares and are not eligible for dividends or voting.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising return to stakeholders through the optimisation of the debt and equity balance. Capital is defined as the sum of the book value of shareholders' equity plus comparable net debt but excluding land subject to remediation and pension scheme assets or deficits. The Group's return on capital employed (ROCE) is calculated by dividing Group operating profit (pre-exceptional charges and amortisation of acquisition related intangibles) plus pre-tax profit from associates by capital for ROCE purposes as shown below. The Group monitors the return on capital of the Group as a key performance indicator.

	2010 £'000	2009 £'000
Book value of shareholders' equity	151,747	157,370
Comparable net debt (Note 24).	164,421	259,190
Retirement benefit obligation (net of deferred tax asset) (Note 28)	<u>77,024</u>	<u>68,997</u>
Capital	393,192	485,557
Investment Property – land subject to remediation	<u>(32,164)</u>	<u>(32,327)</u>
Capital for ROCE purposes	<u>361,028</u>	<u>453,230</u>

Reconciliation of Movements on Equity Share Capital

	2010 £'000	2009 £'000
Share capital at beginning of year	119,871	102,689
Currency Translation	(8,555)	15,765
Shares issued during the year	<u>1,220</u>	<u>1,417</u>
Share capital at end of year	<u>112,536</u>	<u>119,871</u>

30. Minority Interest

	2010 £'000	2009 £'000
At beginning of year	3,280	3,815
Profit after tax	510	1,312
Dividends paid to minorities	(1,124)	(1,348)
Acquisitions	–	(1,043)
Currency translation differences	(222)	544
At end of year	<u>2,444</u>	<u>3,280</u>

During 2009, the Group bought the minority interest shareholdings in two of its subsidiaries, Trilby Trading Limited and Encore Knockmore Limited. The total cash consideration for the shares was £1.0 million with an additional deferred contingent element payable depending on future business performance. The difference between the book value of the share of net assets acquired at acquisition and the consideration and related costs was recorded as an adjustment to goodwill.

31. Working Capital Movement

The following represents the Groups working capital movement for continuing activities:

	2010 £'000	2009 As re-presented* £'000
Inventories	5,163	14,583
Trade and other receivables	(3,980)	12,535
Trade and other payables	20,117	(19,360)
	<u>21,300</u>	<u>7,758</u>

The total cash outflow in the year in respect of prior year's exceptional charges was £5.6 million. The exceptional cash flow excludes the cash inflow on the disposal of the malt, bottled water and Dutch based convenience foods businesses.

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

32. Commitments under Operating Leases

Operating Leases

Future minimum rentals payable under non-cancellable operating leases at year end are as follows:

	2010 £'000	2009 £'000
Within one year	7,912	10,865
After one year but not more than five years	20,383	26,247
More than five years	28,509	39,962
	<u>56,804</u>	<u>77,074</u>

Finance Leases

Future minimum lease payments under finance leases, together with the present value of the net minimum lease payments, are as follows:

	Minimum payments £'000	2010 Present value of payments £'000	Minimum payments £'000	2009 Present value of payments £'000
Within one year	–	–	107	19
After one year but not more than five years	–	–	354	5
More than five years	–	–	5,745	1,670
Total minimum lease payments	–	–	6,206	1,694
Less: amounts allocated to future finance costs	–	–	(4,512)	–
Present value of minimum lease payments	–	–	1,694	1,694

Finance and operating lease commitments relate to property, plant and machinery and fixtures and fittings.

33. Capital Expenditure Commitments

	2010 £'000	2009 £'000
Capital expenditure that has been contracted for but not been provided for in the Financial Statements	2,922	1,652
Capital expenditure that has been authorised by the Directors but not yet been contracted	3,513	386
	<u>6,435</u>	<u>2,038</u>

34. Contingencies

The Company and certain subsidiaries have given guarantees in respect of borrowings and other obligations arising in the ordinary course of the business of the Company and other Group undertakings. The Company and other Group undertakings consider these guarantees to be insurance contracts and account for them as such. The Company treats these guarantee contracts as contingent liabilities until such time as it becomes probable that a payment will be required under such guarantees.

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of certain subsidiary undertakings in the Republic of Ireland for the financial year ended 24 September 2010 and as a result, such subsidiary undertakings have been exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

Various subsidiaries of the Group are subject to legal proceedings. Provisions for anticipated settlement costs and associated expenses arising from legal and other disputes are made where a reliable estimate can be made of the probable outcome of the proceedings.

The Group has provided security to the Government of Ireland for the purpose of facilitating the receipt of restructuring aid as provided for in Commission Regulation (EC) No 968/2006. The security is in the form of a bank guarantee and amounts to £8.0 million (2009: £8.6 million). The guarantee becomes payable if the Group does not complete one or more of its commitments under the restructuring plan, at which time, that part of the aid granted in respect of the commitment concerned can be recovered from the Group. The Group continues to perform its commitments under its restructuring plan and accordingly, in the opinion of the Directors, the likelihood of repayment of any restructuring aid received is considered to be remote and therefore no provision has been recognised in the Group Financial Statements in respect of this guarantee.

As part of the agreement to dispose of Greencore Malt, the Group provided a bank guarantee to Axéreal Union de Coopératives Agricoles for an amount of €10.0 million to guarantee the performance by the Group of its payment obligations in respect of any breach of warranty, indemnity or covenant under the

disposal agreement in respect of any claim made by Axérial Union de Coopératives Agricoles up to 26 March 2012.

35. Disposal of Undertakings

The Group disposed of its interest in its malt, bottled water and Dutch based convenience foods businesses in 2010. The respective profit and losses on the disposal of these businesses were recognised in the Group Income Statement within discontinued operations. The details of the disposals are set out in Note 6.

As referred to in Note 6, the Group disposed of its interest in its grain trading business at Drummonds in 2009. The loss on disposal of this business was recognised in the Group Income Statement within continuing operations.

The net assets of the businesses disposed of, the total consideration received and the portion of consideration consisting of cash and cash equivalents and the amount of cash and cash equivalents over which control was lost are as follows

	2010 £'000	2009 £'000
Assets		
Intangible assets	1,438	—
Property, plant and equipment	78,338	1,111
Deferred tax assets	1,578	—
Inventories	27,580	2,857
Trade and other receivables	33,454	3,883
Cash and cash equivalents	2,474	—
Total assets	<u>144,862</u>	<u>7,851</u>
Liabilities		
Borrowings	(1,629)	—
Trade and other payables	(48,544)	(5,115)
Derivative financial liabilities	(140)	—
Government grants	(807)	—
Deferred tax liabilities	(5,539)	—
Total liabilities	<u>(56,659)</u>	<u>(5,115)</u>
Total enterprise value	88,203	2,736
Profit/(loss) on disposal	2,321	(249)
Recycle of losses recorded in equity on foreign exchange and cash flow hedges	6,520	—
Working capital adjustments	14,229	—
Disposal related costs*	14,236	—
Total consideration	<u>125,509</u>	<u>2,486</u>
Reconciliation of consideration received to cash received		
Total consideration	125,509	2,486
Deferred consideration	(6,255)	—
Working capital adjustments received on completion	(15,308)	—
Net consideration received on completion	103,946	2,486
Disposal related costs paid	(11,306)	—
Net cash inflow arising on disposal	<u>92,640</u>	<u>2,486</u>
Satisfied by:		
Cash payments	93,485	10,756
Cash and cash equivalents disposed of**	(845)	(8,270)
Net cash inflow arising on disposal	<u>92,640</u>	<u>2,486</u>

* Disposal related costs consist of pension curtailment gains and transaction costs.

** Cash and cash equivalents disposed of consist of both cash and cash equivalents and borrowings.

The deferred consideration is receivable in March 2011, March 2012 and August 2013.

36. Related Party Disclosures

The principal related party relationships requiring disclosure in the Group Financial Statements under IAS 24 Related Party Disclosures pertain to the existence of subsidiaries and associates and transactions with these entities entered into by the Group and the identification and compensation of key management personnel as addressed in greater detail below.

Subsidiaries and Associates

The Group Financial Statements include the Financial Statements of the Company (Greencore Group plc, the ultimate parent) and its subsidiaries and associates. A listing of the principal subsidiaries and associates is provided in Note 37 of the Group Financial Statements.

Sales to and purchases from, together with outstanding payables and receivables to and from, subsidiaries, are eliminated in the preparation of the Group Financial Statements in accordance with IAS 27 Consolidated and Separate Financial Statements. Amounts receivable from and payable to associates as at the balance sheet date are included as separate line items in the notes to the Group Financial Statements.

Terms and Conditions of Transactions with Associates

In general, sales to and purchases from associates are on terms equivalent to those that prevail in arm's length transactions. The outstanding balances included in receivables and payables at the balance sheet date in respect of transactions with associates are unsecured, interest free and settlement arises in cash. No guarantees have been either requested or provided in relation to the associates company receivables and payables.

Key Management Personnel

For the purposes of the disclosure requirements of IAS 24 Related Party Disclosures, the term key management personnel (i.e. those persons having the authority and responsibility for planning, directing and controlling the activities of the Company), comprise the Board of Directors which manages the business and affairs of the Company. As identified in the Report on Directors' Remuneration, the Directors, other than the Non-Executive Directors, serve as executive officers of the Company.

Key management personnel compensation was as follows:

	2010 £'000	2009 £'000
Salaries and other short-term employee benefits	3,966	2,939
Post-employment benefits	437	152
Share-based payments	1,073	418
	<u>5,476</u>	<u>3,509</u>

37. Principal Subsidiaries and Associated Undertakings

<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Percentage share</u>	<u>Registered office</u>
Breadwinner Foods Limited*	Food Processors	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Greencore Advances Limited	Finance Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9
Greencore Developments Limited Property Company		100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9

<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Percentage share</u>	<u>Registered office</u>
Greencore Finance Limited	Finance Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9
Greencore Funding Limited**	Finance Company	100	P.O. Box 87, 22 Grenville Street St. Helier, Jersey JE4 8PX
Greencore USA, Inc***	Food Processors	100	The Corporation Service Company 1209 Orange Street City of Willmington County of Newcastle Delaware USA
Greencore UK Holdings plc*	Holding Company	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Hazlewood (Blackditch) Limited*	Property Company	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Hazlewood Convenience Food Group Limited*	Food Processors	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Hazlewood Convenience Group 1 Limited*	Food Processors	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Hazlewood Foods Limited*	Holding Company	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA

<u>Name of subsidiary</u>	<u>Nature of business</u>	<u>Percentage share</u>	<u>Registered office</u>
Hazlewood Grocery Limited*	Food Processors	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Irish Sugar Limited	General Trading Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9
Ministry of Cake Limited*	Food Processors	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Oldfields Limited*	Food Processors	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Premier Molasses Company Limited	Molasses Trading	50	Harbour Road Foynes, Co. Limerick
R & B (Bristol) Limited*	Food Processors	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Sushi San Limited*	Food Processors	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
The Robert's Group Limited*	Food Processors	100	Midland Road Hunslet, Leeds, LS10 2RJ
Trilby Trading Limited	Food Industry Suppliers	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9
United Molasses (Ireland) Limited*	Molasses Trading	50	Duncrue Street Belfast BT3 9AQ

All the above companies are incorporated in the Republic of Ireland except those indicated with * which are incorporated within the United Kingdom, that marked ** which is incorporated in Jersey, and that marked *** which is incorporated in the USA. The principal country of operation of each company is the country in which it is incorporated.

38. Subsequent Events

On 17 November 2010, the Group announced that it had reached agreement with the board of Northern Foods plc on the terms of a recommended merger of equals to create Essenta Foods. If the merger becomes effective, Northern Foods shareholders will receive 0.4479 of a new Greencore share for every Northern Foods share held by them. On this basis, Greencore Shareholders and Northern Foods Shareholders will each hold approximately 50 per cent. of the enlarged, fully diluted, share capital of the combined group. Greencore will be renamed Essenta Foods upon the merger completing.

The Boards of Greencore and Northern Foods believe that the merger is a compelling prospect for both companies, creating a business which offers substantial benefits for shareholders, customers and employees. The Boards of Greencore and Northern Foods believe that the merger will:

- combine two highly complementary businesses to create an operator with an enhanced presence in the attractive private label convenience foods category with significant branded positions in Biscuits (Fox's) and Frozen Pizzas (Goodfella's);
- provide the ability to drive cost efficiencies and combine complementary customer bases and provide opportunities to deepen relationships with key customers; and
- provide a stronger credit profile, which will help to ensure greater financial and strategic flexibility in future.

The merger, which will be effected under the European cross-border mergers regime, will be carried out as a "merger by absorption" for the purposes of the relevant UK Cross-Border Mergers Regulations and a "merger by acquisition" for the purposes of the relevant Irish Cross-Border Mergers Regulations. It will result in Northern Foods' assets and liabilities being transferred to Greencore by order of the Irish High Court and Northern Foods Shareholders receiving new Greencore shares in consideration for this transfer. The Boards of Greencore and Northern Foods reserve the right (with the consent of the UK Panel and/or the Irish Panel, as the case may be) to implement the merger by means of an alternate transaction structure if considered necessary or desirable.

Subject to receipt of all applicable regulatory clearances and the satisfaction or waiver of all other conditions to the merger, it is expected that the merger will be completed during the second quarter of 2011.

The initial accounting for the business combination is incomplete at the date of approval of the Group Financial Statements as the transaction has not completed.

On 7 December 2010, the Group announced the acquisition of On A Roll Sales Inc. ("On a Roll"), a manufacturer of fresh sandwiches based in Brockton, south of Boston, Massachusetts. The Group obtained 100 per cent. control of On a Roll by way of asset purchase.

The initial accounting for the business combination is incomplete at the date of approval of the Group Financial Statements due to the timing of the acquisition and, as a result, information is not available in respect of goodwill to be recognised, the acquisition-date fair value of consideration and the amounts of assets acquired and liabilities assumed to be recognised as at the acquisition date.

Shareholder and Other Information

Greencore Group plc is an Irish registered company. Its ordinary shares are quoted on the Irish Stock Exchange and the London Stock Exchange. Greencore has a level 1 American Depositary Receipts (ADR) programme for which the Bank of New York acts as depositary (Symbol: GNCGY). Each ADR share represents four Greencore ordinary shares.

Shareholding Statistics as at 7 December 2010

Range of shares held	Number of holders		Ordinary shares	
	Number	%	Number	%
0 – 1,000	5,598	51.4	2,079,469	1.0
1,001 – 5,000	3,954	36.3	8,896,655	4.2
5,001 – 10,000	721	6.6	5,098,974	2.5
10,001 – 25,000	351	3.2	5,390,808	2.6
25,001 – 100,000	150	1.4	7,309,429	3.5
100,001 – 250,000	41	0.4	6,591,192	3.2
250,001 – 500,000	25	0.2	9,119,862	4.4
Over 500,000	55	0.5	163,270,468	78.6
	<u>10,895</u>	<u>100.0</u>	<u>207,756,857</u>	<u>100.0</u>

Financial Calendar

Record date for 2010 final dividend	3 December 2010
Annual General Meeting	31 January 2011
Payment date for 2010 final dividend	1 April 2011
Half yearly financial report	May 2011
Financial year end	30 September 2011
Interim Management Statement	August 2011
Interim dividend payment	October 2011
Preliminary announcement of results	November 2011

Advisors and Registered Office

Company Secretary

Conor O'Leary ACIS

Registered Office

No. 2 Northwood Avenue
Northwood Business Park
Santry
Dublin 9

Auditor

KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2

Registrar and Transfer Office

Computershare Investor
Services (Ireland) Limited
Heron House, Corrig Road
Sandyford Industrial Estate
Dublin 18

Solicitors

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Slaughter and May
One Bunhill Row
London EC1Y 8YY
UK

Eversheds
Bridgewater Place
Water Lane
Leeds LS11 5DR
UK

Stockbrokers

Goodbody Stockbrokers
Ballsbridge Business Park
Ballsbridge
Dublin 4

Investec Securities
2 Gresham Street
London EC2V 7QP
UK

American Depositary Receipts

The Bank of New York
101 Barclay Street
22nd Floor – West
New York NY 10286
USA

Website

www.greencore.com

PART VI(C)

INTERIM FINANCIAL INFORMATION

Group Condensed Income Statement

for the half year ended 25 March 2011 and 26 March 2010

	Notes	2011			2010 As re-presented*		
		Pre- exceptional £'000	Exceptional (Note 5) £'000	Total £'000	Pre- exceptional £'000	Exceptional (Note 5) £'000	Total £'000
Continuing operations							
Revenue	3	378,630	—	378,630	363,734	—	363,734
Cost of sales		(256,228)	—	(256,228)	(243,280)	—	(243,280)
Gross profit		122,402	—	122,402	120,454	—	120,454
Operating costs, net		(99,225)	(15,127)	(114,352)	(96,833)	—	(96,833)
Group operating profit/(loss) before acquisition related amortisation	3	23,177	(15,127)	8,050	23,621	—	23,621
Amortisation of acquisition related intangibles		(1,228)	—	(1,228)	(1,040)	—	(1,040)
Group operating profit/(loss)	3	21,949	(15,127)	6,822	22,581	—	22,581
Finance income	11	10,130	—	10,130	11,012	—	11,012
Finance costs	11	(15,117)	—	(15,117)	(24,358)	—	(24,358)
Share of profit of associates after tax		290	—	290	300	—	300
Profit/(loss) before taxation		17,252	(15,127)	2,125	9,535	—	9,535
Taxation	6	(2,447)	107	(2,340)	(1,805)	—	(1,805)
Result for the period from continuing operations		14,805	(15,020)	(215)	7,730	—	7,730
Discontinued operations							
Result from discontinued operations	14	—	—	—	7,040	7,569	14,609
Result for the financial period		14,805	(15,020)	(215)	14,770	7,569	22,339
Attributable to:							
Equity shareholders		14,457	(15,020)	(563)	14,326	7,569	21,895
Non-controlling interests		348	—	348	444	—	444
		14,805	(15,020)	(215)	14,770	7,569	22,339
Basic (loss)/earnings per share (pence)							
Continuing operations				(0.3)			3.5
Discontinued operations				—			7.2
	8			(0.3)			10.7
Diluted (loss)/earnings per share (pence)							
Continuing operations				(0.3)			3.5
Discontinued operations				—			7.1
	8			(0.3)			10.6

* As re-presented to reflect the effect of discontinued operations – refer to Note 14 for further information.

Group Condensed Statement of Recognised Income and Expense
for half year ended 25 March 2011 and 26 March 2010

	Notes	2011 £'000	2010 £'000
Items of income and expense taken directly within equity			
Currency translation differences		2,592	2,410
Current tax on currency translation differences		646	–
Currency translation differences recycled to Income Statement on disposal		–	6,520
Hedge of net investment in foreign currency subsidiaries		4,729	(3,380)
Actuarial gain/(loss) on Group defined benefit pension schemes . .		7,680	(1,601)
Deferred tax on Group defined benefit pension schemes		(2,863)	1,715
Cash flow hedges:		–	–
Gain taken to equity		–	53
Transferred to Income Statement for the period		–	1,526
Deferred tax on cash flow hedges		–	(430)
Cash flow hedge losses recycled to Income Statement on disposal		–	96
Net income recognised directly within equity		12,784	6,909
Group result for the financial period		(215)	22,339
Total recognised income and expense for the financial year . .		12,569	29,248
Attributable to:			
Equity shareholders		12,129	28,864
Non-controlling interests		440	384
Total recognised income and expense for the financial year . .		12,569	29,248

Group Condensed Balance Sheet
at 25 March 2011 and 26 March 2010

	Notes	March 2011 £'000	March 2010 £'000	Sept 2010 £'000
ASSETS				
Non-current assets				
Intangible assets	9	361,034	362,722	343,184
Property, plant and equipment	9	184,572	190,838	184,532
Investment property	9	33,105	32,371	32,164
Investments in associates		859	871	579
Other receivables		2,762	2,716	5,353
Derivative financial instruments	11	10,358	19,971	16,304
Deferred tax assets		36,363	37,154	39,263
Total non-current assets		629,053	646,643	621,379
Current assets				
Inventories		39,536	42,062	33,549
Trade and other receivables		65,828	61,261	54,747
Derivative financial instruments		68	4,255	2,109
Cash and cash equivalents	11	6,135	178,338	9,931
Total current assets		111,567	285,916	100,336
Total assets		740,620	932,559	721,715
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	10	117,013	118,283	112,536
Share premium		106,927	107,823	102,782
Reserves		(68,934)	(51,105)	(66,015)
		155,006	175,001	149,303
Non-controlling interest		2,884	3,664	2,444
Total equity		157,890	178,665	151,747
LIABILITIES				
Non-current liabilities				
Borrowings	11	224,185	338,604	157,288
Retirement benefit obligations	15	89,663	84,029	100,474
Other payables		4,015	5,844	4,405
Provisions for liabilities	12	3,361	4,026	3,351
Deferred tax liabilities		38,125	37,443	37,191
Government grants		89	107	97
Total non-current liabilities		359,438	470,053	302,806
Current liabilities				
Borrowings	11	—	37,241	35,120
Derivative financial instruments		8,605	22,152	16,028
Trade and other payables		184,625	192,735	185,036
Provisions for liabilities		6,499	8,838	7,038
Current taxes payable		23,563	22,875	23,940
Total current liabilities		223,292	283,841	267,162
Total liabilities		582,730	753,894	569,968
Total equity and liabilities		740,620	932,559	721,715

Group Condensed Cash Flow Statement
for half year ended 25 March 2011 and 26 March 2010

	Notes	2011 £'000	2010 As re- presented* £'000
Profit before taxation		2,125	9,535
Finance income		(10,130)	(11,012)
Finance costs		15,117	24,358
Share of profit of associates (after tax)		(290)	(300)
Exceptional items – continuing		15,127	–
Operating profit – continuing (pre-exceptional)		21,949	22,581
Depreciation		8,569	8,366
Amortisation of intangible assets		1,806	1,681
Share based payments expense		828	611
Amortisation of government grants		(7)	(23)
Difference between pension charge and cash contributions		(4,195)	(2,410)
Working capital movement		(17,623)	5,150
Other movements		(149)	231
Net cash inflow from operating activities before exceptional items		11,178	36,187
Cash outflow related to exceptional items		(12,311)	(3,405)
Interest paid		(9,157)	(13,330)
Tax paid		(1,470)	(41)
Operating cash flows from discontinued operations		–	(11,320)
Net cash (outflow)/inflow from operating activities		(11,760)	8,091
Cash flow from investing activities			
Dividends received from associates		–	15
Purchase of property, plant and equipment		(12,468)	(12,317)
Purchase of investment property		(578)	–
Purchase of intangible assets		(3)	(3)
Acquisition of undertakings and purchase of minority interest		(11,220)	–
Disposal of undertakings		403	95,678
Interest received		33	801
Investing cash flows from discontinued operations		–	(1,856)
Net cash (outflow)/inflow from investing activities		(23,833)	82,318
Cash flow from financing activities			
Proceeds from issue of shares		14	–
Ordinary shares purchased – own shares		(428)	(1,729)
Increase in bank borrowings		73,906	97,706
Repayment of private placement notes		(33,299)	(44,420)
Decrease in finance lease liabilities		–	(18)
Cash outflow arising from derivative financial instruments		(3,950)	–
Dividends paid to equity holders of the Company		(4,145)	(4,061)
Net cash inflow from financing activities		32,098	47,478
Net (decrease)/increase in cash and cash equivalents		(3,495)	137,887
Reconciliation of opening to closing cash and cash equivalents			
Cash and cash equivalents at beginning of year		9,931	40,124
Translation adjustment		(301)	327
(Decrease)/increase in cash and cash equivalents		(3,495)	137,887
Cash and cash equivalents at end of year		6,135	178,338

Group Condensed Statement of Changes in Equity

for half year ended 25 March 2011 and 26 March 2010

	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
At 24 September 2010	112,536	102,782	(14,109)	(51,906)	149,303	2,444	151,747
Items of income and expense taken directly within equity							
Currency translation differences	3,888	3,552	(4,940)	—	2,500	92	2,592
Current tax on currency translation differences	—	—	—	646	646	—	646
Net investment hedge	—	—	4,729	—	4,729	—	4,729
Actuarial gain on Group defined benefit pension schemes	—	—	—	7,680	7,680	—	7,680
Deferred tax asset on Group defined benefit pension schemes	—	—	—	(2,863)	(2,863)	—	(2,863)
Result for the financial period	—	—	—	(563)	(563)	348	(215)
Share based payment expense	—	—	828	—	828	—	828
Transfer on exercise, lapse or forfeit of share options	—	—	(1,086)	1,086	—	—	—
Shares acquired by Deferred Share Awards trust	—	—	(428)	—	(428)	—	(428)
Shares granted to beneficiaries of Deferred share awards trust	—	—	1,389	(1,389)	—	—	—
Issue of shares	589	593	—	—	1,182	—	1,182
Dividends	—	—	(130)	(7,878)	(8,008)	—	(8,008)
At 25 March 2011	<u>117,013</u>	<u>106,927</u>	<u>(13,747)</u>	<u>(55,187)</u>	<u>155,006</u>	<u>2,884</u>	<u>157,890</u>
	Share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
At 25 September 2009	119,871	109,252	(29,129)	(45,904)	154,090	3,280	157,370
Items of income and expense taken directly within equity							
Currency translation differences	(2,304)	(2,100)	6,874	—	2,470	(60)	2,410
Tax on translation of cashflow hedge reserve	—	—	12	—	12	—	12
Currency translation differences recycled to income							
Statement on disposal of foreign operation	—	—	6,520	—	6,520	—	6,520
Net investment hedge	—	—	(3,380)	—	(3,380)	—	(3,380)
Actuarial loss on Group defined benefit pension schemes	—	—	—	(1,601)	(1,601)	—	(1,601)
Deferred tax asset on Group defined benefit pension schemes	—	—	—	1,715	1,715	—	1,715
Cash flow hedges							
fair value losses in period	—	—	53	—	53	—	53
tax on fair value gains	—	—	(15)	—	(15)	—	(15)
transfers to Income Statement	—	—	1,526	—	1,526	—	1,526
tax on transfers to Income Statement	—	—	(427)	—	(427)	—	(427)
recycled to income statement on disposal of operation	—	—	96	—	96	—	96
Result for the financial period	—	—	—	21,895	21,895	444	22,339
Share based payments expense	—	—	611	—	611	—	611
Shares acquired by Deferred Share Awards Trust	—	—	(1,729)	—	(1,729)	—	(1,729)
Issue of shares	716	671	—	—	1,387	—	1,387
Dividends	—	—	—	(8,222)	(8,222)	—	(8,222)
At 26 March 2010	<u>118,283</u>	<u>107,823</u>	<u>(18,988)</u>	<u>(32,117)</u>	<u>175,001</u>	<u>3,664</u>	<u>178,665</u>

Group Condensed Statement of Changes in Equity
for half year ended 25 March 2011 and 26 March 2010

Other reserves

	Share options £'000	Own shares £'000	Capital conversion reserve fund £'000	Hedging reserve £'000	Foreign currency translation reserve £'000	Total £'000
At 24 September 2010	2,598	(19,887)	792	—	2,388	(14,109)
Items of income and expense taken directly within equity						
Currency translation differences	84	(665)	28	—	(4,387)	(4,940)
Net investment hedge	—	—	—	—	4,729	4,729
Share based payments expense	828	—	—	—	—	828
Transfer on exercise, lapse or forfeit of share options and awards	(1,086)	—	—	—	—	(1,086)
Shares acquired by Deferred Share Awards Trust	—	(428)	—	—	—	(428)
Shares granted to beneficiaries of Deferred Share Awards Trust	—	1,389	—	—	—	1,389
Dividends	—	(130)	—	—	—	(130)
At 25 March 2011	<u>2,424</u>	<u>(19,721)</u>	<u>820</u>	<u>—</u>	<u>2,730</u>	<u>(13,747)</u>
	Share options £'000	Own shares £'000	Capital conversion reserve fund £'000	Hedging reserve £'000	Foreign currency translation reserve £'000	Total £'000
At 25 September 2009	1,605	(19,584)	853	(1,265)	(10,738)	(29,129)
Items of income and expense taken directly within equity						
Currency translation differences	(26)	315	(16)	20	6,581	6,874
Tax on translation of cash flow hedge reserve	—	—	—	12	—	12
Currency translation differences recycled to income statement on disposal of foreign operation	—	—	—	—	6,520	6,520
Net investment hedge	—	—	—	—	(3,380)	(3,380)
Cash flow hedges						
fair value gains in period	—	—	—	53	—	53
tax on fair value gains	—	—	—	(15)	—	(15)
transfers to Income Statement tax on transfers to Income Statement	—	—	—	1,526	—	1,526
recycled to Income Statement on disposal of operation	—	—	—	(427)	—	(427)
Share based payments expense	611	—	—	—	—	611
Shares acquired by Deferred Share Awards Trust	—	(1,729)	—	—	—	(1,729)
At 26 March 2010	<u>2,190</u>	<u>(20,998)</u>	<u>837</u>	<u>—</u>	<u>(1,017)</u>	<u>(18,988)</u>

Notes to the Group Condensed Financial Statements

for half year ended 25 March 2011 and half year ended 26 March 2010

1. Basis of Preparation and Basis of Presentation

Basis of Preparation

The Group Condensed Financial Statements have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Central Bank of Ireland and with IAS 34 Interim Financial Reporting as adopted by the European Union.

These Condensed Financial Statements do not comprise statutory accounts within the meaning of Section 19 of the Companies (Amendment) Act 1986. The Group condensed financial information for the year ended 24 September 2010 represents an abbreviated version of the Group Financial Statements for that year. Those financial statements, upon which the auditors issued an unqualified audit report, have been filed with the Registrar of Companies.

Basis of Presentation

Restatement of unaudited consolidated Group Condensed Financial Statements for the Half Year ended 25 March 2011 and the Half Year ended 26 March 2010

For the purposes of consistency and ease of interpretation, given the Group's intention to report in pounds sterling for the year ended 30 September 2011, the Group Condensed Financial Statements have been prepared in order to restate Greencore's unaudited consolidated Group Condensed Financial Statements for the Half Year ended March 2011 and March 2010 in a form consistent with that which will be adopted in the Greencore Group's first set of audited consolidated Group Financial Statements following Completion of the Acquisition (to be published for the 53 weeks ending 30 September 2011), having regard to accounting standards and policies and legislation applicable to such financial statements.

Following the Acquisition and the Rights Issue, Greencore will present results in pounds sterling. At the same time Greencore Group PLC will change its functional currency from € to pounds sterling. IAS 21 The Effects of Changes in Foreign Exchange Rates describes functional currency as the "currency of the primary economic environment in which an entity operates". The change in functional currency reflects the increased concentration of the Greencore Group's activities in pounds sterling. The change in presentation currency will align the Greencore Group's external financial reporting with the profile of the Greencore Group.

In accordance with IAS 21 the change in functional currency of Greencore Group PLC will be accounted for prospectively following completion of the Acquisition whilst the change in presentation currency will be applied retrospectively.

In restating Greencore's unaudited consolidated Group Condensed Financial Statements for the Half Year ended March 2011 and for March 2010, Greencore has converted that information from € to pounds sterling using the procedures outlined below:

- Assets, liabilities and equity were translated into pounds sterling at closing rates of exchange at each respective balance sheet date.
- Trading results were translated into pounds sterling at average rates for the relevant period.
- Differences resulting from the retranslation have been taken to reserves.

2. Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the Group Condensed Financial Statements are consistent with those applied in the Annual Report for the financial year ended 24 September 2010 and are as set out in those financial statements. The Group has reviewed its accounting policy for Exceptional Items and is making the following clarification:

'Exceptional items include transaction costs. In management's judgement such costs, by virtue of their nature as non-recurring and unrelated to the trading result of the business, should be highlighted and disclosed as exceptional items.'

The adoption of new standards and interpretations (as set out in the 2010 Annual Report) that became effective for the Group's financial statements for the year ended 30 September 2011 did not have any significant impact on the Group Condensed Financial Statements.

3. Segment Information

The Group is organised around different product portfolios. The Group's reportable segments under IFRS 8 are as follows:

Convenience Foods – this reportable segment is the aggregation of two operating segments, Convenience Foods UK and International Convenience Foods. This segment derives its revenue from the production and sale of convenience food.

Ingredients & Property – this segment represents the aggregation of 'all other segments' as permitted under IFRS 8 (IFRS 8 states that where the external revenue of reportable segments exceeds 75 per cent. of the total Group revenue, then it is permissible to aggregate all other segments into one reportable segment). The Ingredients & Property reportable segment derives its revenue from the distribution of vegetable oils, molasses and the management of the Group's surplus property assets.

The Greencore Malt reportable segment represented the manufacture and sale of malt. This business was discontinued during 2010 (Note 14).

The Chief Operating Decision Maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before exceptionals and acquisition related amortisation. Net finance costs and income tax are managed on a centralised basis, therefore, these items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision Maker and are accordingly omitted from the segmental information below. Intersegment revenue is not material.

On 26 March 2010, the Group completed the disposal of its Malt business ("Greencore Malt") and its bottled water business ("Greencore Water"). On 20 August 2010, the Group completed the disposal of its Dutch based Convenience Foods business ("Greencore Continental"). In accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, the operations of Greencore Malt, Greencore Water and Greencore Continental were deemed discontinued. Comparatives have been re-presented to reflect Greencore Continental as discontinued in the half year ended 26 March 2010.

	Convenience Foods		Ingredients & Property		Malt (discontinued)		Total	
	Half year 2011 £'000	Half year 2010 £'000	Half year 2011 £'000	Half year 2010 £'000	Half year 2011 £'000	Half year 2010 £'000	Half year 2011 £'000	Half year 2010 £'000
Total revenue	344,810	361,481	33,820	33,292	–	80,457	378,630	475,230
Less: Revenue from discontinued operations (Note 14)	–	(31,039)	–	–	–	(80,457)	–	(111,496)
Revenue – continuing operations	344,810	330,442	33,820	33,292	–	–	378,630	363,734
Total operating profit before exceptional items	22,293	21,786	884	1,592	–	8,483	23,177	31,861
Less: Operating loss/(profit) from discontinued operations	–	243	–	–	–	(8,483)	–	(8,240)
Group operating profit before exceptional items and acquisition related amortisation – continuing operations	22,293	22,029	884	1,592	–	–	23,177	23,621
Amortisation of acquisition related intangible assets	(1,228)	(1,040)	–	–	–	–	(1,228)	(1,040)
Exceptional items	–	–	–	–	–	–	(15,127)	–
Finance income	–	–	–	–	–	–	10,130	11,012
Finance costs	–	–	–	–	–	–	(15,117)	(24,358)
Share of profit of associates after tax	–	–	290	300	–	–	290	300
Profit/(loss) before taxation	–	–	290	300	–	–	2,125	9,535

	Convenience Foods		Ingredients & Property		Total	
	25 Mar 2011 £'000	25 Sep 2010 £'000	25 Mar 2011 £'000	25 Sep 2010 £'000	25 Mar 2011 £'000	25 Sep 2010 £'000
Segment assets						
Assets	635,971	606,234	50,866	47,295	686,837	653,529
Investments in associates	—	—	859	579	859	579
Total assets	<u>635,971</u>	<u>606,234</u>	<u>51,725</u>	<u>47,874</u>	<u>687,696</u>	<u>654,108</u>
Reconciliation to Total Assets as Reported in the Group Balance Sheet						
Deferred tax assets					36,363	39,263
Cash and cash equivalents					6,135	9,931
Derivative financial instruments					10,426	18,413
Total assets as reported in the Group Balance Sheet					<u>740,620</u>	<u>721,715</u>

4. Seasonality

The Group's Convenience Foods portfolio is second half weighted. This weighting is primarily driven by weather and seasonal buying patterns impacting, in particular, the demand for chilled product categories.

5. Exceptional Items

	Notes	Half year 2011 £'000	Half year 2010 £'000
Continuing operations			
Transaction costs	(a)	(11,614)	—
Legal settlement	(b)	(3,513)	—
		(15,127)	—
Tax on exceptional items		107	—
Total continuing operations		<u>(15,020)</u>	<u>—</u>
	Notes	Half year 2011 £'000	Half year 2010 £'000
Discontinued operations (net of tax)			
Greencore Malt	(c)	—	12,739
Greencore Water	(d)	—	(5,170)
Total discontinued operations		<u>—</u>	<u>7,569</u>
Total exceptional gains/(losses)		<u>(15,020)</u>	<u>7,569</u>

(a) Transaction costs

On 17 November 2010, the Boards of Greencore and of Northern Foods plc 'Northern' announced that they had reached agreement on the terms of a recommended merger of equals to create Essenta Foods. The Greencore Board believe that the merger would have been a compelling prospect for both companies, creating a business which would offer substantial benefits for shareholders, customers and employees and it was anticipated that the merger would complete in the second quarter of 2011.

Subsequent to the announcement of the proposed merger, Greencore and Northern commenced planning for the integration of the two businesses, however, in late December 2010, a third party emerged as a potential bidder for the acquisition of Northern. On 21 January 2011, the Board of Northern changed its recommendation in favour of the merger to a recommendation in favour of an alternative cash offer from this third party.

Following this announcement, the Group performed an assessment of an acquisition of Northern and worked with a partner in order to agree a simultaneous sale of certain branded businesses of Northern. This approach was intended to provide significant funding and allow Greencore to acquire only the parts of the Northern business with the greatest synergy potential. This relatively complex structure required a range of stakeholders to reach agreement. However, after

substantial investigation, the Board determined that an improved offer could not be concluded on terms which would deliver sufficiently strong returns to Greencore shareholders and on 9 March 2011, the Board of Greencore announced that it did not intend to make a revised offer for Northern.

On 7 December 2010, the Group announced the acquisition of On a Roll Sales ("On a Roll"), a Convenience Foods business based in Brockton, Massachusetts as set out in Note 17.

The £11.6 million exceptional charge includes the costs incurred on the Essenta combination, the assessment of an acquisition of Northern and transaction costs of £0.4 million relating to the On a Roll acquisition. The costs are shown net of recoveries payable to the Group by Northern through the Essenta Implementation Agreement, dated 17 November 2010 comprising the Break Fee and the Shared Costs. Of the costs incurred, the more significant portion is comprised of professional advisory costs and costs incurred to satisfy the provisions relating to conditionality in making an announcement in accordance with Rule 2.5 of the Takeover Code.

(b) ***Legal settlement***

The Group settled an outstanding claim relating to its former activities and recognised an exceptional charge of £3.5 million in respect of both the settlement and related legal costs.

(c) ***Greencore Malt***

The Group completed the disposal of its Malt businesses on 26 March 2010 and a profit on disposal of £12.7 million was recognised in the Income Statement in the prior period. This included the recycle of £3.8 million of cumulative foreign currency translation losses and £0.1 million of cash flow hedge losses, both of which were previously recognised in equity. The net impact on the Group's equity at 26 March 2010 was an increase of £16.6 million.

(d) ***Greencore Water***

The Group completed the disposal of its bottled water business on 26 March 2010 and a loss on disposal of £5.2 million was recognised in the Income Statement in the prior period. This included the recycle of £2.7 million of cumulative foreign currency translation losses, previously recognised in equity. The net impact on the Group's equity at 26 March 2010 was a decrease of £2.5 million.

6. Taxation

Interim period tax is accrued using the tax rate that is estimated to be applicable to expected total annual earnings based on tax rates that were enacted or substantively enacted at the half year end, that is the estimated average annual effective income tax rate applied to the taxable income of the interim period.

7. Dividends Paid and Proposed

A dividend of 4.50 cent per share was approved at the Annual General Meeting on 31 January 2011 as a final dividend in respect of the year ended 24 September 2010 and a total of £6.3 million was paid on 1 April 2011 to those shareholders that did not avail of the Group scrip dividend scheme.

An interim dividend of 3.00 cent (2010: 3.00 cent) per share is payable on 5 October 2011 to the shareholders on the Register of Members as of 3 June 2011. The ordinary shares will be quoted ex-dividend from 1 June 2011. The dividend will be subject to dividend withholding tax, although certain classes of shareholders may qualify for exemption.

The liability in respect of this interim dividend is not recognised in the Group balance sheet for the half year ended 25 March 2011 because the interim dividend had not been approved at the balance sheet date (but was subsequently declared by the Directors of the Company).

8. Earnings per Ordinary Share

Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares and shares held in trust in respect of the Deferred Bonus Awards Scheme. The adjusted figures for basic and diluted

earnings per ordinary share are after the elimination of exceptional items, the effect of foreign exchange (FX) on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets and the effect of pension financing.

	Half year 2011 £'000	Half year 2010 As re- presented* £'000
(Loss)/profit attributable to equity holders of the Company	(563)	21,895
Exceptional items (post-tax)	15,020	(7,569)
Fair value of derivative financial instruments and related debt adjustments	(3,213)	(322)
FX on inter-company and external balances where hedge accounting is not applied	(156)	1,116
Amortisation of acquisition related intangible assets	1,228	1,040
Pension financing	602	75
Tax effect of pension financing and amortisation of acquisition related intangibles	(853)	(590)
Fair value of derivative financial instruments and related debt adjustments and pension financing included in discontinued operations	—	(306)
Numerator for adjusted earnings per share calculation	12,065	15,339
Result from discontinued operations – pre-exceptional	—	(7,040)
Fair value of derivative financial instruments and related debt adjustments and pension financing included in discontinued operations	—	306
Numerator for continuing adjusted earnings per share calculation	12,065	8,605
	Half year 2011 £'000	Half year 2010 As re- presented* £'000
Numerator for discontinued basic earnings per share		
Discontinued profit for the year	—	14,609
Profit for the period from discontinued operations (pre-exceptional)	—	7,040
Fair value of derivative financial instruments and related debt adjustments and pension financing included in discontinued operations	—	(306)
Numerator for discontinued adjusted EPS	—	6,734
	Half year 2011 pence	Half year 2010 As re- presented* pence
Basic earnings/(loss) per ordinary share		
Continuing operations	(0.3)	3.5
Discontinued operations	—	7.2
	(0.3)	10.7
Adjusted basic earnings per ordinary share		
Continuing operations	5.9	4.2
Discontinued operations	—	3.3
	5.9	7.5

Denominator for earnings per share and adjusted earnings per share calculation

	2011	2010
Shares in issue at the beginning of the period (thousands)	210,574	208,333
Treasury shares (thousands)	(3,905)	(3,905)
Shares held by Trust (thousands)	(1,651)	(1,384)
Effect of shares issued in period (thousands)	1,064	1,244
Weighted average number of ordinary shares in issue during the year (thousands)	<u>206,082</u>	<u>204,288</u>

Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Employee share options, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable ordinary shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability have not been satisfied as at the end of the reporting period. Options over 5,477,962 (2010: 4,818,180) shares were excluded from the diluted EPS calculation as they were either ant dilutive or contingently issuable ordinary shares which had not satisfied the performance conditions attaching at the end of the reporting period.

	Half year 2011 pence	Half year 2010 As re- presented* pence
Diluted (loss)/earnings per ordinary share		
Continuing operations	(0.3)	3.5
Discontinued operations	—	7.1
	<u>(0.3)</u>	<u>10.6</u>
Adjusted diluted earnings per ordinary share		
Continuing operations	5.8	4.1
Discontinued operations	—	3.3
	<u>5.8</u>	<u>7.4</u>

A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earning per share amounts is as follows:

Denominator for diluted earnings per share and adjusted earnings per share calculation

	Half year 2011 '000	Half year 2010 '000
Weighted average number of ordinary shares in issue during the period (thousands)	206,082	204,288
Dilutive effect of share options (thousands)	<u>3,227</u>	<u>2,202</u>
Weighted average number of ordinary shares for dilute earnings per share (thousands)	<u>209,309</u>	<u>206,490</u>

* As re-presented to reflect the effect of discontinued operations – refer to Notes 1, 6 and 10 for further information.

9. Intangible Assets, Property, Plant and Equipment, Investment Property, Capital Expenditure and Commitments

During the six month period to 25 March 2011, the Group made approximately £9.1 million (2010: £14.1 million) of additions to property, plant and equipment, investment property and intangible assets. The Group also disposed of certain assets with a carrying amount of £0.3 million (2010: £0.6 million) for proceeds of £0.8 million (2010: £2.2 million).

In addition, £4.4 million of goodwill, £6.9 million of intangible assets and £0.4 million of plant and equipment were acquired as part of the acquisition of On a Roll Sales in the period (Note 17).

At 25 March 2011, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £1.0 million (2010: £2.9 million).

10. Equity Share Capital

Issued capital as at 25 March 2011 amounted to £117.0 million (24 September 2010: £112.5 million) of which £2.2 million (2010: £2.1 million) is attributable to treasury shares and £0.7 million (24 September 2010: £0.9 million) is attributable to shares held by the Deferred Bonus Plan Trust. During the six month period to 25 March 2011, 1,072,797 shares (2010: 1,278,995) were issued in respect of the scrip dividend scheme and 15,116 shares (2010: nil) were issued in respect of the Group's Sharesave Schemes.

Pursuant to the Deferred Bonus Plan, 348,677 shares (2010: 1,425,832) were purchased by the Trustees of the Plan during the period ended 25 March 2011 at a cost of £0.4 million (2010: £1.7 million). The nominal value of these shares, on which dividends have not been waived by the Trustees of the Plan, was £0.2 million at 25 March 2011 (2010: £0.8 million). In addition, the Trustees have, to date, availed of the scrip dividend scheme and utilised dividend income with a combined value of £0.130 million to acquire 114,241 shares in the Group with a nominal value of £0.062 million. In the period, 989,502 shares with a nominal value of £0.534 million were transferred to beneficiaries of the Deferred Bonus Plan.

There were 80,000 (2010: 925,000) share options granted under the Executive Share Option Scheme and no shares were granted under the Sharesave Schemes in the period.

11. Components of Net Debt and Financing

During the period, the Group repaid £33.3 million of Private Placement Notes which had reached their maturity dates. The cash flows from financing activities are set out in the Group Condensed Cash Flow Statement.

	25 March 2011 £'000	26 March 2010 £'000
Net Debt		
Current assets		
Cash and cash equivalents	6,135	178,338
Current liabilities		
Borrowings before fair value adjustment	–	(33,013)
Non-current liabilities		
Borrowings before fair value adjustment	(213,492)	(319,286)
Comparable net debt	<u>(207,357)</u>	<u>(173,961)</u>
Borrowings – fair value adjustment	(10,693)	(23,545)
Cross-currency interest rate swaps – fair value hedges	10,358	24,226
Group net debt	<u><u>(207,692)</u></u>	<u><u>(173,280)</u></u>

	25 March 2011 £'000	26 March 2010 As re- presented* £'000
Net Finance Costs		
Net finance costs on interest bearing cash and cash equivalents and borrowings	(7,864)	(12,326)
Net pension financing charge	(602)	(75)
Change in fair value of derivatives and related debt adjustments	3,213	322
Foreign exchange on inter-company and external balances where hedge accounting is not applied	156	(1,116)
Unwind of present value discount on non-current payables and receivables	110	(151)
	<u>(4,987)</u>	<u>(13,346)</u>
Analysed as:		
Finance income	10,130	11,012
Finance costs	<u>(15,117)</u>	<u>(24,358)</u>
	<u>(4,987)</u>	<u>(13,346)</u>

Comparable net debt is a non-IFRS measure used by the Group as a key performance indicator.

12. Provision for Liabilities

	Half year 2011 £'000	
Six months ended 25 March 2011		
At beginning of period	10,389	
Utilised in period	(1,427)	
Created in period	632	
Currency translation differences	203	
Unwind discount.	63	
At end of period	9,860	
Analysed as:		
	25 March 2011 £'000	24 Sept 2010 £'000
Non-current liabilities	3,361	3,351
Current liabilities	6,499	7,038
	9,860	10,389

The significant provisions are as follows:

Remediation and closure

Remediation and closure obligations and related costs arise primarily from the Ingredients & Property segment and have been established to cover either a statutory or constructive obligation of the Group to carry out remedial works. Remediation amounts relate to irrevocable commitments in respect of programmes commenced and committed to in the Ingredients & Property segment, primarily related to the exit from sugar processing. A significant portion of the balance provided is not contracted and accordingly the timing of payments is subject to a degree of uncertainty. Substantially all costs are expected to have been incurred in the next twelve months.

Deferred contingent consideration

Deferred contingent consideration at 24 September 2010 represented the estimated amount payable in respect of the acquisition of the minority interest of Trilby Trading Limited. This was paid during the

period ended 25 March 2011. Deferred contingent consideration at 25 March 2011 represented the estimated amount payable in respect of the acquisition of On A Roll Sales Inc. as set out in Note 17.

Other

Other provisions primarily consists of (a) provisions for leasehold dilapidations in respect of certain leases, relating to the estimated cost of reinstating leasehold premises to their original condition at the time of the inception of the lease as provided for in the lease agreement, and (b) provision for onerous contractual obligations for properties held under operating lease. It is anticipated that these will be payable within five years.

13. Contingencies

The Group and certain of its subsidiaries continue to be subject to various legal proceedings relating to its current and former activities. Provisions for anticipated settlement costs and associated expenses arising from legal and other disputes are made where a reliable estimate can be made of the probable outcome of the proceedings.

The Group has provided security to the Government of Ireland for the purpose of facilitating the receipt of restructuring aid as provided for in Commission Regulation (EC) No 968/2006. The security is in the form of a bank guarantee and amounts to £8.2 million (24 September 2010: £8.0 million). The guarantee becomes payable if the Group does not complete its commitments under its restructuring plan, at which time, that part of the aid granted in respect of the commitment concerned can be recovered from the Group. The Group continues to perform its commitments under its restructuring plan and accordingly, in the opinion of the Directors, the likelihood of repayment of any restructuring aid received is considered to be remote, therefore no provision has been recognised in the Group Condensed Financial Statements in respect of this guarantee.

As part of the agreement to dispose of Greencore Malt, the Group provided a bank guarantee to Axéreal Union de Coopératives Agricoles for an amount of £8.5 million to guarantee the performance by the Group of its payment obligations in respect of any breach of warranty, indemnity or covenant under the disposal agreement in respect of any claim made by Axéreal Union de Coopératives Agricoles up to 26 March 2014.

14. Discontinued Operations and Disposal of Undertakings

The Group disposed of its interest in its malt business, its bottled water business and its Dutch based convenience foods business in 2010. These operations were considered, in management's judgement, to be discontinued operations in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. The respective profits and losses on the disposal of these businesses have been recognised within discontinued operations in the period in which the disposal occurred. The details of the profits and losses on the disposal of the Malt business and the bottled water business are set out in Note 5. A loss on disposal of the Dutch based Convenience Foods business of £3.7 million was recognised in the Income Statement of the Group Financial Statements for the year ended 24 September 2010.

The revenue and results of the above mentioned discontinued operations were as follows:

	Half year 2011 £'000	Half year 2010 As re- presented* £'000
Revenue	—	111,496
Cost of sales	—	(81,744)
Operating costs, net	—	(21,512)
Operating profit	—	8,240
Finance income and costs (net)	—	264
Profit before taxation and exceptional items	—	8,504
Taxation on loss before exceptional items	—	(1,464)
Loss from operations before exceptional items	—	7,040
Exceptional items (note 5)	—	7,569
Profit from discontinued operations	—	14,609
Cashflow of Discontinued Operations		
Profit before taxation and exceptional items	—	8,504
Finance income and costs (net)	—	(264)
Operating profit – discontinued (pre exceptional)	—	8,240
Depreciation	—	3,223
Amortisation of intangible assets	—	47
Amortisation of government grants	—	(42)
Difference between pension charge and cash contributions	—	(408)
Working capital movement	—	(26,586)
Other movements	—	23
Net cash outflow from operating activities before exceptional items	—	(15,503)
Cash inflow related to exceptional items	—	4,970
Tax paid	—	(787)
Net cash outflow from operating activities	—	(11,320)
Cash flow from investing activities		
Purchase of property, plant and equipment	—	(1,856)
Net cash outflow from investing activities	—	(1,856)
Net decrease in cash and cash equivalents	—	(13,176)

15. Retirement Benefit Schemes

In consultation with the independent actuaries to the schemes, the valuation of the pension obligations have been updated to reflect current market discount rates, rates of increase in salaries, pension payments and inflation, current market values of investments, actual investment returns and updated mortality assumptions.

The principal actuarial assumptions were as follows:

	2010	2009
Rate of increase in pension payment	0%–3.00%	0%–3.00%
Discount rate	4.90%–5.20%	5.60%–6.00%
Inflation rate	1.80%–3.00%	2.00%–3.00%

The financial position of the schemes was as follows:

	25 Mar 2011 £'000	24 Sept 2010 £'000
Total market value of assets	333,866	323,521
Present value of scheme liabilities	(422,963)	(423,539)
Deficit in schemes	(89,097)	(100,018)
Effect of paragraph 58(b) limit	(566)	(456)
Net deficit in schemes	(89,663)	(100,474)
Deferred tax asset	20,493	23,450
Net liability	(69,170)	(77,024)

16. Subsequent Events

Subsequent to the period end, the Group completed a refinancing of its bank debt facilities. New facilities totalling £276 million, with a maturity date of May 2016, will replace existing facilities of £285 million with a maturity of April 2012.

17. Acquisition of Undertakings

On 7 December 2010, the Group acquired a 100 per cent. interest in On A Roll Sales Inc. ("On A Roll"), a manufacturer of fresh sandwiches based in Brockton, south of Boston, Massachusetts. The Group obtained control of On A Roll by way of asset purchase. This acquisition provides an additional revenue stream to Greencore USA's Food to Go category and complements our existing businesses in Newburyport and Cincinnati.

The fair value of the assets acquired, determined in accordance with IFRS were as follows:

	Fair value £'000
Assets	
Intangible assets	6,982
Property, plant and equipment	418
Inventory	346
Trade and other receivables	753
Total assets	8,499
Liabilities	
Trade and other payables	(1,210)
Total liabilities	(1,210)
Net assets acquired	7,289
Goodwill	4,359
Total enterprise value	11,648
Satisfied by:	
Cash payments	11,301
Cash acquired	(243)
Net cash outflow	11,058
Deferred consideration	590
Total consideration	11,648

The fair values of the assets acquired have been determined provisionally as at 25 March 2011 and may be subject to change in the Group Financial Statements for the year ended 30 September 2011 as the Group has yet to finalise the fair value of all the net identifiable assets acquired.

The principal factors contributing to the recognition of goodwill on this business combination is the expected realisation of cost savings and operational synergies through the combination of the activities

of On A Roll with the existing operations in the Group. The total amount of goodwill recognised of £4.4 million is expected to be deductible for tax purposes.

The deferred consideration is revenue related and payable one year following the acquisition date dependent on the performance of On A Roll for the year ended 30 September 2011. The maximum amount payable under the acquisition agreement has been provided for based on management's judgement of the expected performance of On A Roll for this period. There is no minimum amount payable.

As part of the acquisition, the Group acquired trade receivables with a fair value of £0.721 million. The gross contractual amount receivable was £0.724 million and management's estimate of the contractual cash flows not expected to be collected was £0.003 million.

Transaction costs of £0.4 million associated with the acquisition of On A Roll are presented as an exceptional item within operating costs as set out in Note 5.

The post acquisition impact of On A Roll was to increase Group revenue for the financial period by £5.1 million. The impact on Group profit for the financial period was not material.

If the acquisition date of On A Roll was at the beginning of the period, the Group revenue for the financial period would have been £381.2 million. The profit of the Group for the financial period determined as though the acquisition date of On A Roll had been the beginning of the period would not be materially different.

The principal intangible assets acquired were customer related intangible assets amounting to £6.9 million.

18. Information

Copies of the Group Condensed Financial Statements for the half year ended 25 March 2011 are available for download from the Group's website at www.greencore.com

PART VII

HISTORICAL FINANCIAL INFORMATION RELATING TO GREENCORE

1. Incorporation by reference

The following information is hereby incorporated by reference into this document:

- the unaudited consolidated Group Condensed Financial Statements for the half year ended March 2011 and March 2010; and
- the audited consolidated Group Financial Statements of the Greencore Group as set out in Greencore's Annual Report for each of FY10, FY09 and FY08, which are available on Greencore's website at www.Greencore.com, together with the unqualified independent auditor's reports in respect of each of those financial years and notes to those financial statements (including statements of accounting policies).

2. Cross-reference list

The following list is intended to enable shareholders to easily locate in Greencore's Annual Reports the specific items of financial information which have been incorporated by reference into this document. References to page numbers within the text of the information incorporated by reference by this Part VII are to the page numbers of the relevant Annual Report as originally published.

2.1 ***Greencore Group unaudited Condensed Financial Statements for the half year ended 25 March 2011***

The page numbers below refer to the relevant pages of the Greencore Group unaudited Condensed Financial Statements for the half year ended 25 March 2011:

• Group Condensed Income Statement	Page 12
• Group Condensed Balance Sheet	Page 13
• Group Condensed Cash Flow Statement	Page 14
• Group Condensed Statement of Recognised Income and Expense	Page 15
• Group Condensed Statement of Changes in Equity	Pages 16 to 17
• Notes to the Group Condensed Financial Statements	Pages 18 to 27

2.2 ***Greencore Group unaudited Condensed Financial Statements for the half year ended 26 March 2010***

The page numbers below refer to the relevant pages of the Greencore Group unaudited Condensed Financial Statements for the half year ended 26 March 2010:

• Group Condensed Income Statement	Page 12
• Group Condensed Statement of Recognised Income and Expense	Page 13
• Group Condensed Balance Sheet	Page 14
• Group Condensed Cash Flow Statement	Page 15
• Group Condensed Statement of Changes in Equity	Pages 16 to 17
• Notes to the Group Condensed Financial Statements	Pages 18 to 29

2.3 ***Annual Report for the financial year ended 24 September 2010***

The page numbers below refer to the relevant pages of Greencore's Annual Report for the FY10:

• Group Income Statement	Page 61
• Group Statement of Recognised Income and Expense	Page 62
• Group Balance Sheet	Page 63
• Group Cash Flow Statement	Page 64
• Notes to the Group Financial Statements	Pages 67 to 107

- Group Statement of Accounting Policies Pages 50 to 60
- Independent Auditor's Report Pages 48 to 49

2.4 ***Annual Report for the financial year ended 25 September 2009***

The page numbers below refer to the relevant pages of Greencore's Annual Report FY09:

- Group Income Statement Page 66
- Group Balance Sheet Page 67
- Group Cash Flow Statement Page 68
- Group Statement of Recognised Income and Expense Page 69
- Notes to the Group Financial Statements Pages 70 to 111
- Group Statement of Accounting Policies Pages 54 to 65
- Independent Auditor's Report Pages 52 to 53

2.5 ***Annual Report for the financial year ended 26 September 2008***

The page numbers below refer to the relevant pages of Greencore's Annual Report for FY08:

- Group Income Statement Page 60
- Group Balance Sheet Page 61
- Group Cash Flow Statement Page 62
- Group Statement of Recognised Income and Expense Page 63
- Notes to the Group Financial Statements Pages 64 to 117
- Group Statement of Accounting Policies Pages 46 to 59
- Independent Auditor's Report Pages 44 to 45

3. **Restatement of consolidated Greencore Group Financial Statements for the financial years ended 24 September 2010 and 25 September 2009 and unaudited Greencore Group Financial Statements for HY11**

For the purposes of paragraph 20.1 of Annex I of Prospectus Directive Regulation 809/2004, the Restated Historical Financial Information has been prepared in order to restate the audited consolidated Group Financial Statements for FY10 and FY09 in a form consistent with that which will be adopted in the Greencore Group's first set of audited consolidated Group Financial Statements following Completion of the Acquisition (to be published for the 53 weeks ending 30 September 2011), having regard to accounting standards and policies and legislation applicable to such financial statements. In addition, for the purposes of consistency and ease of interpretation, given the Group's intention to report in pounds sterling for the year ended 30 September 2011, restated unaudited consolidated Group Condensed Financial Statements for the Half Years ended 25 March 2011 and 26 March 2010 have also been included. The Restated Historical Financial Information, is set out in Part VI of this document.

Following the Acquisition and the Rights Issue, Greencore will present results in pounds sterling. At the same time Greencore Group PLC will change its functional currency from € to pounds sterling. IAS 21 The Effects of Changes in Foreign Exchange Rates describes functional currency as the "currency of the primary economic environment in which an entity operates". The change in functional currency reflects the increased concentration of the Greencore Group's activities in pounds sterling. The change in presentation currency will align the Greencore Group's external financial reporting with the profile of the Greencore Group.

In accordance with IAS 21 the change in functional currency of Greencore Group PLC will be accounted for prospectively following completion of the Acquisition whilst the change in presentation currency will be applied retrospectively.

In restating Greencore's unaudited consolidated Group Condensed Financial Statements for the Half Year ended March 2011 and for March 2010 and the audited consolidated Greencore Group

Financial Statements for FY10 and for FY09, Greencore has converted that information from € to pounds sterling using the procedures outlined below:

- Assets, liabilities and equity were translated into pounds sterling at closing rates of exchange at each respective balance sheet date.
- Trading results were translated into pounds sterling at average rates for the relevant period.
- Differences resulting from the retranslation have been taken to reserves.

PART VIII

HISTORICAL FINANCIAL INFORMATION RELATING TO UNIQ

1. Historical financial information

This Part VIII contains Uniq's audited financial statements for the financial years ended 31 December 2008 (Part I), 31 December 2009 (Part II) and 31 December 2010 (Part III) together with the notes to those financial statements (including statements of accounting policies) and the independent auditor's opinions of KPMG Audit PLC.

For the audited annual report and accounts for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010, no material adjustment needs to be made to Uniq's financial statements to achieve consistency with the accounting policies of the Greencore Group adopted in its audited consolidated group financial statements for FY10.

2. Emphasis of matter contained in Uniq's audited annual financial statements for the year ended 31 December 2009

Uniq's annual audited financial statements for the year ended 31 December 2009 contained an emphasis of matter. The audit opinion on these accounts was un-qualified. However, the auditors stated that in forming their opinion they had taken account of the fact that Uniq's ability to continue as a going concern was dependent upon a satisfactory outcome to its discussions with the Trustee.

The Restructuring, which was designed to relieve Uniq and certain other members of the Uniq Group from their defined benefit obligations under the Uniq Pension Scheme (the pension deficit at the time was estimated to be more than £400 million on a buy-out basis), has now occurred. The Directors therefore do not believe that this emphasis of matter is significant and are able to recommend the Acquisition to Shareholders because the Restructuring has relieved Uniq of its defined benefit pensions obligations which gave rise to the emphasis of matter in Uniq's audited financial statements for the year ended 31 December 2009.

Independent auditor's report to the members of Uniq plc

We have audited the group and parent company financial statements (the 'financial statements') of Uniq plc for the year ended 31 December 2008 which comprise the group income statement, the group and parent company balance sheets, the group and parent company cash flow statements, the group and parent company statements of recognised income and expenses, and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the statement of directors' responsibilities on page 17.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited 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 whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance

with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information given in the directors' report includes that specific information presented in the chairman's statement, the chief executive's review and the financial review that is cross referred from the business review section of the report of the directors.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 and the part of the directors' remuneration report to be

audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 and the part of the directors' remuneration report to be audited 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 and the part of the directors' remuneration report to be audited.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2008;
- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the directors' report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Reading
11 March 2009

Financial statements

Group income statement

Year ended 31 Dec 2008				Year ended 31 Dec 2007 (restated)			
		Before significant items £m	Significant items (note 7) £m	Total £m	Before significant items £m	Significant items (note 7) £m	Total £m
	Note						
Continuing operations							
Revenue	4	797.2	–	797.2	736.1	–	736.1
Cost of sales		(661.0)	–	(661.0)	(603.3)	–	(603.3)
Gross profit		136.2	–	136.2	132.8	–	132.8
Distribution expenses		(51.6)	–	(51.6)	(46.1)	–	(46.1)
Marketing and media expenses		(15.6)	–	(15.6)	(15.6)	–	(15.6)
Administrative expenses		(77.4)	(49.4)	(126.8)	(74.7)	(42.0)	(116.7)
Operating loss	4,5	(8.4)	(49.4)	(57.8)	(3.6)	(42.0)	(45.6)
Expected return on pension fund assets		38.9	–	38.9	38.3	–	38.3
Interest on pension fund liabilities		(40.3)	–	(40.3)	(37.6)	–	(37.6)
Net pension interest		(1.4)	–	(1.4)	0.7	–	0.7
Other finance income	8	7.4	–	7.4	7.4	–	7.4
Finance expenses	8	(3.0)	–	(3.0)	(2.6)	(4.0)	(6.6)
(Loss)/profit before tax		(5.4)	(49.4)	(54.8)	1.9	(46.0)	(44.1)
Income tax (expense)/credit	9	(1.4)	–	(1.4)	(0.6)	3.0	2.4
Loss from continuing operations		(6.8)	(49.4)	(56.2)	1.3	(43.0)	(41.7)
Discontinued operations							
Profit from discontinued operations (net of tax)	22	–	–	–	0.4	226.3	226.7
(Loss)/profit for the period	4,29	(6.8)	(49.4)	(56.2)	1.7	183.3	185.0
(Loss)/profit attributable to equity holders of the company		(6.8)	(49.4)	(56.2)	1.7	183.3	185.0
Earnings per ordinary share	10						
Basic and diluted				(49.4p)			162.5p
Continuing operations				(49.4p)			(36.7p)
Discontinued operations				–			199.2p
Average Euro exchange rate				1.26			1.46

The notes on pages 39 to 72 form part of these financial statements.

Financial statements

Balance sheets

		Group		Company	
	Note	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2008 £m	31 Dec 2007 £m
Assets					
Non-current assets					
Property, plant and equipment	12	170.9	162.0	–	–
Intangible assets	13	30.5	45.3	–	–
Restricted cash	14	95.6	90.4	95.6	–
Deferred tax assets	15	18.2	31.7	–	–
Investments	16	–	–	130.8	225.2
		315.2	329.4	226.4	225.2
Current assets					
Inventories	17	57.2	51.1	–	–
Trade and other receivables	18	143.1	132.8	1.0	–
Cash and cash equivalents	19	18.1	33.6	6.2	14.2
Assets classified as held for sale	20	2.4	2.3	–	–
Income tax assets		1.0	–	–	–
		221.8	219.8	7.2	14.2
Total assets		537.0	549.2	233.6	239.4
Liabilities					
Non-current liabilities					
Borrowings	23	25.7	1.1	23.9	–
Retirement benefit obligations	27	170.9	76.0	–	–
Provisions	25	0.8	15.8	–	–
Deferred tax liabilities	15	8.0	5.2	–	–
		205.4	98.1	23.9	–
Current liabilities					
Borrowings	23	0.8	0.9	–	–
Trade and other payables	24	208.0	194.3	130.2	66.5
Provisions	25	22.9	8.7	–	–
Income tax liabilities		9.0	12.5	–	–
		240.7	216.4	130.2	66.5
Total liabilities		446.1	314.5	154.1	66.5
Total assets less liabilities		90.9	234.7	79.5	172.9
Equity					
Shareholders' equity					
Total called up share capital	28	11.5	11.5	11.5	11.5
Share premium		0.1	0.1	0.1	0.1
Other reserves		(296.1)	(315.3)	–	–
Retained earnings		375.4	538.4	67.9	161.3
Total equity attributable to equity holders of the company	29	90.9	234.7	79.5	172.9
Closing Euro exchange rate		1.04	1.36		

The financial statements were approved by the board of directors on 11 March 2009 and signed on its behalf by:

Geoff Eaton
Chief Executive

Martin Beer
Finance Director

The notes on pages 39 to 72 form part of these financial statements.

Financial statements

Cash flow statements

	Note	Group		Company	
		Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Cash flows from operating activities					
(Loss)/profit before tax		(54.8)	191.9	(92.9)	5.5
Net finance (income)/costs		(3.0)	(1.5)	(5.5)	1.8
Depreciation and amortisation		21.5	21.7	–	–
Goodwill impairment		18.2	2.3	–	–
Asset impairment		49.9	31.6	94.4	–
Reversal of asset impairment		(27.9)	–	–	–
Charge for share-based payments		0.3	0.6	–	–
Profit on disposal of property, plant and equipment		(0.1)	–	–	–
Profit on disposal of business	21	–	(235.3)	–	–
Hedging gain included in the income statement		–	–	–	(1.7)
(Gains)/losses on curtailment and settlements on pensions		(3.1)	0.9	–	–
Difference between pension charge and cash contributions		(1.8)	(6.2)	–	–
Decrease/(increase) in inventory		3.5	(0.7)	–	–
Decrease/(increase) in accounts receivable		18.1	0.4	(1.0)	50.4
(Decrease)/increase in accounts payable		(25.9)	0.2	63.1	61.2
(Decrease)/increase in working capital		(4.3)	(0.1)	62.1	111.6
Decrease in provisions		(3.7)	(9.1)	–	–
Cash (utilised by)/generated from operations		(8.8)	(3.2)	58.1	117.2
Interest paid		(1.2)	(1.9)	(0.8)	(5.1)
Interest received		6.1	6.4	6.4	3.3
Income tax paid		(4.1)	(3.7)	–	–
Net cash (utilised by)/generated from operating activities		(8.0)	(2.4)	63.7	115.4
Cash flows from investing activities					
Disposal of business	21	–	241.9	–	–
Purchases of property, plant and equipment		(27.5)	(23.9)	–	–
Proceeds from sale of property, plant and equipment		0.4	1.4	–	–
Purchases of intangible assets		(1.1)	(1.4)	–	–
Net cash (outflow)/inflow from investing activities		(28.2)	218.0	–	–
Cash flows from financing activities					
Proceeds from/(repayment of) borrowings		24.5	(95.0)	23.9	(92.5)
Cash included in restricted cash	14	(5.2)	(90.4)	(95.6)	–
Equity dividends paid		–	(8.7)	–	(8.7)
Share options exercised		–	0.3	–	–
Net cash inflow/(outflow) from financing activities		19.3	(193.8)	(71.7)	(101.2)
Net (decrease)/increase in cash and cash equivalents		(16.9)	21.8	(8.0)	14.2
Cash and cash equivalents at beginning of period		33.6	9.0	14.2	–
Effect of foreign exchange rate changes		1.2	2.8	–	–
Cash and cash equivalents at end of period		17.9	33.6	6.2	14.2
Cash and cash equivalents consist of:	19				
Cash at bank and in hand		18.1	33.6	6.2	14.2
Bank overdrafts		(0.2)	–	–	–
		17.9	33.6	6.2	14.2

The notes on pages 39 to 72 form part of these financial statements.

Financial statements

Statements of recognised income and expense

	Group		Company	
	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Actuarial (loss)/gain recognised on the pension schemes	(92.1)	26.3	–	–
Movement on deferred tax relating to pensions	(15.1)	(10.1)	–	–
Period movement on hedging items				
– amount recognised in equity during the period	–	(1.1)	–	–
– amount removed from equity and included in the income statement	–	–	–	1.7
Foreign currency translation differences for foreign operations	19.2	10.4	–	–
Net (expense)/income recognised directly in equity	(88.0)	25.5	–	1.7
(Loss)/profit for the period	(56.2)	185.0	(93.4)	2.7
Total recognised income and expense for the period	(144.2)	210.5	(93.4)	4.4
Attributable to equity holders of the company	(144.2)	210.5	(93.4)	4.4

Notes to the Financial Statements

1. Accounting policies

Accounting convention and basis of preparation

Basis of Preparation – Going Concern

The group's business activities, together with further information on the factors likely to affect its future development, performance and position are set out in the Performance Review on pages 11 to 13. The financial position of the group, its cash flow, liquidity position and borrowing facilities are described in the Financial Review on pages 14 and 15. In addition notes 3 and 26 to the financial statements include the group's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The group has net current liabilities of £18.9m as at 31 December 2008 and made a loss of £56.2m, including £49.4m of significant items, for the year then ended.

The company and the group meet their day to day working capital requirements and medium term funding requirements through a multi-currency revolving facilities agreement ('the Facility'). The Facility in place at the year end has been renegotiated and a new agreement was signed on 11 February 2009. The new Facility replaced the group's existing £40m revolving credit Facility which was due to expire on 31 March 2010 with an increased and extended £60m revolving credit Facility that will mature on 31 December 2010 with unchanged covenants.

As at the date of authorisation of these financial statements, the terms of the Facility, including covenants, were met.

The directors have prepared trading and cash flow forecasts based on normal creditor and debtor terms for a period in excess of a year from the date of approval of these financial statements. In preparing these forecasts the directors have assumed: that trading relationships with key customers are at levels and terms similar to prior years; that there is sales growth due to local conditions and that planned cost savings are achieved. These forecasts show that both before sensitivities, and after sensitivities combined with mitigating factors, the total facility is not exceeded over the duration of the Facility, the covenants are not breached and there are no events of default. The sensitivities mainly relate to changes in sales volume and margin. The mitigating factors include reduction in discretionary spend such as capital expenditure and marketing costs, combined with working capital management which will require agreements with third parties. Should the actual results for 2009 not meet the forecast levels the group's ability to remain within the Facility and covenants will depend on the mitigating factors.

The directors of the group have reviewed the forecasts, together with the sensitivities and mitigating factors and expect that the group will be able to meet its liabilities as they fall due and therefore consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Uniq plc is a company incorporated in the UK. The group financial statements consolidate those of the company and its subsidiaries (together referred to as the group). The parent company financial statements present information about the company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS). In publishing the parent company financial statements here together with the group financial statements, the company has taken advantage of the exemption in s230 of the Companies Act 1985 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements are prepared on the historical cost basis except for certain financial instruments that are stated at their fair values.

These consolidated financial statements have been prepared in accordance with IFRS, International Accounting Standards (IAS) and related IFRIC interpretations in issue, that have been endorsed by the European Commission and are effective at 31 December 2008, or where the group has chosen to early adopt at 31 December 2008 ('adopted IFRS').

Notes to the Financial Statements

New accounting policies and future requirements

The following standards or interpretations, issued by the IASB or the IFRIC came into effect during the year and have been adopted by the group:

- IFRIC 11 – Group and Treasury Shares Transactions
- IFRIC 14 IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- Amendments to IAS 39 and IFRS 7 – Reclassification of Financial Instruments

The standards listed above did not have a significant effect on the consolidated results or financial position of the group or the company.

The following standards or interpretations, issued by the IASB or the IFRIC, have been adopted by the European Commission, but only become effective for accounting periods after 31 December 2008:

- IFRS 8 – Operating Segments, introduce the management approach to segment reporting. IFRS 8, which becomes mandatory for the group's 2009 financial statements, will require disclosure of segment information based on the internal reports regularly reviewed by the Chief Operating Decision Maker in order to assess each segment's performance. Under the current reporting standard, the group is presenting the information in the same way as it does to the Chief Operating Decision Maker.
- Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation.

Where previously companies were required to present only one of either a Statement of Recognised Income and Expenses (SORIE) or a Statement of Changes in Equity (SOCIE), the amendments require companies to present both a SOCIE and either a statement of comprehensive income or an income statement accompanied by a statement of other comprehensive income as financial statements (formerly referred to as "primary statements"). Other changes include the requirement to present a statement of financial position (balance sheet) as at the beginning of the comparative period when an entity restates the comparatives following a change in accounting policy, the correction of an error, or the reclassification of items in the financial statements; and clarification of disclosure requirements relating to income tax on items recognised in other comprehensive income, dividends, and recycling to the income statement/comprehensive income of gains previously recognised in other comprehensive income. This will become mandatory for the group's 2009 financial statements. The group and the company do not currently believe the adoption of this amendment will have a significant affect on the consolidated results or financial position.

Amendments to IFRS 2 Share Based Payment: Vesting Conditions and Cancellations. The definition of vesting conditions in IFRS 2 has been amended to clarify that vesting conditions are limited to service conditions and performance conditions. Conditions other than service or performance conditions are considered non-vesting conditions.

Under the amendment, non-vesting conditions are taken into account in measuring the grant date fair value of the share-based payment and there is no true-up of equity-settled arrangements for differences between expected and actual outcomes. Therefore, if all vesting conditions are met, then the entity will recognise the grant date fair value of the equity-settled share-based payment as compensation cost even if the counterparty does not become entitled to the share-based payment due to a failure to meet a non-vesting condition. This will become mandatory for the group's 2009 financial statements. The group and the company do not currently believe the adoption of this amendment will have a significant affect on the consolidated results or financial position.

Financial year

The financial statements are prepared to reflect trading up to the Saturday nearest to the accounting reference date. This year's income statement covers the 52-week period ended 27 December 2008. Last year's income statement covered the 52 weeks ended 29 December 2007.

Consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Foreign currency translation

The consolidated financial statements are presented in pounds sterling, which is the group and the company's presentation currency.

Foreign currency transactions are translated into the respective functional currency of group entities (the currency of the primary economic environment in which an entity operates) using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of that balance sheet;
- Income and expenses are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity. Since the group's date of transition to adopted IFRS, exchange differences arising on the translation of foreign operations have been recognised directly in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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.

Significant items

Significant items are those items of financial performance which, because of size or incidence, require separate disclosure to enable underlying trading performance to be assessed.

Revenue recognition

Revenue represents the value of sales to customers outside the group net of discounts, allowances, volume and promotional rebates and other payments to customers and excludes value-added tax. Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivable is reasonably assured.

Finance charges

Finance charges include the following:

- Exchange differences arising on monetary items and all fair value gains and losses on derivative financial instruments and corresponding adjustments to hedged items under designated fair value hedging relationships;
- Amortisation of finance arrangement fees;
- Discounting on long-term balance sheet items;
- Interest payable/receivable on cash and cash equivalents and borrowings; and
- IAS 19 pension finance costs comprising the expected return on pension fund assets less the interest on pension fund liabilities.

Notes to the Financial Statements

Property, plant and equipment

All property, plant and equipment is shown at cost, less subsequent depreciation and applicable impairment, except for land, which is shown at cost less impairment.

Except for Tooling, depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

- Buildings up to 50 years
- Plant and machinery up to 10 years
- Equipment and motor vehicles up to 6 years
- Land is not depreciated

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Tooling is depreciated over the expected life of supply either by including a proportion of the cost against each item supplied or allocating the cost evenly over the anticipated life of supply. Where the Tooling ceases to be used, the remaining cost is charged in full to the income statement.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill arising on acquisitions prior to 31 March 2004 has been retained at the previous UK GAAP amounts subject to being tested for impairment. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated.

Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects are recognised as intangible assets when it meets the recognition criteria of IAS 38 Intangible Assets. Development costs that have a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit (not exceeding five years). Costs incurred on creating new recipes and products do not fall into the definition of research and development, such costs are expensed as incurred.

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software and amortised using the straight-line method over their estimated useful lives (three to five years). Computer software development costs that are directly associated with the implementation of major business systems are recognised as intangible assets and are amortised using the straight-line method over their estimated useful lives.

Impairment of assets

Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life or are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash-generating units.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount being the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in the profit or loss statement.

Leases

Leases are classified as finance leases where substantially all the risks and rewards of ownership are transferred to the group. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Assets acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Inventories

Inventories are stated at the lower of cost, including attributable overhead expenditure, and net realisable value. Cost is determined using the first-in-first-out (FIFO) method.

Taxation

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. The group's liability for current tax is calculated using rates that have been enacted or substantively enacted at the balance sheet date. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled.

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 profit will be available to allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are recognised for all deductible temporary differences except in respect of deductible temporary differences associated with investments in subsidiaries in which case deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Notes to the Financial Statements

Share-based compensation

In terms of IFRS 2 Share-based Payments, an expense is not recognised in respect of equity-settled share options granted before 7 November 2002 and vested before 1 January 2005. The shares are recognised when the options are exercised and the proceeds received are allocated to reserves.

The group operates an equity-settled share-based compensation plan whereby the company grants share based payments to the employees of its subsidiary companies. The fair value of the options granted under this plan are calculated using a Monte Carlo simulation model, which takes into account the probability of meeting the market based vesting conditions. The total amount to be expensed over the vesting period is determined by reference to the options granted and the estimated number of options expected to vest after adjusting for lapses due to leavers during the vesting period and achievement of any non-market based vesting conditions. At each balance sheet date prior to vesting of the relevant awards the group revises the estimates of the number of options that are expected to vest after adjusting for expected leavers and estimated achievement of non-market based vesting conditions. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

In addition, one of the group companies also operates a cash-settled share-based compensation plan. For cash-settled share-based compensation plans, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date. The liability is remeasured at each reporting date and at settlement date. Any change in the fair value of the liability is recognised as payroll costs in the income statement.

Dividend distribution

Final dividends to shareholders of Uniq plc are recognised as a liability in the period that they are approved by the shareholders.

Grants

Grants relating to assets are either set up as deferred income or deducted from the asset to arrive at the carrying amount of the asset. It is then recognised in income over the life of the depreciable asset by way of a reduced depreciation charge. A government grant is not recognised until there is a reasonable assurance that it will be received and that the group will comply with the conditions associated with the grant.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits would be required to settle the obligation. A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and announced its main provisions. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Retirement benefit obligations

The group's companies operate or contribute to various different types of pension schemes. These include both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and pay at or close to the time of retirement.

Actuarial gains and losses are recognised in full in the period in which they occur. As permitted by the standard, actuarial gains and losses are recognised outside profit or loss and presented in the statement of recognised income and expense. The liability recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The discount rate is set by reference to yields on high quality sterling corporate bonds, which is taken to be AA-rated for IAS19 purposes, taking into account the duration of the Scheme's liabilities. The cost of providing benefits is determined using the Projected Unit Credit Method.

Past-service cost is recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service cost is amortised on a straight-line basis over the vesting period.

For defined contribution plans, the group pays contributions to company administered or third party pension plans on a contractual basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Discontinued operations

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services within a particular economic environment (geographic segment) or in providing related products or services (business segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the group's geographical and business segments. The group's primary format for segment reporting is based on geographical segments.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters), the UK Retirement benefit obligation, head office expenses, cash, borrowings and income tax assets and liabilities.

Segment capital expenditure is the total costs incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted cash, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are carried at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits excluding bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the cashflow statements.

Restricted cash is cash which was placed into a secure account in favour of the UK pension fund. This is not included in cash and cash equivalents as it does not meet the definition of cash and cash equivalents.

Derivative financial instruments

The group uses various derivative financial instruments to manage exposure to foreign exchange risks. These include forward currency contracts and currency swaps. The group also uses interest rate swaps to manage interest rate exposures. The group does not use derivative financial instruments for speculative trading purposes.

Notes to the Financial Statements

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The accounting treatment of derivatives classified as hedging instruments depends on their designation, which occurs on the date that the derivative contract is committed to. The group designates derivatives as:

- A hedge of the exposure to changes in fair value of an asset or liability ('fair value hedge');
- A hedge of the exposure to variability in cashflows that are attributable to a particular risk associated with a recognised asset or liability or of a highly probable forecasted transaction or the foreign exchange risk of a firm commitment which could affect the profit or loss ('cash flow hedge');
- A hedge of a net investment in a foreign entity or operation; and
- A hedge of variable interest rate debt ('cash flow hedge')

Where a derivative financial instrument is designated as a cash flow hedge of a recognised asset or liability, or a highly probable forecasted transaction, any gain or loss on the derivative financial instrument is recognised directly in equity to the extent it is effective. The cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

For a fair value hedge, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement. Gains or losses from re-measuring the corresponding hedging instrument are recognised in the income statement.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting and any portion deemed ineffective are recognised in the income statement as they arise.

Where the group hedges net investments in foreign entities through currency borrowing, the gains or losses on the retranslation of the borrowings (up to the opening net investment) are recognised in equity. If the group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in equity with any ineffective portion being recognised in the income statement. Gains and losses accumulated in equity are recycled through the income statement on disposal of the foreign entity.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting or the group revokes designation of the hedging relationship. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the highly probable forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period. If the forecast transaction is no longer 'highly probable' then the cumulative gain or loss on the hedging instrument recognised in equity is retained and further gains or losses are taken to the income statement.

Interest arising under interest rate swaps is recognised in the income statement in accordance with the group's accounting policy on interest. Interest rate derivatives are revalued to fair value through reserves at the balance sheet date.

Forward exchange contracts (FX contracts) which hedge currency assets and liabilities are recognised in the financial statements together with the assets and liabilities that they hedge. The contract rate is used for translation. Both realised and unrealised gains and losses on FX contracts which hedge future sales and purchases are recognised in the income statement.

Gains and losses on financial instruments that are not related to the group's hedging activities are recognised as finance income or expense. If a financial instrument ceases to be a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any subsequent gains or losses are recognised as finance income or expense.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect.

2. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that could 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.

Retirement benefit obligations

A number of accounting estimates and judgements are incorporated within the provision for post retirement obligations. These are described in more detail in note 27.

Share-based payments

Note 29 – measurement of share based payments

Goodwill

Note 13 – measurement of the recoverable amounts of the cash generating units containing goodwill.

Provisions

Note 25 – provisions

Contingent liabilities

Note 32 – Contingent liabilities

Leases

Note 23 – accounting for an arrangement containing a lease

Taxation

The group operates across Europe and there are many transactions and calculations for which the ultimate tax determination is uncertain. Significant judgement is required in determining the group's tax assets and liabilities. Deferred tax assets have been recognised to the extent they are recoverable based on profit projections for future years approved by senior management. Income tax liabilities for anticipated issues have been recognised based on estimates on whether additional tax will be due. Notwithstanding the above, the group believes that it will fully recover all tax assets and has adequate tax provisions to cover all risks across all business operations.

3. Financial risk management

Overview

The group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

This note presents information about the group's exposure to each of the above risks and the group's policies and processes for measuring and managing these risks. The risks are managed centrally following board approved policies. The group operates a centralised treasury function in accordance with board approved policies and guidelines covering funding and management of foreign exchange exposure and interest rate risk. Transactions entered into by the treasury function are required to be in support of, or as a consequence of, underlying commercial transactions.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps and forward rate agreements. Objectives for the mix between fixed and floating rate borrowings are established by the board so as to seek to reduce the impact of adverse variations in interest rates on the group's profit and cash flow.

The group does not engage in holding speculative financial instruments or their derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

Notes to the Financial Statements

The Board of Directors has overall responsibility for the establishment and oversight of the group's risk management framework. An embedded risk management process is in place, which seeks to identify the most significant risks facing each business and the group, and reports on how those risks are being managed. This process requires the business divisions to produce risk registers identifying and evaluating significant risks which may affect their business and to consider what action can and should reasonably and cost effectively be taken to reduce them to an acceptable level. The process culminates in the production of a group risk register including a review of significant central risks. This register and the divisional action plans for addressing risk are reviewed and maintained on an ongoing basis.

The group audit committee reviews the risk review procedure carried out by the group with the aim of ensuring that, where possible and appropriate to do so in the context of the business, reasonable steps are taken by the group to mitigate such risks.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The majority of the group's customers are large, established retail organisations with good credit records and thus have a lower risk of default. Most of them have been transacting with the group for a number of years. The group assigns credit limits to its customers based on a review of external credit ratings. The group's policy is to provide for bad debts based on the specific circumstances of each debtor. Approximately 26% of the group's revenue is attributable to sales transactions with a single customer. This customer pays between 14 and 21 days thus the group has no significant concentration of credit risk.

Cash and cash equivalents

The group limits its exposure to credit risk by only using banks with a credit rating of at least Aa3 from Moody's and A+ from Standard and Poor's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Guarantees

The group's policy is to provide financial guarantees only to wholly owned subsidiaries.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach is to monitor cash flow forecasts on a weekly basis to ensure that it has sufficient liquidity to meet its liabilities when they become due. The group also maintains the following lines of credit:

- £60m revolving credit facility that matures on 31 December 2010. The facility is split into two tranches. Tranche A at £25m where interest rate is at LIBOR plus 2% and Tranche B at £35m where interest rate is LIBOR plus 4%
- £5m multicurrency overdraft at bank base rate plus 2%
- £4.3m overdraft facility in the Netherlands where interest is payable at EURIBOR plus 1%.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Currency risk

The group is exposed to foreign currency on sales, purchases, borrowings and the translation of earnings in a currency other than the functional currency of the business unit. Exposures are primarily to the Euro and Polish Zloty.

Contracted transactional exposures are fully hedged at the point in time when they become contracted. Forecast transactional exposures are reviewed and hedged on a case by case basis. Hedging is achieved using forward foreign exchange contracts.

Due to the group's investment in both UK and European operations, it operates a policy of maintaining liabilities split between these two currencies.

Interest rate risk

The group's objective is to minimise the impact of interest rate volatility on interest cost to protect earnings. This is achieved by reviewing both the amount of floating rate indebtedness over a certain period of time and its sensitivity to interest rate fluctuations.

From time to time, the group may take out interest rate swaps in order to fix the group's exposure to interest rates on floating debt.

Other market price risk

Equity price risk arises from available-for-sale equity securities held for meeting partially the unfunded portion of the group's defined benefit pension obligations. The group's pension Trustee's are responsible for setting investment principles in place. The funds are predominantly held in equity investments, bonds and/or gilts in such proportions as the Trustees, guided by the investment advisors, consider appropriate from time to time. At year end the split between equity, bonds and other assets was 53%, 45% and 2%, respectively.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on trading capital employed ("ROTCE") for each operating division as well as for the group.

As part of the trustee agreement on scheme specific funding, the group agreed to obtain trustee approval if it wishes to borrow secured funds greater than £25m or sell any businesses for proceeds greater than £25m. There were no other changes to the group's approach to capital management during the year.

Notes to the Financial Statements

4. Segmental analysis

Geographic segment

The primary segment reporting format is determined to be the geographical segments as the group's risks and rates of return are affected predominantly by the location of its customers. The group has three geographical segments, namely the United Kingdom, Northern Europe and France. Northern Europe consist of Germany, the Netherlands and Poland. Each segment's location of customers and location of assets are similar.

	Year ended 31 Dec 2008						
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & Corporate £m	Continuing operations £m	Discontinued operations £m	Consolidated £m
Revenue							
External revenue	338.6	249.5	209.1	–	797.2	–	797.2
Inter-segment revenue	–	0.5	1.0	(1.5)	–	–	–
Total segment revenue	338.6	250.0	210.1	(1.5)	797.2	–	797.2
Result							
Segment result before significant items	(3.3)	(2.0)	2.7	(5.8)	(8.4)	–	(8.4)
Significant items	(6.8)	(42.7)	0.7	(0.6)	(49.4)	–	(49.4)
Segment result after significant items	(10.1)	(44.7)	3.4	(6.4)	(57.8)	–	(57.8)
Net pension interest					(1.4)	–	(1.4)
Interest expense					(3.0)	–	(3.0)
Interest income					7.4	–	7.4
Income tax charge					(1.4)	–	(1.4)
Loss for the period					(56.2)	–	(56.2)

	Year ended 31 Dec 2007 (restated)						
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & Corporate £m	Continuing operations £m	Discontinued operations £m	Consolidated £m
Revenue							
External revenue	345.2	208.6	182.3	–	736.1	2.5	738.6
Inter-segment revenue	1.3	0.6	0.8	(2.7)	–	–	–
Total segment revenue	346.5	209.2	183.1	(2.7)	736.1	2.5	738.6
Result							
Segment result before significant items	5.9	(3.4)	0.2	(6.3)	(3.6)	0.6	(3.0)
Significant items	(31.1)	(9.4)	(3.1)	1.6	(42.0)	–	(42.0)
Segment result after significant items	(25.2)	(12.8)	(2.9)	(4.7)	(45.6)	0.6	(45.0)
Net pension interest					0.7	–	0.7
Interest expense					(6.6)	–	(6.6)
Interest income					7.4	–	7.4
Income tax credit/(expense)					2.4	(0.2)	2.2
Profit from discontinued operations (net of tax)					–	226.3	226.3
(Loss)/profit for the period					(41.7)	226.7	185.0

	31 Dec 2008						
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & Corporate £m	Continuing operations £m	Discontinued operations £m	Consolidated £m
Segment assets	146.0	101.5	155.3	96.9	499.7	–	499.7
Other assets					37.3	–	37.3
Consolidated assets					537.0	–	537.0
Segment liabilities	65.6	78.2	99.3	159.5	402.6	–	402.6
Other liabilities					43.5	–	43.5
Consolidated liabilities					446.1	–	446.1
Year ended 31 Dec 2008							
Capital expenditure (including software)	13.3	3.8	10.4	–	27.5	–	27.5
Depreciation and amortisation	8.7	5.3	7.3	0.2	21.5	–	21.5
31 Dec 2007							
	United Kingdom £m	Northern Europe £m	France £m	Eliminations & Corporate £m	Continuing operations £m	Discontinued operations £m	Consolidated £m
Segment assets	145.4	119.4	122.1	94.7	481.6	2.3	483.9
Other assets					65.3	–	65.3
Consolidated assets					546.9	2.3	549.2
Segment liabilities	67.8	69.6	81.9	75.5	294.8	–	294.8
Other liabilities					19.7	–	19.7
Consolidated liabilities					314.5	–	314.5
Year ended 31 Dec 2007							
Capital expenditure (including software)	9.9	6.2	8.6	0.7	25.4	–	25.4
Depreciation and amortisation	9.6	4.2	6.8	1.0	21.6	0.1	21.7

Other assets consist of cash and tax assets. Other liabilities consist of borrowings and tax liabilities. The majority of the UK pension scheme's members are past employees and not related to the United Kingdom segment. The UK IAS 19 pension deficit as well as the restricted cash are therefore classified as a corporate item. Further details of the discontinued operations can be found in note 22.

Business segment

The group's business segments are based on its primary products as detailed below.

	Revenue		Capital expenditure		Segment assets	
	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Salads and dips	189.2	168.5	4.0	6.2	82.2	105.0
Desserts	138.3	148.0	6.7	5.9	64.7	53.4
Fish	133.5	119.2	1.2	2.3	39.3	45.3
Ready meals – frozen	112.8	96.1	5.6	4.9	87.5	76.7
Ready meals – chilled	100.1	89.7	4.8	3.7	67.2	50.0
Sandwiches and fillings	123.3	114.6	5.2	1.7	61.9	56.5
Corporate	–	–	–	0.7	96.9	94.7
Total reported segments	797.2	736.1	27.5	25.4	499.7	481.6
Other assets	–	–	–	–	37.3	65.3
	797.2	736.1	27.5	25.4	537.0	546.9
Discontinued operations	–	2.5	–	–	–	2.3
	797.2	738.6	27.5	25.4	537.0	549.2

Notes to the Financial Statements

5. Expenses and auditors' remuneration

	Year ended 31 Dec 2008	Year ended 31 Dec 2007		
	Total £m	Continuing £m	Discontinued £m	Total £m
The group's results include charges for:				
Depreciation and amortisation	21.5	21.6	0.1	21.7
Asset impairment	49.9	31.6	–	31.6
Reversal of asset impairment	(27.9)	–	–	–
Goodwill impairment	18.2	2.3	–	2.3
Operating lease rental payments:				
– plant and machinery	4.1	3.8	–	3.8
– other	2.4	2.2	–	2.2
Inventory written down to net realisable value	3.9	2.6	–	2.6
Reversal of inventory written down to net realisable value	(0.3)	(0.2)	–	(0.2)

	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Auditors' remuneration		
Audit of these financial statements		0.2
Audit of the financial statements of subsidiaries pursuant to legislation		0.3
Other services pursuant to such legislation		–
Services relating to corporate debt refinancing		0.2
Other		–
		0.4
		0.7
		0.8

6. Directors and employees

Directors' emoluments and share interests are given in the remuneration report on pages 32 to 33.

	Year ended 31 Dec 2008 Total £m	Year ended 31 Dec 2007 Total £m
Aggregate payroll costs		
Wages and salaries	150.4	125.9
Social security costs	23.0	20.4
Pension costs – defined benefit schemes	2.8	3.4
Pension costs – defined contribution schemes	4.7	3.3
Share based payments charge	0.3	0.6
	181.2	153.6

	Year ended 31 Dec 2008 Total	Year ended 31 Dec 2007 Total
Employee numbers		
Average:		
Full time	6,216	6,265
Part time	237	334
	6,453	6,599
At period end	6,350	6,551

No information is presented for the company as the company does not have any employees.

7. Significant items

	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Restructuring costs	(9.4)	(8.8)
Goodwill impairment	(18.2)	(2.3)
Asset impairment	(49.9)	(31.6)
Reversal of asset impairment	27.9	–
Other significant costs	0.2	0.7
	(49.4)	(42.0)
Significant finance costs	–	(4.0)
	(49.4)	(46.0)
Tax credit on significant items	–	3.0
Continuing operations	(49.4)	(43.0)
Discontinued operations (net of tax)	–	226.3
	(49.4)	183.3

Restructuring costs

This represents various restructuring programmes that were announced across the group to improve the profitability of the businesses. In 2008 this related to £9.4m for the UK after taking a pension curtailment gain of £1.3m and in 2007, £5.7m for Northern Europe and £3.1m for France.

Goodwill impairment

Goodwill is impaired when it is identified as being in excess of its carrying value. In 2008 goodwill in Northern Europe of £18.2m was written down to zero. Refer to note 13 for details of the impairment of goodwill. In 2007 goodwill at the Minsterley site of £2.3m was written down to zero.

Asset impairment

Due to the continuing losses at various business units in the UK and Northern Europe, impairment tests were carried out across the group. The value of certain assets were impaired to their recoverable amount which was determined to be value in use. In 2008 this charge was £9.1m for Pinneys and £16.4m for Paignton in the UK, and £24.4m for Germany. Refer to note 12 as to the nature of the assets that were impaired. The pre-tax discount rate used in the calculation of value in use was 11.1%. In 2007 the asset impairment charge related to the Minsterley site and Northern Europe.

Reversal of asset impairment

As noted above, the Minsterley site was impaired to its fair value in 2007. In the current year, following a management review, a decision was made to close the Paignton site. Production was transferred from the Paignton to the Minsterley. Further impairment tests were carried out and the recoverable amount for Minsterley was determined to be value in use. This resulted in the reversal of the impairment charged in the previous year. The pre-tax discount rate used in the calculation of value in use was 11.1%. Refer note 12 as to the nature of the assets for which impairment was reversed.

Other significant items

In 2008 the credit of £0.2m relates to a charge of £0.5m for costs associated with the OFT investigation and £0.7m credit relating to significant costs in France that were overprovided for in 2007. In 2007 this included two items, £1.6m credit relating to the release of acquisition creditors and £0.9m charge for pension curtailment loss relating to the transfer of the Dutch pension scheme to an Industry Wide Scheme.

Significant finance costs

The finance item in 2007 represents the cost of £4.6m of the remaining bridging finance arrangement fees and £0.6m profit on the early settlement of an interest rate swap.

Discontinued operations

The profit in 2007 comprises the gain on the sale of St Hubert SAS which completed on 16 January 2007 and the loss on the sale of Natural Foods SA on 7 June 2007. Further details on the gain and loss are disclosed in note 21.

Notes to the Financial Statements

8. Finance income and expenses

	Year ended 31 Dec 2008	Year ended 31 Dec 2007 (restated)
	£m	£m
Finance income		
Interest on bank balances	0.9	2.7
Interest on restricted cash	5.0	3.7
Net foreign exchange gains	1.5	1.0
	7.4	7.4
Finance expense		
Interest on bank loans	(1.8)	(1.1)
Interest on finance leases	(0.1)	(0.1)
Discount on long-term provisions	(1.0)	(1.1)
Amortisation of finance arrangement costs	(0.1)	(0.3)
	(3.0)	(2.6)
Significant finance cost (note 7)	–	(4.0)
	(3.0)	(6.6)

9. Income tax

The tax charge on the profit before significant items for continuing operations is £1.4m (31 December 2007: £0.6m charge).

	Year ended 31 Dec 2008	Year ended 31 Dec 2007
	£m	£m
Overseas tax	(1.5)	3.3
Deferred tax		
– credit for temporary differences on pension costs	(0.1)	(0.2)
– other timing differences	0.2	(3.7)
Tax on continuing operations	(1.4)	(0.6)
Tax on significant items	–	3.0
Continuing operations	(1.4)	2.4
Tax on discontinued operations	–	(9.2)
	(1.4)	(6.8)

The group has used tax losses to reduce tax payments in respect of the current and prior years.

A reconciliation of the current tax charge to the 28% at 31 December (2007: 30%) standard rate in the UK.

	Year ended 31 Dec 2008	Year ended 31 Dec 2007
	£m	£m
Loss before tax	(54.8)	(44.1)
Tax credit at UK corporation tax rate of 28% (2007: 30%)	15.3	13.2
Actual (charge)/credit	(1.4)	2.4
Difference	16.7	10.8
Explained by:		
Goodwill written off or impaired	4.2	0.7
Tax losses including capital allowances not recognised	10.7	10.7
Overseas tax rates	(0.9)	(0.6)
Permanent items	2.7	–
Total	16.7	10.8

The standard rate of corporation tax in the UK changed to 28% with effect from 1 April 2008. UK deferred tax assets and liabilities have therefore been calculated at 28% and the impact of the reduced tax rate on closing deferred tax assets and liabilities was included within the deferred tax credit for 2007.

10. Earnings per share (“EPS”)

Basic and diluted EPS

Basic EPS is calculated on the basis of the weighted average of 113.9m (31 December 2007: 113.8m) ordinary shares in issue and a loss for the year of £56.2m (31 December 2007: profit of £185.0m). At year end there are no potential ordinary shares that have a dilutive effect on continuing operations.

Potential ordinary shares which may dilute EPS in the future include share options and performance incentive plan shares granted by the company. This was not included in the calculation of dilutive EPS as they were anti-dilutive for the current period.

Adjusted EPS

Adjusted EPS is shown by reference to (loss)/profit before significant items and related tax. It also excludes exchange gains and losses on non-permanent intercompany loans. Adjusted EPS is presented as the directors consider that this gives valuable additional information about the ongoing earnings performance of the group and is calculated as follows:

	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Adjusted basic and diluted EPS of the group		
(Loss)/profit for the period	(56.2)	185.0
Significant items – continuing operations	49.4	46.0
Significant items – discontinued operations	–	(235.3)
Exchange gains on non-permanent intercompany loans	(0.7)	2.3
Adjusted total	(7.5)	(2.0)
Related tax	–	6.0
Adjusted (loss)/profit	(7.5)	4.0
	Pence per share	Pence per share
Adjusted basic and diluted EPS of the group	(6.6)	3.5

11. Dividends

	Year ended 31 Dec 2008 Pence per share	Year ended 31 Dec 2007 Pence per share	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Dividends paid by Uniq plc:				
– Final dividend	–	2.75	–	3.10
– Interim dividend	–	2.50	–	2.80
	–	5.25	–	5.90
Interim dividend paid	–	2.50	–	2.80
	–	2.50	–	2.80

Notes to the Financial Statements

12. Property, plant and equipment

	31 Dec 2008			31 Dec 2007		
	Land and buildings £m	Plant and equipment £m	Total £m	Land and buildings £m	Plant and equipment £m	Total £m
Cost						
Opening balance	108.4	307.9	416.3	111.8	282.6	394.4
Additions	2.3	24.1	26.4	2.9	21.1	24.0
Disposals	(0.6)	(3.3)	(3.9)	(4.6)	(4.2)	(8.8)
Transfer to assets held for sale	–	–	–	(7.4)	(0.1)	(7.5)
Exchange	12.6	28.3	40.9	5.7	8.5	14.2
Closing balance	122.7	357.0	479.7	108.4	307.9	416.3
Depreciation and impairment losses						
Opening balance	28.1	226.2	254.3	20.0	189.6	209.6
Provided in the period	3.7	16.6	20.3	4.0	16.0	20.0
Disposals	(0.6)	(3.0)	(3.6)	(2.3)	(5.3)	(7.6)
Impairment	29.7	18.8	48.5	10.8	20.8	31.6
Reversal of impairment	(10.8)	(17.1)	(27.9)	–	–	–
Transfer to assets held for sale	–	–	–	(5.1)	(0.1)	(5.2)
Exchange	0.2	17.0	17.2	0.7	5.2	5.9
Closing balance	50.3	258.5	308.8	28.1	226.2	254.3
Opening net book value	80.3	81.7	162.0	91.8	93.0	184.8
Closing net book value	72.4	98.5	170.9	80.3	81.7	162.0

Grants

Included in fixed assets is an amount of £0.2m (31 December 2007: £0.2m) relating to a grant received from the government. This amount is recognised as income over the life of the asset by way of a reduced depreciation charge. At year-end the group has complied with the conditions of the grant and does not foresee any unfulfilled conditions over the life of the grant.

Leased plant and equipment

The group leases equipment under a number of finance lease agreements or quasi finance leases (see note 23). At 31 December 2008 the net carrying amount of leased plant and equipment was £2.2m (31 December 2007: £2.5m). Depreciation recognised on leased assets for the current year is £1.0m (31 December 2007: £0.2m).

13. Intangible assets

	31 Dec 2008			31 Dec 2007		
	Goodwill £m	Software £m	Total £m	Goodwill £m	Software £m	Total £m
Cost						
Opening balance	46.8	17.2	64.0	45.6	14.2	59.8
Additions	–	1.1	1.1	–	1.4	1.4
Disposals	–	(0.2)	(0.2)	–	(0.1)	(0.1)
Exchange	4.2	5.0	9.2	1.2	1.7	2.9
Closing balance	51.0	23.1	74.1	46.8	17.2	64.0
Amortisation and impairment losses						
Opening balance	2.3	16.4	18.7	–	13.6	13.6
Provided in the period	–	1.2	1.2	–	1.6	1.6
Disposals	–	(0.2)	(0.2)	–	–	–
Impairment	18.2	0.7	18.9	2.3	–	2.3
Exchange	–	5.0	5.0	–	1.2	1.2
Closing balance	20.5	23.1	43.6	2.3	16.4	18.7
Opening net book value	44.5	0.8	45.3	45.6	0.6	46.2
Closing net book value	30.5	–	30.5	44.5	0.8	45.3

Goodwill impairment

As required by IAS 36, an annual impairment review was carried out to assess whether the carrying amount of the goodwill exceeds the recoverable amount of goodwill held for Northern Europe and the United Kingdom.

In 2008 goodwill relating to Northern Europe was identified as in excess of its carrying value and consequently it was written down to zero. In 2007, goodwill relating to Minsterley in the United Kingdom was identified to be in excess of its carrying value, and was written down to zero.

Goodwill is allocated to the group's cash generation units (CGUs) or groups of CGUs as set out below:

	31 Dec 2008 £m	31 Dec 2007 £m
United Kingdom	30.5	30.5
Northern Europe	–	14.0
	30.5	44.5

The recoverable amounts of CGUs were measured based on the higher of value in use and fair value less costs to sell. Value in use was determined to be higher, thus this was used as the recoverable amount. The key assumptions in the value in use calculation for sales and margin were based on historical trends adjusted for management views of future performance of each business unit. These future trends and cashflow projections in the form of the financial budget for 2009 and the strategic plans for 2010 and 2011 have been approved by the board.

Cash flows beyond the three year period for the United Kingdom and Northern Europe were extrapolated using a growth rate of 2.5% for years four and five and 1% growth rate included in the calculation of the terminal value. A pre-tax discount rate of 11.1% was used for all CGUs based on the group's weighted average cost of capital.

14. Restricted cash

This relates to cash held in a secure account in favour of the pension fund. The group is obliged to pay over the restricted cash to the pension fund by 31 March 2016 or earlier, if it is tax efficient to do so.

The cash has been disclosed in the company accounts for the current year as it is deemed more appropriate.

15. Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2008 £m	31 Dec 2007 £m
Property, plant and equipment	10.3	10.3	(8.0)	(5.2)	2.3	5.1
Retirement benefit obligations	5.2	20.1	–	–	5.2	20.1
Provisions	0.3	0.7	–	–	0.3	0.7
Short-term timing differences	2.4	0.6	–	–	2.4	0.6
Tax assets/(liabilities)	18.2	31.7	(8.0)	(5.2)	10.2	26.5

Net deferred tax assets

	31 Dec 2008 £m	31 Dec 2007 £m
Opening balance	26.5	38.6
Income statement charge	(0.8)	(2.5)
Statement of recognised income and expense	(15.1)	(10.1)
Utilised	(0.4)	0.5
Closing balance	10.2	26.5

Financial statements

Notes to the Financial Statements

Unrecognised deferred tax assets

	31 Dec 2008 £m	31 Dec 2007 £m
Retirement benefit obligations	39.8	–
Capital allowances in excess of depreciation	25.7	27.7
Provisions	6.4	6.2
Tax losses	32.2	23.9
Other	0.3	1.0
	104.4	58.8

Deferred tax assets have not been recognised in respect of these items because the availability of suitable taxable profits is uncertain. There are no unrecognised deferred tax liabilities in respect of temporary differences associated with investments in subsidiaries.

16. Investments

Company

Investments in the Company balance sheet of £130.8m (31 December 2007: £225.2m) represent shares in subsidiary undertakings. Further details of these subsidiaries are given in note 35.

Due to the continuing losses at various business units in the UK and Northern Europe, an impairment test was carried out on the investments held by the company. The value of the investments were impaired to their recoverable amount which was determined to be value in use. The pre-tax discount rate used in the calculation of value in use was 11.1%.

17. Inventory

	31 Dec 2008 £m	31 Dec 2007 £m
Raw materials and consumables	33.0	31.6
Work in progress	1.8	1.5
Finished goods and goods for resale	22.4	18.0
	57.2	51.1

In 2008, raw materials recognised as cost of sales amounted to £436.2m (31 December 2007: £389.4m).

18. Trade and other receivables

	Group		Company	
	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2008 £m	31 Dec 2007 £m
Trade debtors	112.8	105.7	–	–
Amounts owed by subsidiary undertakings	–	–	0.2	–
Derivatives not used for hedging	0.6	–	0.6	–
Other debtors	25.1	22.1	0.2	–
Prepayments and accrued income	4.6	5.0	–	–
	143.1	132.8	1.0	–

Included in trade debtors is £0.8m (31 December 2007: £1.3m) of allowances for doubtful debts (refer note 26). Also, included in other debtors is an amount of £0.2m (31 December 2007: £0.2m) of deferred income relating to a grant received from the government. This amount is recognised as income on a systematic basis over the useful life of the asset by way of a reduced depreciation charge. At year-end the group has complied with the conditions of the grant.

19. Cash and cash equivalents

	Group		Company	
	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2008 £m	31 Dec 2007 £m
Cash at bank	12.0	18.3	6.2	5.5
Short-term deposits	6.1	15.3	–	8.7
	18.1	33.6	6.2	14.2

20. Assets held for sale

Following the restructuring of Northern Europe in 2007, the factory in Bremerhaven was reclassified as an asset held for sale.

	31 Dec 2008 £m	31 Dec 2007 £m
Assets classified as held for sale		
Property, plant and equipment	2.4	2.3
	2.4	2.3

The change in fair value of the assets held for sale was due to an impairment charge of £0.6m, offset by a movement in exchange rates. The impairment charge was made to reduce the carrying value of the assets to the best estimate of net realisable value.

21. Business disposals

During 2007, the group disposed of two businesses, St Hubert SAS and Natural Food SA. The sale of St Hubert SAS to Dairy Crest plc completed on 16 January 2007 for a gross consideration of £248.4m. The sale of Natural Food SA was completed on 7 June 2007 for a gross consideration of £0.4m.

	Year ended 31 Dec 2008 Total £m	Year ended 31 Dec 2007 Total £m
Property, plant and equipment	–	5.2
Working Capital	–	1.1
Provisions	–	(0.7)
Tax	–	1.0
Net assets disposed	–	6.6
Cash consideration received	–	248.8
Disposal costs	–	(6.9)
	–	241.9
Gain on disposal before tax	–	235.3

22. Discontinued operations

Profits attributable to the discontinued operations were as follows:

	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Results of discontinued operations		
Revenue	–	2.5
Expenses	–	(1.9)
Operating profit	–	0.6
Income tax expense	–	(0.2)
Profit after tax before significant items	–	0.4
Significant items	–	226.3
Business disposal	–	235.3
Tax on business disposal	–	(9.0)
Profit for the period	–	226.7

Notes to the Financial Statements

23. Borrowings

	Group		Company	
	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2008 £m	31 Dec 2007 £m
Current liabilities				
Finance lease liabilities	0.6	0.9	–	–
Bank overdraft	0.2	–	–	–
	0.8	0.9	–	–
Non-current liabilities				
Loan drawings	23.9	–	23.9	–
Finance lease liabilities	1.8	1.1	–	–
	25.7	1.1	23.9	–

As at 31 December 2008, the group had drawn down £23.9m of the groups £40m revolving working capital facility that was originally due to expire in March 2010. Interest on the facility was paid at a rate of 0.95% above LIBOR. In February 2009, the group renegotiated its facilities to provide £60m of working capital facility which expires on 31 December 2010. The facility is split into two tranches. Tranche A at £25m where interest rate is LIBOR plus 2% and Tranche B at £35m where interest rate is LIBOR plus 4%.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	31 Dec 2008			31 Dec 2007		
	Less than one year £m	Between one and five years £m	Total £m	Less than one year £m	Between one and five years £m	Total £m
Future minimum lease payments	0.6	1.9	2.5	1.0	1.2	2.2
Interest	–	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Present value of minimum lease payments	0.6	1.8	2.4	0.9	1.1	2.0

The group has entered into arrangements with certain suppliers whereby sets of moulds are built specifically for the production of the group's products. Although the arrangement is not in the legal form of a lease, the contractual nature of the agreements are such that it is believed that the key risks and rewards of ownership are held with the group. Thus they are classified as finance leases. The imputed finance lease expense on the liability is determined by the group's incremental borrowing rate.

	31 Dec 2008				
	Cash and overdrafts £m	Borrowings due within one year £m	Borrowings due after one year £m	Borrowings £m	Net cash/(debt) £m
Analysis of net (debt)/cash					
Opening balance	33.6	(0.9)	(1.1)	(2.0)	31.6
Effect of foreign exchange rate changes	1.2	–	–	–	1.2
Cashflow	(16.9)	0.1	(24.6)	(24.5)	(41.4)
Non cash movements	–	0.2	–	0.2	0.2
Closing balance	17.9	(0.6)	(25.7)	(26.3)	(8.4)

24. Trade and other payables

	Group		Company	
	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2008 £m	31 Dec 2007 £m
Trade payables	103.3	97.7	–	–
Other payables, including social security	43.0	32.0	1.2	1.4
Employee benefits	1.8	2.7	–	–
Accruals and deferred income	59.9	61.9	–	–
Amounts owed to subsidiary undertakings	–	–	129.0	65.1
	208.0	194.3	130.2	66.5

25. Provisions

	31 Dec 2008			31 Dec 2007		
	Onerous contract £m	Other £m	Total £m	Onerous contract £m	Other £m	Total £m
Opening balance	17.1	7.4	24.5	19.2	11.8	31.0
Unwinding of discount	1.0	–	1.0	1.1	–	1.1
Income statement charge	–	6.0	6.0	–	9.9	9.9
Utilised	(2.4)	(7.3)	(9.7)	(3.2)	(15.8)	(19.0)
Foreign exchange	–	1.9	1.9	–	1.5	1.5
Closing balance	15.7	8.0	23.7	17.1	7.4	24.5
Current liabilities	15.7	7.2	22.9	2.0	6.7	8.7
Non-current liabilities	–	0.8	0.8	15.1	0.7	15.8
	15.7	8.0	23.7	17.1	7.4	24.5

Onerous contract provision

This relates to the discounted value of a commitment in respect of an onerous contract relating to the Wincanton demerger. The interpretation of the contract and hence the nature of the commitment is currently in dispute in the courts. We expect to pay the undisputed annual fee of £2.0m per annum until the contract expires on 31 March 2009. Following an interim judgement made on 23 January 2009, the group made an interim payment order of £7.0m in February 2009.

Other provisions

Other provisions are principally made up of outstanding costs relating to the restructuring programmes, as discussed in note 7, which are expected to be utilised in the next financial year. Included in the remaining provision is a provision of £1.2m for two vacant properties, the majority of which is expected to be utilised after more than twelve months.

Notes to the Financial Statements

26. Derivatives and other financial instruments

A discussion of the group's objectives, policies and strategies with regard to derivatives and other financial instruments is set out in note 3.

Credit Risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2008 £m	31 Dec 2007 £m
Trade and other receivables	142.5	132.8	0.4	–
Cash and cash equivalents	18.1	33.6	6.2	14.2
Restricted cash	95.6	90.4	95.6	–
Forward exchange contracts: assets	0.6	–	0.6	–
	256.8	256.8	102.8	14.2

Impairment losses

The ageing of trade receivables at the reporting date was:

	31 Dec 2008 £m	31 Dec 2007 £m
Not past due	97.3	97.3
Past due 0-30 days – not yet impaired	14.0	7.3
Past due 30-60 days – not yet impaired	0.8	0.9
Past due 60-90 days	1.0	0.6
Past due 90-120 days	0.7	0.9
	113.8	107.0
Allowance for doubtful debts	(0.9)	(1.3)
	112.9	105.7

Allowance for doubtful debts

The movement in allowance for doubtful debts in respect of trade receivables during the year was as follows:

	31 Dec 2008 £m	31 Dec 2007 £m
Opening balance	(1.3)	(1.4)
Impairment loss reversed	0.4	0.1
Closing balance	(0.9)	(1.3)

The group's policy is to provide for bad debts based on the specific circumstances of each debtor. Refer to note 3 for details of the group's policies in respect of trade and other receivables. The bad debt provision relates mainly to debtors in 60-90 and 90-120 days respectively. The group has insurance in respect of outstanding debts totalling £7.1m (31 December 2007: £2.2m) for debtors in 0-30 days. Based on historical default rates, the group believes no impairment allowance is necessary for the remaining debtors that are past due in 0-30 and 30-60 days.

There were no trade receivables for the company in respect of the current year (31 December 2007: £nil).

Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding netting arrangements:

	31 Dec 2008				31 Dec 2007			
	Carrying amount £m	Contractual cash flows £m	6-12 months £m	1-5 years £m	Carrying amount £m	Contractual cash flows £m	6-12 months £m	1-5 years £m
Non-derivative financial liabilities								
Unsecured bank loans	23.9	(23.9)	–	(23.9)	–	–	–	–
Bank overdraft	0.2	(0.2)	(0.2)					
Finance lease liabilities	2.4	(2.4)	(0.6)	(1.8)	2.0	(2.0)	(0.9)	(1.1)
Trade and other payables	208.0	(208.0)	(208.0)	–	194.3	(194.3)	(194.3)	–
	234.5	(234.5)	(208.8)	(25.7)	196.3	(196.3)	(195.2)	(1.1)

Market risk

Interest rate risk and currency risk

The effective currency and interest rate exposures of the group's net cash/(debt) position were as follows:

	31 Dec 2008					31 Dec 2007				
	Sterling £m	Euro £m	Polish zloty £m	US dollars £m	Total £m	Sterling £m	Euro £m	Polish zloty £m	Total £m	
Floating rate borrowings	–	(24.1)	–	–	(24.1)	–	–	–	–	
Fixed rate borrowings	(0.1)	(2.3)	–	–	(2.4)	(0.4)	(1.6)	–	(2.0)	
	(0.1)	(26.4)	–	–	(26.5)	(0.4)	(1.6)	–	(2.0)	
Cash and liquid resources (including restricted cash)	103.8	8.4	1.2	0.3	113.7	108.3	13.9	1.8	124.0	
Net cash/(debt)	103.7	(18.0)	1.2	0.3	87.2	107.9	12.3	1.8	122.0	

Cash and liquid resources include the restricted cash to the value of £95.6m (31 December 2007: £90.4m).

The following significant exchange rates applied during the year.

GBP	31 Dec 2008		31 Dec 2007	
	Euro	Polish Zloty	Euro	Polish Zloty
Average rate	1.26	4.42	1.46	5.53
Reporting date spot rate	1.04	4.33	1.36	4.88

Sensitivity analysis

A 10% strengthening of sterling against the following currencies at 31 December would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	31 Dec 2008		31 Dec 2007	
	Euro £m	Polish Zloty £m	Euro £m	Polish Zloty £m
Operating profit before significant items	(0.3)	0.4	(1.7)	0.1
Profit/(loss)	(4.4)	0.1	28.0	0.1
Equity	7.0	2.4	6.1	2.1

A 10% weakening of sterling against the above currencies at 31 December would have had the equal and opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Financial statements

Notes to the Financial Statements

Currency analysis of net assets

The group's net assets by currency at 31 December were as follows:

	31 Dec 2008					31 Dec 2007			
	Sterling £m	Euro £m	Polish zloty £m	US dollars £m	Total £m	Sterling £m	Euro £m	Polish zloty £m	Total £m
Net cash	103.7	(18.0)	1.2	0.3	87.2	107.9	12.3	1.8	122.0
Other net assets (excluding goodwill)	(111.1)	61.1	23.2	–	(26.8)	8.9	39.1	20.2	68.2
Goodwill	30.5	–	–	–	30.5	30.5	14.0	–	44.5
	23.1	43.1	24.4	0.3	90.9	147.3	65.4	22.0	234.7

Where the group has liabilities, it operates a policy of maintaining the liability split between the two currencies in which the group operates i.e. the UK and European operations.

Fair values of financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts in the balance sheet, are as follows:

	Group				Company			
	Carrying amount £m	31 Dec 2008 Fair value £m	Carrying amount £m	31 Dec 2007 Fair value £m	Carrying amount £m	31 Dec 2008 Fair value £m	Carrying amount £m	31 Dec 2007 Fair value £m
Financial assets								
Non-current								
Restricted cash	95.6	95.6	90.4	90.4	95.6	95.6	–	–
Current								
Cash and cash equivalents	18.1	18.1	33.6	33.6	6.2	6.2	14.2	14.2
Forward exchange contract								
– asset	0.6	0.6	–	–	0.6	0.6	–	–
Financial liabilities								
Non-current								
Finance lease liabilities	1.8	1.8	1.1	1.1	–	–	–	–
Borrowings	23.9	23.9	–	–	23.9	23.9	–	–
Bank overdraft	0.2	0.2	–	–	–	–	–	–
Current								
Finance lease liabilities	0.6	0.6	0.9	0.9	–	–	–	–

The table above excludes trade and other receivables and trade and other payables as their fair value approximates to carrying value.

27. Retirement benefit obligations

The group operates pension schemes in the UK and mainland Europe.

The main UK scheme is contributory for members and has two sections: the defined benefit section and the defined contribution section. The defined benefit section is closed to new members but provides benefits for existing and past employees based on final pensionable emoluments. The assets of the plan are held in a separate trustee administered fund. As well as the main fund, the UK operates a small unfunded defined benefit pension scheme for overcap benefits and provides post-retirement medical benefits to certain former employees.

The results of the formal actuarial valuation as at 31 March 2006 were updated to the accounting date by independent qualified actuaries in accordance with IAS 19. As required by IAS 19, the value of the defined benefit obligation and current service costs has been measured using the projected unit credit method.

The group provides pensions under certain overseas schemes, some of which provide defined benefits. During 2007, the Netherlands transferred its remaining net liability over to the industry wide scheme and closed the scheme. It is now accounted for as a defined contribution scheme. All remaining European schemes are mainly unfunded.

The expected rate of return on assets for the financial year ending 31 December 2008 was 5.9% p.a. (31 December 2007: 6.5% p.a.). This rate is derived by taking the weighted average of the long-term expected rate of return on each of the asset classes in which the scheme was invested at 31 December 2008.

Total contributions made to defined contribution schemes in the year were £4.7m (31 December 2007: £3.3m). The group expects to contribute £3.1m to its defined benefit schemes in the next financial year, although this will now reduce as a result of the decision to cease future accruals.

The following table sets out the key IAS 19 assumptions used for the schemes. Overseas plans are quoted as a weighted average based on liabilities. The expected rate of return on assets is derived by taking the weighted average of the long-term expected rate of return on each of the asset classes that the plan was invested in at 31 December 2008. The assumptions used by the actuaries have been chosen from a range of possible actuarial assumptions about the future, which may not necessarily be borne out in practice.

Assumptions

	UK			Overseas		
	31 Dec 2008 %	31 Dec 2007 %	31 Dec 2006 %	31 Dec 2008 %	31 Dec 2007 %	31 Dec 2006 %
Inflation	2.9	3.3	3.0	1.5	1.6	1.8
Pension increases	2.7	3.2	3.0	1.5	1.5	2.3
Salary growth						
– Standard	4.4	4.8	4.5	2.6	2.5	2.7
– Senior management	5.9	6.3	6.0	2.6	2.6	2.7
Discount rate	6.4	6.0	5.3	5.9	5.3	4.4
Expected return for:						
– equities	7.5	7.6	7.5	–	8.0	8.0
– bonds	5.0	4.7	4.6	–	5.0	5.0
– other	3.8	4.4	4.3	5.0	5.0	5.0

For 2008, the mortality assumptions have not changed. During 2007 the mortality assumptions for the UK schemes were changed from PA92MC+1 to PA92MC. These assumptions allow for future improvements according to the medium cohort projections, based on each individual's year of birth, with an adjustment to the underlying rates of mortality of +10% for those who left before 2000. The longevity assumptions are therefore:

Financial statements

Notes to the Financial Statements

	31 Dec 2008 years	31 Dec 2007 years
Life expectancy of a male aged 65 in 2008 (pre 2000 leaver)	21.2	21.2
Life expectancy of a male aged 65 in 2008 (post 2000 leaver)	22.0	21.9
Life expectancy of a male aged 65 in 2028 (pre 2000 leaver)	22.4	22.3
Life expectancy of a male aged 65 in 2028 (post 2000 leaver)	23.1	23.0

Sensitivity analysis of the main UK pension fund
Approximate change in defined benefit obligation

		31 Dec 2008 £m	31 Dec 2007 £m
Life expectancy	– 1 year longer/(shorter)	15.0	19.0
Discount rate	– increase/(decrease) of 0.1%	10.0	12.0
Inflation	– increase/(decrease) of 0.1%	8.0	9.0
Mortality	– change from PA92MC to PA92LC	23.0	30.0

Medical cost trends

There is strong evidence that healthcare costs increase faster than general price inflation. The group have adopted 2.5% pa for the rate at which medical costs increase over and above retail price inflation.

The following tables set out the fair value of assets, the present value of the IAS 19 liabilities and the deficit of assets below the IAS 19 liabilities (which equals the net pension deficit). The fair value of the schemes' assets is not intended to be realised in the short-term and may be subject to significant changes before realisation. The present value of the schemes' liabilities is derived from cash flow projections over long periods and is thus inherently uncertain.

	31 Dec 2008			31 Dec 2007		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Fair value of assets:						
– Equities	247.1	–	247.1	377.6	–	377.6
– Bonds and gilts	207.2	–	207.2	222.9	–	222.9
– Other	7.7	–	7.7	15.2	0.1	15.3
Fair value of plan assets	462.0	–	462.0	615.7	0.1	615.8
Defined benefit obligation:						
Funded	(605.6)	(0.3)	(605.9)	(668.0)	(0.1)	(668.1)
Wholly unfunded	(8.7)	(18.3)	(27.0)	(8.5)	(15.2)	(23.7)
Present value of defined benefit obligation	(614.3)	(18.6)	(632.9)	(676.5)	(15.3)	(691.8)
Net liability in balance sheet	(152.3)	(18.6)	(170.9)	(60.8)	(15.2)	(76.0)

	31 Dec 2008			31 Dec 2007		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Movement in deficit during the period:						
Opening balance	(60.8)	(15.2)	(76.0)	(88.3)	(19.5)	(107.8)
Current service cost	(2.4)	(0.4)	(2.8)	(3.0)	(0.5)	(3.5)
Past service cost	–	–	–	–	0.1	0.1
Curtailments and settlements	1.3	–	1.3	–	0.8	0.8
Contributions	3.2	–	3.2	6.9	–	6.9
Net finance (charge)/credit	(0.6)	(0.8)	(1.4)	1.4	(0.7)	0.7
Benefits paid	0.4	0.8	1.2	1.2	0.7	1.9
Actuarial (loss)/gain	(93.4)	1.3	(92.1)	21.0	5.3	26.3
Exchange	–	(4.3)	(4.3)	–	(1.4)	(1.4)
Closing balance	(152.3)	(18.6)	(170.9)	(60.8)	(15.2)	(76.0)

	31 Dec 2008			31 Dec 2007		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Amounts recognised in the income statement:						
Current service cost	(2.4)	(0.4)	(2.8)	(3.0)	(0.5)	(3.5)
Past service cost	–	–	–	–	0.1	0.1
Gains on curtailments and settlements	1.3	–	1.3	–	0.8	0.8
Recognised in operating profit	(1.1)	(0.4)	(1.5)	(3.0)	0.4	(2.6)
Interest costs	(39.5)	(0.8)	(40.3)	(36.2)	(1.4)	(37.6)
Expected return on plan assets	38.9	–	38.9	37.6	0.7	38.3
Recognised in finance income	(0.6)	(0.8)	(1.4)	1.4	(0.7)	0.7
Total (expense)/income recognised in the income statement	(1.7)	(1.2)	(2.9)	(1.6)	(0.3)	(1.9)
Cumulative actuarial gains and losses recognised directly in equity:						
Opening balance	21.0	(2.0)	19.0	–	(7.3)	(7.3)
Actuarial (losses)/gains	(93.4)	1.3	(92.1)	21.0	5.3	26.3
Closing balance	(72.4)	(0.7)	(73.1)	21.0	(2.0)	19.0
Actual return on plan assets	(125.8)	(0.1)	(125.9)	32.6	0.7	33.3

The cumulative amount represents all actuarial gains and losses recognised directly in equity since transition date of 1 April 2004.

	31 Dec 2008			31 Dec 2007		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Reconciliation of present value of defined benefit obligation:						
Opening balance	(676.5)	(15.3)	(691.8)	(694.0)	(38.3)	(732.3)
Current service cost	(2.4)	(0.4)	(2.8)	(3.0)	(0.5)	(3.5)
Past service cost	–	–	–	–	0.1	0.1
Interest cost	(39.5)	(0.8)	(40.3)	(36.2)	(1.4)	(37.6)
Contributions	(0.7)	–	(0.7)	(0.8)	–	(0.8)
Actuarial gains/(losses)	71.3	1.4	72.7	26.0	5.3	31.3
Benefits paid	32.2	0.8	33.0	31.5	0.9	32.4
Curtailments and settlements	1.3	–	1.3	–	20.3	20.3
Exchange	–	(4.3)	(4.3)	–	(1.7)	(1.7)
Closing balance	(614.3)	(18.6)	(632.9)	(676.5)	(15.3)	(691.8)
Reconciliation of fair value of plan assets:						
Opening balance	615.7	0.1	615.8	605.7	18.8	624.5
Expected return on plan assets	38.9	–	38.9	37.6	0.7	38.3
Actuarial (losses)/gains	(164.7)	(0.1)	(164.8)	(5.0)	–	(5.0)
Contributions by the employer	3.2	–	3.2	6.9	–	6.9
Contributions by plan participants	0.7	–	0.7	0.8	–	0.8
Benefits paid	(31.8)	–	(31.8)	(30.3)	(0.2)	(30.5)
Curtailments and settlements	–	–	–	–	(19.5)	(19.5)
Exchange	–	–	–	–	0.3	0.3
Closing balance	462.0	–	462.0	615.7	0.1	615.8

Financial statements

Notes to the Financial Statements

	31 Dec 2008 £m	31 Dec 2007 £m	31 Dec 2006 £m	31 Mar 2006 £m	31 Mar 2005 £m
Historical information					
Fair value of plan assets	462.0	615.8	624.5	604.8	511.0
Present value of defined benefit obligation	(632.9)	(691.8)	(732.3)	(729.9)	(652.9)
Net pension deficit in the balance sheet	(170.9)	(76.0)	(107.8)	(125.1)	(141.9)
Experience adjustments arising on plan assets	(164.8)	(5.0)	2.6	75.9	22.4
Experience adjustments arising on plan liabilities	4.6	16.8	4.3	1.7	4.6

28. Share Capital

	31 Dec 2008 £m	Group 31 Dec 2007 £m	31 Dec 2008 £m	Company 31 Dec 2007 £m
Authorised				
995,906,427 ordinary shares of 10p each		99.6	99.6	99.6
Called up and allotted				
114,833,817 ordinary shares of 10p each		11.5	11.5	11.5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

29. Shareholders' equity

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total £m
Group							
At 1 January 2007	11.5	0.1	(330.2)	1.1	4.5	342.4	29.4
Profit for the period	–	–	–	–	–	185.0	185.0
Share-based compensation charge	–	–	–	–	–	0.4	0.4
Share options exercised	–	–	–	–	–	0.3	0.3
Dividends	–	–	–	–	–	(5.9)	(5.9)
Gains and losses deferred in equity	–	–	–	(1.1)	–	–	(1.1)
Net actuarial gain on pension schemes (net of tax)	–	–	–	–	–	16.2	16.2
Exchange	–	–	–	–	10.4	–	10.4
At 31 December 2007	11.5	0.1	(330.2)	–	14.9	538.4	234.7
At 1 January 2008	11.5	0.1	(330.2)	–	14.9	538.4	234.7
Loss for the period	–	–	–	–	–	(56.2)	(56.2)
Share-based compensation charge	–	–	–	–	–	0.4	0.4
Net actuarial loss on pension schemes (net of tax)	–	–	–	–	–	(107.2)	(107.2)
Exchange	–	–	–	–	19.2	–	19.2
At 31 December 2008	11.5	0.1	(330.2)	–	34.1	375.4	90.9

Merger reserve

The merger reserve arose as a result of a group reconstruction carried out in 2000. Under a Scheme of Arrangement approved by the High Court and shareholders at the time, all shares in the then quoted group company were cancelled and new shares were issued to shareholders in Uniq plc, the new quoted company. The merger reserve is the difference arising on consolidation between the nominal value of the new shares and the nominal value of the shares previously held, together with the associated share premium. The merger reserve arises only on consolidation and therefore does not impact the individual Uniq plc company accounts or distributable reserves.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. There were no outstanding hedges throughout the year.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the translation reserve.

Employee share ownership trust

Retained earnings includes the Employee Share Ownership Trust ("ESOT") which was established in June 1997. It is empowered to purchase and hold shares in Uniq plc (the company) in order to meet certain future obligations of the group in respect of options or shares awarded under share option schemes and long-term incentive plans operated by the group from time to time. Dividends receivable on the shares owned by the ESOT have been waived. At 31 December 2008 the ESOT held 982,677 (31 December 2007: 1,005,263) shares in the company which had a market value of £40,781 (31 December 2007: £1,879,842).

Refer to pages 29 and 30 in the remuneration report for the general terms and conditions that relate to share option schemes.

	Share capital £m	Share premium £m	Hedging reserve £m	Retained earnings £m	Total £m
Company					
At 1 January 2007	11.5	0.1	1.7	162.8	176.1
Profit for the period	–	–	–	4.4	4.4
Dividends	–	–	–	(5.9)	(5.9)
Gains and losses deferred in equity	–	–	(1.7)	–	(1.7)
At 31 December 2007	11.5	0.1	–	161.3	172.9
At 1 January 2008	11.5	0.1	–	161.3	172.9
Loss for the period	–	–	–	(93.4)	(93.4)
At 31 December 2008	11.5	0.1	–	67.9	79.5

Financial statements

Notes to the Financial Statements

Share option schemes

The number of outstanding share options are as follows:

	31 Dec 2008		31 Dec 2007	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance	843,727	248.6	1,224,859	244.3
Exercised during the year	–	–	(149,046)	190.2
Lapsed during the year	(156,585)	357.5	(232,086)	263.1
Closing balance	687,142	223.8	843,727	248.6

	Weighted average contractual life	Exercise price range	Dates of grant	Average exercise price
Executive option scheme	2.1 years	161p – 313p	1999-2002	223.8p

All options are settled by physical delivery of shares. The total consideration receivable if all outstanding options were exercised would be £1.5m. The weighted average share price at the date of exercise of share options exercised during the period was nil (31 December 2007: 193.6p) as no options were exercised. In line with IFRS 2, no expense had been recognised for these options as they were granted before 7 November 2002.

Uniq Performance Incentive Plan

Equity settled share based payment scheme

	Remaining contractual life years	Outstanding shares
Equity settled awards granted in:		
9 months ended 31 December 2006	7.5	512,757
Year ended 31 December 2007	8.4	738,271
Year ended 31 December 2008	9.3	1,850,696
		3,101,724

The exercise price for the above shares is £nil.

The fair value of services received in return for Performance Incentive Plan shares (PIPs) granted are measured by reference to the fair value of PIPs granted. The estimate of the fair value of services received is measured based on a Monte Carlo model. Assumptions used in the Monte Carlo model for PIPs granted during the period are as follows:

	31 Dec 2008	31 Dec 2007
Expected volatility	33.6%	27.9%
Risk from interest rate	4.5%	2.3%
Dividend yield	1.9%	3.9%
Correlation coefficient	10.6%	6.1%

The expected volatility is wholly based on the historic volatility, calculated based on the weighted average remaining life of the PIPs.

We assess the number of leavers on a grant by grant basis, taking into account historical trends as well as the level of employees included in each grant.

Cash settled share based payment scheme

One of the subsidiaries of Uniq operates a cash settled performance incentive plan. The fair value of the Long Term Incentive Plan ("LTIP") is measured with reference to the value of the subsidiary business issuing the shares. This value is independently assessed each year. The number of shares vesting is subject to a sliding scale based on the value of the subsidiary business.

Performance is measured over two years and once vested any shares earned must be held for a further two years. Vesting is dependent on the value of the subsidiary business (as independently assessed) achieving certain increased values over the vesting period. There are 'put' and 'call' options which ensure that at the end of the scheme period Uniq can acquire back all shares at market value for cash to the participants. The maximum total award which could be made to all recipients of awards in France is 2.25% of the value of the subsidiary business over the life of the scheme.

The total expenses recognised during the period from share based payments are as follows:

	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m
Equity settled share based payment charge	0.4	0.4
Cash settled share based payment charge	(0.1)	0.2
	0.3	0.6
Total carrying amount of liability	–	0.2

30. Commitments

	31 Dec 2008 £m	31 Dec 2007 £m
Capital commitments contracted, but not provided	0.8	2.4

31. Operating leases

Future minimum lease payments:

	31 Dec 2008			31 Dec 2007		
	Land and buildings £m	Other leases £m	Total £m	Land and buildings £m	Other leases £m	Total £m
Operating lease commitments falling due:						
Within one year	2.6	3.0	5.6	2.2	2.3	4.5
Between one and five years	6.7	3.5	10.2	5.1	4.1	9.2
After five years	8.7	–	8.7	9.0	–	9.0
	18.0	6.5	24.5	16.3	6.4	22.7

The group leases a number of warehouses, factory facilities and office buildings under operating leases. The leases typically run for a period of 20 to 25 years.

A number of the property leases were entered into some time ago and as such are not used for current operations. Companies within the group entered into subleases for these properties in order to recover the lease payments. During the year, £0.6m (31 December 2007: £0.3m) of rental expenses were recovered through these subleases. The subleases expire in 2014.

Future minimum sublease payments expected:

	31 Dec 2008 £m	31 Dec 2007 £m
Land and buildings		
Operating lease commitments falling due:		
Within one year	0.4	0.4
Between one and five years	1.3	1.4
After five years	0.3	0.7
	2.0	2.5

Notes to the Financial Statements

32. Contingent liabilities

Guarantees and contingencies exist in the ordinary course of business. Certain guarantees are performance related.

The group enters into certain fixed price purchasing contracts in the ordinary course of business. At year-end these amounted to £3.4m (31 December 2007: £5.1m).

33. Events after balance sheet date

The company confirmed on 5 March 2009 that it had reached an in principle agreement to sell its Pinneys of Scotland business to the Foodvest Group. Subject to satisfactory completion of the staff information and consultation exercise, it is anticipated that the sale will be completed during March 2009.

On 11 March 2009, the Board announced its intention to appoint advisors in Northern Europe and France to actively pursue opportunities to create value through consolidation, joint venture or sale. The directors expect to complete this process during 2009.

34. Related party transactions

The company has a related party relationship with its subsidiaries (these are listed in note 35). Material balances that the company has with its subsidiaries are as follows:

- Uniq (Holdings) Limited: £(172.4)m (31 December 2007: £(127.4)m),
- Nashbond Finance Limited: £1.7m (31 December 2007: £35.4m),
- Uniq Prepared Foods Limited: £42.4m (31 December 2007: £29.7m).

35. Principal subsidiaries at 31 December 2008

Subsidiary undertakings	Principal activity	Country of incorporation and principal operation
Uniq (Holdings) Limited	Investment holding company	United Kingdom
Uniq Prepared Foods Limited	Principal trading company for the UK chilled convenience food manufacture business	United Kingdom
Marie SAS	Chilled convenience food manufacture and sale	France
Uniq Deutschland GmbH	Chilled convenience food manufacture and sale	Germany
Uniq Convenience Foods Nederland BV	Chilled convenience food manufacture and sale	Netherlands
Uniq Lisner Sp.oz.o	Chilled convenience food manufacture and sale	Poland

Notes:

All subsidiary undertakings are 100% owned by the Group. Uniq (Holdings) Limited is owned by Uniq plc and the remainder are held through subsidiary undertakings. Companies incorporated in the United Kingdom are registered in England and Wales.

Other information

Five year record

	Notes	Year ended 31 Dec 2008 £m	Year ended 31 Dec 2007 £m	Nine months ended 31 Dec 2006 £m	Year ended 31 Mar 2006 £m	Year ended 31 Mar 2005 £m
Income statement						
Revenue		797.2	738.6	619.6	825.1	879.0
Operating (loss)/profit before significant items						
Continuing operations		(8.4)	(3.6)	(12.4)	13.5	28.3
Discontinued operations		–	0.6	21.1	–	–
		(8.4)	(3.0)	8.7	13.5	28.3
Net finance income/(costs)		4.4	0.8	(9.9)	(6.8)	(3.5)
Other finance (costs)/income		(1.4)	0.7	0.4	(2.1)	(2.2)
(Loss)/profit before tax and significant items		(5.4)	(1.5)	(0.8)	4.6	22.6
Significant items		(49.4)	193.3	(32.5)	(30.6)	(86.2)
Taxation		(1.4)	(6.8)	1.0	0.4	(13.4)
(Loss)/profit after tax		(56.2)	185.0	(32.3)	(25.6)	(77.0)
Capital structure						
Trading capital employed	1	174.6	188.7	221.0	274.7	277.5
Net (debt)/cash	2	(8.4)	31.6	(83.1)	(74.5)	(28.8)
Restricted cash		95.6	90.4	–	–	–
Retirement benefit obligations		(170.9)	(76.0)	(108.5)	(125.1)	(141.9)
Shareholders' funds	3	90.9	234.7	29.4	75.1	106.8
Cash flow from operating activities		(8.8)	(3.2)	(10.7)	(2.9)	33.8
Capital expenditure		27.5	25.4	16.1	40.6	31.3
Depreciation		21.5	21.7	17.9	24.4	26.6
		pence	pence	pence	pence	pence
Per ordinary share						
Basic (loss)/earnings		(49.4)	162.5	(28.4)	(22.6)	(67.8)
Adjusted (loss)/earnings	4	(6.6)	3.5	(1.2)	(0.2)	15.0
Dividends		–	2.5	5.25	7.0	6.9
Net assets	5	80	206	26	66	94
Interest and dividend cover (times)	6					
Interest cover		–	–	0.9	2.0	8.1
Dividend cover		–	1.4	–	–	2.2
		%	%	%	%	%
Ratios						
Return on trading capital employed	7	(4.8)	(1.6)	2.4	2.6	5.3
Operating profit/revenue		(1.1)	(0.4)	1.4	1.6	3.2
Net debt gearing	2	9.2	–	282.7	99.2	27.0

Notes:

- Trading capital employed is defined as net assets plus net debt and IAS 19 retirement benefit obligations.
- Net (debt) cash includes total loans and obligations under finance leases less cash at bank and short-term deposits. Net debt gearing represents net debt as a percentage of shareholders' funds.
- Shareholders' funds represent share capital and reserves.
- Adjusted (loss)/earnings per share is calculated in accordance with note 10 to the financial statements.
- Net assets per share have been calculated by dividing shareholders' funds by the number of ordinary shares in issue at the year end.
- Interest cover is based on finance costs excluding net retirement benefit funding finance costs or income relating to IAS 19; dividend cover is calculated on adjusted (loss)/earnings.
- Return on trading capital employed represents operating profit as a percentage of trading capital employed (as adjusted for the effect of the timing of major acquisitions and disposals).
- IAS 39 was adopted with effect from 1 April 2005 for which prior year comparatives have not been restated.

Independent Auditors' report to the members of Uniq plc

We have audited the financial statements of Uniq Plc for the year ended 31 December 2009 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU 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 set out on page 21, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the group's and parent company's ability to continue as a going concern, which is dependent upon a satisfactory outcome to the discussions concerning the Pension Scheme funding. This condition which is described, along with other matters explained in note 1 to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt on the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and parent company were unable to continue as a going concern.

Financial statements**Independent Auditors report****Opinion on other matters prescribed by the Companies Act 2006**

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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:

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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; or

Under the Listing Rules we are required to review:

- the directors' statement, set out on pages 32 to 33, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 27 to 33 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

R M Yasue (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor

Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

15 April 2010

Group income statement

		2009			2008		
		Before significant items £m	Significant items (note 7) £m	Total £m	Before significant items £m	Significant items (note 7) £m	Total (restated) £m
	Note						
Continuing operations							
Revenue	4	287.2	–	287.2	286.7	–	286.7
Cost of sales		(246.5)	–	(246.5)	(249.4)	–	(249.4)
Gross profit		40.7	–	40.7	37.3	–	37.3
Distribution expenses		(16.4)	–	(16.4)	(16.2)	–	(16.2)
Marketing and media expenses		–	–	–	(0.4)	–	(0.4)
Administrative expenses		(26.2)	(0.7)	(26.9)	(27.8)	2.4	(25.4)
Operating (loss)/profit	4,5	(1.9)	(0.7)	(2.6)	(7.1)	2.4	(4.7)
Expected return on pension fund assets	27	25.6	–	25.6	38.9	–	38.9
Interest on pension fund liabilities	27	(38.3)	–	(38.3)	(39.5)	–	(39.5)
Net pension interest		(12.7)	–	(12.7)	(0.6)	–	(0.6)
Finance income	8	1.5	–	1.5	7.7	–	7.7
Finance expenses	8	(4.7)	–	(4.7)	(2.5)	–	(2.5)
(Loss)/profit before tax		(17.8)	(0.7)	(18.5)	(2.5)	2.4	(0.1)
Income tax expense	9	(0.4)	–	(0.4)	(0.7)	–	(0.7)
(Loss)/profit from continuing operations		(18.2)	(0.7)	(18.9)	(3.2)	2.4	(0.8)
Discontinued operations							
Profit/(loss) from discontinued operations (net of tax)	22	10.0	(12.0)	(2.0)	(3.6)	(51.8)	(55.4)
Loss for the year	4	(8.2)	(12.7)	(20.9)	(6.8)	(49.4)	(56.2)
Loss attributable to equity holders of the company							
		(8.2)	(12.7)	(20.9)	(6.8)	(49.4)	(56.2)
Loss per ordinary share							
	10						
Basic and diluted				(18.4p)			(49.4p)
Continuing operations				(16.6p)			(0.7p)
Discontinued operations				(1.8p)			(48.7p)
Average Euro exchange rate							
				1.12			1.26

The notes on pages 48 to 87 form part of these financial statements.

Statement of comprehensive income

	2009 £m	2008 (restated) £m
Loss for the year	(20.9)	(56.2)
Other comprehensive income/(expense)		
Actuarial loss recognised on the pension schemes	(81.9)	(92.1)
Deferred tax relating to the pension schemes	–	(15.1)
Effective portion of changes in fair value of cashflow hedges	(0.1)	–
Foreign currency translation differences for foreign operations	(3.1)	24.0
Cumulative foreign exchange related to disposal of business recycled to income statement (note 21)	(1.7)	–
Net gain/(loss) on hedge of net investment in foreign operation	0.8	(4.8)
Other comprehensive expense for the year, net of tax	(86.0)	(88.0)
Total comprehensive expense for the year	(106.9)	(144.2)
Total comprehensive expense attributable to equity holders of the company	(106.9)	(144.2)

Balance sheets

	Note	Group		Company	
		2009 £m	2008 £m	2009 £m	2008 £m
Assets					
Non-current assets					
Property, plant and equipment	12	76.3	170.9	–	–
Intangible assets	13	30.5	30.5	–	–
Other debtors	18	5.4	–	–	–
Restricted cash	14	97.0	95.6	97.0	95.6
Deferred tax assets	15	13.9	18.2	–	–
Investments	16	–	–	89.5	130.8
		223.1	315.2	186.5	226.4
Current assets					
Inventories	17	11.2	57.2	–	–
Trade and other receivables	18	34.6	143.1	0.1	1.0
Cash and cash equivalents	19	17.2	18.1	12.9	6.2
Income tax assets		–	1.0	–	–
Assets classified as held for sale	20	101.6	2.4	–	–
		164.6	221.8	13.0	7.2
Total assets		387.7	537.0	199.5	233.6
Liabilities					
Non-current liabilities					
Borrowings	23	–	25.7	–	23.9
Retirement benefit obligations	27	235.1	170.9	–	–
Provisions	25	0.3	0.8	–	–
Deferred tax liabilities	15	–	8.0	–	–
		235.4	205.4	–	23.9
Current liabilities					
Borrowings	23	27.3	0.8	27.0	–
Trade and other payables	24	44.6	208.0	136.8	130.2
Derivative financial liabilities	26	0.1	–	0.1	–
Provisions	25	13.0	22.9	–	–
Income tax liabilities		8.7	9.0	–	–
Liabilities associated with assets classified as held for sale	20	73.8	–	–	–
		167.5	240.7	163.9	130.2
Total liabilities		402.9	446.1	163.9	154.1
Total assets less liabilities		(15.2)	90.9	35.6	79.5
Equity					
Total called up share capital	28	11.5	11.5	11.5	11.5
Share premium		0.1	0.1	0.1	0.1
Other reserves		(300.2)	(296.1)	(0.1)	–
Retained earnings		273.4	375.4	24.1	67.9
Total equity attributable to equity holders of the company	29	(15.2)	90.9	35.6	79.5
Closing Euro exchange rate					
		1.11	1.04		

The financial statements were approved by the board of directors on 15 April 2010 and signed on its behalf by:
Geoff Eaton, Chief Executive
Martin Beer, Finance Director

The notes on pages 48 to 87 form part of these financial statements.

Statement of changes in equity

Group	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total £m
Changes in equity for 2008							
At 1 January 2008	11.5	0.1	(330.2)	–	14.9	538.4	234.7
Total comprehensive income/(expense) for the year	–	–	–	–	19.2	(163.4)	(144.2)
Share-based compensation charge	–	–	–	–	–	0.4	0.4
At 31 December 2008	11.5	0.1	(330.2)	–	34.1	375.4	90.9
Changes in equity for 2009							
Total comprehensive expense for the year	–	–	–	(0.1)	(4.0)	(102.8)	(106.9)
Share-based compensation charge	–	–	–	–	–	0.8	0.8
At 31 December 2009	11.5	0.1	(330.2)	(0.1)	30.1	273.4	(15.2)

Company	Share capital £m	Share premium £m	Hedging reserve £m	Retained earnings £m	Total £m
Changes in equity for 2008					
At 1 January 2008	11.5	0.1	–	161.3	172.9
Total comprehensive expense for the year					
Loss for the year	–	–	–	(93.4)	(93.4)
At 31 December 2008	11.5	0.1	–	67.9	79.5
Changes in equity for 2009					
Total comprehensive expense for the year					
Loss for the year	–	–	–	(44.1)	(44.1)
Effective portion of changes in fair value of cashflow hedges	–	–	(0.1)	–	(0.1)
Share-based compensation charge	–	–	–	0.3	0.3
At 31 December 2009	11.5	0.1	(0.1)	24.1	35.6

Further details on the statement of changes in equity are disclosed in note 29.

Cash flow statements

	Note	Group		Company	
		2009 £m	2008 £m	2009 £m	2008 £m
Cash flows from operating activities					
Loss for the year		(20.9)	(56.2)	(44.1)	(93.4)
Income tax expense		1.7	1.4	0.6	0.5
Net finance expense/(income)		17.9	(3.0)	2.2	(5.5)
Depreciation and amortisation		11.2	21.5	–	–
Goodwill impairment		–	18.2	–	–
Asset impairment		7.6	49.9	41.3	94.4
Reversal of asset impairment		(1.7)	(27.9)	–	–
Charge for share-based payments		0.5	0.3	–	–
Loss/(profit) on disposal of property, plant and equipment		0.9	(0.1)	–	–
Loss on disposal of intangible assets – software		0.2	–	–	–
Loss on disposal of businesses		2.0	–	–	–
Gains on curtailment and settlements on pensions		(5.7)	(3.1)	–	–
Difference between pension charge and cash contribution		(5.1)	(1.8)	–	–
Decrease in inventory		3.8	3.5	–	–
Decrease/(increase) in accounts receivable		8.9	18.1	0.8	(1.0)
(Decrease)/increase in accounts payable		(35.3)	(25.9)	6.5	63.1
(Increase)/Decrease in working capital		(22.6)	(4.3)	7.3	62.1
Decrease in provisions		(16.4)	(3.7)	–	–
Cash (utilised by)/generated from operations		(30.4)	(8.8)	7.3	58.1
Interest paid		(3.5)	(1.2)	(2.8)	(0.8)
Interest received		1.6	6.1	1.5	6.4
Income tax received/(paid)		1.3	(4.1)	–	–
Net cash (utilised by)/generated from operating activities		(31.0)	(8.0)	6.0	63.7
Cash flows from investing activities					
Disposal of businesses, net of cash disposed of	21	57.1	–	–	–
Purchases of property, plant and equipment		(18.6)	(27.5)	–	–
Proceeds from sale of property, plant and equipment		–	0.4	–	–
Purchases of intangible assets		(0.3)	(1.1)	–	–
Net cash inflow/(outflow) from investing activities		38.2	(28.2)	–	–
Cash flows from financing activities					
Proceeds from borrowings		4.4	24.5	3.2	23.9
Payment of transaction costs for related borrowings		(1.2)	–	–	–
Payment of finance lease		(1.5)	–	–	–
Cash included in restricted cash	14	(1.4)	(5.2)	(1.4)	(95.6)
Net cash inflow/(outflow) from financing activities		0.3	19.3	1.8	(71.7)
Net increase/(decrease) in cash and cash equivalents		7.5	(16.9)	7.8	(8.0)
Cash and cash equivalents at beginning of year		17.9	33.6	6.2	14.2
Effect of foreign exchange rate changes		(1.5)	1.2	(1.1)	–
Cash and cash equivalents at end of year		23.9	17.9	12.9	6.2
Cash and cash equivalents consist of:					
Cash at bank and in hand – continuing	19	17.2	18.1	12.9	6.2
Bank overdrafts – continuing	23	(0.3)	(0.2)	–	–
Cash at bank and in hand – held for sale	20	7.0	–	–	–
		23.9	17.9	12.9	6.2

The notes on pages 48 to 87 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

Accounting convention and basis of preparation

Basis of preparation – Going concern

The group's business activities, together with further information on the factors likely to affect its future development, performance and position are set out in the Business Review on pages 8 to 15. The financial position of the group, its cash flow, liquidity position and borrowing facilities are described in the Financial Review on pages 16 to 19. In addition notes 3 and 26 to the financial statements include the group's policies and procedures for managing its capital, its financial risk, its financial instruments and its exposure to credit and liquidity risk.

The financial statements are prepared on a going concern basis, notwithstanding net liabilities of £15.2m as at 31 December 2009 and the group's operating loss on continuing operations, before significant items, of £1.9m and a loss of £20.9m, after £12.7m of significant items, for the year then ended. The directors believe this to be appropriate for the following reasons.

The Company and the group currently meet their day to day working capital requirements and medium term funding requirements through a £35m multi-currency revolving facility agreement ('the Facility'). The Facility expires on 31 December 2010. The Company has agreed that it is its intention to consult with the trustee of the main UK pension fund (the "Trustee") in reasonable detail and from time to time regarding any proposed arrangements to repay, to extend or refinance the Facility when it matures on 31 December 2010. The Trustee cannot however prevent the Company repaying the Facility at maturity. As at the date of authorisation of these financial statements, the terms of the Facility, including covenants, were met.

Following receipt of the proceeds of sale of the German and Polish businesses due in April 2010 the group will also have available net disposal proceeds of £42m. Under an agreement with the Trustee, these have to be held in a restricted account until 30 June 2010. Together with the Facility these funds constitute "the Available Funds".

The directors have prepared trading and cash flow forecasts based on existing creditor and debtor terms for a period in excess of a year from the date of approval of these financial statements. In the directors' judgement, the key factors in these forecasts are that: trading relationships with key customers are maintained; sales growth is secured and delivered; pension contributions are as agreed with the Trustee in the plan proposed to the Pensions Regulator; and planned cost savings are achieved. The forecasts include that, after consultation with the Trustee, the net disposal proceeds from the sale of the Continental European businesses will be used to repay the Facility and show that after reasonably possible downside sensitivities are applied and mitigating factors (principally the group's ability to reduce discretionary spend such as capital expenditure) are taken into account the Available Funds are sufficient for the foreseeable future, the covenants of the Facility are not breached, there are no events of default for the duration of the Facility, the Facility will be repaid and, unless acquisitions are made as described below, the group can operate without a replacement facility. As at the date of authorisation of these financial statements the group does not have external finance in place after the expiry of the Facility on 31 December 2010.

After extensive consultation, the Company and the Trustee have agreed in principle a valuation of the Pension Scheme and a recovery plan setting out the basis for contributions to be made to the Scheme. The recovery plan is linked to a long-term framework agreement which requires clearance from the Pensions Regulator (the 'Business as Usual' solution) and relies on the satisfactory resolution of the scale and funding of the Pension Protection Fund (PPF) Levy. Information has recently been provided to the Pensions Regulator to seek this clearance. The Trustee has confirmed its intention to continue to work with the Company in a constructive manner to support the Company's and Trustees' desire to achieve a Business as Usual solution to funding the deficit of the Scheme through a recovery plan agreed between the Trustee, the Company and, to the extent necessary, the Pensions Regulator. The directors

Financial statements

Notes to the financial statements

anticipate that further funding, either from existing shareholders or external finance, may be required to enable the group to make the acquisitions envisaged, but not required, under a Business as Usual solution.

If a Business as Usual solution which satisfies regulatory requirements cannot be found, then the Trustee has confirmed its intention to consider in good faith with the Company business and asset realisation options for the group, proposed as and when appropriate by the Company which are anticipated to preserve the value of the trading businesses to achieve a better outcome for the Pension Scheme as the group's major creditor than would be achieved by triggering a winding up of the Scheme.

If this in turn does not provide an agreed solution then the Trustee may use its power under the trust deed governing the Pension Scheme to wind up the Pension Scheme if it receives actuarial advice that the current and reasonably expected future employer contributions are "so low as to prejudice seriously the long term financial position of the Pension Scheme". The consequence of this would be to trigger an immediate debt under section 75 of the UK Pensions Act 1995 equal to the full buy-out deficit in the Pension Scheme – estimated as at 31 December 2009 to be around £560m, for which the company has immediately available £97.0m in a secured account for payment into the scheme/to the trustees – which in turn would lead to the winding-up of the Company and the group no longer being a going concern and the dissolution of the group.

The directors of the group have reviewed the forecasts, together with the sensitivities and mitigating factors in the context of the Available Funds, and reviewed the pension situation. They expect that the group will be able to meet its liabilities as they fall due, provided that the Trustee does not take steps to wind up the Pension Scheme and relies on the satisfactory resolution of the scale and funding of the PPF Levy. Whilst the going concern basis of preparation therefore remains appropriate, the requirement to put in place an agreed recovery plan concerning pension funding, including to obtain the agreement of the Pensions Regulator to the plan, and the ability of the Trustee to wind up the Pension Scheme in the event of an agreed solution not being found represents a material uncertainty that may cast significant doubt upon the group's and the Company's

ability to continue as a going concern. The group and Company therefore may be unable to continue realising their assets and discharging their liabilities in the normal course of business. Nevertheless, after considering the uncertainties described above, the directors have a reasonable expectation that the group and Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements.

Uniq plc is a company incorporated in the UK. The group financial statements consolidate those of the company and its subsidiaries (together referred to as the group). The parent company financial statements present information about the company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS). In publishing the parent company financial statements here together with the group financial statements, the company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements are prepared on the historical cost basis except for certain financial instruments that are stated at their fair values.

These consolidated financial statements have been prepared in accordance with IFRS, International Accounting Standards (IAS) and related IFRIC interpretations in issue, that have been endorsed by the European Commission and are effective at 31 December 2009, or where the group has chosen to early adopt at 31 December 2009 ('adopted IFRS').

New accounting policies and future requirements

The following standards or interpretations, issued by the IASB or the IFRIC came into effect during the year and have been adopted by the group:

- IFRS 8 – Operating Segments
- Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation
- Amendment to IFRS 2 Share Based Payment: Vesting Conditions and Cancellations

Financial statements

Notes to the financial statements

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- Amendment to IFRS 7 improving disclosures about financial instruments; and
- Improvements to IFRSs in May 2008.

The standards listed above did not have a significant effect on the consolidated results or financial position of the group or the company. IFRS 8, Amendment to IAS 1 and Amendments to IFRS7 have resulted in new disclosures.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for the year ended 31 December 2009, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of the group apart from possible additional disclosures.

Financial year

The financial statements are prepared to reflect trading up to the Saturday nearest to the accounting reference date. This year's income statement covers the 52-week period ended 26 December 2009. Last year's income statement covered the 52-weeks ended 27 December 2008.

Consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Foreign currency translation

The consolidated financial statements are presented in pounds sterling, which is the group's and the company's presentation currency.

Foreign currency transactions are translated into the respective functional currency of group entities (the currency of the primary economic environment in which an entity operates) using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity. Since the group's date of transition to adopted IFRS, exchange differences arising on the translation of foreign operations have been recognised directly in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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.

Financial statements

Notes to the financial statements

Significant items

Significant items are those items of financial performance which, because of size or incidence, require separate disclosure to enable underlying trading performance to be assessed.

Revenue recognition

Revenue represents the value of sales to customers outside the group net of discounts, allowances, volume and promotional rebates and other payments to customers and excludes value-added tax. Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivable is reasonably assured.

Finance charges

Finance charges include the following:

- exchange differences arising on monetary items and all fair value gains and losses on derivative financial instruments and corresponding adjustments to hedged items under designated fair value hedging relationships;
- amortisation of finance arrangement fees;
- discounting on long term balance sheet items;
- interest payable/receivable on cash and cash equivalents and borrowings; and
- IAS 19 pension finance costs comprising the expected return on pension fund assets less the interest on pension fund liabilities.

Property, plant and equipment

All property, plant and equipment is shown at cost, less subsequent depreciation and applicable impairment, except for land, which is shown at cost less impairment. Except for Tooling, depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

- Buildings up to 50 years
- Plant and machinery up to 10 years
- Equipment and motor vehicles up to 6 years
- Land is not depreciated.

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Tooling is depreciated over the expected life of supply either by including a proportion of the cost against each item supplied or allocating the cost evenly over the anticipated life of supply. Where the Tooling ceases to be used, the remaining cost is charged in full to the income statement.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill arising on acquisitions prior to 31 March 2004 has been retained at the previous UK GAAP amounts subject to being tested for impairment. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated.

Research and development

Research expenditure is recognised as an expense as incurred. Cost incurred on development projects are recognised as intangible assets when it meets the recognition criteria of IAS 38 Intangible Assets. Development costs that have a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit (not exceeding five years). Costs incurred on creating new recipes and products are not recognised as intangible asset as they do not meet the identification and recognition criteria in IAS38 for an intangible asset. Such costs are expensed as incurred.

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software and amortised using the straight-line method over their estimated useful lives (three to five years). Computer software development costs that are directly associated with the implementation of major business systems are recognised as intangible assets and are amortised using the straight-line method over their estimated useful lives.

Impairment of assets

Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite

Financial statements

Notes to the financial statements

useful life or are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount being the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in the profit or loss statement.

Leases

Leases are classified as finance leases where substantially all the risks and rewards of ownership are transferred to the group. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Assets acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Inventories

Inventories are stated at the lower of cost, including attributable overhead expenditure, and net realisable value. Cost is determined using the first-in-first-out (FIFO) method.

Taxation

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. The group's liability for current tax is calculated using rates that have been enacted or substantively enacted at the balance sheet date. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is

Financial statements

Notes to the financial statements

not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled.

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 profit will be available to allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are recognised for all deductible temporary differences except in respect of deductible temporary differences associated with investments in subsidiaries in which case deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Share-based compensation

In terms of IFRS 2 Share-based Payments, an expense is not recognised in respect of equity-settled share options granted before 7 November 2002 and vested before 1 January 2005. The shares are recognised when the options are exercised and the proceeds received are allocated to reserves.

The group operates an equity-settled share-based compensation plan whereby the company grants share based payments to the employees of its subsidiary companies. The fair value of the options granted under this plan are calculated using a Monte Carlo simulation model, which takes into account the probability of meeting the market based vesting conditions. The total amount to be expensed over the vesting period is determined by reference to the options granted and the estimated number of options expected to vest after adjusting for lapses due to leavers during the vesting period and achievement of any non-market based vesting conditions. At each balance sheet date prior to vesting of the relevant awards the group revises the estimates of the number of options that are expected to vest after adjusting for expected leavers and estimated achievement of non-market based vesting conditions. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity.

When a share-based payment arrangement contains a non-vesting condition, the fair value is discounted to reflect such a condition and there is no true-up for differences between expected and actual outcomes.

In addition, one of the group companies also operated a cash-settled share-based compensation plan. For cash-settled share-based compensation plans, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date. The liability is re-measured at each reporting date and at settlement date. Any change in the fair value of the liability is recognised as payroll costs in the income statement.

A deferred tax asset is calculated for outstanding share options based on the current share price at the end of each year, and the relative exercise price. The deferred tax asset is only recognised in the income statement for each share option scheme to the extent that a share based payment expense has been charged in the income statement for that scheme. The remaining deferred tax asset calculated is recognised directly in equity.

Dividend distribution

Dividends to shareholders of Uniq plc are recognised as a liability in the period that they are approved by the shareholders.

Grants

Grants relating to assets are initially set up as deferred income. It is then recognised as income on a systematic basis over the useful life of the related depreciable assets. A government grant is not recognised until there is a reasonable assurance that it will be received and that the group will comply with the conditions associated with the grant.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits would be required to settle the obligation. A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and announced its main provisions. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current

Financial statements

Notes to the financial statements

market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Retirement benefit obligations

The group's companies operate or contribute to various different types of pension schemes. These include both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and pay at or close to the time of retirement.

Actuarial gains and losses are recognised in full in the period in which they occur. As permitted by the standard, actuarial gains and losses are recognised outside profit or loss and presented in the statement of recognised income and expense. The liability recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The discount rate is set by reference to yields on high quality sterling corporate bonds, which is taken to be AA-rated for IAS19 purposes, taking into account the duration of the Scheme's liabilities. The cost of providing benefits is determined using the Projected Unit Credit Method.

Past-service cost is recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service cost is amortised on a straight-line basis over the vesting period.

When the actuarial calculation results in a benefit to the group the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan within the group. An economic benefit is available to the group if it is realisable during the life of the plan or on settlement of the plan liabilities.

For defined contribution plans, the group pays contributions to company administered or third party pension plans on a contractual basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Discontinued operations

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Segment reporting

The group determines and presents operating segments based on the information internally provided to the CEO, the chief operating decision maker for the purposes of making strategic decisions and monitoring of segment performance, which conforms to the requirements of IFRS8, Operating Segments. The group's primary format for segment reporting is its business products, namely Desserts and Food to Go.

Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8. Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters), the UK retirement benefit obligation, head office expenses, cash, borrowings and income tax assets and liabilities.

Segment capital expenditure is the total costs incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted

Financial statements

Notes to the financial statements

cash, loans and borrowings and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are carried at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits excluding bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statements.

Restricted cash comprises an amount which was placed into a secure account in favour of the UK pension fund.

Derivative financial instruments

The group uses various derivative financial instruments to manage exposure to foreign exchange risks. These include forward currency contracts and currency swaps. The group also uses interest rate swaps to manage interest rate exposures. The group does not use derivative financial instruments for speculative trading purposes.

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The accounting treatment of derivatives classified as hedging instruments depends on their designation, which occurs on the date that the derivative contract is committed to. The group designates derivatives as:

- a hedge of the exposure to variability in cashflows that are attributable to a particular risk associated with a recognised asset or liability or of a highly probable forecasted transaction or the foreign exchange risk of a firm commitment which could affect the profit or loss ('cash flow hedge'); and
- a hedge of a net investment in a foreign entity or operation ("Net investment hedge").

Cash flow hedge

Where a derivative financial instrument is designated as a cash flow hedge of a recognised asset or liability, or a highly probable forecasted transaction, any gain or loss on the derivative financial instrument is recognised directly in equity to the extent it is effective. The cumulative gain or loss is removed from equity and

recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

Net investment hedge

Where the group hedges net investments in foreign entities through currency borrowing, the gains or losses on the retranslation of the borrowings (up to the opening net investment) are recognised in equity. If the group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in equity with any ineffective portion being recognised in the income statement. Gains and losses accumulated in equity are recycled through the income statement on disposal of the foreign entity.

Discontinued hedge accounting

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting or the group revokes designation of the hedging relationship. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the highly probable forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period.

Forward exchange contracts

Forward exchange contracts ("FX contracts") which hedge currency assets and liabilities are recognised in the financial statements together with the assets and liabilities that they hedge. Both realised and unrealised gains and losses on FX contracts which hedge future sales and purchases are recognised in the income statement. Gains and losses on financial instruments that are not related to the group's hedging activities are recognised as finance income or expense.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect.

Financial statements

Notes to the financial statements

2. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that could 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.

Retirement benefit obligations

A number of accounting estimates and judgements are incorporated within the provision for post retirement obligations. These are described in more detail in note 27.

Share-based payments

Note (29) – measurement of share based payments.

Goodwill

Note (13) – measurement of the recoverable amounts of the cash generating units (CGUs) containing goodwill.

Provisions

Note (25) – provisions.

Contingent Liabilities

Note (32) – Contingent liabilities.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. Significant judgement is required in determining the group's tax assets and liabilities. Deferred tax assets have been recognised to the extent they are recoverable based on profit projections for future years approved by senior management. Income tax liabilities for anticipated issues have been recognised based on estimates on whether additional tax will be due. Notwithstanding the above, the group believes that it will fully recover all tax assets and has adequate tax provisions to cover all risks across all business operations.

3. Financial risk management

Overview

The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the group's exposure to each of the above risks and the group's policies and processes for measuring and managing these risks. The risks are managed centrally following board approved policies. The group operates a centralised treasury function in accordance with board

approved policies and guidelines covering funding and management of foreign exchange exposure and interest rate risk. Transactions entered into by the treasury function are required to be in support of, or as a consequence of, underlying commercial transactions.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps and forward rate agreements. Objectives for the mix between fixed and floating rate borrowings are established by the board so as to seek to reduce the impact of adverse variations in interest rates on the group's profit and cash flow.

The group does not engage in holding speculative financial instruments or their derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. An embedded risk management process is in place, which seeks to identify the most significant risks facing each business and the group, and reports on how those risks are being managed. This process requires the business units to produce risk registers identifying and evaluating significant risks which may affect their business and to consider what action can and should reasonably and cost effectively be taken to reduce them to an acceptable level. The process culminates in the production of a group risk register including a review of significant central risks. This register is reviewed and maintained on an ongoing basis. The group audit committee reviews the risk review procedure carried out by the group with the aim of ensuring that, where possible and appropriate to do so in the context of the business, reasonable steps are taken by the group to mitigate such risks.

Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The majority of the group's customers are large, established retail organisations with good credit records and thus have a lower risk of default. Most of them have been transacting

Financial statements

Notes to the financial statements

with the group for a number of years. The group assigns credit limits to its customers based on a review of external credit ratings. The group's policy is to provide for bad debts based on the specific circumstances of each debtor.

Approximately 54% (2008: 54%) of the group's revenue is attributable to sales transactions with a single customer. This customer pays between 14 and 21 days thus the group has a reduced concentration of credit risk.

Cash and cash equivalents

The group limits its exposure to credit risk by only using banks with a credit rating of at least Aa3 from Moody's and A+ from Standard and Poor's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Guarantees

The group's policy is to provide financial guarantees only to wholly owned subsidiaries.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach is to monitor cash flow forecasts on a weekly basis to ensure that it has sufficient liquidity to meet its liabilities when they become due. The group also maintains the following line of credit:

- £35m revolving credit facility that matures on 31 December 2010. Interest is charged at LIBOR plus 4%; and
- £5m overdraft facility

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Currency risk

The group is exposed to foreign currency on sales, purchases, borrowings and the translation of earnings in a currency other than the functional currency of the business unit. Exposures are primarily to the Euro and Polish Zloty. Contracted transactional exposures are fully hedged at the point in time when they become contracted. Forecast transactional exposures are reviewed and hedged on a case by case basis. Hedging is achieved using forward foreign exchange contracts.

Due to the group's investment in both UK and European operations, it operates a policy of maintaining liabilities split between these two currencies.

In the event of the group drawing down on the banking facility, the ratio of Sterling: Euro liabilities mirror the Sterling: Euro split of trading capital employed.

Interest rate risk

The group's objective is to minimise the impact of interest rate volatility on interest cost to protect earnings. This is achieved by reviewing both the amount of floating rate indebtedness over a certain period of time and its sensitivity to interest rate fluctuations. From time to time, the group may take out interest rate swaps in order to mitigate the group's exposure to interest rates on floating debt. However, during the year, as part of the group's strategy, some of the net proceeds from various disposals of businesses transactions were used to repay part of its facility loans. Therefore, the group believes that the exposure to interest rate risk was minimal.

Other market price risk

Equity price risk arises from available-for-sale equity securities held for meeting partially the unfunded portion of the group's defined benefit pension obligations. The group's pension Trustees are responsible for setting investment principles in place. The funds are predominantly held in equity investments, bonds and/or gilts in such proportions as the Trustees, guided by the investment advisors, consider appropriate from time to time.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on trading capital employed ("ROTCE") for each operating division as well as for the group. ROTCE represents operating profit before significant items as a percentage of trading capital employed (as adjusted for the effect of the timing of major acquisitions and disposals). As part of the agreement on scheme specific funding, the group agreed to obtain trustee approval if it wishes to borrow secured funds greater than £25m or sell any businesses greater than £25m. There were no changes to the group's approach to capital management during the year.

Financial statements

Notes to the financial statements

4. Segment analysis

In 2008, the primary segment reporting format was determined to be the geographical segments under IAS 14 'Segment Reporting'. However, following the sale of the continental businesses, information regularly reported to the group's management for the purposes of making strategic decisions and monitoring of segment performance is based on product groupings. The group's reportable segments under the new IFRS 8 'Reporting Segments' are Desserts and Food To Go.

Desserts segment operates from two sites – Minsterley and Evercreech producing trifles, twinpot desserts, yoghurts and cottage cheese. Although these are two operating segments they have been aggregated under Desserts segment as they met the aggregation criteria under IFRS8. Food To Go segment operates from two sites – Northampton and Spalding producing sandwiches, wraps, cafe hot food, sandwich fillers and dressed salads. Although these are two operating segments they have been aggregated under Food To Go segment as they met the aggregation criteria under IFRS 8.

The main discontinued businesses in the year were reported as separate primary segments under IAS 14 last year. These were Northern Europe and France and are treated as segments in the discontinued operations under IFRS8. The discontinued Pinneys business was reported within United Kingdom under IAS14. Under IFRS 8 this would have been a separate segment due to the product line. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 22. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

4.1 Segment revenue and results

	Segment revenue		Segment result before significant items	
	2009 £m	2008 (restated) £m	2009 £m	2008 (restated) £m
Desserts	150.3	152.5	(2.9)	(8.2)
Food to Go	136.9	134.2	7.3	6.9
Reportable segments	287.2	286.7	4.4	(1.3)
Corporate expenses (unallocated)			(6.3)	(5.8)
Operating loss before significant items			(1.9)	(7.1)
Significant items			(0.7)	2.4
Operating loss after significant items			(2.6)	(4.7)
Net finance (expense)/income			(15.9)	4.6
Loss before tax			(18.5)	(0.1)
Income tax expense			(0.4)	(0.7)
Loss from continuing operations			(18.9)	(0.8)
Loss from discontinued operations (net of tax) (note 22)			(2.0)	(55.4)
Loss for the year			(20.9)	(56.2)

Financial statements

Notes to the financial statements

Revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in the year (2008: £nil). The total of the reportable segments' revenue equates to the group's revenue of its continuing operations.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment results represent the results earned by each segment without allocation of significant items, corporate costs, finance costs and income tax expense. This is the measure reported to the management as they believe that it is the most relevant in evaluating the performance of the above segments and for the purpose of resource allocation.

4.2 Other segment information

	Assets		Liabilities		Depreciation and amortisation		Capital expenditure (including software)	
	2009	2008 (restated)	2009	2008 (restated)	2009	2008 (restated)	2009	2008 (restated)
	£m	£m	£m	£m	£m	£m	£m	£m
Desserts	76.6	70.9	20.7	27.5	5.1	4.5	9.2	7.0
Food to Go	67.7	65.7	17.2	13.8	3.6	2.8	2.6	5.6
Reportable segments	144.3	136.6	37.9	41.3	8.7	7.3	11.8	12.6
Corporate (unallocated)	141.8	135.5	291.2	221.5	0.3	0.9	0.1	0.1
Amounts related to discontinued operations (note 22)	101.6	264.9	73.8	183.3	2.2	13.3	6.4	14.8
Consolidated	387.7	537.0	402.9	446.1	11.2	21.5	18.3	27.5

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets and liabilities are allocated to reportable segments other than those included in corporate (unallocated) and classified as discontinued operations. Goodwill is allocated to Food To Go segment as described in note 13.
- Assets in corporate (unallocated) include cash, restricted cash and tax assets. Liabilities in corporate (unallocated) include borrowings, tax liabilities and the UK pension liability. The majority of the UK pension scheme's members are past employees and not related to the reportable segments.

In addition to the depreciation and amortisation reported above, impairment charges and reversal attributable to the reportable segments and discontinued operations are shown below:

	Asset impairment/ (reversal)	Goodwill	Total	Asset impairment/ (reversal)	Goodwill	Total
	2009	2009	2009	2008	2008	2008
	£m	£m	£m	£m	£m	£m
Desserts	(1.7)	–	(1.7)	(11.5)	–	(11.5)
Amounts related to discontinued operations	7.6	–	7.6	33.5	18.2	51.7
	5.9	–	5.9	22.0	18.2	40.2

4.3 Revenue from major product groupings

Revenues from customers for major product groupings are the same as those reported under the reportable segments.

Financial statements

Notes to the financial statements

4.4 Geographical information

During the year, the group operated in three principal geographical areas – United Kingdom (country of domicile), Northern Europe and France. Northern Europe comprised of Germany, Poland and the Netherlands.

The group's continuing operations revenue from external customers and its assets and liabilities are all based in United Kingdom. The group's discontinued operations revenue from external customers are in United Kingdom (Pinneys), Northern Europe and France; and its assets and liabilities held for sale are reported in note 20 under IFRS 5.

Revenues from one customer of both the Food To Go and Desserts segments represents approximately £153.8m (2008: £155.1m) of the group's total continuing revenues. Revenues from another customer within the Desserts business represents approximately £29.0m (2008: £27.9m) of the group's total continuing revenues.

5. Expenses and auditors' remuneration

	2009			2008		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total (restated) £m
The group's results include charges for:						
Depreciation and amortisation	9.0	2.2	11.2	8.2	13.3	21.5
Asset impairment	–	–	–	16.3	33.6	49.9
Asset impairment related to assets held for sale	–	7.6	7.6	–	–	–
Reversal of asset impairment	(1.7)	–	(1.7)	(27.9)	–	(27.9)
Goodwill impairment	–	–	–	–	18.2	18.2
Operating lease rental payments:						
– plant and machinery	0.7	2.8	3.5	0.8	3.3	4.1
– other	0.9	1.1	2.0	1.0	1.4	2.4
Research and development	1.4	–	1.4	1.6	0.2	1.8
Inventory written down to net realisable value	1.2	1.4	2.6	1.8	2.1	3.9
Reversal of inventory written down to net realisable value	(0.2)	(0.2)	(0.4)	–	(0.3)	(0.3)
	2009			2008		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total (restated) £m
Auditors' remuneration						
Audit of these financial statements	0.3	–	0.3	0.2	–	0.2
Audit of the financial statements of subsidiaries pursuant to legislation	0.1	0.3	0.4	0.1	0.2	0.3
Services relating to corporate debt refinancing	–	–	–	0.2	–	0.2
Other	0.5	–	0.5	–	–	–
	0.9	0.3	1.2	0.5	0.2	0.7

Financial statements
Notes to the financial statements

6. Directors and employees

Directors' emoluments and share interests are given in the remuneration report on pages 38 to 40.

	2009			2008		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total (restated) £m
Aggregate payroll costs						
Wages and Salaries	54.8	76.5	131.3	56.2	94.2	150.4
Social security costs	4.9	17.2	22.1	5.2	17.8	23.0
Pension costs – defined benefit schemes	1.1	0.3	1.4	2.4	0.4	2.8
Pension costs – defined contribution schemes	0.6	1.2	1.8	0.6	4.1	4.7
Share based payments charge	0.5	–	0.5	0.4	(0.1)	0.3
	61.9	95.2	157.1	64.8	116.4	181.2

	2009			2008		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total (restated)
Employee numbers						
Average:						
Full time	2,257	3,729	5,986	2,337	3,879	6,216
Part time	68	141	209	70	167	237
	2,325	3,870	6,195	2,407	4,046	6,453
At period end	2,202	3,741	5,943	2,260	4,090	6,350

7. Significant items

	Note	2009 £m	2008 (restated) £m
Restructuring costs – UK operations		(6.3)	(8.7)
– Group		(0.8)	–
Curtailment gain – pensions		4.7	–
Asset impairment		–	(16.4)
Reversal of asset impairment		1.7	27.9
Other costs		–	(0.4)
Continuing operations		(0.7)	2.4
Discontinued operations (net of tax)	22	(12.0)	(51.8)
		(12.7)	(49.4)

Restructuring costs – UK Operations

This relates to restructuring of the Desserts operations including the transfer of operations from Paignton to Minsterley and the closure of Paignton production facility. In 2008 this related to the same transfer operations and other restructuring costs across operations in the UK.

Restructuring costs – Group

This includes costs relating to the reduction of group operations as part of the disposals of European operations and also costs of a significant nature in relation to the management of the group's pension fund.

Financial statements**Notes to the financial statements****Curtailment gain – pensions**

From October 2009, the defined benefit pension fund was closed to further accrual resulting in a curtailment gain for the group.

Asset impairment

In 2008 the asset impairment charge related to Paignton was based on value in use recoverable amount.

Reversal of asset impairment

In 2009 this relates to assets from Paignton which had been impaired in 2008, but which have subsequently been transferred and used in operations at the Minsterley site and also a reversal of impairment of the land and buildings at Paignton which are held for sale at year end. The transferred assets recoverable amount is determined through value in use and the land and buildings through fair value less costs to sell. In 2008 the impairment reversal related to the Minsterley site.

Other costs

In 2008 the charge of £0.4m includes costs associated with the OFT investigation.

8. Finance income and expenses

	2009 £m	2008 (restated) £m
Finance income		
Interest on bank balances	0.1	0.8
Interest on restricted cash	1.4	5.0
Net foreign exchange gains	–	1.9
	1.5	7.7
Finance expense		
Interest on bank loans	(2.5)	(1.3)
Interest on finance leases	–	(0.1)
Discount on long term provisions	–	(1.0)
Net foreign exchange losses	(1.2)	–
Amortisation of finance arrangement costs	(1.0)	(0.1)
	(4.7)	(2.5)
Net finance (expense)/income – continuing operations	(3.2)	5.2

9. Income tax

The tax charge on the loss before significant items for continuing operations is £0.4m (2008: £0.7m).

	2009 £m	2008 (restated) £m
Overseas tax	(0.4)	(0.7)
Deferred tax		
– charge for temporary differences on pension costs	–	(0.1)
– other temporary differences	–	0.1
Tax on continuing operations	(0.4)	(0.7)
Tax on discontinued operations (note 22)	(1.3)	(0.7)
	(1.7)	(1.4)

The group has used tax losses to reduce tax payments in respect of the current and prior years.

Financial statements

Notes to the financial statements

A reconciliation of the current tax charge to the 28% (2008 : 28%) standard rate in the UK is shown below:

	2009 £m	2008 (restated) £m
Loss before tax	(18.5)	(0.1)
Tax credit at UK corporation tax rate of 28% (2008: 28%)	5.2	–
Actual tax charge	(0.4)	(0.7)
Difference	5.6	0.7
Explained by:		
Reversal of asset impairment	(0.5)	–
Tax losses including capital allowances not recognised	6.0	0.7
Permanent items	0.1	–
Total	5.6	0.7

10. Earnings per share ("EPS")

Basic and diluted EPS

Basic EPS is calculated on the basis of the weighted average of 113.9m (2008: 113.9m) ordinary shares in issue and a loss for the year of £20.9m (2008: loss of £56.2m). Basic loss per share for discontinued operations is calculated on a loss for the year of £2.0m (2008: £55.4m). At year end there are no potential ordinary shares that have a dilutive effect on continuing and discontinued operations.

Potential ordinary shares which may dilute EPS in the future include share options, warrants and performance incentive plan shares granted by the company. They have not been included in the calculation of dilutive EPS as they were anti-dilutive for the current period.

Adjusted EPS

Adjusted loss per share is shown by reference to (loss)/profit before significant items and related tax. It also excludes exchange gains and losses on non-permanent intercompany loans. Adjusted loss per share is presented as the directors consider that this gives valuable additional information about the continuing earnings performance of the group and is calculated as follows:

	2009 £m	2008 (restated) £m
Adjusted basic and diluted EPS of the group		
Loss for the year	(20.9)	(56.2)
Significant items on continuing operations	0.7	(2.4)
Significant items on discontinued operations	9.7	51.8
Exchange gains on non-permanent intercompany loans	–	(0.7)
Adjusted total	(10.5)	(7.5)
Related tax	2.3	–
Adjusted loss	(8.2)	(7.5)
	Pence per share	Pence per share
Adjusted basic and diluted EPS of the group	(7.2)	(6.6)

11. Dividends

No dividends were paid nor declared during 2009 (2008: £nil).

Financial statements

Notes to the financial statements

12. Property, plant and equipment

	2009				2008			
	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Total £m	Land and buildings (restated) £m	Plant and equipment (restated) £m	Assets under construction (restated) £m	Total £m
Cost								
Opening balance	121.5	348.6	9.6	479.7	108.1	302.7	5.5	416.3
Additions	0.5	5.9	11.6	18.0	0.7	13.5	12.2	26.4
Transfers from assets under construction	4.4	13.4	(17.8)	–	0.7	7.4	(8.1)	–
Disposals	(0.6)	(17.8)	–	(18.4)	(0.6)	(3.3)	–	(3.9)
Disposal of businesses (note 21)	(76.0)	(142.6)	–	(218.6)	–	–	–	–
Transfer to assets held for sale (note 20)	(54.1)	(45.4)	–	(99.5)	–	–	–	–
Reclassification	46.0	(51.3)	–	(5.3)	–	–	–	–
Exchange	(3.8)	(4.8)	–	(8.6)	12.6	28.3	–	40.9
Closing balance	37.9	106.0	3.4	147.3	121.5	348.6	9.6	479.7
Depreciation and impairment losses								
Opening balance	50.3	258.5	–	308.8	28.1	226.2	–	254.3
Provided in the period	1.8	9.4	–	11.2	3.7	16.6	–	20.3
Disposals	(0.6)	(17.8)	–	(18.4)	(0.6)	(3.0)	–	(3.6)
Disposal of businesses (note 21)	(51.6)	(103.5)	–	(155.1)	–	–	–	–
Impairment	4.2	2.9	–	7.1	29.7	18.8	–	48.5
Reversal of impairment (note 7)	(1.2)	(0.5)	–	(1.7)	(10.8)	(17.1)	–	(27.9)
Transfer to assets held for sale (note 20)	(38.6)	(35.7)	–	(74.3)	–	–	–	–
Reclassification	46.8	(48.8)	–	(2.0)	–	–	–	–
Exchange	(0.9)	(3.7)	–	(4.6)	0.2	17.0	–	17.2
Closing Balance	10.2	60.8	–	71.0	50.3	258.5	–	308.8
Opening net book value	71.2	90.1	9.6	170.9	80.0	76.5	5.5	162.0
Closing net book value	27.7	45.2	3.4	76.3	71.2	90.1	9.6	170.9

Grants

Certain fixed assets in the Northern European operation, classified as held for sale, were partly funded by government grants. For more details regarding these grants, see note 24.

Leased plant and equipment

The group leases equipment under a number of finance lease agreements or quasi finance leases (see note 23). In 2009 the net carrying amount of leased plant and equipment was £0.9m (2008: £2.2m) in Northern Europe which has been reclassified as held for sale. Depreciation recognised on leased assets for the current year is £1.0m (2008: £1.0m).

Impairment of assets

Refer to notes 7 and 22 for details relating to the impairment of assets and the reversal of the impairment of assets.

Financial statements
Notes to the financial statements

Reclassification

The property, plant and equipment ("PPE") has been reclassified between categories and also with the intangible assets-software. The net book value as a result of this reclassification in the PPE has resulted in £3.3m being reclassified to intangible assets-software. Overall, there is no change in net book value for both PPE and intangible assets-software.

Assets under construction

Assets under construction has been presented as a separate category in 2009 and as a result prior year amounts have been restated for consistent presentation.

13. Intangible assets

	2009			2008		
	Goodwill £m	Software £m	Total £m	Goodwill £m	Software £m	Total £m
Cost						
Opening balance	51.0	23.1	74.1	46.8	17.2	64.0
Additions	–	0.3	0.3	–	1.1	1.1
Disposals	–	(0.7)	(0.7)	–	(0.2)	(0.2)
Disposal of businesses (note 21)	–	(10.3)	(10.3)	–	–	–
Transfer to assets held for sale (note 20)	–	(3.0)	(3.0)	–	–	–
Reclassification	–	(8.2)	(8.2)	–	–	–
Exchange	–	(1.2)	(1.2)	4.2	5.0	9.2
Closing balance	51.0	–	51.0	51.0	23.1	74.1
Amortisation and impairment losses						
Opening balance	20.5	23.1	43.6	2.3	16.4	18.7
Provided in the period	–	–	–	–	1.2	1.2
Disposals	–	(0.5)	(0.5)	–	(0.2)	(0.2)
Disposal of businesses (note 21)	–	(7.4)	(7.4)	–	–	–
Impairment	–	0.5	0.5	18.2	0.7	18.9
Transfer to assets held for sale (note 20)	–	(3.0)	(3.0)	–	–	–
Reclassification	–	(11.5)	(11.5)	–	–	–
Exchange	–	(1.2)	(1.2)	–	5.0	5.0
Closing Balance	20.5	–	20.5	20.5	23.1	43.6
Opening net book value	30.5	–	30.5	44.5	0.8	45.3
Closing net book value	30.5	–	30.5	30.5	–	30.5

Goodwill Impairment

As required by IAS 36 an annual impairment review was carried out to assess whether the carrying amount of the goodwill exceeds the recoverable amounts. Goodwill is allocated to the group's cash generating units (CGUs) or groups of CGUs as set out below:

	2009 £m	2008 £m
Northampton	30.5	30.5

In 2008 goodwill was allocated to the United Kingdom but under IFRS 8 has been allocated to the relevant segment.

Financial statements**Notes to the financial statements**

The recoverable amounts of CGUs were measured based on the higher of value in use and fair value less costs to sell. Value in use was determined to be higher, thus this was used as the recoverable amount. The key assumptions in the value in use calculation for sales and margin were based on historical trends adjusted for management estimate of future performance of each business unit which involves a degree of judgement. These future trends and cash flow projections in the form of the financial budget for 2010 and the strategic plans for 2011 and 2012 have been approved by the board.

Cash flows beyond the three year period for the United Kingdom were extrapolated using a growth rate of 0% and include a terminal value. A pre tax discount rate of 11.7% (2008: 11.1%) was used for all CGUs based on the group's weighted average cost of capital.

In 2009, the recoverable amount of goodwill exceeded the carrying value and no impairment was required. In 2008 the goodwill relating to Northern Europe was written down to zero as the recoverable amount exceeded the carrying value.

14. Restricted cash

This relates to cash of £97.0m (2008: £95.6m) held in a secure account in favour of the pension fund. The group is obliged to pay over the restricted cash to the pension fund by 31 March 2016 or earlier, if it is tax efficient to do so. This is not included in the cash and cash equivalents as it does not meet the definition of cash and cash equivalents.

15. Deferred tax assets and liabilities

	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
	£m	£m	£m	£m	£m	£m
Property, plant and equipment	–	10.3	–	(8.0)	–	2.3
Retirement benefit obligations	13.9	5.2	–	–	13.9	5.2
Provisions	–	0.3	–	–	–	0.3
Short term timing differences	–	2.4	–	–	–	2.4
Tax assets/(liabilities)	13.9	18.2	–	(8.0)	13.9	10.2

Net deferred tax assets

	2009	2008
	£m	£m
Opening balance	10.2	26.5
Income statement charge – continuing	–	(0.8)
– discontinued	(2.3)	–
Statement of comprehensive income	–	(15.1)
Utilised	–	(0.4)
Disposal of businesses (note 21)	5.3	–
Held for sale (note 20)	0.7	–
Closing balance	13.9	10.2

Financial statements
Notes to the financial statements

Unrecognised deferred tax assets

	2009 £m	2008 £m
Retirement benefit obligations	52.0	39.8
Capital allowances in excess of depreciation	35.1	25.7
Provisions	2.1	6.4
Tax losses	13.8	32.2
Other	–	0.3
	103.0	104.4

Deferred tax assets have not been recognised in respect of these items because the availability of suitable taxable profits is uncertain. There are no unrecognised deferred tax liabilities in respect of temporary differences associated with investments in subsidiaries.

16. Investments**Company**

	2009 £m	2008 £m
Cost		
Opening balance	225.2	225.2
Closing balance	225.2	225.2
Provisions for impairment		
Opening balance	94.4	–
Impairment	41.3	94.4
Closing balance	135.7	94.4
Net book value	89.5	130.8

Investments in the company are stated at cost less provision for any impairment.

Investments in the company balance sheet of £89.5m (2008: £130.8m) represent shares in subsidiary undertakings. Further details of these subsidiaries are given in note 35.

Due to the continuing losses at various business units in the UK and Northern Europe, an impairment test was carried out on the investments held by the company. The value of the investments were impaired to their recoverable amount which was determined to be value in use. The pre-tax discount rate used in the calculation of value in use was 11.7% (2008: 11.1%).

17. Inventory

	2009 £m	2008 £m
Raw materials and consumables	10.5	33.0
Work in progress	0.1	1.8
Finished goods and goods for resale	0.6	22.4
	11.2	57.2

In 2009, raw materials recognised as cost of sales for the continuing operations amounted to £151.3m (2008: £152.5m (restated)).

Financial statements

Notes to the financial statements

18. Trade and other receivables

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Current assets				
Trade debtors	22.5	112.8	–	–
Amounts owed by subsidiary undertakings	–	–	–	0.2
Derivatives not used for hedging	–	0.6	–	0.6
Other debtors	8.8	25.1	0.1	0.2
Prepayments and accrued income	3.3	4.6	–	–
	34.6	143.1	0.1	1.0
Non-current assets				
Other debtors	5.4	–	–	–

Included in trade debtors is £0.1m (2008: £0.8m) of allowances for doubtful debts (refer note 26) and included in other debtors is an amount of £5.6m for deferred disposal costs of Northern Europe which will be recognised in 2010, when the disposals take place.

The other debtors in non-current assets of £5.4m represents deferred consideration for the sale of Marie SAS on 7 October 2009, being held in escrow for eighteen months from date of disposal. This amount will be released, subject to meeting certain conditions under the sale and purchase agreement.

19. Cash and cash equivalents

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Cash at bank	11.4	12.0	10.6	6.2
Short term deposits	5.8	6.1	2.3	–
Cash and cash equivalents	17.2	18.1	12.9	6.2
Bank overdrafts used for cash management purposes (note 23)	(0.3)	(0.2)	–	–
Cash and cash equivalents in the statement of cash flows	16.9	17.9	12.9	6.2

The cash at bank includes an amount of £11.0m (2008: £nil) which is held in a separate account in accordance with an agreement with the Pension Fund which lapses on 30 June 2010. The funds in this account may be used by the group for investment purposes up to 30 June 2010 and thereafter for any purpose.

The group has the legal right of set-off for its overdraft and cash balances for its UK operating companies under an offsetting cash-pooling arrangement within its banking facilities. The short-term deposit includes an amount of £5.5m (2008: £3.5m) which is secured against several letters of credit.

20. Assets held for sale

On 11 March 2009, the Board announced its intention to appoint advisors in Northern Europe (Netherlands, Germany and Poland) and France to actively pursue opportunities to create value through consolidation, joint venture or sale. The status of this plan is as follows:

French and Pinneys businesses

During the year the sale of the French business (Marie SAS) and Pinneys in Scotland were completed. Details of these disposals are disclosed in note 21 below.

Financial statements
Notes to the financial statements

Netherlands business

On 17 December 2009, the group entered into a sale agreement to dispose the Netherlands business. As the control of the business was not passed to the acquirer at 31 December 2009, the assets and liabilities of these businesses were classified and accounted for as held for sale. This disposal was completed on 9 January 2010.

Germany and Poland businesses

On 11 November 2009, the group entered into a sale agreement to dispose of the German (except for the Bremerhaven factory which was disposed of separately (see note 22 below)) and Polish businesses, subject to clearance from various competition authorities. As the control of the businesses was not passed to the acquirer at 31 December 2009, the assets and liabilities of these businesses were classified and accounted for as held for sale. This disposal is due to complete in April 2010.

Paignton factory, UK

Following the restructuring of the Desserts operation in UK, the Paignton factory was classified as held for sale at the year end and the disposal was completed on 29 January 2010.

Bremerhaven factory, Germany

In 2008, £2.4m was held for sale with respect to the Bremerhaven factory following restructuring in Northern Europe. This factory was sold in 2009.

	Northern Europe £m	Paignton factory £m	2009 Total £m	2008 Total £m
Assets classified as held for sale				
Property, plant and equipment	24.0	1.2	25.2	2.4
Deferred tax	0.4	–	0.4	–
Inventory	12.1	–	12.1	–
Trade and other receivables	56.9	–	56.9	–
Cash	7.0	–	7.0	–
	100.4	1.2	101.6	2.4
Liabilities classified as held for sale				
Retirement benefit obligations	14.7	–	14.7	–
Provisions	0.3	–	0.3	–
Deferred tax	1.1	–	1.1	–
Corporation tax	0.4	–	0.4	–
Borrowings	0.9	–	0.9	–
Trade and other payables	56.4	–	56.4	–
	73.8	–	73.8	–

Cumulative income or expense recognised directly in equity relating to Northern Europe segment classified as held for sale:

	2009 £m
Actuarial loss recognised on the pension schemes	(8.1)
Deferred tax relating to the pension schemes	3.4
Foreign currency translation differences for foreign operations	30.2
	25.5

Financial statements

Notes to the financial statements

21. Business Disposals

During 2009, the group sold 100% of its interest in the share capital of several businesses for a gross consideration, which are set out below:

Business	Segment	Nature of business	Date of disposal	Gross consideration
1. Brandly, Germany ("Brandly")	Northern Europe	Field sales force	15-Jun-09	£nil
		Chilled and frozen convenience foods		
2. Marie SAS, France ("Marie")	France		07-Oct-09	£55.4m

In addition, the group disposed of the trade and assets of Pinneys ("Pinneys"), a chilled fish business in Scotland, UK for a gross consideration of £1 million on the 13 March 2009. Under IFRS 8, this business would be reported separately in the fish segment.

These disposals are in line with the Board's strategy to focus on those convenience food businesses with the most potential for significant profit improvement and shareholder value creation. The loss on disposal of these businesses is included in the significant items of the discontinued operations (see note 22).

	Pinneys £m	Brandly £m	France £m	2009 Total £m	2008 Total £m
Property, plant and equipment	–	–	63.5	63.5	–
Intangible assets	–	–	2.9	2.9	–
Inventories	2.3	–	25.7	28.0	–
Cash and cash equivalents and overdrafts	–	0.1	(10.5)	(10.4)	–
Trade and other receivables	2.7	0.6	37.0	40.3	–
Trade and other payables	(4.1)	(0.4)	(57.0)	(61.5)	–
Retirement benefit obligation	–	(0.2)	(4.8)	(5.0)	–
Provisions	–	–	(0.9)	(0.9)	–
Tax	–	–	(5.3)	(5.3)	–
Net assets disposed	0.9	0.1	50.6	51.6	–
Cumulative foreign exchange recycled from translation reserve	–	–	(1.7)	(1.7)	–
Gain/(loss) on disposal ¹	(0.7)	(1.9)	0.6	(2.0)	–
Net consideration	0.2	(1.8)	49.5	47.9	–
Relating to:					
Cash consideration	1.0	–	49.9	50.9	–
Cash consideration – working capital adjustment	(0.2)	–	–	(0.2)	–
Deferred consideration	–	–	5.5	5.5	–
Disposal costs	(0.6)	(1.8)	(5.9)	(8.3)	–
	0.2	(1.8)	49.5	47.9	–
Net cash inflow/(outflow) on disposal of businesses:					
Consideration received/(paid) (net of disposal costs paid)	0.2	(0.3)	46.8	46.7	–
Plus/(Less): cash and cash equivalents and overdrafts sold	–	(0.1)	10.5	10.4	–
	0.2	(0.4)	57.3	57.1	–

¹ Gain on disposal of France includes foreign exchange gain of £1.7m recycled from translation reserve.

Financial statements
Notes to the financial statements

22. Discontinued operations

Fish (Pinneys), France and Northern Europe are discontinued reportable segments. Profits attributable to the discontinued operations were as follows:

	2009			
	Pinneys £m	France £m	Northern Europe £m	Total £m
Results of discontinued operations				
Revenue	10.1	158.7	262.0	430.8
Expenses	(10.8)	(157.4)	(251.6)	(419.8)
Operating (loss)/profit	(0.7)	1.3	10.4	11.0
Finance charge	–	(0.4)	(1.6)	(2.0)
(Loss)/profit before tax and significant items	(0.7)	0.9	8.8	9.0
Income tax credit/(expense)	–	1.8	(0.8)	1.0
(Loss)/profit after tax before significant items	(0.7)	2.7	8.0	10.0
Significant items including tax (note a)	0.3	(1.7)	(10.6)	(12.0)
Significant items	0.3	0.6	(10.6)	(9.7)
Tax adjustment on disposal	–	(2.3)	–	(2.3)
(Loss)/profit for the year	(0.4)	1.0	(2.6)	(2.0)

	2008			
	Pinneys £m	France £m	Northern Europe £m	2008 Total £m
Results of discontinued operations				
Revenue	51.9	209.1	249.5	510.5
Expenses	(53.9)	(206.4)	(251.5)	(511.8)
Operating (loss)/profit	(2.0)	2.7	(2.0)	(1.3)
Finance charge	–	(0.4)	(1.2)	(1.6)
(Loss)/profit before tax and significant items	(2.0)	2.3	(3.2)	(2.9)
Income tax expense	–	–	(0.7)	(0.7)
(Loss)/profit after tax before significant items	(2.0)	2.3	(3.9)	(3.6)
Significant items (note a)	(9.9)	0.7	(42.6)	(51.8)
(Loss)/profit for the year	(11.9)	3.0	(46.5)	(55.4)

Note a: Significant items after tax

	Pinneys £m	France £m	Northern Europe £m	2009 Total £m	2008 Total £m
Restructuring costs	–	–	(0.2)	(0.2)	(0.7)
Pension – curtailment gain	1.0	–	–	1.0	–
Asset impairment	–	–	(7.2)	(7.2)	(51.7)
Loss on disposal of assets	–	–	(1.0)	(1.0)	–
(Loss)/profit on disposal of businesses	(0.7)	0.6	(1.9)	(2.0)	–
Other significant costs	–	–	(0.3)	(0.3)	0.6
Significant items before tax	0.3	0.6	(10.6)	(9.7)	(51.8)
Tax adjustment on disposal	–	(2.3)	–	(2.3)	–
Significant items after tax	0.3	(1.7)	(10.6)	(12.0)	(51.8)

Financial statements**Notes to the financial statements****Restructuring costs**

Restructuring costs in 2009 and 2008 relate to costs incurred to reduce the costs of the business units and improve profitability. The 2009 costs included a release of prior year's provision of £0.6m in Northern Europe.

Pension curtailment gain

This refers to the closure of the defined benefit scheme for employees who were members of the pension fund and who worked in the disposed business.

Asset impairment

The carrying value of assets in use in the Northern European operations was reviewed to assess if the assets were impaired based on offers received, representing fair value in an active market. The carrying value was found to be in excess of the recoverable value and so the assets were impaired by £7.2m to recoverable value, being fair value less costs to sell. In 2008, the asset impairment included the goodwill in Northern European operations of £18.2m, tangible assets in the Germany operations of £24.4m and Pinneys of £9.1m. Prior year impairments were based on value in use using a pre-tax discount rate of 11.1%.

Loss on disposal

This refers to the disposal of the Bremerhaven factory in Germany at the end of 2009 for gross proceeds of £1.0m.

Profit/(loss) on disposal of businesses

This is disclosed in the note 21 and includes foreign exchange gain recycled from the translation reserve.

Other significant costs

This refers to the additional pension costs in Germany in 2009 and a release of provision for restructuring in France in 2008.

	2009 £m	2008 £m
Cash flow from/(used in) discontinued operations		
Net cash used in operating activities	(6.0)	(9.4)
Net cash from/(used in) investing activities	2.4	(14.9)
Net cash (used in)/from financing activities	(1.3)	0.4
Net cashflow used in discontinued operations	(4.9)	(23.9)

23. Borrowings

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Current liabilities				
Loan drawings under revolving facility	27.0	–	27.0	–
Finance lease liabilities	–	0.6	–	–
Bank overdraft	0.3	0.2	–	–
	27.3	0.8	27.0	–
Non-current liabilities				
Loan drawings under revolving facility	–	23.9	–	23.9
Finance lease liabilities	–	1.8	–	–
	–	25.7	–	23.9

Financial statements

Notes to the financial statements

The loan drawings under the revolving working capital facility comprise several fixed term loans of £27.6m (2008: £24.0m) less £0.6m (2008: £0.1m) of unamortised arrangement fees being amortised over the period of these loans.

These loans were drawn down from the £35m Tranche B facility and interest was paid at LIBOR plus 4%. During the year, part of the proceeds from various disposals of businesses was used to settle the £25m Tranche A facility. Tranche A and B were part of the £60m of working capital facility negotiated in February 2009 and this is being treated as a renegotiation.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2009			2008		
	Less than one year	Between one and five years	Total	Less than one year	Between one and five years	Total
	£m	£m	£m	£m	£m	£m
Future minimum lease payments	–	–	–	0.6	1.9	2.5
Interest	–	–	–	–	(0.1)	(0.1)
Present value of minimum lease payments	–	–	–	0.6	1.8	2.4

The finance lease liabilities for 2009 of £0.8m relate to Northern Europe and have been classified as held for sale.

	2009				
	Cash and overdrafts	Borrowings due within one year (excluding overdrafts)	Borrowings due after one year	Borrowings	Net
	£m	£m	£m	£m	cash/(debt) £m
Analysis of net cash/(debt)					
Opening balance	17.9	(0.6)	(25.7)	(26.3)	(8.4)
Effect of foreign exchange rate changes	(1.5)	–	0.8	0.8	(0.7)
Cash flow	7.5	(26.9)	25.2	(1.7)	5.8
Non cash movements	–	–	(0.7)	(0.7)	(0.7)
Closing balance	23.9	(27.5)	(0.4)	(27.9)	(4.0)
Excluding balances classified as held for sale	(7.0)	0.5	0.4	0.9	(6.1)
Closing balance – continuing operations	16.9	(27.0)	–	(27.0)	(10.1)

24. Trade and other payables

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Trade payables	25.5	103.3	–	–
Other payables, including social security	7.2	43.0	0.2	1.2
Employee benefits	–	1.8	–	–
Accruals and deferred income	11.9	59.9	–	–
Amounts owed to subsidiary undertakings	–	–	136.6	129.0
	44.6	208.0	136.8	130.2

In 2008, other payables, including social security included an amount of £0.2m of deferred grants received from the government for the part funding of certain property, plant and equipment in the Northern European operations. In 2009, an amount of £1.4m of deferred grants has been classified as held for sale. The group has complied with the conditions of these grants. This amount is recognised as income on a systematic basis over the useful life of these related assets.

Financial statements**Notes to the financial statements****25. Provisions**

	2009		
	Onerous Contract £m	Other £m	Total £m
Opening balance	15.7	8.0	23.7
Income statement charge	–	1.1	1.1
Utilised during the year – continuing	(11.0)	(5.1)	(16.1)
Utilised during the year – discontinued	–	(1.4)	(1.4)
Disposal of subsidiaries (note 21)	–	(0.9)	(0.9)
Disposal of subsidiaries – costs of disposal	–	7.1	7.1
Held for sale (note 20)	–	(0.3)	(0.3)
Foreign exchange	–	0.1	0.1
Closing balance	4.7	8.6	13.3
Current liabilities	4.7	8.3	13.0
Non-current liabilities	–	0.3	0.3
	4.7	8.6	13.3

Onerous contract provision

This relates to a commitment in respect of an onerous contract relating to the Wincanton demerger. The interpretation of the contract and hence the nature of the commitment is currently in dispute in the courts. The timing of the disputed portion of the contract is tied into the court process and is likely to be resolved in the next financial year. During the year interim payments of £10.1m were made, plus the final payment of the undisputed annual fee and legal costs.

Other provisions

Included in other provisions are costs totalling £7.1m relating to the disposals of Marie (£2.8m), Brandly (£1.0m) and Northern Europe (£3.3m). The disposal cost relating to Northern Europe has been deferred and will be expensed when the disposal is recognised in 2010. The deferred amount is included in other debtors (see note 18). The disposal costs of Marie and Brandly are expected to be utilised in the next financial period. Part of these provisions are based on the expected outcome of the claims, taking into account of the group's interpretation of the facts and judgement, supported by legal advice. The remainder of the other provisions relates to £0.6m for two vacant properties and £0.9m for the restructuring programmes, as discussed in note 7. The vacant properties provision is expected to be utilised in one to nineteen years and the restructuring provision is expected to be utilised in the next financial period.

26. Derivatives and other financial instruments

A discussion of the group's objectives, policies and strategies with regard to derivatives and other financial instruments are set out in note 3.

Credit risk**Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Financial statements

Notes to the financial statements

		Group		Company	
		2009	2008	2009	2008
		£m	£m	£m	£m
Category					
Trade and other receivables	Loans and receivables	34.6	142.5	0.1	0.4
Other debtors – non-current	Loans and receivables	5.4	–	–	–
Forward exchange contracts: assets	Fair value through profit and loss	–	0.6	–	0.6
Cash and cash equivalents	Cash and bank balances	17.2	18.1	12.9	6.2
Restricted cash	Cash and bank balances	97.0	95.6	97.0	95.6
		154.2	256.8	110.0	102.8

Impairment losses

The ageing of trade receivables at the reporting date was:

		Group	
		2009	2008
		£m	£m
Not past due		20.1	97.3
Past due 0-30 days – not yet impaired		2.0	14.0
Past due 30-60 days – not yet impaired		0.2	0.8
Past due 60-90 days		0.1	1.0
Past due 90-120 days		0.2	0.7
		22.6	113.8
Allowance for doubtful debts		(0.1)	(0.9)
		22.5	112.9

Allowance for doubtful debts

The movement in allowance for doubtful debts in respect of trade receivables during the year was as follows:

		Group	
		2009	2008
		£m	£m
Opening balance		(0.9)	(1.3)
Impairment loss for the year		(0.1)	–
Impairment loss reversed		0.9	0.4
Closing balance		(0.1)	(0.9)

The group's policy is to provide for bad debts based on the specific circumstances of each receivable. Refer to note 3 for details of the group's policies in respect of trade and other receivables. Based on historical default rates, the group believes no impairment allowance is necessary on the remaining debtors that are past due in 0-30 and 30-60 days respectively.

There were no trade receivables for the company in respect of the current year (2008: £nil)

Liquidity risk

The following tables are the contractual maturity profile of the group's and company's cash flows of the financial liabilities, excluding estimated interest payments and netting arrangements. These tables have been drawn up based on the earliest date that the group and company can be required to pay on these financial liabilities. These amounts also approximate to their carrying values in the balance sheets.

Financial statements

Notes to the financial statements

		Group 2009			Group 2008		
	Category	6-12 months £m	1-5 years £m	Total £m	6-12 months £m	1-5 years £m	Total £m
Unsecured bank loans	Amortised cost	27.0	–	27.0	–	23.9	23.9
Bank overdraft	Amortised cost	0.3	–	0.3	0.2	–	0.2
Finance lease liabilities	Amortised cost	–	–	–	0.6	1.8	2.4
Trade and other payables	Amortised cost	44.6	–	44.6	208.0	–	208.0
Forward exchange contracts: liabilities	Fair value through profit and loss	0.1	–	0.1	–	–	–
		72.0	–	72.0	208.8	25.7	234.5

		Company 2009			Company 2008		
	Category	6-12 months £m	1-5 years £m	Total £m	6-12 months £m	1-5 years £m	Total £m
Unsecured bank loans	Amortised cost	27.0	–	27.0	–	23.9	23.9
Trade and other payables	Amortised cost	0.2	–	0.2	1.2	–	1.2
Amounts owed to group undertakings	Amortised cost	136.0	–	136.0	129.0	–	129.0
Forward exchange contracts: liabilities	Fair value through profit and loss	0.1	–	0.1	–	–	–
		163.3	–	163.3	130.2	23.9	154.1

Market risk

Interest rate risk and currency risk

The effective currency and interest rate exposures of the group's (excluding held for sale) and company's net cash/(debt) position were as follows:

		Group 2009					Group 2008				
		Sterling £m	Euro £m	Polish Zioty £m	US Dollars £m	Total £m	Sterling £m	Euro £m	Polish Zioty £m	US Dollars £m	Total £m
Floating rate borrowings		(7.0)	(20.3)	–	–	(27.3)	–	(24.1)	–	–	(24.1)
Fixed rate borrowings		–	–	–	–	–	(0.1)	(2.3)	–	–	(2.4)
		(7.0)	(20.3)	–	–	(27.3)	(0.1)	(26.4)	–	–	(26.5)
Cash and liquid resources (including restricted cash)		115.5	(1.3)	–	–	114.2	103.8	8.4	1.2	0.3	113.7
Net cash/(debt)		108.5	(21.6)	–	–	86.9	103.7	(18.0)	1.2	0.3	87.2

		Company 2009				Company 2008			
		Sterling £m	Euro £m	US Dollars £m	Total £m	Sterling £m	Euro £m	US Dollars £m	Total £m
Floating rate borrowings		(6.7)	(20.3)	–	(27.0)	–	(23.9)	–	(23.9)
Cash and liquid resources (including restricted cash)		111.2	(1.3)	–	109.9	113.2	(11.7)	0.3	101.8
Net cash/(debt)		104.5	(21.6)	–	82.9	113.2	(35.6)	0.3	77.9

Financial statements

Notes to the financial statements

The restricted cash included in the cash and liquid resources for the group and company was £97.0m (2008: £95.6m). The following significant exchange rates applied during the year.

	2009		2008	
	Euro	Polish Zloty	Euro	Polish Zloty
Sterling				
Average rate	1.12	4.85	1.26	4.42
Reporting date spot rate	1.11	4.49	1.04	4.33

Sensitivity analysis

(a) Foreign currency sensitivity analysis

A 10 percent strengthening of sterling against the following currencies at year end 2009 would have increased/ (decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008. The impact of sterling against those businesses that were held for sale has been excluded below for 2009.

	Group 2009		Group 2008	
	Euro	Polish Zloty	Euro	Polish Zloty
	£m	£m	£m	£m
Operating (loss)/profit before significant items	–	–	(0.3)	0.4
(Loss)/profit	–	–	(4.4)	0.1
Equity	0.7	–	7.0	2.4

	Company 2009		Company 2008	
	Euro		Euro	
	£m		£m	
Loss before significant items	(2.4)		(3.5)	
Equity	(2.4)		(3.5)	

A 10 percent weakening of sterling against the above currencies at 31 December would have had the equal and opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate sensitivity analysis

The financial assets and liabilities that are interest bearing and expose the group to interest rate risks are its cash and cash equivalents, overdrafts and bank borrowings.

If interest rates applied to the major currencies of net variable rate assets/liabilities at this year end had been 1% higher or lower and all other variables were held constant, the group's profit for the year ended 2009 would increase/ (decrease) by £0.8m (2008: increase/decrease by £0.9m). This is mainly attributable to the group's exposure to interest rates on its variable rate restricted cash balance and cash deposits (included in cash and cash equivalents).

Financial statements**Notes to the financial statements****Currency analysis of net assets/(liabilities)**

The group's and company's net assets/(liabilities) by currency were as follows:

	Group					Group				
	Sterling £m	Euro £m	Polish Zioty £m	US Dollars £m	2009 £m	Sterling £m	Euro £m	Polish Zioty £m	US Dollars £m	2008 £m
Net cash/(debt)	108.5	(21.6)	–	–	86.9	103.7	(18.0)	1.2	0.3	87.2
Other net (liabilities)/assets (excluding goodwill)	(163.3)	2.9	–	–	(160.4)	(111.1)	61.1	23.2	–	(26.8)
Goodwill	30.5	–	–	–	30.5	30.5	–	–	–	30.5
	(24.3)	(18.7)	–	–	(43.0)	23.1	43.1	24.4	0.3	90.9

Where the group has liabilities, it operates a policy of maintaining the liability split between the two currencies in which the group operates i.e. the UK and European operations. The ratio of sterling: euro liabilities reflects the sterling: euro split of trading capital employed.

	Company				Company			
	Sterling £m	Euro £m	US Dollars £m	2009 £m	Sterling £m	Euro £m	US Dollars £m	2008 £m
Net cash/(debt)	104.5	(21.6)	–	82.9	113.2	(35.6)	0.3	77.9
Other net (liabilities)/assets	(5.4)	–	–	(5.4)	1.6	–	–	1.6
	99.1	(21.6)	–	77.5	114.8	(35.6)	0.3	79.5

Fair values of financial instruments

The table below sets out the fair values of financial assets and liabilities which approximates to their carrying values in the balance sheet.

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Financial assets				
Non-current				
Restricted cash	97.0	95.6	97.0	95.6
Other debtors	5.4	–	–	–
Current				
Cash and cash equivalents	17.2	18.1	12.9	6.2
Forward exchange contracts – assets	–	0.6	–	0.6
Trade and other receivables (including amounts due from group undertakings)	34.6	142.5	0.1	0.4
	154.2	256.8	110.0	102.8
Financial liabilities				
Non-current				
Finance lease liabilities	–	1.8	–	–
Borrowings	–	23.9	–	23.9
Current				
Bank overdraft	0.3	0.2	–	–
Borrowings	27.0	–	27.0	–
Finance lease liabilities	–	0.6	–	–
Forward exchange contracts – liabilities	0.1	–	0.1	–
Trade and other payables (including amounts due to group undertakings)	44.6	208.0	136.2	130.2
	72.0	234.5	163.3	154.1

Financial statements

Notes to the financial statements

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into level 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 2 Group		Level 2 Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Financial assets				
Forward exchange contracts – current assets	–	0.6	–	0.6
Financial liabilities				
Forward exchange contracts – current liabilities	(0.1)	–	(0.1)	–
	(0.1)	0.6	(0.1)	0.6

Cash flow hedge

During the year, the group has used forward foreign contracts to hedge future sales and purchases but these contracts have not been designated as cashflow hedges except for the following forward contract to cover the cash consideration for the disposal of Netherlands business. For this contract, the Group has utilised a rollover hedging strategy using a term of up to the anticipated date of disposal. Upon the maturity of this forward contract, the Group enters into a new contract designated as a separate hedging relationship, if required. At year end 2009, the loss for this forward foreign exchange contract deferred in the hedging reserve was £0.1m (2008: £nil). On the date of maturity, this amount deferred in equity will be re-classified to profit or loss.

	2009			
	Fixed rate	Contract value £m	Fair value €m	Fair value £m
Forward contract to sell € and receive sterling 4 January 2010	0.885	15.9	18.0	0.1

Net investment hedge

During the year, the group has designated certain euro-denominated currency borrowings to hedge its net investment in France (up to the point of disposal of this business) and Northern Europe. The remaining euro-denominated borrowings designated to hedge the net investment of Northern Europe at year end 2009 was £22.3m (€22.5m).

The expected gain or loss on this currency borrowings will be 100% offset by the amount of foreign exchange difference arising on both the translation of these euro-denominated net investments of these hedged entities. As a result, the gains on the retranslation of these borrowings of £0.8m (2008: loss £4.8m) were recognised in the group statement of comprehensive income.

Financial statements

Notes to the financial statements

27. Retirement benefit obligations

The group operates pension schemes in the UK and mainland Europe. The main UK scheme is contributory for members and has two sections: the defined benefit section and the defined contribution section. The defined benefit section was closed to new members in 2002 and was closed to existing members at 30 September 2009 but provides benefits for existing and past employees based on final pensionable emoluments. The assets of the plan are held in a separate trustee administered fund. As well as the main fund, the UK operates a small unfunded defined benefit pension scheme for overcap benefits and provides post-retirement medical benefits to certain former employees.

The results of the formal actuarial valuation as at 31 March 2009 were updated to the accounting date by independent qualified actuaries in accordance with IAS 19. As required by IAS 19, the value of the defined benefit obligation and current service costs has been measured using the projected unit credit method. The expected rate of return on assets for the financial year ending 31 December 2009 was 6.7% p.a. (2008: 5.9% p.a.). This rate is derived by taking the weighted average of the long term expected rate of return on each of the asset classes in which the scheme was invested at year end 2009. The group provides pensions under certain overseas schemes, some of which provide defined benefits. The business in France was disposed during the year and Germany, part of the Northern Europe operations has been classified as held for sale. All remaining European schemes are mainly unfunded.

Total contributions made to defined contribution schemes in the year were £0.6m (2008: £0.6m) for the continuing businesses in UK. The company and Trustee agreed to close the UK main pension scheme to future accrual at 30 September 2009, resulting in a curtailment gain of £4.7m. The group is not expected to contribute to its defined benefit schemes in the next financial year.

The following table sets out the key IAS 19 assumptions used for the actuarial valuation of the main defined benefit schemes. Overseas plans are quoted as a weighted average based on liabilities. The expected rate of return on assets is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the plan was invested in at 31 December 2009. The assumptions used by the actuaries have been chosen from a range of possible actuarial assumptions about the future, which may not necessarily be borne out in practice.

Assumptions

	UK			Overseas		
	2009 %	2008 %	2007 %	2009 %	2008 %	2007 %
Inflation	3.6	2.9	3.3	1.5	1.5	1.6
Pension increases in payment	–	–	–	1.5	1.5	1.5
Pension increases in payment (LPI 5%)	3.5	2.7	3.2	–	–	–
Pension increases in payment (LPI 2.5%)	2.3	2.2	2.3	–	–	–
Salary growth						
– Standard	–	4.4	4.8	2.5	2.6	2.5
– Senior Management	–	5.9	6.3	2.5	2.6	2.6
Discount rate	5.7	6.4	6.0	5.1	5.9	5.3
Expected return for:						
– equities	8.0	7.5	7.6	–	–	8.0
– bonds	5.3	5.0	4.7	–	–	5.0
– other	4.3	3.8	4.4	4.5	5.0	5.0

Financial statements

Notes to the financial statements

For 2009 and 2008, the mortality assumptions have not been changed. The assumptions allow for future improvements according to the medium cohort projections, based on each individual's year of birth, with an adjustment to the underlying rates of mortality of +10% for those who left before 2000. The longevity assumptions are therefore:

	2009 Years	2008 Years
Life expectancy of a male aged 65 in 2009 (pre 2000 leaver)	21.2	21.2
Life expectancy of a male aged 65 in 2009 (post 2000 leaver)	22.0	22.0
Life expectancy of a male aged 65 in 2028 (pre 2000 leaver)	22.4	22.4
Life expectancy of a male aged 65 in 2028 (post 2000 leaver)	23.1	23.1

Sensitivity analysis of the main UK pension fund

		Approximate Change in Defined Benefit Obligation	
		2009 £m	2008 £m
Life expectancy	– 1 year longer/shorter	21.0	15.0
Discount rate	– increase/(decrease) of 0.1%	12.0	10.0
Inflation	– increase/(decrease) of 0.1%	10.0	8.0
Mortality	– change from PA92MC to PA92LC	37.0	23.0

Medical cost trends

There is strong evidence that healthcare costs increase faster than general price inflation. The group has adopted 2.5% (2008: 2.5%) p.a. for the rate at which medical costs increase over and above retail price inflation.

The following tables set out the fair value of assets, the present value of the IAS 19 liabilities and the deficit of assets below the IAS 19 liabilities (which equals the net pension deficit). The fair value of the schemes' assets is not intended to be realised in the short term and may be subject to significant changes before realisation. The present value of the schemes' liabilities is derived from cash flow projections over long periods and is thus inherently uncertain.

	2009			2008		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Fair value of assets:						
– Equities	308.7	–	308.7	247.1	–	247.1
– Bonds and gilts	188.2	–	188.2	207.2	–	207.2
– Other	4.4	–	4.4	7.7	–	7.7
Fair value of plan assets	501.3	–	501.3	462.0	–	462.0
Defined benefit obligation:						
Funded	(729.7)	–	(729.7)	(605.6)	(0.3)	(605.9)
Wholly unfunded	(6.7)	–	(6.7)	(8.7)	(18.3)	(27.0)
Present value of defined benefit obligation	(736.4)	–	(736.4)	(614.3)	(18.6)	(632.9)
Net liability in balance sheet	(235.1)	–	(235.1)	(152.3)	(18.6)	(170.9)

Financial statements

Notes to the financial statements

	2009			2008		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Movement in deficit during the year:						
Opening balance	(152.3)	(18.6)	(170.9)	(60.8)	(15.2)	(76.0)
Current service cost	(1.1)	(0.3)	(1.4)	(2.4)	(0.4)	(2.8)
Past service cost	–	(0.4)	(0.4)	–	–	–
Curtailments and settlements	5.7	–	5.7	1.3	–	1.3
Contributions by the employer	5.1	0.5	5.6	3.2	–	3.2
Net finance charge	(12.3)	(0.9)	(13.2)	(0.6)	(0.8)	(1.4)
Benefits paid	–	0.8	0.8	0.4	0.8	1.2
Actuarial (loss)/gain	(80.2)	(1.7)	(81.9)	(93.4)	1.3	(92.1)
Disposal of businesses	–	4.8	4.8	–	–	–
Transferred to held for sale	–	14.7	14.7	–	–	–
Exchange	–	1.1	1.1	–	(4.3)	(4.3)
Closing balance	(235.1)	–	(235.1)	(152.3)	(18.6)	(170.9)

	2009			2008		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Amounts recognised in the income statement:						
Current service cost	(1.1)	(0.3)	(1.4)	(2.4)	(0.4)	(2.8)
Past service cost	–	(0.4)	(0.4)	–	–	–
Gains on curtailments and settlements	5.7	–	5.7	1.3	–	1.3
Recognised in operating profit/(loss)	4.6	(0.7)	3.9	(1.1)	(0.4)	(1.5)
Interest costs	(38.3)	(0.9)	(39.2)	(39.5)	(0.8)	(40.3)
Expected return on plan assets	26.0	–	26.0	38.9	–	38.9
Expected return on plan assets – others	(0.4)	–	(0.4)	–	–	–
Recognised in net pension interest	(12.7)	(0.9)	(13.6)	(0.6)	(0.8)	(1.4)
Total expense recognised in the income statement	(8.1)	(1.6)	(9.7)	(1.7)	(1.2)	(2.9)
Cumulative actuarial gains and losses recognised directly in equity:						
Opening balance	(72.4)	(0.7)	(73.1)	21.0	(2.0)	19.0
Actuarial (losses)/gains	(80.2)	(1.7)	(81.9)	(93.4)	1.3	(92.1)
Closing balance	(152.6)	(2.4)	(155.0)	(72.4)	(0.7)	(73.1)
Actual return on plan assets	74.0	–	74.0	(125.8)	(0.1)	(125.9)

Financial statements
Notes to the financial statements

The cumulative amount represents all actuarial gains and losses recognised directly in equity since transition date of 1 April 2004.

	2009			2008		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Reconciliation of present value of defined benefit obligation:						
Opening balance	(614.3)	(18.6)	(632.9)	(676.5)	(15.3)	(691.8)
Current service cost	(1.1)	(0.3)	(1.4)	(2.4)	(0.4)	(2.8)
Past service cost	–	(0.4)	(0.4)	–	–	–
Interest cost	(38.3)	(0.9)	(39.2)	(39.5)	(0.8)	(40.3)
Contributions by plan participants	(0.4)	–	(0.4)	(0.7)	–	(0.7)
Actuarial (losses)/gains	(128.2)	(1.7)	(129.9)	71.3	1.4	72.7
Benefits paid	40.2	0.8	41.0	32.2	0.8	33.0
Curtailments and settlements	5.7	–	5.7	1.3	–	1.3
Disposal of businesses	–	4.8	4.8	–	–	–
Transferred to held for sale	–	15.2	15.2	–	–	–
Exchange	–	1.1	1.1	–	(4.3)	(4.3)
Closing balance	(736.4)	–	(736.4)	(614.3)	(18.6)	(632.9)

Reconciliation of fair value of plan assets:

Opening balance	462.0	–	462.0	615.7	0.1	615.8
Expected return on plan assets	26.0	–	26.0	38.9	–	38.9
Actuarial gains/(losses)	48.0	–	48.0	(164.7)	(0.1)	(164.8)
Contributions by the employer	5.1	0.5	5.6	3.2	–	3.2
Contributions by plan participants	0.4	–	0.4	0.7	–	0.7
Benefits paid	(40.2)	–	(40.2)	(31.8)	–	(31.8)
Transferred to held for sale	–	(0.5)	(0.5)	–	–	–
Closing balance	501.3	–	501.3	462.0	–	462.0

Historical information

	2009 £m	2008 £m	2007 £m	2006 £m	31 March 2006 £m
Fair value of plan assets	501.3	462.0	615.8	624.5	604.8
Present value of defined benefit obligation	(736.4)	(632.9)	(691.8)	(732.3)	(729.9)
Net pension deficit in the balance sheet	(235.1)	(170.9)	(76.0)	(107.8)	(125.1)
Experience adjustments arising on plan assets – gain/(loss)	48.0	(164.8)	(5.0)	2.6	75.9
Experience adjustments arising on plan liabilities – gain/(loss)	3.4	4.6	(16.8)	4.3	1.7

Financial statements**Notes to the financial statements****28. Share Capital**

	Group		Company	
	2009	2008	2009	2008
	£m	£m	£m	£m
Authorised				
995,906,427 ordinary shares of 10p each	99.6	99.6	99.6	99.6
Called up and allotted				
114,833,817 ordinary shares of 10p each	11.5	11.5	11.5	11.5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

29. Shareholders' equity**Merger reserve**

The merger reserve arose as a result of a group reconstruction carried out in 2000. Under a Scheme of Arrangement approved by the High Court and shareholders at the time, all shares in the then quoted group company were cancelled and new shares were issued to shareholders in Uniq plc, the new quoted company. The merger reserve is the difference arising on consolidation between the nominal value of the new shares and the nominal value of the shares previously held, together with the associated share premium. The merger reserve arises only on consolidation and therefore does not impact the individual Uniq plc company accounts or distributable reserves.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the translation reserve.

Employee Share Ownership Trust

Retained earnings includes the Employee Share Ownership Trust ("ESOT") which was established in June 1997. It is empowered to purchase and hold shares in Uniq plc (the company) in order to meet certain future obligations of the group in respect of options or shares awarded under share option schemes and long term incentive plans operated by the group from time to time. Dividends receivable on the shares owned by the ESOT have been waived. In 2009 the ESOT held 982,677 (2008: 982,677) shares in the company which had a market value of £245,669 (2008: £40,781)

Refer to pages 35-36 in the remuneration report for the general terms and conditions that relate to share option schemes.

Financial statements
Notes to the financial statements

Share option schemes

The number of outstanding share options are as follows:

	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance	687,142	223.8p	843,727	248.6p
Lapsed during the year	(402,342)	238.4p	(156,585)	357.5p
Closing balance	284,800	203.2p	687,142	223.8p

	Weighted average contractual life	Exercise price range	Dates of grant	Average exercise price
Executive option scheme	1.5 years	161p – 251p	2000 – 2002	203.2p

All options are settled by physical delivery of shares. The total consideration receivable if all options outstanding were exercised would be £0.6m. The weighted average share price at the date of exercise of share options exercised during the year were nil (2008: nil) as no options were exercised. In line with IFRS 2, no expense had been recognised for these options as they were granted before 7 November 2002.

Uniq Performance Incentive Plan

Equity settled share based payment scheme

Equity settled awards granted in:	Remaining Contractual life years	Outstanding shares
2007	7.3	643,297
2008	8.3	1,565,981
2009	9.4	1,281,000
		3,490,278

The exercise price for the above shares is £nil.

The fair value of services received in return for Performance Incentive Plan shares (PIPs) granted are measured by reference to the fair value of PIPs granted. The estimate of the fair value of services received is measured based on a Monte Carlo model which is considered to be the most appropriate valuation model for these PIPs. Assumptions used in the Monte Carlo model for PIPs granted during the period are as follows:

	2009	2008
Expected volatility	96.0%	33.6%
Risk free interest rate	2.1%	4.5%
Dividend yield	0.0%	1.9%
Correlation coefficient	9.1%	10.6%

The expected volatility is wholly based on the historic volatility, calculated based on the weighted average remaining life of the PIPs. We assess the number of leavers on a grant by grant basis, taking into account historical trends as well as the level of employees included in each grant.

Cash settled share based payment scheme

The only cash settled share based payment scheme was based in the French business which was sold during the year.

Financial statements**Notes to the financial statements**

The total expenses recognised during the period from share based payments are as follows:

	Group		Company	
	2009 £m	2008 £m	2009 £m	2008 £m
Equity settled share based payment charge	0.8	0.4	0.3	–
Cash settled share based payment – credit	–	(0.1)	–	–
	0.8	0.3	0.3	–

There is no carrying amount of liability associated with the cash settled share based payments in both years.

In February 2009, the company signed an agreement with Lloyds TSB Bank relating to a new £60m revolving credit facility. As part of this agreement, Uniq granted Lloyds warrants to subscribe for ordinary shares in the company to an amount of 2% of the total share capital. The equity settled share based payment charge above for both the group and company included the fair value charge of £0.3m (2008: £nil) for these warrants. This amount is included in the finance expense (note 8).

30. Commitments

	2009 £m	2008 £m
Capital commitments contracted, but not provided	2.4	0.8

31. Operating leases

Future minimum lease payments

	2009			2008		
	Land & buildings £m	Other leases £m	Total £m	Land & buildings £m	Other leases £m	Total £m
Operating lease commitments falling due:						
Within one year	1.3	0.7	2.0	2.6	3.0	5.6
Between one and five years	4.7	0.7	5.4	6.7	3.5	10.2
After five years	7.8	–	7.8	8.7	–	8.7
	13.8	1.4	15.2	18.0	6.5	24.5

The group leases a number of warehouses, factory facilities and office buildings under operating leases. The leases typically run for a period of 20 to 25 years.

A number of the property leases were entered into some time ago and as such are not used for current operations. Companies within the group entered into sub-leases for these properties in order to recover the lease payments. During the year, £0.5m (2008: £0.6m) of rental expenses were recovered through these subleases. The subleases expire in 2014.

Future minimum sublease receivable expected:

	2009 Land & buildings £m	2008 Land & buildings £m
Operating lease commitments falling due:		
Within one year	0.4	0.4
Between one and five years	1.3	1.3
After five years	0.3	0.3
	2.0	2.0

Financial statements

Notes to the financial statements

32. Contingent liabilities

There are contingent liabilities that arise in the normal course of business in respect of indemnities, warranties, guarantees and legal claims. Certain guarantees are performance related. The Directors have considered that none of these claims is expected to result in a material loss to the Group. The group and company currently hold two letters of credit in relation to purchase commitments from one of its suppliers for £2.3m. It is however not likely that the company will default on payment and there is no previous history of this occurring.

The group enters into certain fixed price purchasing contracts in the ordinary course of business. At year-end these amounted to £5.0m (2008: £3.4m).

33. Events after balance sheet

On 9 January 2010, the group completed its disposal of the Netherlands businesses for £18.0m. On 12 April 2010, the group received clearance from the Competition Authorities in Germany, which will enable the group to complete its disposal of the German and Polish businesses in April 2010 for £25.7m. After extensive consultation, the group reached an agreement in principle with the Pension Trustee on a long term pension framework. This agreement is subject to regulatory clearance.

34. Related party transactions

Group

The Board is not aware of any related party transactions that should be disclosed. Details of key management remuneration are disclosed in the remuneration report. No guarantees have been provided to any related parties. Transactions between Uniq plc and its subsidiaries, which are related parties, have been eliminated on consolidation.

Company

(a) Subsidiaries

The company has a related party relationship with its subsidiaries (these are listed in note 35). Material balances that the company has with its subsidiaries are as follows:

- Uniq (Holdings) Limited: £117.2m (2008: £(172.4)m); and Uniq Prepared Foods Limited: £25.2m (2008: £42.4m).

(b) Key management personnel

There are no employees in the company.

35. Principal subsidiaries at 31 December 2009

Subsidiary undertakings	Principal activity	Country of incorporation and principal operation
Uniq (Holdings) Limited	Investment holding company	United Kingdom
Uniq Prepared Foods Limited	Principal trading company for the UK chilled convenience food manufacture business	United Kingdom
Uniq Deutschland GmbH*	Chilled convenience food manufacture & sale	Germany
Uniq Convenience Foods Nederland BV*	Chilled convenience food manufacture & sale	Netherlands
Uniq Lisner Sp.zo.o*	Chilled convenience food manufacture & sale	Poland

Notes:

All subsidiary undertakings are 100% owned by the Group. Uniq (Holdings) Limited is owned by Uniq plc and the remainder are held through subsidiary undertakings. Companies incorporated in the United Kingdom are registered in England and Wales.

* Held for sale

Other information

Five year record

	Notes	Year ended 31 Dec 2009 £m	Year ended 31 Dec 2008 (restated) £m	Year ended 31 Dec 2007 £m	Nine months ended 31 Dec 2006 £m	Year ended 31 March 2006 £m
Income statement						
Revenue		718.0	797.2	738.6	619.6	825.1
Operating (loss)/profit before significant items	9					
Continuing operations		(1.9)	(7.1)	(3.6)	(12.4)	13.5
Discontinued operations		11.0	(1.3)	0.6	21.1	–
		9.1	(8.4)	(3.0)	8.7	13.5
Net finance income/(costs)		(5.2)	4.4	0.8	(9.9)	(6.8)
Other finance (costs)/income		(12.7)	(1.4)	0.7	0.4	(2.1)
(Loss)/Profit before tax and significant items		(8.8)	(5.4)	(1.5)	(0.8)	4.6
Significant items (excluding tax)		(10.4)	(49.4)	193.3	(32.5)	(30.6)
Taxation		(1.7)	(1.4)	(6.8)	1.0	0.4
(Loss)/Profit after taxation		(20.9)	(56.2)	185.0	(32.3)	(25.6)
Capital structure						
Trading capital employed	1	133.0	174.6	188.7	221.0	274.7
Net (debt)/cash	2	(10.1)	(8.4)	31.6	(83.1)	(74.5)
Restricted cash		97.0	95.6	90.4	–	–
Retirement benefit obligations		(235.1)	(170.9)	(76.0)	(108.5)	(125.1)
Shareholders' funds	3	(15.2)	90.9	234.7	29.4	75.1
Cash flow from operating activities		(30.4)	(8.8)	(3.2)	(10.7)	(2.9)
Capital expenditure		18.3	27.5	25.4	16.1	40.6
Depreciation		11.2	21.5	21.7	17.9	24.4
Per ordinary share						
		pence	pence	pence	pence	pence
Basic (loss)/earnings		(18.4)	(49.4)	162.5	(28.4)	(22.6)
Adjusted (loss)/earnings	4	(7.2)	(6.6)	3.5	(1.2)	(0.2)
Dividends		–	–	2.5	5.25	7.0
Net assets/(liabilities)	5	(13)	80	206	26	66
Interest and dividend cover (times)						
	6					
Interest cover		1.8	–	–	0.9	2.0
Dividend cover		–	–	1.4	–	–
Ratios						
		%	%	%	%	%
Return on trading capital employed	7	6.7	(4.8)	(1.6)	2.4	2.6
Operating profit/turnover		1.3	(1.1)	(0.4)	1.4	1.6
Net debt gearing	2	–	9.2	–	282.7	99.2

Notes:

1 Trading capital employed is defined as net assets plus net debt and IAS 19 retirement benefit obligations.

2 Net (debt)/cash includes total loans and obligations under finance leases less cash at bank and short term deposits Net debt gearing represents net debt as a percentage of shareholders' funds.

3 Shareholders' funds represent share capital and reserves.

4 Adjusted (loss)/earnings per share is calculated in accordance with note 10 to the financial statements.

5 Net assets per share have been calculated by dividing shareholders' funds by the number of ordinary shares in issue at the year end.

6 Interest cover is based on finance costs excluding net retirement benefit funding finance costs or income relating to IAS 19; dividend cover is calculated on adjusted (loss)/earnings.

7 Return on trading capital employed represents operating profit as a percentage of trading capital employed (as adjusted for the effect of the timing of major acquisitions and disposals).

8 IAS 39 was adopted with effect from 1 April 2005 for which prior year comparatives have not been restated.

9 The operating profit/(loss) before significant items for continuing and discontinued operations for the first three years to year ended 31 December 2007 have not been restated and therefore are not on a consistency basis as 2009 and 2008.

Independent Auditors' report to the members of Uniq plc

We have audited the financial statements of Uniq plc for the year ended 31 December 2010 set out on pages 40 to 81. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 21, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU 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 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006 and under the terms of our engagement

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- information given in the Corporate Governance Statement set out on pages 27 to 31 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures 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:

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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; or
- a Corporate Governance Statement has not been prepared by the company

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 31, in relation to going concern;
- the part of the Corporate Governance Statement on pages 27 to 31 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the board on directors' remuneration.

**R M Yasue (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor**

Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

26 April 2011

Group income statement

2010					2009		
Note	Before significant items £m	Significant items (note 7) £m	Total £m		Before significant items £m	Significant items (note 7) £m	Total £m
Continuing operations							
Revenue	4	311.9	–	311.9	287.2	–	287.2
Cost of sales		(264.3)	–	(264.3)	(246.5)	–	(246.5)
Gross profit		47.6	–	47.6	40.7	–	40.7
Distribution expenses		(18.3)	–	(18.3)	(16.4)	–	(16.4)
Administrative expenses		(25.2)	(2.4)	(27.6)	(26.2)	(0.7)	(26.9)
Operating profit/(loss)	4,5	4.1	(2.4)	1.7	(1.9)	(0.7)	(2.6)
Net pension interest	8	(12.1)	–	(12.1)	(12.7)	–	(12.7)
Finance income	8	1.2	–	1.2	1.5	–	1.5
Finance expenses	8	(2.0)	–	(2.0)	(4.7)	–	(4.7)
Net finance charges		(12.9)	–	(12.9)	(15.9)	–	(15.9)
Loss before tax		(8.8)	(2.4)	(11.2)	(17.8)	(0.7)	(18.5)
Income tax expense	9	–	–	–	(0.4)	–	(0.4)
Loss from continuing operations		(8.8)	(2.4)	(11.2)	(18.2)	(0.7)	(18.9)
Discontinued operations							
Profit/(loss) from discontinued operations (net of tax)	22	3.2	32.2	35.4	10.0	(12.0)	(2.0)
Profit/(loss) for the year	4	(5.6)	29.8	24.2	(8.2)	(12.7)	(20.9)
Profit/(loss) attributable to equity holders of the company							
		(5.6)	29.8	24.2	(8.2)	(12.7)	(20.9)
Profit/(loss) per ordinary share							
10							
Basic and diluted				21.3p			(18.4p)
Continuing operations				(9.8p)			(16.6p)
Discontinued operations				31.1p			(1.8p)
Average Euro exchange rate							
				1.17			1.12

The notes on pages 45 to 81 form part of these financial statements.

Group statement of comprehensive income

	2010 £m	2009 £m
Profit/(loss) for the year	24.2	(20.9)
Other comprehensive income/(expense)		
Actuarial loss recognised on the pension schemes	(1.2)	(81.9)
Effective portion of changes in fair value of cash flow hedges	0.1	(0.1)
Foreign currency translation differences for foreign operations	0.1	(3.1)
Cumulative foreign exchange related to disposal of businesses recycled to income statement (note 21)	(30.3)	(1.7)
Net gain on hedge of net investment in foreign operation	0.1	0.8
Other comprehensive expense for the year, net of tax	(31.2)	(86.0)
Total comprehensive expense for the year	(7.0)	(106.9)
Total comprehensive expense attributable to equity holders of the company	(7.0)	(106.9)

Balance sheets

		Group		Company	
	Note	2010 £m	2009 £m	2010 £m	2009 £m
Assets					
Non-current assets					
Property, plant and equipment	12	80.4	76.3	–	–
Intangible assets	13	30.5	30.5	–	–
Other debtors	18	–	5.4	–	–
Restricted cash	14	–	97.0	–	97.0
Deferred tax assets	15	13.9	13.9	–	–
Investments	16	–	–	89.5	89.5
		124.8	223.1	89.5	186.5
Current assets					
Inventories	17	13.8	11.2	–	–
Trade and other receivables	18	33.2	34.6	0.1	0.1
Cash and cash equivalents	19	10.8	17.2	8.8	12.9
Assets classified as held for sale	20	–	101.6	–	–
		57.8	164.6	8.9	13.0
Total assets		182.6	387.7	98.4	199.5
Liabilities					
Non-current liabilities					
Retirement benefit obligations	27	149.4	235.1	–	–
Provisions	25	0.8	0.3	–	–
		150.2	235.4	–	–
Current liabilities					
Borrowings	23	–	27.3	–	27.0
Trade and other payables	24	41.6	44.6	63.4	136.8
Derivative financial liabilities	26	–	0.1	–	0.1
Provisions	25	5.0	13.0	–	–
Income tax liabilities		7.7	8.7	–	–
Liabilities associated with assets classified as held for sale	20	–	73.8	–	–
		54.3	167.5	63.4	163.9
Total liabilities		204.5	402.9	63.4	163.9
Total assets less liabilities		(21.9)	(15.2)	35.0	35.6
Equity					
Shareholders' equity					
Total called up share capital	28	11.5	11.5	11.5	11.5
Share premium		0.1	0.1	0.1	0.1
Other reserves		(330.2)	(300.2)	–	(0.1)
Retained earnings		296.7	273.4	23.4	24.1
Total equity attributable to equity holders of the company	29	(21.9)	(15.2)	35.0	35.6
Closing Euro exchange rate		1.16	1.11		

The notes on pages 45 to 81 form part of these financial statements.

The financial statements were approved by the board of directors on 26 April 2011 and signed on its behalf by:

Geoff Eaton
Chief Executive

Martin Beer
Finance Director

Group statement of changes in equity

Group	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total £m
Changes in equity for 2009							
At 1 January 2009	11.5	0.1	(330.2)	–	34.1	375.4	90.9
Total comprehensive income/(expense) for the year	–	–	–	(0.1)	(4.0)	(102.8)	(106.9)
Share-based compensation charge	–	–	–	–	–	0.8	0.8
At 31 December 2009	11.5	0.1	(330.2)	(0.1)	30.1	273.4	(15.2)
Changes in equity for 2010							
Total comprehensive income/(expense) for the year	–	–	–	0.1	(30.1)	23.0	(7.0)
Share-based compensation charge	–	–	–	–	–	0.3	0.3
At 31 December 2010	11.5	0.1	(330.2)	–	–	296.7	(21.9)

Further details on the statement of changes in equity are disclosed in note 29.

Company	Share capital £m	Share premium £m	Hedging reserve £m	Retained earnings £m	Total £m
Change in equity for 2009					
At 1 January 2009	11.5	0.1	–	67.9	79.5
Total comprehensive expense for the year					
Loss for the year	–	–	–	(44.1)	(44.1)
Effective portion of changes in fair value of cash flow hedges	–	–	(0.1)	–	(0.1)
Share-based compensation charge	–	–	–	0.3	0.3
At 31 December 2009	11.5	0.1	(0.1)	24.1	35.6
Change in equity for 2010					
Total comprehensive expense for the year					
Loss for the year	–	–	–	(0.7)	(0.7)
Effective portion of changes in fair value of cash flow hedges	–	–	0.1	–	0.1
Share-based compensation charge	–	–	–	–	–
At 31 December 2010	11.5	0.1	–	23.4	35.0

Cash flow statements

		Group		Company	
	Note	2010 £m	2009 £m	2010 £m	2009 £m
Cash flows from operating activities					
Profit/(loss) for the year		24.2	(20.9)	(0.7)	(44.1)
Income tax expense		0.5	1.7	(0.3)	0.6
Net finance expense		13.1	17.9	1.0	2.2
Depreciation and amortisation		9.9	11.2	–	–
Asset impairment		1.6	7.6	–	41.3
Reversal of asset impairment		–	(1.7)	–	–
Charge for share-based payments		0.3	0.5	–	–
Loss on disposal of property, plant and equipment		–	0.9	–	–
Loss on disposal of intangible assets-software		–	0.2	–	–
(Profit)/loss on disposal of businesses		(32.9)	2.0	–	–
Gains on curtailment and settlements on pensions		–	(5.7)	–	–
Difference between pension charge and cash contribution		(98.6)	(5.1)	–	–
(Increase)/decrease in inventory		(2.0)	3.8	–	–
(Increase)/decrease in accounts receivable		(1.3)	8.9	–	0.8
(Increase)/decrease in accounts payable		(6.7)	(35.3)	(73.0)	6.5
Decrease in working capital		(10.0)	(22.6)	(73.0)	7.3
Decrease in provisions		(1.6)	(16.4)	–	–
Cash (utilised by)/generated from operations		(93.5)	(30.4)	(73.0)	7.3
Interest paid		(1.7)	(3.5)	(1.7)	(2.8)
Interest received		0.7	1.6	0.9	1.5
Income tax (paid)/received		(1.3)	1.3	–	–
Net cash (utilised by)/generated from operating activities		(95.8)	(31.0)	(73.8)	6.0
Cash flows from investing activities					
Disposal of businesses, net of cash disposed of	21	26.8	57.1	–	–
Purchases of property, plant and equipment		(15.7)	(18.6)	–	–
Proceeds from sale of property, plant and equipment		2.2	–	–	–
Purchases of intangible assets		–	(0.3)	–	–
Net cash inflow from investing activities		13.3	38.2	–	–
Cash flows from financing activities					
Cash (repayments)/inflow from borrowings		(27.5)	4.4	(27.5)	3.2
Payment of transaction costs for related borrowings		–	(1.2)	–	–
Payment of finance lease		(0.2)	(1.5)	–	–
Cash inflow/(outflow) included in restricted cash	14	97.0	(1.4)	97.0	(1.4)
Net cash inflow from financing activities		69.3	0.3	69.5	1.8
Net (decrease)/increase in cash and cash equivalents		(13.2)	7.5	(4.3)	7.8
Cash and cash equivalents at beginning of period		23.9	17.9	12.9	6.2
Effect of foreign exchange rate changes		0.1	(1.5)	0.2	(1.1)
Cash and cash equivalents at end of period		10.8	23.9	8.8	12.9
Cash and cash equivalents consist of:					
Cash at bank and in hand – continuing	19	10.8	17.2	8.8	12.9
Bank overdrafts – continuing	23	–	(0.3)	–	–
Cash at bank and in hand – held for sale	20	–	7.0	–	–
		10.8	23.9	8.8	12.9

The notes on pages 46 to 81 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

Accounting convention and basis of preparation

Basis of preparation – Going concern

The group's business activities, together with further information on the factors likely to affect its future development, performance and position are set out in the Performance review on pages 8 to 15. The financial position of the group, its cashflow, liquidity position and borrowing facilities are described in the Financial Review on pages 16 to 19. In addition notes 3 to 26 to the financial statements include the group's policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk.

The group has net liabilities of £21.9m as at 31 December 2010 and made a loss from continuing operations of £11.2m, including £2.4m of significant items, for the year then ended.

During 2010 the company and the group met their day to day working capital requirements and medium term funding requirements through a multi-currency revolving facility. The loan under the facility was repaid when the facility of £35m expired on 31 December 2010. A new facility was signed off on 9 February 2011 which became available on the completion of the pension restructuring deal. This new facility provides a three year £15m term loan with a six monthly repayment of £1.5m and a revolving credit facility of £10m.

At the date of authorisation of the financial statements, the terms of the facility, including covenants, were met.

The directors have prepared trading cash flow forecasts based on normal creditor and debtor terms for a period in excess of a year from the date of approval of these financial statements. In preparing these forecasts the directors have assumed: that trading relationships with key customers are at levels and terms similar to prior years, unless otherwise notified; that sales growth is secured and delivered and that planned cost savings are achieved. These forecasts show that before sensitivities,

and after sensitivities (combined with mitigating factors), the total facility is not exceeded over the duration of the facility, the covenants are not breached and there are no events of default. The sensitivities mainly relate to changes in sales volume and margin. The mitigating factors include reduction in discretionary spend such as capital expenditure and cost reduction programmes. Should the actual results for 2011 not meet the forecast levels the group's ability to remain within the facility and covenants will depend on the mitigating factors.

The directors of the group have reviewed the forecasts, together with the sensitivities and mitigating factors and expect that the group will be able to meet its liabilities as they fall due and therefore consider it appropriate to prepare the financial statements on a going concern basis. These financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Statement of compliance

Uniq plc is a company incorporated in the UK. The group financial statements consolidate those of the company and its subsidiaries (together referred to as the group). The parent company financial statements present information about the company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and related IFRIC interpretations in issue, that have been endorsed by the European Commission and are effective at 31 December 2010, or where the group has chosen to early adopt at 31 December 2010 ('adopted IFRS').

In publishing the parent company financial statements here together with the group financial statements, the company has taken advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

Financial statements

Notes to the financial statements

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the profit or loss. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

New accounting policies and future requirements

The following standards or interpretations, issued by the IASB or the IFRIC that are relevant to the group came into effect during the year and have been adopted by the group:

- Amendments to IFRIC 14 Prepayments of a minimum funding requirement – this amendment relates to defined benefit schemes which fall under IAS 19 'Employee Benefits', however the group and its subsidiaries are not in a contribution prepayment position in this financial year.
- Amendments to IFRS 2 Group cash-settled share based payment transactions – although the group has share based payments, the parent company did not settle any share-based arrangements on behalf of the subsidiaries during the period.

The standards listed above did not have a significant effect on the consolidated results or financial position of the group or the company.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not adopted as they are not yet endorsed by the European Commission for this period. None of these will have an effect on the consolidated financial statements of the group apart from possible additional disclosures.

Financial year

The financial statements are prepared to reflect trading up to the Saturday nearest to the accounting reference date. This year's income statement covers the 53-week period ended 1 January 2011. Last year's income statement covered the 52 weeks ended 26 December 2009.

Consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group.

Prior to 1 January 2010, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Post 1 January 2010, costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Foreign currency translation

The consolidated financial statements are presented in pounds sterling, which is the group's and the company's presentation currency.

Foreign currency transactions are translated into the respective functional currency of group entities (the currency of the primary economic environment in which an entity operates) using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity. Since the group's date of transition to adopted IFRS, exchange differences arising on the translation of foreign operations have been recognised directly in equity.

Financial statements

Notes to the financial statements

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, that are effective are taken to shareholders' equity with the ineffective portion taken to the income statement. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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.

Significant items

Significant items are those items of financial performance which, because of size or incidence, require separate disclosure to enable underlying trading performance to be assessed.

Revenue recognition

Revenue represents the value of sales to customers outside the group net of discounts, allowances, volume and promotional rebates and other payments to customers and excludes value-added tax. Sales of goods are recognised when a group entity has delivered products to the customer; the customer has accepted the products and collectability of the related receivable is reasonably assured.

Finance income/expense

Finance income/expense includes the following:

- exchange differences arising on monetary items and all fair value gains and losses on derivative financial instruments and corresponding adjustments to hedged items (excluding the effective portion of the hedge relationship which is taken to equity) under designated fair value hedging relationships;
- amortisation of finance arrangement fees;
- discounting on long term balance sheet items;
- interest payable/receivable on cash and cash equivalents and borrowings; and
- IAS 19 pension finance costs comprising the expected return on pension fund assets less the interest on pension fund liabilities.

Finance income and expense is recognised in the income statement as it accrues, using the effective interest method.

Investments

Investments in subsidiary undertakings are shown at cost, less impairment.

Property, plant and equipment

All property, plant and equipment is shown at cost, less subsequent depreciation and applicable impairment, except for land, which is shown at cost less impairment.

Assets under construction are included in tangible fixed assets on the basis of expenditure incurred at the balance sheet date.

Except for Tooling, depreciation is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life as follows:

- Buildings up to 50 years
- Plant and machinery up to 10 years
- Equipment and motor vehicles up to 6 years
- Land is not depreciated

Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Tooling is depreciated over the expected life of supply either by including a proportion of the cost against each item supplied or allocating the cost evenly over the anticipated life of supply. Where the Tooling ceases to be used, the remaining cost is charged in full to the income statement.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill arising on acquisitions prior to 31 March 2004 has been retained at the previous UK GAAP amounts subject to being tested for impairment.

Research and development

Research expenditure is recognised as an expense as incurred. Cost incurred on development projects are recognised as intangible assets when it meets the recognition criteria of IAS 38 Intangible Assets. Development costs that have a finite useful life that have been capitalised are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit (not exceeding five years).

Financial statements

Notes to the financial statements

Costs incurred on creating new recipes and products are not recognised as intangible assets as they do not meet the identification and recognition criteria in IAS38 for an intangible asset. Such costs are expensed as incurred.

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software and amortised using the straight-line method over their estimated useful lives (three to five years). Computer software development costs that are directly associated with the implementation of major business systems are recognised as intangible assets and are amortised using the straight-line method over their estimated useful lives.

Impairment of assets

Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have an indefinite useful life or are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGUs.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount being the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for

any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs, the reversal is recognised in the profit or loss statement.

Leases

Leases are classified as finance leases where substantially all the risks and rewards of ownership are transferred to the group. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Assets acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases other than finance leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Inventories

Inventories are stated at the lower of cost, including attributable overhead expenditure, and net realisable value. Cost is determined using the first-in-first-out (FIFO)

Financial statements

Notes to the financial statements

method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Taxation

Current tax is based on taxable profit for the year and any adjustment to tax payable in respect of previous years. The group's liability for current tax is calculated using rates that have been enacted or substantively enacted at the balance sheet date. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Deferred tax is provided, using the liability method, on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled.

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 profit will be available to allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are recognised for all deductible temporary differences except in respect of deductible temporary differences associated with investments in subsidiaries in which case deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Share-based compensation

In terms of IFRS 2 Share-based Payments, an expense is not recognised in respect of equity-settled share options granted before 7 November 2002 and vested before 1 January 2005. The shares are recognised when the options are exercised and the proceeds received are allocated to reserves.

The group operates an equity-settled share-based compensation plan whereby the company grants share based payments to the employees of its subsidiary companies. The fair value of the options granted under this plan are calculated using a Monte Carlo simulation model, which takes into account the probability of meeting the market-based vesting conditions. The total amount to be expensed over the vesting period is determined by reference to the options granted and the estimated number of options expected to vest after adjusting for lapses due to leavers during the vesting period and achievement of any non-market based vesting conditions. At each balance sheet date prior to vesting of the relevant awards the group revises the estimates of the number of options that are expected to vest after adjusting for expected leavers and estimated achievement of non-market based vesting conditions. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. When a share-based payment arrangement contains a non-vesting condition, the fair value is discounted to reflect such a condition and there is no true-up for differences between expected and actual outcomes.

In addition, one of the group companies also operated a cash-settled share-based compensation plan. For cash-settled share-based compensation plans, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date. The liability is re-measured at each reporting date and at settlement date. Any change in the fair value of the liability is recognised as payroll costs in the income statement.

A deferred tax asset is calculated for outstanding share options based on the current share price at the end of each year, and the relative exercise price. The deferred tax asset is only recognised in the income statement for each share option scheme to the extent that a share-based payment expense has been charged in the income statement for that scheme. The remaining deferred tax asset calculated is recognised directly in equity.

Dividend distribution

Dividends to shareholders of Uniq plc are recognised as a liability in the period that they are approved by the shareholders.

Financial statements

Notes to the financial statements

Grants

Grants relating to assets are initially set up as deferred income. It is then recognised as income on a systematic basis over the useful life of the related depreciable assets. A government grant is not recognised until there is a reasonable assurance that it will be received and that the group will comply with the conditions associated with the grant.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits would be required to settle the obligation. A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan and announced its main provisions.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Retirement benefit obligations

The group's companies operate or contribute to various different types of pension schemes. These include both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and pay at or close to the time of retirement.

Actuarial gains and losses are recognised in full in the period in which they occur. As permitted by the standard, actuarial gains and losses are recognised outside profit or loss and presented in the statement of comprehensive income. The liability recognised in the balance sheet represents the present value of the defined benefit obligation, as reduced by the fair value of plan assets. The discount rate is set by reference to yields on high quality sterling corporate bonds, which is taken to be AA-rated for IAS19 purposes, taking into account the duration of the Scheme's liabilities. The cost of providing benefits is determined using the Projected Unit Credit Method.

Past-service cost is recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service cost is amortised on a straight-line basis over the vesting period.

When the actuarial calculation results in a benefit to the group the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan within the group. An economic benefit is available to the group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Any curtailment gain/(loss) is measured using actuarial assumptions appropriate at the time when the terms of the scheme were amended.

For defined contribution plans, the group pays contributions to company administered or third party pension plans on a contractual basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Discontinued operations

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

Segment reporting

The group determines and presents operating segments based on the information internally provided to the CEO, the chief operating decision maker for the purposes of making strategic decisions and monitoring of segment

Financial statements

Notes to the financial statements

performance, which conforms to the requirements of IFRS8, Operating Segments. The group's primary format for segment reporting is its business products, namely Desserts and Food to Go.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the group's headquarters), the UK retirement benefit obligation, head office expenses, cash, borrowings and income tax assets and liabilities.

Segment capital expenditure is the total costs incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, restricted cash, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are carried at amortised cost using the effective interest rate method, less any impairment losses.

Cash and cash equivalents comprise cash balances and call deposits excluding bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purposes of the cash flow statements.

Restricted cash comprises an amount which was placed into a secure account in favour of the UK pension fund.

Derivative financial instruments

The group uses various derivative financial instruments to manage exposure to foreign exchange risks. These include forward currency contracts and currency swaps. The group also uses interest rate swaps to manage interest rate exposures. The group does not use derivative financial instruments for speculative trading purposes.

Derivatives are initially accounted for and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The accounting treatment of derivatives classified as hedging instruments depends on their designation, which occurs on the date that the derivative contract is committed to. The group designates derivatives as:

- a hedge of the exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or of a highly probable forecasted transaction or the foreign exchange risk of a firm commitment which could affect the profit or loss ('cash flow hedge'); and
- a hedge of a net investment in a foreign entity or operation ('Net investment hedge').

Cash flow hedge

Where a derivative financial instrument is designated as a cash flow hedge of a recognised asset or liability, or a highly probable forecasted transaction, any gain or loss on the derivative financial instrument is recognised directly in equity to the extent it is effective. The cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. When the forecasted transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

Net investment hedge

Where the group hedges net investments in foreign entities through currency borrowing, the gains or losses on the retranslation of the borrowings (up to the opening net investment) are recognised in equity. If the group uses derivatives as the hedging instrument, the effective portion of the hedge is recognised in equity with any ineffective portion being recognised in the income statement. Gains and losses accumulated in equity are recycled through the income statement on disposal of the foreign entity.

Discontinued hedge accounting

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting or the group revokes designation of the hedging relationship. At that time, any cumulative gain or loss on the hedging instrument

Financial statements

Notes to the financial statements

recognised in equity is retained in equity until the highly probable forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period.

Forward exchange contracts

Forward exchange contracts ('FX contracts') which hedge currency assets and liabilities are recognised in the financial statements together with the assets and liabilities that they hedge. Both realised and unrealised gains and losses on FX contracts which hedge future sales and purchases are recognised in the income statement. Gains and losses on financial instruments that are not related to the group's hedging activities are recognised as finance income or expense.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect.

2. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that could 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.

Retirement benefit obligations

A number of accounting estimates and judgements are incorporated within the provision for post retirement obligations. These are described in more detail in note 27.

Share-based payments

Note 29 – measurement of share-based payments.

Goodwill

Note 13 – measurement of the recoverable amounts of the cash generating units (CGUs) containing goodwill. The recoverable amounts of CGUs were measured based on the higher of value in use and fair value less costs to sell. The assessment of the value in use involves a degree of judgement based on management estimate of future potential revenue and profit.

Provisions

Note 25 – provisions.

Contingent Liabilities

Note 32 – Contingent liabilities.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain. Significant judgement is required in determining the group's tax assets and liabilities. Deferred tax assets have been recognised to the extent they are recoverable based on profit projections for future years approved by senior management. Income tax liabilities for anticipated issues have been recognised based on estimates on whether additional tax will be due. Notwithstanding the above, the group believes that it will fully recover all tax assets and has adequate tax provisions to cover all risks across all business operations.

3. Financial risk management

Overview

The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk

This note presents information about the group's exposure to each of the above risks and the group's policies and processes for measuring and managing these risks. The risks are managed centrally following board approved policies. The group operates a centralised treasury function in accordance with board approved policies and guidelines covering funding and management of foreign exchange exposure and interest rate risk. Transactions entered into by the treasury function are required to be in support of, or as a consequence of, underlying commercial transactions.

Exposure to interest rate fluctuations are partly managed through the use of interest rate swaps and forward rate agreements. Objectives for the mix between fixed and floating rate borrowings are established by the board so as to seek to reduce the impact of adverse variations in interest rates on the group's profit and cash flow.

The group does not engage in holding speculative financial instruments or their derivatives. Further quantitative disclosures are included throughout these consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. An embedded risk management process is in place, which seeks to identify the most significant risks

Financial statements

Notes to the financial statements

facing each business and the group, and reports on how those risks are being managed. This process requires the business units to produce risk registers identifying and evaluating significant risks which may affect their business and to consider what action can and should reasonably and cost effectively be taken to reduce them to an acceptable level. The process culminates in the production of a group risk register including a review of significant central risks. This register is reviewed and maintained on an ongoing basis. The group audit committee reviews the risk review procedure carried out by the group with the aim of ensuring that, where possible and appropriate to do so in the context of the business, reasonable steps are taken by the group to mitigate such risks.

Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the group's receivables from customers and investment securities.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The majority of the group's customers are large, established retail organisations with good credit records and thus have a lower risk of default. Most of them have been transacting with the group for a number of years. The group assigns credit limits to its customers based on a review of external credit ratings. The group's policy is to provide for bad debts based on the specific circumstances of each debtor. Approximately 57% (2009: 54%) of the group's revenue is attributable to sales transactions with a single customer. This customer pays between 14 and 21 days thus the group has a reduced concentration of credit risk.

Cash and cash equivalents

The group limits its exposure to credit risk by only using banks with a credit rating of at least Aa3 from Moody's and A+ from Standard and Poor's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Guarantees

The group's policy is to provide financial guarantees only to wholly owned subsidiaries.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach is to monitor cash flow forecasts on a weekly

basis to ensure that it has sufficient liquidity to meet its liabilities when they become due.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

Currency risk

The group's exposure to foreign currency is primarily on purchases in Euro, following the disposal of the European operations. Contracted transactional exposures are fully hedged at the point in time when they become contracted. Forecast transactional exposures are reviewed and hedged on a case by case basis. Hedging is achieved using forward foreign exchange contracts.

Interest rate risk

The group's objective is to minimise the impact of interest rate volatility on interest cost to protect earnings. This is achieved by reviewing both the amount of floating rate indebtedness over a certain period of time and its sensitivity to interest rate fluctuations. From time to time, the group may take out interest rate swaps in order to mitigate the group's exposure to interest rates on floating debt. However, during the year, as part of the group's strategy, some of the net proceeds from various disposals of businesses transactions were used to repay part of its facility loans. Therefore, the group believes that the exposure to interest rate risk was minimal.

Other market price risk

The group's Pension Trustees are responsible for setting investment principles in place. The funds are predominantly held in equity investments, bonds and/or gilts in such proportions as the Trustees, guided by the investment advisors, consider appropriate from time to time.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on trading capital employed ('ROTCE') for each operating division as well as for the group. ROTCE represents operating profit before significant items as a percentage of trading capital employed (as adjusted for the effect of the timing of major acquisitions and disposals).

Financial statements**Notes to the financial statements****4. Segment analysis**

The group's reportable segments under IFRS 8 'Reporting Segments' are Desserts and Food To Go. These product segments are regularly reported to the group's management for the purposes of making strategic decisions and monitoring of its segment performance.

Desserts segment operates from two sites – Minsterley and Evercreech producing trifles, desserts, yoghurts and cottage cheese. Although these are two operating segments, they have been aggregated under the Desserts segment as they met the same aggregation criteria under IFRS 8.

Food to Go segment operates from two sites – Northampton and Spalding producing sandwiches, wraps, café hot food, sandwich fillers and dressed salads. Although these are two operating segments, they have been aggregated under Food to Go segment as they met the same aggregation criteria under IFRS 8.

The discontinued businesses in the year were the German and Polish businesses, part of the discontinued Northern Europe reportable segment. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in note 22.

4.1. Segment revenue and results

	Segment revenue		Segment result before significant items	
	2010 £m	2009 £m	2010 £m	2009 £m
Desserts	154.9	150.3	(2.7)	(2.9)
Food to Go	157.0	136.9	11.0	7.3
Reportable segments	311.9	287.2	8.3	4.4
Corporate expenses (unallocated)			(4.2)	(6.3)
Operating Profit/(loss) before significant items			4.1	(1.9)
Significant items			(2.4)	(0.7)
Operating Profit/(loss) after significant items			1.7	(2.6)
Net finance expense			(12.9)	(15.9)
Loss before tax			(11.2)	(18.5)
Income tax expense			–	(0.4)
Loss from continuing operations			(11.2)	(18.9)
Profit/(loss) from discontinued operations (net of tax) (note 22)			35.4	(2.0)
Profit/(loss) for the year			24.2	(20.9)

Revenue reported above represents revenue generated from external customers. There was no inter-segment revenue in the year (2009: £nil). The total of the reportable segments' revenue equates to the group's revenue of its continuing operations.

The accounting policies of the reportable segments are the same as the group's accounting policies described in note 1. Segment results represent the results earned by each segment without allocation of significant items, corporate costs, finance costs and income tax expense. This is the measure reported to management as they believe that it is the most relevant in evaluating the performance of the above segments and for the purpose of resource allocation.

Financial statements

Notes to the financial statements

4.2. Other segment information

	Assets		Liabilities		Depreciation and amortisation		Capital expenditure (including software)	
	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
Desserts	82.8	76.6	17.8	20.7	5.7	5.1	11.9	9.2
Food to Go	68.5	67.7	19.8	17.2	4.2	3.6	3.7	2.6
Reportable segments	151.3	144.3	37.6	37.9	9.9	8.7	15.6	11.8
Corporate (unallocated)	31.3	141.8	166.9	291.2	–	0.3	–	0.1
Amounts related to discontinued operations (note 22)	–	101.6	–	73.8	–	2.2	0.7	6.4
Consolidated	182.6	387.7	204.5	402.9	9.9	11.2	16.3	18.3

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets and liabilities are allocated to reportable segments other than those included in corporate (unallocated) and classified as discontinued operations. Goodwill is allocated to the Food to Go reportable segment as described in note 13.
- Assets in corporate (unallocated) include cash, restricted cash and tax assets. Liabilities in corporate (unallocated) include borrowings, tax liabilities and the UK pension liability. The majority of the UK pension scheme's members are past employees and not related to the reportable segments.

In addition to the depreciation and amortisation reported above, asset impairment charges and reversals attributable to the following reportable segments and discontinued operations are shown below:

	2010 £m	2009 £m
Desserts	1.6	(1.7)
Amounts related to discontinued operations	–	7.6
	1.6	5.9

4.3. Revenue from major business products

Revenues from external customers for each business product are the same as those reported under the above reportable segments.

4.4. Geographical information

During the year, the group operated in two principal geographical areas – United Kingdom (country of domicile) and Northern Europe. Northern Europe comprised of Germany and Poland.

The group's continuing operations revenue from external customers and its assets and liabilities are all based in United Kingdom as in 2009. The group's discontinued operations revenue from external customers are in Northern Europe and its assets and liabilities are reported in note 21 as businesses disposed. In 2009, the group's discontinued operations revenue from external customers were in United Kingdom (Pinneys), Northern Europe and France; whilst the assets and liabilities of United Kingdom (Pinneys) and France were reported as businesses disposed in note 21 and Northern Europe was reported as held for sale in note 20.

Revenue from one customer of both the Food to Go and Desserts segments represents approximately £178.0m (2009: £153.8m) of the group's total continuing revenues. In 2009 revenues from another customer within the Desserts business represented approximately £29.0m of the group's total continuing revenues, however in the current year no other customer represents greater than 10% of the group's total continuing revenues.

Financial statements

Notes to the financial statements

5. Expenses and auditors' remuneration

	2010			2009		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
The group's results include charges for:						
Depreciation and amortisation	9.9	–	9.9	9.0	2.2	11.2
Asset impairment	1.6	–	1.6	–	–	–
Asset impairment related to assets held for sale	–	–	–	–	7.6	7.6
Reversal of asset impairment	–	–	–	(1.7)	–	(1.7)
Operating lease rental payments:						
– plant and machinery	1.1	0.8	1.9	0.7	2.8	3.5
– other	0.9	0.1	1.0	0.9	1.1	2.0
Research and development	2.3	–	2.3	1.4	–	1.4
Inventory written down to net realisable value	0.7	–	0.7	1.2	1.4	2.6
Reversal of inventory written down to net realisable value	–	(0.1)	(0.1)	(0.2)	(0.2)	(0.4)

	2010			2009		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Auditors' remuneration						
Audit of these financial statements	0.3	–	0.3	0.3	–	0.3
Audit of the financial statements of subsidiaries pursuant to legislation	0.1	–	0.1	0.1	0.3	0.4
Other	0.2	–	0.2	0.5	–	0.5
	0.6	–	0.6	0.9	0.3	1.2

6. Directors and employees

Directors' emoluments and share interests are given in the remuneration report on pages 32 to 37.

	2010			2009		
	Continuing £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Aggregate payroll costs						
Wages and Salaries	53.3	6.7	60.0	54.8	76.5	131.3
Social security costs	5.2	1.2	6.4	4.9	17.2	22.1
Pension costs – defined benefit schemes	–	–	–	1.1	0.3	1.4
Pension costs – defined contribution schemes	1.1	–	1.1	0.6	1.2	1.8
Share-based payments charge	0.3	–	0.3	0.5	–	0.5
	59.9	7.9	67.8	61.9	95.2	157.1

	2010			2009		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
Employee numbers						
Average:						
Full time	1,895	370	2,265	2,257	3,729	5,986
Part time	65	–	65	68	141	209
	1,960	370	2,330	2,325	3,870	6,195
At period end						
	1,953	–	1,953	2,202	3,741	5,943

Financial statements
Notes to the financial statements

7. Significant items

	Note	2010 £m	2009 £m
Restructuring costs – UK operations		(0.4)	(6.3)
– Group		(3.0)	(0.8)
Asset impairment		(1.6)	–
Reversal of asset impairment		–	1.7
Onerous contract		2.6	–
Curtailment gain – pensions		–	4.7
Continuing operations		(2.4)	(0.7)
Discontinued operations (net of tax)	22	32.2	(12.0)
		29.8	(12.7)

Restructuring costs – UK Operations

In 2010 this relates to the closure of our cottage cheese operation in the Desserts segment and covers expected redundancy costs. In 2009 this relates to the closure of Paignton site and the transfer of operations from Paignton to Minsterley.

Restructuring costs – Group

This relates to the restructuring of group operations and costs of a significant nature in relation to the management of the group's pension fund.

Asset impairment

This relates to the impairment of tangible fixed assets of our cottage cheese operation in the Desserts segment.

Reversal of asset impairment

In 2009 this relates to assets from Paignton which had been impaired in 2008, but which were subsequently transferred and used in operations at the Minsterley site and also a reversal of the impairment of the land and buildings at Paignton which were previously held for sale at year end.

Onerous contracts

On 11 February 2011, the group agreed a settlement with Wincanton in relation to its onerous contract, resulting in a release of the excess provision no longer required.

Curtailment gain – Pensions

From October 2009 the defined benefit pension fund was closed to further accrual resulting in a curtailment gain for the group.

8. Finance income and expenses

	2010 £m	2009 £m
Finance income		
Interest on bank balances	0.3	0.1
Interest on restricted cash	0.6	1.4
Net foreign exchange gains	0.3	–
	1.2	1.5
Finance expense		
Interest on bank loans	(1.4)	(2.5)
Net foreign exchange losses	–	(1.2)
Amortisation of finance arrangement costs	(0.6)	(1.0)
	(2.0)	(4.7)
Net finance expense – continuing operations	(0.8)	(3.2)
Net pension interest	(12.1)	(12.7)
Net finance charges	(12.9)	(15.9)

Financial statements**Notes to the financial statements****9. Income tax**

The tax charge on the loss before significant items for continuing operations is £nil (2009: £0.4m charge).

	2010 £m	2009 £m
Overseas tax	–	(0.4)
Deferred tax	–	–
Tax on continuing operations	–	(0.4)
Tax on significant items	–	–
Continuing operations	–	(0.4)
Tax expense on discontinued operations (note 22)	(0.5)	(1.3)
	(0.5)	(1.7)

The group has used tax losses to reduce tax payments in respect of the current and prior years.

A reconciliation of the current tax charge to the 28% (2009: 28%) standard rate in the UK

	2010 £m	2009 £m
Loss before tax on continuing operations	(11.2)	(18.5)
Tax credit at UK corporation tax rate of 28% (2009: 28%)	3.1	5.2
Actual tax charge	–	(0.4)
Difference	3.1	5.6
Explained by:		
Reversal of asset impairment	–	(0.5)
Recognised tax losses	3.7	6.0
Permanent items	(0.6)	0.1
Total	3.1	5.6

10. Earnings per share ('EPS')**Basic and diluted EPS**

Basic EPS on continuing operations is calculated on the basis of the weighted average of 113.9m (2009: 113.9m) ordinary shares in issue and profit for the year on continuing operations of £24.2m (2009: loss of £20.9m). Basic earnings/(loss) per share for discontinued operations is calculated on profit for the year of £35.7m (2009: loss £2.0m). At year end there are no potential ordinary shares that have a dilutive effect on continuing operations.

Potential ordinary shares which may dilute EPS in the future include share options, warrants and performance incentive plan shares granted by the company. They have not been included in the calculation of dilutive EPS as they were anti-dilutive for the current period.

Adjusted EPS

Adjusted loss per share is shown by reference to the group loss before significant items and related tax. Adjusted loss per share is presented as the directors consider that this gives valuable additional information about the earnings performance of the group's operations and is calculated as follows:

Financial statements
Notes to the financial statements

	2010 £m	2009 £m
Adjusted basic and diluted EPS of the group		
Profit/(loss) for the year	24.2	(20.9)
Significant items on continuing operations	2.4	0.7
Significant items on discontinued operations	(32.2)	9.7
Adjusted loss before tax	(5.6)	(10.5)
Related tax	–	2.3
Adjusted loss	(5.6)	(8.2)

	Pence per share	Pence per share
Adjusted basic and diluted EPS on total group	(4.9)	(7.2)

11. Dividends

No dividends were paid nor declared during 2010 (2009: £nil).

12. Property, plant and equipment

	2010				2009			
	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Total £m	Land and buildings £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost								
Opening balance	37.9	106.0	3.4	147.3	121.5	348.6	9.6	479.7
Additions	–	–	15.6	15.6	0.5	5.9	11.6	18.0
Transfers from assets under construction	0.6	11.1	(11.7)	–	4.4	13.4	(17.8)	–
Disposals	–	(3.5)	–	(3.5)	(0.6)	(17.8)	–	(18.4)
Disposal of businesses (note 21)	–	–	–	–	(76.0)	(142.6)	–	(218.6)
Transfer to assets held for sale (note 20)	–	–	–	–	(54.1)	(45.4)	–	(99.5)
Reclassification	–	–	–	–	46.0	(51.3)	–	(5.3)
Exchange	–	–	–	–	(3.8)	(4.8)	–	(8.6)
Closing balance	38.5	113.6	7.3	159.4	37.9	106.0	3.4	147.3
Depreciation and impairment losses								
Opening balance	10.2	60.8	–	71.0	50.3	258.5	–	308.8
Provided in the period	1.4	8.5	–	9.9	1.8	9.4	–	11.2
Disposals	–	(3.5)	–	(3.5)	(0.6)	(17.8)	–	(18.4)
Disposal of businesses (note 21)	–	–	–	–	(51.6)	(103.5)	–	(155.1)
Reclassification	–	–	–	–	46.8	(48.8)	–	(2.0)
Impairment	–	1.6	–	1.6	4.2	2.9	–	7.1
Reversal of impairment (note 7)	–	–	–	–	(1.2)	(0.5)	–	(1.7)
Transfer to assets held for sale (note 20)	–	–	–	–	(38.6)	(35.7)	–	(74.3)
Exchange	–	–	–	–	(0.9)	(3.7)	–	(4.6)
Closing Balance	11.6	67.4	–	79.0	10.2	60.8	–	71.0
Opening net book value	27.7	45.2	3.4	76.3	71.2	90.1	9.6	170.9
Closing net book value	26.9	46.2	7.3	80.4	27.7	45.2	3.4	76.3

Financial statements**Notes to the financial statements****Leased plant and equipment**

The group leases equipment under a number of finance lease agreements or quasi finance leases (see note 23). In 2009 the net carrying amount of leased plant and equipment was £0.9m in Northern Europe which had been reclassified as held for sale. There was no depreciation recognised on leased assets for current and prior year in the continuing operations.

Impairment of assets

Refer to notes 7 and 22 for details relating to the impairment of assets and the reversal of the impairment of assets.

Reclassification

In 2009 the property, plant and equipment ('PPE') has been reclassified between categories and also with the intangible assets – software to reflect the true cost and depreciation of the assets. The net book value as a result of this reclassification in the PPE in 2009 has also resulted in £3.3m being re-classed to intangible assets – software. Overall, there is no change in net book value for both PPE and Intangible assets – software.

13. Intangible assets

	2010			2009		
	Goodwill £m	Software £m	Total £m	Goodwill £m	Software £m	Total £m
Additions	–	–	–	–	0.3	0.3
Disposals	–	–	–	–	(0.7)	(0.7)
Disposal of businesses (note 21)	–	–	–	–	(10.3)	(10.3)
Transfer to assets held for sale (note 20)	–	–	–	–	(3.0)	(3.0)
Reclassification	–	–	–	–	(8.2)	(8.2)
Exchange	–	–	–	–	(1.2)	(1.2)
Closing balance	51.0	–	51.0	51.0	–	51.0
Amortisation and impairment losses						
Opening balance	20.5	–	20.5	20.5	23.1	43.6
Disposals	–	–	–	–	(0.5)	(0.5)
Disposal of businesses (note 21)	–	–	–	–	(7.4)	(7.4)
Reclassification	–	–	–	–	(11.5)	(11.5)
Impairment	–	–	–	–	0.5	0.5
Transfer to assets held for sale (note 20)	–	–	–	–	(3.0)	(3.0)
Exchange	–	–	–	–	(1.2)	(1.2)
Closing Balance	20.5	–	20.5	20.5	–	20.5
Opening net book value	30.5	–	30.5	30.5	–	30.5
Closing net book value	30.5	–	30.5	30.5	–	30.5

Goodwill Impairment

As required by IAS 36 an annual impairment review was carried out to assess whether the carrying amount of the goodwill exceeds the recoverable amount. Goodwill is allocated to the group's cash generating units (CGUs) or groups of CGUs as set out below:

	2010 £m	2009 £m
Food to Go	30.5	30.5

Financial statements
Notes to the financial statements

The recoverable amounts of CGUs were measured based on the higher of value in use and fair value less costs to sell. Value in use was determined to be higher, thus this was used as the recoverable amount. The key assumptions in the value in use calculation for sales and margin were based on historical trends adjusted for management estimate of future performance of each business unit which involves a degree of judgement. These future trends and cash flow projections in the form of the financial budget for 2011 and the strategic plans for 2012 and 2013 have been approved by the board. Cash flows beyond the three year period for the United Kingdom were extrapolated using a growth rate of 0% and included a terminal value. A pre tax discount rate of 11.2% (2009: 11.7%) was used for this CGU based on the group's weighted average cost of capital.

Cash flows beyond the three year period for the United Kingdom were extrapolated using a growth rate of 0% and include a terminal value. A pre tax discount rate of 11.2% (2009: 11.7%) was used for all CGUs based on the group's weighted average cost of capital.

In 2010, the recoverable amount of goodwill exceeded the carrying value and no impairment was required.

14. Restricted cash

This related to cash held in a secure account in favour of the Pension Fund. In October 2010, the balance of £97.6m was paid to the pension fund.

15. Deferred tax assets

	Assets		Liabilities		Net	
	2010 £m	2009 £m	2010 £m	2009 £m	2010 £m	2009 £m
Retirement benefit obligations	13.9	13.9	–	–	13.9	13.9
Tax assets/(liabilities)	13.9	13.9	–	–	13.9	13.9

Net deferred tax assets

	2010 £m	2009 £m
Opening balance	13.9	10.2
Income statement charge – continuing	0.5	–
– change in rate of tax	(0.5)	–
Income statement – discontinued	–	(2.3)
Disposal of businesses (note 21)	–	5.3
Held for sale (note 20)	–	0.7
Closing balance	13.9	13.9

Unrecognised deferred tax assets

	2010 £m	2009 £m
Retirement benefit obligations	26.4	52.0
Capital allowances in excess of depreciation	43.1	35.1
Provisions	2.4	2.1
Tax losses	22.8	13.8
	94.7	103.0

Deferred tax assets have not been recognised in respect of these items because the availability of suitable taxable profits is uncertain. There are no unrecognised deferred tax liabilities in respect of temporary differences associated with investments in subsidiaries.

Financial statements**Notes to the financial statements**

On 22 June 2010 the Chancellor announced that the main rate of UK corporation tax will reduce from 28% to 27% with effect from 1 April 2011. This tax change became substantively enacted in July 2010 and therefore the effect of the rate reduction on the deferred tax balances as at 31 December 2010 has been included in the figures above.

On 23 March 2011 the Chancellor announced a further reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011. This change became substantively enacted on 29 March 2011 and therefore the effect of the rate would create an additional reduction in the deferred tax asset of approximately £0.5m. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

The Chancellor also proposed changes to further reduce the main rate of corporation tax by 1% per annum to 23% by 1 April 2014, but these changes have not yet been substantively enacted and therefore are not included in the figures above. The overall effect of the further reductions from 27% to 23%, if these applied to the deferred tax balance at 26 April 2010, would be to further reduce the deferred tax asset by approximately £2.1m.

16. Investments**Company**

	2010 £m	2009 £m
Cost		
Opening balance	225.2	225.2
Closing balance	225.2	225.2
Provisions for impairment		
Opening balance	135.7	94.4
Impairment	–	41.3
Closing balance	135.7	135.7
Net book value	89.5	89.5

Investments in the company are stated at cost less provision for any impairment.

Investments in the company balance sheet of £89.5m (2009: £89.5m) represent shares in subsidiary undertakings. Further details of these subsidiaries are given in note 35.

An impairment test was carried out on the investments held by the company to review the carrying value. No impairment was required in 2010 as the value in use was in excess of the carrying value. In 2009, the value of the investments was impaired to value in use, resulting in a £41.3m impairment charge. The pre-tax discount rate used in the calculation of value in use was 11.2% (2009: 11.7%).

17. Inventory

	2010 £m	2009 £m
Raw materials and consumables	12.0	10.5
Work in progress	1.1	0.1
Finished goods and goods for resale	0.7	0.6
	13.8	11.2

In 2010, inventory recognised as cost of sales for the continuing operations amounted to £165.5m (2009: £151.3m).

Financial statements
Notes to the financial statements

18. Trade and other receivables

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Current assets				
Trade debtors	20.8	22.5	–	–
Derivatives not used for hedging	0.1	–	0.1	–
Other debtors	10.0	8.8	–	0.1
Prepayments and accrued income	2.3	3.3	–	–
	33.2	34.6	0.1	0.1
Non-current assets				
Other debtors	–	5.4	–	–

Included in trade debtors is £nil (2009: £0.1m) of allowances for doubtful debts (refer to note 26).

The other debtors in non-current assets of £nil (2009: £5.4m) represent deferred consideration of €6m for the sale of Marie SAS in 2009, being held in escrow for 18 months from date of disposal. This amount was received in April 2011. This amount revalued at year end to £5.3m has been reclassified to other debtors in current assets above.

Included in other debtors in 2009 was an amount of £5.6m deferred disposal costs of Northern Europe which was subsequently recognised in 2010, when the disposal took place.

19. Cash and cash equivalents

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Cash at bank	7.1	11.4	7.0	10.6
Short-term deposits	3.7	5.8	1.8	2.3
Cash and cash equivalents	10.8	17.2	8.8	12.9
Bank overdrafts used for cash management purposes (note 23)	–	(0.3)	–	–
Cash and cash equivalents in the statement of cash flows	10.8	16.9	8.8	12.9

In 2009, the cash at bank included an amount of £11.0m which was held in a separate account in accordance with an agreement with the Pension Fund until 30 June 2010.

Since then, the balance was transferred to the group's normal bank account and has been used for its business, with no restriction imposed on it.

The short-term deposit includes an amount of £3.5m (2009: £5.5m) which is secured against several letters of credit.

Financial statements

Notes to the financial statements

20. Assets held for sale

As at 31 December 2009, Northern Europe (Netherlands, Germany and Poland) and the Paignton factory in the UK, were classified as held for sale. Both were sold in the current year (see note 21).

	2010 Total £m	2009 Total £m
Assets classified as held for sale		
Property, plant and equipment	–	25.2
Deferred tax	–	0.4
Inventory	–	12.1
Trade and other receivables	–	56.9
Cash	–	7.0
	–	101.6
Liabilities classified as held for sale		
Retirement benefit obligations	–	14.7
Provisions	–	0.3
Deferred tax	–	1.1
Corporation tax	–	0.4
Borrowings	–	0.9
Trade and other payables	–	56.4
	–	73.8

Cumulative income or expense recognised directly in equity relating to Northern Europe segment classified as held for sale:

	2010 £m	2009 £m
Actuarial loss recognised on the pension schemes	–	(8.1)
Deferred tax relating to the pension schemes	–	3.4
Foreign currency translation differences for foreign operations	–	30.2
	–	25.5

Financial statements

Notes to the financial statements

21. Business disposals

During the year, the group sold 100% of its interest in the share capital of the following businesses for gross consideration as set out below:

Business	Segments	Nature of business	Date of disposal	Gross consideration
Uniq Convenience Foods Nederland BV	Northern Europe	Chilled and frozen convenience foods	9 January 2010	£16.6m
Uniq Deutschland GmbH and Uniq Lisner Sp.oz.o	Northern Europe	Chilled and frozen convenience foods	21 April 2010	£24.7m

The profit/(loss) on disposal of these businesses as set out below is included in the significant items of the discontinued operations (see note 22). For 2009, the group disposed of Pinneys, a chilled fish business in UK, Brandy, a field sales force business in Germany and Marie SAS, a chilled and frozen convenience foods business in France.

	2010			2009	
	Germany/ Poland £m	Netherlands £m	Other £m	Total £m	Pinneys, Brandy and France
Property, plant and equipment	12.8	12.5	–	25.3	63.5
Intangible assets	–	–	–	–	2.9
Inventories	7.9	2.9	–	10.8	28.0
Cash and cash equivalents and overdrafts	3.8	1.9	–	5.7	(10.4)
Finance leases	(0.5)	(0.2)	–	(0.7)	
Trade and other receivables	47.8	9.3	–	57.1	40.3
Trade and other payables	(33.7)	(16.6)	–	(50.3)	(61.5)
Retirement benefit obligation	(14.3)	–	–	(14.3)	(5.0)
Provisions	(0.2)	(0.1)	–	(0.3)	(0.9)
Tax	(0.5)	(1.1)	–	(1.6)	(5.3)
Net assets disposed	23.1	8.6	–	31.7	51.6
Cumulative foreign exchange recycled from translation reserve	(30.7)	0.4	–	(30.3)	(1.7)
Gain/(loss) on disposal ¹	28.8	5.0	(0.9)	32.9	(2.0)
Net consideration	21.2	14.0	(0.9)	34.3	47.9
Relating to:					
Cash consideration	24.8	13.6	–	38.4	50.9
Cash consideration – working capital adjustment	(0.1)	3.0	–	2.9	(0.2)
Deferred consideration	–	–	–	–	5.5
Disposal costs	(3.5)	(2.6)	(0.9)	(7.0)	(8.3)
	21.2	14.0	(0.9)	34.3	47.9
Net cash inflow/(outflow) on disposal of businesses:					
Consideration received/(paid) (net of disposal costs paid)	21.3	13.6	(2.4)	32.5	46.7
Plus/(Less): cash and cash equivalents and overdrafts sold	(3.8)	(1.9)	–	(5.7)	10.4
	17.5	11.7	(2.4)	26.8	57.1

¹ In 2010, gain on disposal of Germany/Poland and Netherlands includes foreign exchange gain of £30.3m recycled from translation reserve.

22. Discontinued operations

The results for 2010 relate to the Germany and Poland businesses, part of the Northern Europe segment. Further information with regard to business disposals can be found in note 21. In 2009 the results included Fish (Pinneys), France and Northern Europe (Germany, Poland and Netherlands) segments.

Financial statements**Notes to the financial statements**

Profits/(losses) attributable to the discontinued operations were as follows:

	2010	2009
	Northern Europe £m	Pinneys, France and Northern Europe £m
Results of discontinued operations		
Revenue	54.0	430.8
Expenses	(50.1)	(419.8)
Operating profit	3.9	11.0
Finance charge	(0.2)	(2.0)
Profit before tax and significant items	3.7	9.0
Income tax (expense)/credit	(0.5)	1.0
Profit after tax before significant items	3.2	10.0
Significant items after tax (note A)	32.2	(12.0)
Significant items before tax	32.2	(9.7)
Tax on significant items	–	(2.3)
Profit/(loss) for the year	35.4	(2.0)

Note A: Significant items after tax

	2010	2009
	Northern Europe £m	Pinneys, France and Northern Europe £m
Restructuring costs	–	(0.2)
Pension – curtailment gain	–	1.0
Assets impairment	–	(7.2)
Loss on disposal of assets	–	(1.0)
Profit/(loss) on disposal of businesses	32.9	(2.0)
Other significant costs	(0.7)	(0.3)
Significant items before tax	32.2	(9.7)
Tax on significant items	–	(2.3)
Significant items after tax	32.2	(12.0)

Restructuring costs

Restructuring costs in 2009 related to costs incurred to reduce the costs of the business units and improve profitability. The 2009 costs included a release of prior year's provision of £0.6m in Northern Europe.

Pension curtailment gain

In 2009, this related to the closure of the defined benefit scheme for employees who were members of the pension fund and who worked in the disposed business.

Assets impairment

In 2009, the assets impairment relates to the Northern European operations which were impaired to the recoverable value, being fair value less costs to sell.

Loss on disposal of assets

In 2009, this relates to the disposal of the Bremerhaven factory in Germany.

Financial statements
Notes to the financial statements

Profit/(loss) on disposal of businesses

This is disclosed in note 21 and includes foreign exchange recycled from the translation reserve.

Other significant costs

In 2010 this refers to one-off costs for discontinued businesses and in 2009 this related to additional pension costs in Germany.

	2010 £m	2009 £m
Cash flow from/(used in) discontinued operations		
Net cash used in operating activities	(2.9)	(6.0)
Net cash (used in)/from investing activities	(6.4)	2.4
Net cash used in financing activities	(0.2)	(1.3)
Net cashflow used in discontinued operation	(9.5)	(4.9)

23. Borrowings

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Current liabilities				
Loan drawings under revolving facility	–	27.0	–	27.0
Bank overdraft	–	0.3	–	–
	–	27.3	–	27.0

The loan under the group bank facility was repaid during the year when the facility of £35m expired on 31 December 2010. In 2009 the loan drawn under this facility was £27.6m less £0.6m of unamortised arrangement fees. The remaining fees were fully amortised in 2010.

On 9 February 2011 the group agreed a new banking facility of £25m which became available on the completion of the pension restructuring deal. The new facility provides a three year £15m term loan, with a six-month repayment term of £1.5m and a £10m revolving credit facility.

	2010				
	Cash and overdrafts £m	Borrowings due within one year (excluding overdrafts) £m	Borrowings due after one year £m	Borrowings £m	Net cash/(debt) £m
Analysis of net cash/(debt)					
Opening balance (including discontinued businesses)	23.9	(27.5)	(0.4)	(27.9)	(4.0)
Effect of foreign exchange rate changes	0.1	0.1	–	0.1	0.2
Cash flow – continuing businesses	(3.7)	27.7	–	27.7	24.0
Cashflow – discontinued businesses	(9.5)	–	–	–	(9.5)
Disposed finance leases	–	0.3	0.4	0.7	0.7
Non cash movements	–	(0.6)	–	(0.6)	(0.6)
Closing balance – continuing operations	10.8	–	–	–	10.8

Financial statements

Notes to the financial statements

2009

	Cash and overdrafts £m	Borrowings due within one year (excluding overdrafts) £m	Borrowings due after one year £m	Borrowings £m	Net cash/(debt) £m
Analysis of net cash/(debt)					
Opening balance (including discontinued businesses)	17.9	(0.6)	(25.7)	(26.3)	(8.4)
Effect of foreign exchange rate changes	(1.5)	–	0.8	0.8	(0.7)
Cash flow – continuing businesses	12.4	(26.9)	25.2	(1.7)	10.7
Cash flow – discontinuing business	(4.9)	–	–	–	(4.9)
Non cash movements	–	–	(0.7)	(0.7)	(0.7)
Closing balance – continuing businesses	23.9	(27.5)	(0.4)	(27.9)	(4.0)

24. Trade and other payables

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Trade payables	23.4	25.5	–	–
Other payables, including social security	4.9	7.2	–	0.2
Accruals and deferred income	13.3	11.9	–	–
Amounts owed to subsidiary undertakings	–	–	63.4	136.6
	41.6	44.6	63.4	136.8

25. Provisions

	2010		
	Onerous Contract £m	Other £m	Total £m
Opening balance	4.7	8.6	13.3
Income statement charge	(2.6)	3.2	0.6
(Recovered)/utilised during the year – continuing operations	0.2	(0.9)	(0.7)
Utilised during the year – disposal costs	–	(7.3)	(7.3)
Foreign exchange	–	(0.1)	(0.1)
Closing balance	2.3	3.5	5.8
Current liabilities	2.3	2.7	5.0
Non-current liabilities	–	0.8	0.8
	2.3	3.5	5.8

Onerous contract provision

In 2009 this related to the discounted value of a commitment in respect of an onerous contract relating to the Wincanton demerger. This was settled on 11 February 2011 for £2.3m resulting in the release of £2.6m of the provision that is no longer required.

Other provisions

Included in other provisions are costs totalling £1.3m (2009: £7.1m) relating to the disposals of Marie £1.2m (2009: £2.8m), Northern Europe £nil (2009: £3.3m) and Brandy £0.1m (2009: £1.0m). The disposal costs of Marie, Northern Europe and Brandy are expected to be utilised in the next financial year. Part of these provisions are based on the expected outcome of the claims, taking into account of the group's interpretation of the facts and judgement, supported by legal advice. The remainder of the other provision relates to £1.2m (2009: £0.6m) for two vacant properties and £1.0m (2009: £0.9m) for the restructuring programmes, as discussed in note 7. The vacant properties provision is expected to be utilised in 1 to 18 years and the restructuring provision is expected to be utilised in the next financial period.

Financial statements

Notes to the financial statements

26. Derivatives and other financial instruments

A discussion of the group's objectives, policies and strategies with regard to derivatives and other financial instruments are set out in note 3.

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Category	Group		Company	
		2010 £m	2009 £m	2010 £m	2009 £m
Trade and other receivables	Loans and receivables	33.1	34.6	0.1	0.1
Other debtors – non current	Loans and receivables	–	5.4	–	–
Forward exchange contracts: assets	Fair value through profit and loss	0.1	–	–	–
Cash and cash equivalents	Cash and bank balances	10.8	17.2	8.8	12.9
Restricted cash	Cash and bank balances	–	97.0	–	97.0
		44.0	154.2	8.9	110.0

Impairment losses

The ageing of trade receivables at the reporting date was:

	Group	
	2010 £m	2009 £m
Not past due	18.9	20.1
Past due 0-30 days – not yet impaired	1.3	2.0
Past due 30-60 days – not yet impaired	0.4	0.2
Past due 60-90 days	–	0.1
Past due 90-120 days	0.2	0.2
	20.8	22.6
Allowance for doubtful debts	–	(0.1)
	20.8	22.5

Allowance for doubtful debts

The movement in allowance for doubtful debts in respect of trade receivables during the year was as follows:

	Group	
	2010 £m	2009 £m
Opening balance	(0.1)	(0.9)
Impairment loss for the year	–	(0.1)
Impairment loss reversed	0.1	0.9
Closing balance	–	(0.1)

The group's policy is to provide for bad debts based on the specific circumstances of each receivable. Refer to note 3 for details of the group's policies in respect of trade and other receivables. Based on historical default rates, the group believes no impairment allowance is necessary on the receivables that are past due in 0-30 and 30-60 days respectively.

There were no trade receivables for the company in respect of the current year (2009: £nil).

Financial statements**Notes to the financial statements****Liquidity risk**

The following tables are the contractual maturity profile of the group's and company's cashflows of the financial liabilities, excluding estimated interest payments and netting arrangements. These tables have been drawn up based on the earliest date that the group and company can be required to pay on these financial liabilities. These amounts also approximate to their carrying values in the balance sheet.

		Group 2010			Group 2009		
	Category	6-12 months £m	1-5 years £m	Total £m	6-12 months £m	1-5 years £m	Total £m
Unsecured bank loans	Amortised cost	–	–	–	27.0	–	27.0
Bank overdraft	Amortised cost	–	–	–	0.3	–	0.3
Trade and other payables	Amortised cost	41.6	–	41.6	44.6	–	44.6
Forward exchange contracts: liabilities	Fair value through profit and loss	–	–	–	0.1	–	0.1
		41.6	–	41.6	72.0	–	72.0

		Company 2010			Company 2009		
	Category	6-12 months £m	1-5 years £m	Total £m	6-12 months £m	1-5 years £m	Total £m
Unsecured bank loans	Amortised cost	–	–	–	27.0	–	27.0
Trade and other payables	Amortised cost	–	–	–	0.2	–	0.2
Amounts owed to group undertakings	Amortised cost	63.4	–	63.4	136.6	–	136.6
Forward exchange contracts: liabilities	Fair value through profit and loss	–	–	–	0.1	–	0.1
		63.4	–	63.4	163.9	–	163.9

Market risk**Interest rate risk and currency risk**

The effective currency and interest rate exposures of the group's and company's net cash/(debt) position were as follows:

		Group 2010			Group 2009		
		Sterling £m	Euro £m	Total £m	Sterling £m	Euro £m	Total £m
Floating rate borrowings		–	–	–	(7.0)	(20.3)	(27.3)
Fixed rate borrowings		–	–	–	–	–	–
		–	–	–	(7.0)	(20.3)	(27.3)
Cash and liquid resources (including restricted cash)		10.7	0.1	10.8	115.5	(1.3)	114.2
Net cash/(debt)		10.7	0.1	10.8	108.5	(21.6)	86.9

		Company 2010			Company 2009		
		Sterling £m	Euro £m	Total £m	Sterling £m	Euro £m	Total £m
Floating rate borrowings		–	–	–	(6.7)	(20.3)	(27.0)
Cash and liquid resources (including restricted cash)		8.8	–	8.8	111.2	(1.3)	109.9
Net cash/(debt)		8.8	–	8.8	104.5	(21.6)	82.9

The restricted cash included in the cash and liquid resources for the group and company was £nil (2009: £97.0m).

Financial statements

Notes to the financial statements

The following significant exchange rates applied during the year:

	2010		2009	
	Euro	Polish Zloty	Euro	Polish Zloty
GBP				
Average rate	1.17	–	1.12	4.85
Reporting date spot rate	1.16	–	1.11	4.49

Sensitivity analysis

(a) Foreign currency sensitivity analysis

A 10% strengthening of sterling against the following currencies at year end 2010, would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009. The impact of sterling against those businesses that were held for sale has been excluded below for 2009.

	Group 2010	Group 2009
	Euro £m	Euro £m
Equity	–	0.7

	Company 2010	Company 2009
	Euro £m	Euro £m
Operating profit before significant items		
Profit/(loss)	–	(2.4)
Equity	–	(2.4)

A 10% weakening of sterling against the above currencies at year end would have had the equal and opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(b) Interest rate sensitivity analysis

The financial assets and liabilities that are interest bearing and expose the group to interest rate risks are its cash and cash equivalents, overdrafts and bank borrowings.

If interest rates applied to the major currencies of net variable rate assets/liabilities at this year end had been 1% higher/lower and all other variables were held constant, the group's profit for the year ended 2010 would increase/(decrease) by £0.1m (2009: increase/(decrease) by £0.8m). This is mainly attributable to the group's exposure to interest rates on its variable rate restricted cash balance and cash deposits (included in cash and cash equivalents).

Currency analysis of net assets/(liabilities)

The group's and company's net assets/(liabilities) by currency were as follows:

	Group 2010			Group 2009		
	Sterling £m	Euro £m	Total £m	Sterling £m	Euro £m	2010 £m
Net cash/(debt)	10.7	0.1	10.8	108.5	(21.6)	86.9
Other net (liabilities)/assets (excluding goodwill)	(66.9)	3.7	(63.2)	(163.3)	2.9	(160.4)
Goodwill	30.5	–	30.5	30.5	–	30.5
	(25.7)	3.8	(21.9)	(24.3)	(18.7)	(43.0)

Financial statements**Notes to the financial statements**

Where the group has liabilities, it operates a policy of maintaining the liability split between the two currencies in which the group operates i.e. the UK and European operations. The ratio of sterling:euro liabilities reflects the sterling:euro split of trading capital employed.

	Company 2010			Company 2009		
	Sterling £m	Euro £m	Total £m	Sterling £m	Euro £m	Total £m
Net cash/(debt)	8.8	–	8.8	104.5	(21.6)	82.9
Other net assets/(liabilities)	26.2	–	26.2	(47.3)	–	(47.3)
	35.0	–	35.0	57.2	(21.6)	35.6

The sterling other net (liabilities)/assets figure for 2009 had been adjusted to reflect the investment write off amounting to £41.3m and other liabilities adjustment of £0.6m.

Fair values of financial instruments

The table below sets out the fair values of financial assets and liabilities, which approximate to their carrying values in the balance sheet.

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Financial assets				
Non-current				
Restricted cash	–	97.0	–	97.0
Other debtors	–	5.4	–	–
Current				
Cash and cash equivalents	10.8	17.2	8.8	12.9
Forward exchange contracts – assets	0.1	–	–	–
Trade and other receivables (including amounts due from group undertakings)	33.1	34.6	0.1	0.1
	44.0	154.2	8.9	110.0
Financial liabilities				
Current				
Bank overdraft	–	0.3	–	–
Borrowings	–	27.0	–	27.0
Forward exchange contracts – liabilities	–	0.1	–	0.1
Trade and other payables (including amounts due to group undertakings)	41.6	44.6	63.4	136.8
	41.6	72.0	63.4	163.9

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial statements
Notes to the financial statements

	Level 2		Level 2	
	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Financial assets				
Forward exchange contracts – current assets	0.1	–	–	–
Financial liabilities				
Forward exchange contracts – current liabilities	–	(0.1)	–	(0.1)
	0.1	(0.1)	–	(0.1)

Cash flow hedge

During the year, the group has used forward foreign contracts to hedge future sales and purchases but these specific contracts have not been designated as cash flow hedges.

	Fixed rate	Contract value £m	2010	
			Fair value £m	Fair value £m
Forward contract to sell € and receive sterling 6 April 2010	0.876	3.9	4.5	4.0

At 31 December 2010, the profit for the above forward foreign exchange contract deferred in the hedging reserve was £0.1m (2009: loss £0.1m). On the date of maturity, this amount deferred in equity will be reclassified to profit or loss.

Net investment hedge

During the year, the group has designated certain euro-denominated currency borrowings to hedge its net investment in Northern Europe, up to the point of disposal of business.

The remaining euro-denominated borrowings designated to hedge the net investment of Northern Europe at year end 2010 was £nil (€22.3m).

The expected gain or loss on this currency borrowings was 100% offset by the amount of foreign exchange difference arising on both the translation of these euro-denominated net investments of these hedged entities at the date of disposal.

As a result, the gains on the retranslation of the borrowings of £0.1m (2009: £0.8m) were recognised in the group statement of comprehensive income.

27. Retirement benefit obligations

The group operates pension schemes in the UK and operated schemes in Europe during the period.

The main UK scheme is contributory for members and has two sections: the defined benefit section and the defined contribution section. The defined benefit section closed to new members in 2002 and was closed to existing members at 30 September 2009 but provides benefits for existing and past employees based on final pensionable emoluments. The assets of the plan are held in a separate trustee administered fund. As well as the main fund, the UK operates a small unfunded defined benefit pension scheme for overcap benefits and provides post-retirement medical benefits to certain former employees.

The results of an actuarial valuation as at 31 March 2009 were updated to the accounting date by independent qualified actuaries in accordance with IAS19. As required by IAS19, the value of the defined benefit obligation and current service costs has been measured using the projected unit credit method.

Financial statements

Notes to the financial statements

In April 2010, the Trustee began a programme to de-risk the scheme's assets. Over 2010, the Trustee has reduced the scheme's holdings in return-seeking assets, with a view to being invested 100% in gilts by early 2011.

The expected rate of return on assets for 2010 was 4.1% p.a. (2009: 6.7% p.a.). This rate is derived by taking the weighted average of the long term expected rate of return on gilts in which the scheme was invested at year end 2010.

Total contributions made to defined contribution schemes in the year were £1.1m (2009: £0.6m) for the continuing businesses in UK. In 2009, the company and Trustee agreed to close the UK main pension scheme to future accrual, resulting in a curtailment gain of £4.7m. The group made a final contribution of £14.0m to its defined benefit scheme in March 2011.

The following table sets out the key IAS 19 assumptions used for the schemes. Overseas plans are quoted as a weighted average based on liabilities. The expected rate of return on assets is derived by taking the weighted average of the long term expected rate of return on each of the asset classes that the plan was invested in at 31 December 2010. The assumptions used by the actuaries have been chosen from a range of possible actuarial assumptions about the future, which may not necessarily be borne out in practice. Management has considered the legislative changes with regard to inflation assumptions (RPI change to CPI) and has concluded that there is no material effect on the year end position.

Assumptions

	UK			Overseas		
	2010 %	2009 %	2008 %	2010 %	2009 %	2008 %
Inflation	3.5	3.6	2.9	1.5	1.5	1.5
Pension increases in payment	–	–	–	1.5	1.5	1.5
Pension increases in payment (LPI 5%)	3.4	3.5	2.7	–	–	–
Pension increases in payment (LPI 2.5%)	2.3	2.3	2.2	–	–	–
Salary growth						
– Standard	–	–	4.4	2.5	2.5	2.6
– Senior Management	–	–	5.9	2.5	2.5	2.6
Discount rate	5.4	5.7	6.4	5.1	5.1	5.9
Expected return for:						
– equities	–	8.0	7.5	–	–	–
– bonds	–	5.3	5.0	–	–	–
– other	4.1	4.3	3.8	4.5	4.5	5.0

For 2010 and 2009, the mortality assumptions have not been changed. The assumptions allow for future improvements according to the medium cohort projections, based on each individual's year of birth, with an adjustment to the underlying rates of mortality of +10% for those who left before 2000. The longevity assumptions are therefore:

	2010 Years	2009 Years
Life expectancy of a male aged 65 in 2010 (pre 2000 leaver)	21.4	21.2
Life expectancy of a male aged 65 in 2010 (post 2000 leaver)	22.1	22.0
Life expectancy of a male aged 65 in 2028 (pre 2000 leaver)	22.4	22.4
Life expectancy of a male aged 65 in 2028 (post 2000 leaver)	23.1	23.1

Financial statements

Notes to the financial statements

Sensitivity analysis of the main UK pension fund

		Approximate change in defined benefit obligation	
		2010 £m	2009 £m
Life expectancy	– 1 year longer/(shorter)	22.0	21.0
Discount rate	– increase/(decrease) of 0.1%	13.0	12.0
Inflation	– increase/(decrease) of 0.1%	10.0	10.0
Mortality	– change from PA92MC to PA92LC	40.0	37.0

Medical cost trends

There is strong evidence that healthcare costs increase faster than general price inflation. The group has adopted 2.5% pa (2009: 2.5% pa) for the rate at which medical costs increase over and above retail price inflation.

The following tables set out the fair value of assets, the present value of the IAS 19 liabilities and the deficit of assets below the IAS 19 liabilities (which equals the net pension deficit). The fair value of the schemes' assets is not intended to be realised in the short term and may be subject to significant changes before realisation. The present value of the schemes' liabilities is derived from cash flow projections over long periods and is thus inherently uncertain.

	2010			2009		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Fair value of assets:						
– Equities	14.1	–	14.1	308.7	–	308.7
– Bonds and gilts	600.1	–	600.1	188.2	–	188.2
– Other	6.6	–	6.6	4.4	–	4.4
Fair value of plan assets	620.8	–	620.8	501.3	–	501.3
Defined benefit obligation:						
Funded	(763.7)	–	(763.7)	(729.7)	–	(729.7)
Wholly unfunded	(6.5)	–	(6.5)	(6.7)	–	(6.7)
Present value of defined benefit obligation	(770.2)	–	(770.2)	(736.4)	–	(736.4)
Net liability in balance sheet	(149.4)	–	(149.4)	(235.1)	–	(235.1)

Financial statements

Notes to the financial statements

	2010			2009		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Movement in deficit during the year:						
Opening balance	(235.1)	–	(235.1)	(152.3)	(18.6)	(170.9)
Current service cost	–	–	–	(1.1)	(0.3)	(1.4)
Past service cost	–	–	–	–	(0.4)	(0.4)
Curtailments and settlements	–	–	–	5.7	–	5.7
Contributions by the employer	98.4	–	98.4	5.1	0.5	5.6
Net finance charge	(11.6)	–	(11.6)	(12.3)	(0.9)	(13.2)
Benefits paid	0.1	–	0.1	–	0.8	0.8
Actuarial losses	(1.2)	–	(1.2)	(80.2)	(1.7)	(81.9)
Disposal of businesses	–	–	–	–	4.8	4.8
Transferred to held for sale	–	–	–	–	14.7	14.7
Exchange	–	–	–	–	1.1	1.1
Closing balance	(149.4)	–	(149.4)	(235.1)	–	(235.1)
	2010			2009		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Amounts recognised in the income statement:						
Current service cost	–	–	–	(1.1)	(0.3)	(1.4)
Past service cost	–	–	–	–	(0.4)	(0.4)
Gains on curtailments and settlements	–	–	–	5.7	–	5.7
Recognised in operating profit/(loss)	–	–	–	4.6	(0.7)	3.9
Interest costs	(41.0)	–	(41.0)	(38.3)	(0.9)	(39.2)
Expected return on plan assets	29.4	–	29.4	26.0	–	26.0
Expected return on plan assets – others	(0.5)	–	(0.5)	(0.4)	–	(0.4)
Recognised in net pension interest	(12.1)	–	(12.1)	(12.7)	(0.9)	(13.6)
Total expense recognised in the income statement	(12.1)	–	(12.1)	(8.1)	(1.6)	(9.7)
Cumulative actuarial gains and losses recognised directly in equity:						
Opening balance	(152.6)	(2.4)	(155.0)	(72.4)	(0.7)	(73.1)
Actuarial (losses)/gains	(1.2)	–	(1.2)	(80.2)	(1.7)	(81.9)
Closing balance	(153.8)	(2.4)	(156.2)	(152.6)	(2.4)	(155.0)
Actual return on plan assets	57.7	–	57.7	74.0	–	74.0

Financial statements
Notes to the financial statements

The cumulative amount represents all actuarial gains and losses recognised directly in equity since transition date of 1 April 2004.

	2010			2009		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Reconciliation of present value of defined benefit obligation:						
Opening balance	(736.4)	–	(736.4)	(614.3)	(18.6)	(632.9)
Current service cost	–	–	–	(1.1)	(0.3)	(1.4)
Past service cost	–	–	–	–	(0.4)	(0.4)
Interest cost	(41.0)	–	(41.0)	(38.3)	(0.9)	(39.2)
Contributions by plan participants	–	–	–	(0.4)	–	(0.4)
Actuarial losses	(29.5)	–	(29.5)	(128.2)	(1.7)	(129.9)
Benefits paid	36.7	–	36.7	40.2	0.8	41.0
Curtailments and settlements	–	–	–	5.7	–	5.7
Disposal of businesses	–	–	–	–	4.8	4.8
Transferred to held for sale	–	–	–	–	15.2	15.2
Exchange	–	–	–	–	1.1	1.1
Closing balance	(770.2)	–	(770.2)	(736.4)	–	(736.4)

Reconciliation of fair value of plan assets:

Opening balance	501.3	–	501.3	462.0	–	462.0
Expected return on plan assets	29.4	–	29.4	26.0	–	26.0
Actuarial gains/(losses)	28.3	–	28.3	48.0	–	48.0
Contributions by the employer	98.4	–	98.4	5.1	0.5	5.6
Contributions by plan participants	–	–	–	0.4	–	0.4
Benefits paid	(36.6)	–	(36.6)	(40.2)	–	(40.2)
Transferred to held for sale	–	–	–	–	(0.5)	(0.5)
Closing balance	620.8	–	620.8	501.3	–	501.3

Historical information

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
Fair value of plan assets	620.8	501.3	462.0	615.8	624.5
Present value of defined benefit obligation	(770.2)	(736.4)	(632.9)	(691.8)	(732.3)
Net pension deficit in the balance sheet	(149.4)	(235.1)	(170.9)	(76.0)	(107.8)
Experience adjustments arising on plan assets – gain/(loss)	28.3	48.0	(164.8)	(5.0)	2.6
Experience adjustments arising on plan liabilities – gain/(loss)	(3.6)	3.4	4.6	(16.8)	4.3

Refer to note 33 'Events after balance sheet' regarding the compromise of the pension debt in 2011.

Financial statements**Notes to the financial statements****28. Share Capital**

	Group		Company	
	2010	2009	2010	2009
	£m	£m	£m	£m
Authorised				
995,906,427 ordinary shares of 10p each	99.6	99.6	99.6	99.6
Called up and allotted				
114,833,817 ordinary shares of 10p each	11.5	11.5	11.5	11.5

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Refer to note 33 'Events after balance sheet' regarding the capital restructuring of the company in 2011.

29. Shareholders' equity**Merger reserve**

The merger reserve arose as a result of a group reconstruction carried out in 2000. Under a Scheme of Arrangement approved by the High Court and shareholders at the time, all shares in the then quoted group company were cancelled and new shares were issued to shareholders in Uniq plc, the new quoted company. The merger reserve is the difference arising on consolidation between the nominal value of the new shares and the nominal value of the shares previously held, together with the associated share premium. The merger reserve arises only on consolidation and therefore does not impact the individual Uniq plc company accounts or distributable reserves.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the translation reserve.

Employee Share Ownership Trust

Retained earnings includes the Employee Share Ownership Trust ('ESOT') which was established in June 1997. It is empowered to purchase and hold shares in Uniq plc (the company) in order to meet certain future obligations of the group in respect of options or shares awarded under share option schemes and long-term incentive plans operated by the group from time to time. Dividends receivable on the shares owned by the ESOT have been waived. In 2010 the ESOT held 982,677 (2009: 982,677) shares in the company which had a market value of £80,088 (2009: £245,669)

Refer to pages 32 to 37 in the remuneration report for the general terms and conditions that relate to share option schemes.

Financial statements

Notes to the financial statements

Share option schemes

The number of outstanding share options are as follows:

	2010		2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Opening balance	284,800	203.2p	687,142	223.8p
Lapsed during the year	(124,800)	251.0p	(402,342)	238.4p
Closing balance	160,000	176.7p	284,800	203.2p

	Weighted average contractual life	Exercise price range	Dates of grant	Average exercise price
Executive option scheme	1 year	161p – 210p	2001 – 2002	176.7p

All options are settled by physical delivery of shares. The total consideration receivable if all options outstanding were exercised would be £0.3m (2009: £0.6m). The weighted average share price at the date of exercise of share options exercised during the year were nil (2009: nil) as no options were exercised. In line with IFRS 2, no expense had been recognised for these options as they were granted before 7 November 2002.

Uniq Performance Incentive Plan

Equity settled share-based payment scheme

Equity settled share-based payment scheme

Equity settled awards granted in:	Remaining Contractual life years	Outstanding shares
Year ended 31 December 2008	7.3	1,238,989
Year ended 31 December 2009	8.4	1,223,000
		2,461,989

The exercise price for the above shares is £nil.

The fair value of services received in return for Performance Incentive Plan shares (PIPs) granted are measured by reference to the fair value of PIPs granted. The estimate of the fair value of services received is measured based on a Monte Carlo model. Assumptions used in the Monte Carlo model for PIPs granted during the period are as follows:

	2010	2009
Expected volatility	–	96.0%
Risk free interest rate	–	2.1%
Dividend yield	–	0.0%
Correlation coefficient	–	9.1%

The expected volatility is wholly based on the historic volatility, calculated based on the weighted average remaining life of the PIPs. We assess the number of leavers on a grant by grant basis, taking into account historical trends as well as the level of employees included in each grant. The total expenses recognised during the period from share-based payments are as follows:

	Group		Company	
	2010 £m	2009 £m	2010 £m	2009 £m
Equity settled share-based payment charge	0.3	0.8	–	0.3

There is no carrying amount of liability associated with the cash settled share based payments in both years.

Financial statements**Notes to the financial statements****30. Commitments**

	2010 £m	2009 £m
Capital commitments contracted, but not provided	0.8	2.2

31. Operating leases

Future minimum lease payments

	2010			2009		
	Land & buildings £m	Other leases £m	Total £m	Land & buildings £m	Other leases £m	Total £m
Operating lease commitments falling due:						
Within one year	1.3	0.2	1.5	1.3	0.7	2.0
Between one and five years	4.7	0.4	5.1	4.7	0.7	5.4
After five years	6.8	–	6.8	7.8	–	7.8
	12.8	0.6	13.4	13.8	1.4	15.2

The group leases a number of warehouses, factory facilities and office buildings under operating leases. The leases typically run for a period of 1 to 18 years.

A number of the property leases were entered into some time ago and as such are not used for current operations. Companies within the group entered into sub-leases for these properties in order to recover the lease payments. During the year, £0.3m (2009: £0.5m) of rental expenses were recovered through these subleases. The subleases expire in 2014.

Future minimum sublease receivable expected:

	2010 Land & buildings £m	2009 Land & buildings £m
Operating lease commitments falling due:		
Within one year	0.2	0.4
Between one and five years	0.6	1.3
After five years	–	0.3
	0.8	2.0

32. Contingent liabilities

There are contingent liabilities that arise in the normal course of business in respect of indemnities, warranties, guarantees and legal claims. Certain guarantees are performance related. The directors have considered that none of these claims is expected to result in a material loss to the group.

The group and company currently hold two letters of credit in relation to purchase commitments from one of its suppliers for £1.8m. It is however not likely that the company will default on payment and there is no previous history of this occurring.

The group enters into certain fixed price purchasing contracts in the ordinary course of business. At year-end these amounted to £2.4m (2009: £5.0m).

Financial statements

Notes to the financial statements

33. Events after balance sheet

On 9 February 2011, the company reached agreement with the Trustee, the Pensions Regulator and the Pension Protection Fund on the terms of a restructuring of the company. This Scheme of Arrangement was approved by the shareholders on 25 February 2011 and sanctioned by the Court on 18 March 2011. In exchange for a 90.2% equity stake in the company, with current shareholders retaining a 9.8% stake, and a final payment of £14.0m to the Pension Fund, the restructuring released the company from its obligations to the defined benefit section of the Uniq Pension Scheme which at the year end was £145.5m. Following this restructuring the company successfully applied for the shares to be relisted on AIM as from 1 April 2011.

In March 2011, the group recovered £2.6m from HMRC in relation to various claims under the Fleming ruling.

On 1st April, the board of Uniq was informed that the 90.2% shareholder had appointed Spayne Lindsay & Co LLP as its corporate finance advisor and that it intends to undertake a process to realise all or part of its shareholdings in the company.

34. Related party transactions

Group

The board is not aware of any related party transactions that should be disclosed. Details of key management remuneration are disclosed in the remuneration report and also no guarantees have been provided to any related parties. Transactions between Uniq plc and its subsidiaries, which are related parties, have been eliminated on consolidation.

Company

(a) Subsidiaries

The company has a related party relationship with its subsidiaries (these are listed in note 35). Material balances that the company has with its subsidiaries are as follows:

- Uniq (Holdings) Limited: (£63.0m) (2009: £117.2m); and
- Uniq Prepared Foods Limited: (£0.4m) (2009: £25.2m).

(b) Key management personnel

There are no employees in the company.

35. Principal subsidiaries at 31 December 2010

Subsidiary undertakings	Principal activity	Country of incorporation and principal operation
Uniq (Holdings) Limited	Investment holding company	United Kingdom
Uniq Prepared Foods Limited	Principal trading company for the UK chilled convenience food manufacture business	United Kingdom

Notes:

All subsidiary undertakings are 100% owned by the group. Uniq (Holdings) Limited is owned by Uniq plc and the remainder are held through subsidiary undertakings. Companies incorporated in the United Kingdom are registered in England and Wales.

Other information

Five year record

		Year ended 31 Dec 2010 £m	Year ended 31 Dec 2009 £m	Year ended 31 Dec 2008 (restated) £m	Year ended 31 Dec 2007 £m	Nine months ended 31 Dec 2006 £m
Note						
Income statement						
		365.9	718.0	797.2	738.6	619.6
Revenue						
Operating (loss)/profit before significant items	9					
Continuing operations		4.1	(1.9)	(7.1)	(3.6)	(12.4)
Discontinued operations		3.9	11.0	(1.3)	0.6	21.1
		8.0	9.1	(8.4)	(3.0)	8.7
Net finance income/(costs)		(1.0)	(5.2)	4.4	0.8	(9.9)
Other finance (costs)/income		(12.1)	(12.7)	(1.4)	0.7	0.4
(Loss)/Profit before tax and significant items		(5.1)	(8.8)	(5.4)	(1.5)	(0.8)
Significant items (excluding tax)		29.8	(10.4)	(49.4)	193.3	(32.5)
Taxation		(0.5)	(1.7)	(1.4)	(6.8)	1.0
(Loss)/Profit after taxation		24.2	(20.9)	(56.2)	185.0	(32.3)
Capital structure						
Trading capital employed	1	116.7	133.0	174.6	188.7	221.0
Net (debt)/cash	2	10.8	(10.1)	(8.4)	31.6	(83.1)
Restricted cash		–	97.0	95.6	90.4	–
Retirement benefit obligations		(149.4)	(235.1)	(170.9)	(76.0)	(108.5)
Shareholders' funds	3	(21.9)	(15.2)	90.9	234.7	29.4
Cash flow from operating activities		(93.5)	(30.4)	(8.8)	(3.2)	(10.7)
Capital expenditure		16.3	18.3	27.5	25.4	16.1
Depreciation		9.9	11.2	21.5	21.7	17.9
Per ordinary share						
		pence	pence	pence	pence	pence
Basic (loss)/earnings		21.3	(18.4)	(49.4)	162.5	(28.4)
Adjusted (loss)/earnings	4	(4.9)	(7.2)	(6.6)	3.5	(1.2)
Dividends		–	–	–	2.5	5.25
Net assets/(liabilities)	5	(19)	(13)	80	206	26
Interest and dividend cover (times)						
Interest cover	6	8.0	1.8	–	–	0.9
Dividend cover		–	–	–	1.4	–
Ratios						
		%	%	%	%	%
Return on trading capital employed	7	6.9	6.7	(4.8)	(1.6)	2.4
Operating profit/turnover		2.2	1.3	(1.1)	(0.4)	1.4
Net debt gearing	2	–	–	9.2	–	282.7

Notes:

1 Trading capital employed is defined as net assets plus net debt and IAS 19 retirement benefit obligations.

2 Net (debt)/cash includes total loans and obligations under finance leases less cash at bank and short-term deposits. Net debt gearing represents net debt as a percentage of shareholders' funds.

3 Shareholders' funds represent share capital and reserves.

4 Adjusted (loss)/earnings per share is calculated in accordance with note 10 to the financial statements.

5 Net assets per share have been calculated by dividing shareholders' funds by the number of ordinary shares in issue at the year end.

6 Interest cover is based on finance costs excluding net retirement benefit funding finance costs or income relating to IAS 19; dividend cover is calculated on adjusted (loss)/earnings.

7 Return on trading capital employed represents operating profit as a percentage of trading capital employed (as adjusted for the effect of the timing of major acquisitions and disposals).

8 IAS 39 was adopted with effect from 1 April 2005 for which prior year comparatives have not been restated.

9 The operating profit/(loss) before significant items for continuing and discontinued operations for the first two years to year ended 2007 have not been restated and therefore are not on a consistent basis with subsequent years.

PART IX

UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE GREENCORE GROUP

The following unaudited pro forma statement of net assets of the Greencore Group (the “Unaudited Pro Forma Financial Information”) has been prepared based on the unaudited consolidated Greencore Group Condensed Financial Statements for the Half Year ended 25 March 2011 and the audited financial statement of Uniq plc as at 31 December 2010 in order to illustrate the consolidated statement of net assets of the Greencore Group as if completion of the Rights Issue and, in turn, Completion of the Acquisition had occurred on 25 March 2011. The Unaudited Pro Forma Financial Information has been prepared on the basis of the notes set out below and in accordance with Annex I and Annex II of Prospectus Directive Regulation 809/2004. The Unaudited Pro Forma Financial Information is stated on the basis of the accounting policies of the Greencore Group.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Greencore Group’s actual financial position or results in any of the circumstances presented.

KPMG’s report on the Unaudited Pro Forma Financial Information is set out at the end of this Part IX.

Unaudited Pro Forma Financial Information – statement of net assets

			Adjustments			Pro Forma Greencore Group (post Rights Issue and Acquisition) £Stg million (Notes 6 and 7)
	Greencore Group 25-Mar-11 £Stg million (Note 1)	Adjustments – Rights Issue £Stg million (Note 2)	Pro Forma Greencore Group (Post rights issue) £Stg million	Uniq plc 31-Dec-10 £Stg million (Note 3)	Uniq restructuring £Stg million (Note 4)	Acquisition £Stg million (Note 5)
ASSETS						
Non-current assets						
Intangible assets	361.0		361.0	30.5		6.6
Property, plant and equipment	184.6		184.6	80.4		
Investment property	33.1		33.1	–		
Investment in associates	0.9		0.9	–		
Other receivables	2.8		2.8	–		
Derivative financial instruments	10.4		10.4	–		
Deferred tax assets	36.3		36.3	13.9		
Total non-current assets	629.1	–	629.1	124.8	–	6.6
Current assets						
Inventories	39.5		39.5	13.8		
Trade and other receivables	65.8		65.8	33.2		
Derivative financial instruments	0.1		0.1	–		
Cash and cash equivalents	6.1	67.4	73.5	10.8	(3.2)	(67.4)
Total current assets	111.5	67.4	178.9	57.8	(3.2)	(67.4)
Total assets	740.6	67.4	808.0	182.6	(3.2)	(60.8)
LIABILITIES						
Non-current liabilities						
Borrowings	224.2		224.2	–	11.0	45.6
Retirement benefit obligations	89.7		89.7	149.4	(145.5)	
Other payables	4.0		4.0	–		
Provisions for liabilities	3.3		3.3	0.8		
Deferred tax liabilities	38.1		38.1	–		
Government grants	0.1		0.1	–		
Total non-current liabilities	359.4	–	359.4	150.2	(134.5)	45.6
Current liabilities						
Borrowings	–		–	–	3.0	
Derivative financial instruments	8.6		8.6	–		
Trade and other payables	184.6		184.6	41.6		
Provisions for liabilities	6.5		6.5	5.0		
Income taxes payable	23.6		23.6	7.7		
Total current liabilities	223.3	–	223.3	54.3	3.0	–
Total liabilities	582.7	–	582.7	204.5	(131.5)	45.6
Total net assets	157.9	67.4	225.3	(21.9)	128.3	(106.4)

Notes:

1. The consolidated financial information of Greencore as at 25 March 2011 has been extracted, without material adjustment, from the restated unaudited consolidated Group Condensed Financial Statements for the Half Year ended 25 March 2011, as set out in Part VI.
2. It is assumed the gross proceeds from the Rights Issue will be €80.2 million. The adjustment assumes that each Shareholder will have the right to subscribe for 5 New Greencore Shares for every 6 Existing Greencore Shares held by them on the Record Date. The Rights Issue price will be equal to 37.3 per cent. of TERP based on the Closing Price of €0.961 per Existing Greencore Share as at 11 July 2011. The gross proceeds of the Rights Issue have been translated from euro to pounds sterling using an exchange rate of €1.00: £0.8775 as at 25 March 2011 to give gross proceeds of £70.4 million. Net of costs attributable to the Rights Issue of £3.0 million, the net proceeds of the Rights Issue will be £67.4 million.
3. The consolidated balance sheet of Uniq as at 31 December 2010 has been extracted, without material adjustment, from the audited consolidated financial statements of Uniq for the year ended 31 December 2010, as set out in Part VIII of this document.
4. In March 2011 the trustee of the Uniq Pension Scheme released Uniq and certain other members of the Uniq Group from the pension deficit (£145.5 million on an IAS 19 basis) in exchange for a 90.2 per cent. shareholding in Uniq being issued to Angel Street and a cash payment to the Uniq Pension Scheme and payment of certain costs and expenses, such payments amounting to £14 million in aggregate. These payments resulted in the £11 million and £3 million adjustments shown in this column of the pro forma statement of net assets. Expenses of £3.2 million arose in respect of this transaction. We have set out the adjustments necessary to show the effect of this pension deficit for equity exchange which have been extracted without material adjustment from note 33 of the audited Uniq financial statements for the year ended 31 December 2010 which are included on page 331 of this document. No account has been taken of any other changes to Uniq's financial position since 31 December 2010.
5. The acquisition of Uniq will involve additional borrowings drawn from committed facilities of £45.6 million with the balance being paid from the proceeds of the Rights Issue (£67.4 million). Based on the proposed proceeds and net assets of Uniq as at 31 December 2010 (as adjusted for the pension deficit for equity exchange) goodwill or other intangible assets amounting to £6.6 million arise on the acquisition as follows:

	£Stg million
Net liabilities of Uniq as at 31 December 2010	(21.9)
Impact of pension/equity swap	128.3
Pro-forma net assets after pensions/equity swap	106.4
Consideration payable	113.0
Pro-forma goodwill	6.6

The unaudited pro forma financial information does not include any adjustments which would be required to re-state the assets and liabilities of Uniq to their fair values calculated in accordance with IFRS. Consideration payable is calculated as the total equity value of Uniq at a price of 96 pence per Uniq Share.

6. There are no material differences in the accounting policies applied by Greencore and Uniq in the preparation of their respective consolidated financial information.
7. No account has been taken of the changes in financial position of the Greencore Group since 25 March 2011.

REPORT FROM KPMG ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors
Greencore Group plc
2 Northwood Avenue
Northwood
Santry
Dublin 9



15 July 2011

Dear Sirs,

We report on the unaudited pro forma statement of net assets of the Greencore Group (the 'Pro Forma Financial Information') set out in Part IX of the document dated 15 July 2011 which comprises the Greencore Group plc class 1 circular to shareholders and Greencore Group plc prospectus ('the Document'), which has been prepared on the basis described in notes 1 to 7, for illustrative purposes only, to provide information about how the acquisition by Greencore Group plc of Uniq plc ('the Acquisition') and the rights issue of new ordinary shares by Greencore Group plc might have affected the financial information presented on the basis of the accounting policies adopted by Greencore Group plc in preparing the unaudited consolidated Group Condensed Financial Statements for the half year ended 25 March 2011. This report is required by paragraph 20.2 of Annex I of Commission Regulation (EC) No. 809/2004 (the 'Prospectus Directive Regulation'), paragraph 10.3.3 of the Listing Rules of the Irish Stock Exchange and paragraph 13.3.3R of the Listing Rules of the UK Listing Authority and is given for the purpose of complying with those paragraphs and for no other purpose.

Responsibilities

It is the responsibility of the directors of Greencore Group plc to prepare the Pro Forma Financial Information in accordance with paragraph 20.2 of Annex I of the Prospectus Directive Regulation, paragraph 10.3.3 of the Listing Rules of the Irish Stock Exchange and paragraph 13.3.3R of the Listing Rules of the UK Listing Authority.

It is our responsibility to form an opinion, as required by paragraph 7 of Annex II of the Prospectus Directive Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under paragraph 2(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No 324 of 2005) and Prospectus Rule 5.5.3R(2)(f) of the UK Listing Authority to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, paragraph 10.4.1(6) of the Listing Rules of the Irish Stock Exchange and paragraph 13.4.1R(6) of the Listing Rules of the UK Listing Authority, consenting to its inclusion in the document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of Greencore Group plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Greencore Group plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- the Pro Forma Financial Information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Greencore Group plc.

Declaration

For the purposes of paragraph 2(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No 324 of 2005), Prospectus Rule 5.5.3R(2)(f) of the UK Listing Authority and paragraph 10.3.3 of the Listing Rules of the Irish Stock Exchange we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG

PART X

TAXATION

1. Introduction

Paragraph 2 contains information on Irish tax considerations applicable to certain Irish investors who are the beneficial owners of New Greencore Shares. Paragraph 3 contains information on UK tax considerations applicable to certain UK investors who are the beneficial owners of New Greencore Shares.

2. Republic of Ireland Taxation

The following is a general summary of the main Irish tax considerations applicable to certain Irish investors who are the beneficial owners of New Greencore Shares and is based on existing Irish law and practices in effect on the date of this document. Legislative, administrative or judicial changes may modify the tax consequences described below.

The statements do not constitute tax advice and are intended only as a general guide. Furthermore, this information applies only to New Greencore Shares that are held as capital assets and does not apply to all categories of holders of New Greencore Shares, such as dealers in securities, trustees, insurance companies, collective investment schemes and shareholders who have, or who are deemed to have, acquired their New Greencore Shares by virtue of an office or employment. This summary is not exhaustive and prospective purchasers should consult their own tax advisers as to the tax consequences in Ireland, or other relevant jurisdictions, of the purchase, ownership and disposition of New Greencore Shares.

2.1 *New Greencore Shares acquired pursuant to the Rights Issue*

The issue to Qualifying Shareholders of New Greencore Shares up to their entitlements as Qualifying Shareholders pursuant to the Rights Issue should be treated as a reorganisation of the capital of the Company for the purposes of taxation of chargeable gains. Accordingly, the New Greencore Shares issued to Qualifying Shareholders in accordance with their entitlements as Qualifying Shareholders should be treated as the same asset as the Existing Greencore Shares.

The base cost for tax purposes of the Existing Greencore Shares (which will be treated as including the New Greencore Shares) will be deemed to have been increased by the amount of consideration paid for the New Greencore Shares. For indexation purposes the original base cost will retain its original acquisition date. The consideration for the New Greencore Shares will be regarded as enhancement expenditure for CGT purposes. No indexation will apply in respect of the enhancement expenditure.

New Greencore Shares acquired under the Rights Issue in excess of a Qualifying Shareholder's entitlement shall be treated as a new and separate acquisition.

2.2 *Disposal of rights acquired pursuant to the Rights Issue*

If a Qualifying Shareholder disposes of all his or her Rights to subscribe for New Greencore Shares, or if he/she allows or is deemed to allow his or her rights to lapse and receives a cash payment in respect of his or her Rights, he/she may, depending on his or her circumstances, incur a liability to tax on any capital gain realised. The disposal of the rights may be treated as a part disposal of the original shares.

The rate of capital gains tax in Ireland is currently 25 per cent. An individual is entitled to a small gains exemption annually whereby currently the first €1,270 of an individual's chargeable gain is exempt.

2.3 *Disposal of New Greencore Shares acquired pursuant to the Rights Issue*

A disposal of New Greencore Shares acquired pursuant to the Rights Issue may, depending on the circumstances of the person making the disposal, and on the proper calculation using the appropriate portion of the base cost, result in a liability to Irish tax on chargeable gains.

Irish tax resident or ordinarily resident shareholders that dispose of their New Greencore shares may be subject to Irish tax on capital gains to the extent that the proceeds realised from the

disposal exceeds the base cost of the shares disposed and any allowable deductions (subject to the availability of any exemptions or reliefs and in certain situations indexation). A holder of New Greencore Shares will not be subject to capital gains tax on a disposal of such New Greencore Shares provided that such holder: (i) is neither resident nor ordinarily resident in Ireland at the time of the disposal; and (ii) does not hold New Greencore Shares through or for the purposes of a trade carried on by an Irish branch or agency. Notwithstanding this, a holder who is an individual and who is temporarily a non-resident of Ireland may under anti-avoidance legislation still be liable to Irish taxation on any chargeable gain realised (subject to the availability of exemptions or reliefs).

The rate of capital gains tax in Ireland is currently 25 per cent. An individual is entitled to a small gains exemption annually whereby currently the first €1,270 of an individual's chargeable gain is exempt.

2.4 ***Withholding Tax on Dividends***

Distributions made by the Company are generally subject to dividend withholding tax ("**DWT**") at the standard rate of income tax (currently 20 per cent) unless the shareholder is within one of the categories of exempt shareholders referred to below. Where DWT applies, the Company is responsible for withholding DWT at source and forwarding the relevant payment to the Irish Revenue Commissioners. For DWT purposes, a dividend includes any distribution made by the Company to its shareholders, including cash dividends, non-cash dividends and shares taken in lieu of a cash dividend.

Certain shareholders (both individual and corporate) are entitled to an exemption from DWT provided that the Company or a relevant qualifying intermediary (the qualifying intermediary from whom the dividend is received ("**Relevant Qualifying Intermediary**")) has received all of the necessary documentation required by the relevant legislation from the shareholder prior to payment of the dividend.

In particular, certain categories of Irish resident shareholders are entitled to an exemption from DWT, including (but not limited to) Irish resident companies, qualifying employee shares ownership trusts, collective investment undertakings, charities and pension funds so long as the shareholder has provided its broker, for onward transmission to the Relevant Qualifying Intermediary (or other designated agent) (in the case of shares held beneficially), or the Company (in the case of shares held directly), with all the necessary documentation prior to payment of the dividend. Except in very limited circumstances, distributions to Irish resident shareholders who are individuals are not exempt from DWT.

A shareholder who is not resident in Ireland for Irish tax purposes is not subject to DWT on dividends received from the Company if the shareholder is:

- an individual Shareholder resident for tax purposes in a "relevant territory," and the individual is neither resident nor ordinarily resident in Ireland and, in this context "relevant territory" means a Member State of the European Union (other than Ireland) and, not being such a Member State, a territory with which Ireland has signed a double taxation convention whether ratified or not,
- a corporate shareholder that is resident for tax purposes in a "relevant territory" provided that the corporate shareholder is not under the control, whether directly or indirectly, of a person or persons who is or are resident in Ireland,
- a corporate shareholder that is not resident for tax purposes in Ireland and which is ultimately controlled, directly or indirectly, by persons resident in a "relevant territory",
- a corporate shareholder that is not resident for tax purposes in Ireland and whose principal class of shares (or those of its 75 per cent. parent) is substantially and regularly traded on a recognised stock exchange either in Ireland or a "relevant territory" or on such other stock exchange approved by the Minister for Finance, or
- a corporate shareholder that is not resident for tax purposes in Ireland and is wholly owned, directly or indirectly, by two or more companies where the principal class of shares of each of such companies is substantially and regularly traded on a recognised stock exchange in Ireland or a "relevant territory" or on such other stock exchange approved by the Minister for Finance,

and provided that, in all cases noted above but subject to the matters described below, the shareholder has provided the appropriate forms to such shareholder's broker for onward transmission to the Company or to the Relevant Qualifying Intermediary (or other designated agent) (in the case of shares held beneficially), or to the Company or its transfer agent (in the case of shares held directly) prior to payment of the dividend.

2.5 Tax on Dividends paid on New Greencore Shares

Irish resident individual shareholders are subject to Irish income tax and the universal social charge on the gross dividends received from the Company at their marginal rate of tax. The gross dividend is the dividend received plus DWT withheld by the Company. Irish resident individual shareholders are generally entitled to a credit for the DWT deducted against their Irish income tax liability and to have refunded to them any amount by which DWT exceeds such Irish income tax liability provided that they furnish the statement of DWT suffered to the Irish Revenue Commissioners. Pay Related Social Insurance (PRSI) may also apply depending on the shareholders circumstances.

Irish resident corporate Shareholders are generally exempt from Irish tax on dividends received from the Company. If an Irish resident corporate Shareholder is a close company, as defined under Irish legislation, it may, in certain circumstances, be liable to an investment income surcharge.

Non-Irish resident Shareholders are, unless entitled to exemption from DWT, liable to Irish income tax on dividends received from the Company. However, the DWT deducted by the Company discharges such liability to Irish income tax provided that they furnish the statement of DWT suffered to the Irish Revenue Commissioners. Where a non-resident shareholder is entitled to exemption from DWT, then no Irish income tax arises.

2.6 Capital Acquisitions Tax

Irish capital acquisitions tax ("CAT") comprises of gift tax and inheritance tax. CAT could apply to a gift or inheritance of New Greencore Shares irrespective of the place of residence, ordinary residence or domicile of the parties. This is because New Greencore Shares are regarded as property situated in Ireland as the share register of the Company is held in Ireland. The person who receives the gift or inheritance is responsible for the payment of CAT.

CAT is currently levied at a rate of 25 per cent. above certain tax-free thresholds. The appropriate tax-free threshold is dependent upon: (i) the relationship between the donor and the donee; and (ii) the aggregation of the values of previous gifts and inheritances received by the donee from persons within the same group threshold. Gifts and inheritances passing between spouses are exempt from CAT. The first €3,000 of the total value of all gifts received by an individual from any one disponent in any tax year is exempt. This exemption does not apply to inheritances.

Shareholders should consult their own tax adviser as to whether CAT is creditable or deductible in computing any tax liabilities in their country of domicile or residence.

2.7 Stamp Duty

No stamp duty should be payable on: (i) the issue of New Greencore Shares; (ii) the issue of Provisional Allotment Letters or split Provisional Allotment Letters; (iii) the renunciation of Provisional Allotment Letters (whether nil paid or fully paid) or split Provisional Allotment Letters on or before the latest time and date for registration or renunciation; (iv) the registration of the holders of Provisional Allotment Letters; (v) the crediting of Nil Paid Rights or Fully Paid Rights to stock accounts in CREST; or (vi) the transfer of Nil Paid Rights or Fully Paid Rights held in CREST where the transfer is a renunciation of those Rights and is effected on or before the latest day for renunciation of those Rights.

A subsequent transfer of New Greencore Shares (including a transfer effected through CREST) will (unless an exemption or relief is available) generally be liable to Irish stamp duty at the rate of 1 per cent. of the consideration paid or, in the case of a gift or where the purchase price is inadequate or unascertainable, the market value of the New Greencore Shares being transferred. The person acquiring the New Greencore Shares is liable for the stamp duty. However, in the case of a gift or a transfer at undervalue, all parties to the transfer are liable for the duty. To avoid interest and penalties, stamp duty should be paid within 30 days after the transfer is first executed.

3. United Kingdom Taxation

The following statements do not constitute tax advice and are intended only as a general guide to current UK law and the published practice of HMRC, as currently understood (which are both subject to change at any time, possibly with retrospective effect). They relate only to certain limited aspects of the UK taxation treatment of Qualifying Shareholders and are intended to apply only to persons who are resident and, in the case of individuals, ordinarily resident in the UK for UK tax purposes, who are the absolute beneficial owners of Existing Greencore Shares and who hold those Existing Greencore Shares as investments. They may not apply to certain Qualifying Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Qualifying Shareholders who are exempt from taxation and Qualifying Shareholders who have (or who are deemed to have) acquired their Existing Greencore Shares by virtue of an office or employment. Such persons may be subject to special rules. Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than the UK, should consult his or her own professional adviser without delay.

3.1 *Taxation of chargeable gains*

3.1.1 *Issue of Rights Issue Shares*

For the purposes of UK tax on chargeable gains, the issue of the Rights Issue Shares to a Qualifying Shareholder should be regarded as a reorganisation of the share capital of the Company. Accordingly, a Qualifying Shareholder should not be treated as making any disposal of all or part of their holding of Existing Shares and therefore no liability to UK tax on chargeable gains should arise to a Qualifying Shareholder to the extent that the Qualifying Shareholder takes up their entitlement to Rights Issue Shares in full. On that basis, for the purposes of UK tax on chargeable gains, Rights Issue Shares allotted to a Qualifying Shareholder pursuant to the Rights Issue will be treated as the same asset as, and as having been acquired at the same time as, the Qualifying Shareholder's Existing Shares. The amount paid to acquire the Rights Issue Shares should be added to the base cost of the Qualifying Shareholder's existing holding(s).

3.1.2 *Disposal or lapse of rights to acquire New Greencore Shares*

If a Qualifying Shareholder disposes of all or some of their rights to acquire New Greencore Shares, or if a Qualifying Shareholder allows or is deemed to have allowed their Rights to lapse and receives a cash payment in respect of them, the Qualifying Shareholder may, depending on their circumstances, incur a liability to tax on any chargeable gain realised. However, if the proceeds resulting from the disposal or lapse of those rights are "small" as compared with the value of the Existing Greencore Shares in respect of which the rights arose, the proceeds will instead be deducted from the base cost of the Qualifying Shareholder's holding of Existing Greencore Shares for the purposes of computing any chargeable gain or allowable loss on a subsequent disposal of Existing Greencore Shares to which the rights related. HMRC will normally treat proceeds as "small" if the amount of the proceeds either does not exceed 5 per cent. of the market value of the Existing Greencore Shares held (measured immediately before disposal or lapse) or does not exceed £3,000.

3.1.3 *Disposal of New Greencore Shares by individual Qualifying Shareholders*

A disposal of New Greencore Shares may give rise to a chargeable gain (or an allowable loss) for the purposes of UK capital gains tax, depending on the circumstances and subject to any available exemption or relief.

An individual Qualifying Shareholder who is resident or ordinarily resident in the UK for tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of his New Greencore Shares, are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") will generally be subject to capital gains tax at the flat rate of 18 per cent. in respect of any gain arising on a disposal or deemed disposal of his New Greencore Shares.

An individual Qualifying Shareholder who is resident or ordinarily resident in the UK for tax purposes and whose total taxable gains and income in a given tax year, including any

gains made on the disposal or deemed disposal of his New Greencore Shares, are more than the Band Limit will generally be subject to capital gains tax at the flat rate of 18 per cent. in respect of any gain arising on a disposal or deemed disposal of his New Greencore Shares (to the extent that, when added to the Qualifying Shareholder's other taxable gains and income in that tax year, the gain is less than or equal to the Band Limit) and at the flat rate of 28 per cent. in respect of the remainder of the gain arising on a disposal or deemed disposal of his New Greencore Shares.

No indexation allowance will be available to an individual Qualifying Shareholder in respect of any disposal of New Greencore Shares. However, each individual has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £10,600 for the tax year 2011–2012.

3.1.4 *Disposal of New Greencore Shares by corporate Qualifying Shareholders*

Where a Qualifying Shareholder is within the charge to UK corporation tax, a disposal of New Greencore Shares may give rise to a chargeable gain (or an allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate of corporation tax applicable to that company. Indexation allowance will apply to the amount paid for the New Greencore Shares only from the date on which the payment to acquire the New Greencore Shares is made.

3.1.5 *Disposal of New Greencore Shares – territorial scope*

Subject to the provisions summarised below in relation to temporary non-residents, Qualifying Shareholders who are not resident or, in the case of individuals, ordinarily resident in the UK for tax purposes and who are not carrying on a trade, profession or vocation in the UK through a branch or agency or permanent establishment will not generally be subject to UK tax on chargeable gains as a consequence of the disposal of their New Greencore Shares.

However, a non-UK resident individual Qualifying Shareholder may be liable to UK tax on chargeable gains if, at the time of a disposal of those New Greencore Shares, that Qualifying Shareholder carries on a trade, profession or vocation in the UK through a branch or agency and, at or before the time when any capital gain accrues, the New Greencore Shares have been used in or for the purposes of that trade, profession or vocation or have been used, held or acquired for the purposes of that branch or agency.

In addition, a Qualifying Shareholder who is an individual and who is only temporarily resident outside the UK for the purposes of UK tax on chargeable gains at the date of a disposal of all or part of his or her New Greencore Shares may, on becoming resident or ordinarily resident for tax purposes in the UK again, be liable to UK tax on chargeable gains in respect of disposals made while he or she was temporarily resident outside the UK.

A non-UK resident corporate Qualifying Shareholder may be liable to UK tax on chargeable gains if, at the time of a disposal of those New Greencore Shares, that corporate Qualifying Shareholder carries on a business in the UK through a permanent establishment and, at or before the time when any capital gain accrues, the New Greencore Shares have been used in or for the purposes of that business or have been used, held or acquired for the purposes of that permanent establishment.

Non-UK resident Qualifying Shareholders may be subject to foreign taxation on any gain, subject to the terms of an applicable double taxation treaty.

3.2 **Taxation of dividends**

3.2.1 *General*

There is no UK withholding tax on dividends.

3.2.2 *Individual Qualifying Shareholders*

A Qualifying Shareholder who is an individual resident for tax purposes in the UK and who receives a dividend from the Company may be entitled to a tax credit equal to one-ninth of the sum of the dividend received and any Irish withholding tax on such dividend.

The dividend received and the Irish withholding tax on such dividend plus the related tax credit (the “**Gross Dividend**”) will be part of the Qualifying Shareholder’s total income for UK income tax purposes and will be regarded as the top slice of that income. However, in calculating the Qualifying Shareholder’s liability to income tax in respect of the Gross Dividend, the tax credit (which equates to 10 per cent. of the Gross Dividend) will be set off against the tax chargeable on the Gross Dividend.

In the case of such a Qualifying Shareholder who is not liable to income tax at either the higher or the additional rate, that Qualifying Shareholder will be subject to tax on the Gross Dividend at the rate of 10 per cent. The tax credit will, in consequence, satisfy in full the Qualifying Shareholder’s liability to income tax on the Gross Dividend.

In the case of a Qualifying Shareholder who is liable to income tax at the higher rate, the Qualifying Shareholder will be subject to tax on the Gross Dividend at the rate of 32.5 per cent., to the extent that the Gross Dividend falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax when it is treated (as mentioned above) as the top slice of the Qualifying Shareholder’s income. The tax credit will, in consequence, satisfy only part of the Qualifying Shareholder’s liability to income tax on the Gross Dividend and the Qualifying Shareholder will have to account for income tax equal to 22.5 per cent. of the Gross Dividend less any credit for Irish withholding tax. For example, if the Qualifying Shareholder received a dividend of £80 (before the deduction of Irish withholding tax) from the Company, the dividend received would carry a tax credit of £8.89 and therefore represent a Gross Dividend of £88.89. The Qualifying Shareholder would then be required to account for income tax of £20 on the Gross Dividend (being £28.89 (i.e. 32.5 per cent. of £88.89) less £8.89 (i.e. the amount of the tax credit)) less any credit for Irish withholding tax.

In the case of a Qualifying Shareholders who is liable to income tax at the additional rate, the Qualifying Shareholder will be subject to tax on the Gross Dividend at the rate of 42.5 per cent., to the extent that the Gross Dividend falls above the threshold for the additional rate of income tax when it is treated (as mentioned above) as the top slice of the Qualifying Shareholder’s income. After setting off the tax credit comprised in the Gross Dividend, the Qualifying Shareholder will, accordingly, have to account for income tax equal to 32.5 per cent. of the Gross Dividend less any credit for Irish withholding tax. For example, if the Qualifying Shareholder received a dividend of £80 (before deduction of Irish withholding tax) from the Company, the dividend received would carry a tax credit of £8.89 and therefore represent a Gross Dividend of £88.89. The Qualifying Shareholder would then be required to account for income tax of £28.89 on the Gross Dividend (being £37.78 (i.e. 42.5 per cent. of £88.89) less £8.89 (i.e. the amount of the tax credit)) less any credit for Irish withholding tax.

3.2.3 *Corporate Qualifying Shareholders*

A Qualifying Shareholder within the charge to UK corporation tax which is a “small company” (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends from the Company.

Other Qualifying Shareholders within the charge to UK corporation tax will not be subject to tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. Examples of dividends that fall within an exempt class are dividends paid on shares that are “ordinary share capital” for UK tax purposes and are not redeemable and dividends paid to a person holding less than 10 per cent. of the issued

share capital of the payer (or any class of that share capital). No credit will be available for any Irish withholding taxes suffered if the dividend is exempt from UK corporation tax.

3.2.4 *Tax credits*

Credit for any Irish withholding tax which is imposed on a dividend will be available in the UK only to the extent that the Qualifying Shareholder has taken all reasonable steps to minimise any such Irish withholding tax. However, as discussed in 3.2.3 above, no credit against UK corporation tax will be available for any Irish withholding taxes suffered by a qualifying shareholder within the charge to UK corporation tax if the dividend is exempt from UK corporation tax. The reasonable steps mentioned above include claiming, or otherwise securing the benefit of, all reliefs available under Irish law and the provisions of the double tax treaty between the UK and Ireland.

3.3 ***UK stamp duty and UK stamp duty reserve tax ("SDRT")***

The following statements are intended as a general and non-exhaustive guide to the current UK stamp duty and SDRT position and apply regardless of whether or not a Qualifying Shareholder is resident or ordinarily resident in the UK. Qualifying shareholders who are in any doubt about their taxation position or who are not resident for tax purposes in the United Kingdom should consult their own professional tax advisers.

No liability to UK stamp duty or SDRT will arise in respect of the issue of the New Greencore Shares.

No liability to SDRT will arise in respect of any subsequent transfer of, or agreement to transfer, New Greencore Shares.

Provided that any relevant instrument of transfer is executed outside the United Kingdom and does not relate to any property situate, or to any matter or thing done or to be done, in the United Kingdom, no stamp duty will be payable in respect of any subsequent transfer of New Greencore Shares.

PART XI

RESPONSIBLE PERSONS, DIRECTORS, CORPORATE GOVERNANCE, EMPLOYEES AND SHARE SCHEMES

1. Responsibility Statement

The Directors, whose details appear in paragraph 2 below, and Greencore accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and Greencore (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Directors

The Directors and their principal functions, together with a brief description of their business experience and principal business activities outside the Greencore Group, are set out below. The business address of each of the Directors (in such capacity) is No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, Ireland.

Ned Sullivan (*B Comm, MBS, Chairman (63)*)

Ned joined the Board in March 2002 and became Chairman in February 2003. He was previously Group Managing Director of Glanbia plc and, prior to that, held a number of senior positions with Grand Metropolitan plc in London and Dublin. He is Chairman of eircom Limited and McInerney Holdings plc and was the first Chairman of An Bord Bia (The Irish Food Board).

Patrick Coveney (*B Comm, M Phil, D Phil, Chief Executive Officer (40)*)

Patrick was appointed Chief Executive with effect from March 2008. He joined the Board in September 2005 and has previously held the title of Chief Financial Officer for the Greencore Group. Prior to joining Greencore, he was a partner with McKinsey and Company, serving as managing partner of McKinsey, Ireland. He was elected as a member of the Council of the Dublin Chamber of Commerce in September 2003 where he now serves as Deputy Vice-President.

Alan Williams (*BA (Hons), ACMA, AMCT, Chief Financial Officer (41)*)

Alan was appointed to the Board and as Chief Financial Officer in March 2011. Prior to joining Greencore, he held a number of senior positions within the Cadbury Group over an 18 year period, including most recently as the Global Corporate Finance Director. He previously served as head of finance for the US confectionery operations of Cadbury and of its French beverages business.

Diane Walker (*BSc (Hons), Chief Executive, Convenience Foods UK (39)*)

Diane was appointed Chief Executive, Convenience Foods UK and joined the Board in April 2009. She joined Greencore in June 2004 as Managing Director of Greencore Chilled Sauces & Soups category and in October 2006 was appointed Managing Director for Food to Go, the largest convenience food category within the Greencore Group. Prior to joining Greencore she held a number of senior positions within the chilled foods industry and was Divisional Managing Director of Hibernia Foods plc and convenience food sales and Marketing Director of Hazlewood Foods plc prior to it being acquired by Greencore.

John Herlihy (*B Comm, FCA, non-executive Director (44)*)

John joined the Board in March 2009. He is Vice President of Advertiser Operations at Google and head of Google Ireland. Previously, he held senior management positions at global technology companies including First Data (US and EMEA), Epiphany (US and Asia-Pacific) and Oracle Corporation (US and EMEA).

Gary Kennedy (*BA, FCA, non-executive Director (53)*)

Gary joined the Board in November 2008. He is a Director of Elan plc as well as being Chairman of its Audit Committee, and during the year was appointed as a Director of Anglo Irish Bank and is also Chairman of its Audit Committee. In addition, he is a director of Friends First Holdings Ltd. He is also Chairman of a number of private companies. Previously he was Group Director of Finance and

Enterprise Technology at Allied Irish Banks plc and a member of its main board together with subsidiary boards in the USA and Poland. Prior to that, he was Group Vice-President of Nortel Networks Europe, having started his management career at Deloitte and Touche. He served on the Board of the Industrial Development Authority of Ireland for 10 years until December 2005.

Patrick McCann *non-executive Director (59)*

Patrick joined the Board in November 2003. He is Chief Executive of Dalata Hotel Group and was formerly Chief Executive of JurysDoyle Hotel Group plc, a position he held from 2000 until 2006. He was a Non-Executive Director of EBS Building Society (resigned June 2011). He is also a non-executive director of The Irish Heart Foundation. He is Chairman and non-executive Director of a number of private companies.

Eric Nicoli *CBE (BSc), non-executive Director (60)*

Eric was appointed to the Board in May 2010. He was previously Group Chief Executive of United Biscuits (Holdings) plc from 1991 until 1999, and Chairman and Chief Executive of EMI Group plc until 2007. He is currently a director of a number of private companies in the entertainment, software, property and financial services sectors.

David Simons *CBE (BSc Econ, FCMA), non-executive Director (64)*

David was appointed to the Board in July 2004. Previously, he was Chairman of Littlewoods Shop Direct Group Limited for five years and Chief Executive of Somerfield plc for seven years. He has held many senior executive and non-executive positions in major UK and International and retail companies.

David Sugden *(BSc, FCA), non-executive Director (60)*

David joined the Board in April 2002. He is a Chairman of Findel plc and a non-executive director of Mouchel plc. He is a former Chairman of BPP Holdings plc and MSB International plc. Prior to that, he was Group Chief Executive of Geest plc, and Group Finance Director of Spear & Jackson International plc.

3. Interests of the Directors

As at 14 July 2011 (being the latest practicable date prior to publication of this document), the interests (all of which are legal and beneficial interests unless stated otherwise) of the Directors and their who have interests in the share capital of Greencore are set out in paragraphs 3.1, 3.2, and 3.3 below. Save as set out therein, no Director has any interest, whether beneficial or non-beneficial, in the issued ordinary share capital of Greencore or any of its subsidiaries.

3.1 Directors' holdings

The table below sets out the interests of the Directors as at 14 July 2011, being the last practicable date prior to the publication of this document. The Directors intend either to take up in full their Rights or to subscribe for not less than the number of New Greencore Shares as can be funded by the sale of their Nil Paid Rights. The maximum potential interests held by the Directors following the Rights Issue are also set out in the table below.

	Interests as at 14 July 2011		Maximum potential interests	
	Number of Greencore Shares	Percentage of issued share capital of Greencore	Number of Greencore Shares	Percentage of issued ordinary share capital of Greencore
Director				
Ned Sullivan	22,365	0.011	41,002	0.011
Patrick Coveney	513,842	0.245	942,043	0.245
Alan Williams.....	—	—	—	—
Diane Walker.....	57,682	0.027	105,750	0.027
John Herlihy	—	—	—	—
Gary Kennedy	17,701	0.009	32,451	0.009
Patrick McCann.....	42,000	0.020	77,000	0.020
Eric Nicoli	—	—	—	—
David Simons	50,000	0.024	91,666	0.024
David Sugden ⁽¹⁾	17,500	0.008	32,083	0.008

(1) The registered holder of these shares is Sippdeal Nominees Limited, which holds the shares for the benefit of David Sugden's Barclays Stockbrokers Self-Invested Personal Pension.

Taken together, the combined percentage interest of the Directors in the issued ordinary share capital of Greencore as at 14 July 2011 (being the latest practicable date prior to the publication of this document) was approximately 0.344 per cent.

Details of options and awards over Greencore Shares held by the Directors are set out in paragraphs 3.2 to 3.3 below. They are not included in the interests shown in the table above.

3.2 Awards under the Greencore Deferred Bonus Plan

	Initial Allocation of Greencore Shares	Market price on date of award	Holding period
Director			
Patrick Coveney	382,096	€0.92	3 December 08 – 3 December 11
	491,522	€1.38	1 December 09 – 1 December 12
	687,988	€1.30	1 December 10 – 1 December 13
Diane Walker	125,257	€0.85	9 December 08 – 9 December 11
	170,525	€1.38	1 December 09 – 1 December 12
	273,661	€1.30	1 December 10 – 1 December 13

3.3 Options granted under the Greencore Share Schemes

	Scheme	Number of Greencore Shares under option	Exercise price per Greencore Share	Exercise period
Director				
Patrick Coveney . . .	Basic	320,000	€3.35	1 December 08 – 1 December 15
	Basic	100,000	€3.60	22 June 09 – 22 June 16
	Sharesave	20,880	€0.88	1 September 12 – 28 February 13
Diane Walker	Basic	150,000	€4.89	2 August 10 – 2 August 17
	Sharesave	10,431	£0.87	1 September 12 – 28 February 13

4. Directors' service contracts and letters of appointment

4.1 Service contracts of executive Directors

Each of the executive Directors has a service contract for the provision of services to the Greencore Group. The terms of these contracts are set out below.

General terms

Each of the executive Directors is awarded a remuneration package comprising a basic salary element, performance-related bonus element, benefits package (including health insurance, benefits in kind and car allowances), and pension entitlements. In addition, all the executive Directors are entitled to be reimbursed by Greencore for travel, hotel and other expenses incurred by them in the course of their duties to the Greencore Group in accordance with Greencore's policy from time to time, and are entitled to 25 days of holiday per annum.

The basic salary of each of the executive Directors is reviewed annually by Greencore's Option and Remuneration Committee having regard to the job size, responsibility levels, personal and Greencore Group performance, and competitive market practice.

The performance-related annual bonus and deferred bonus plans are designed to support the business strategy, align the financial interests of the executives with shareholders and provide market competitive reward opportunities to attract and retain managers of the highest calibre. 75 per cent. of performance targets are financial and 25 per cent. are personal and strategic goals. Currently, a portion of the annual bonus earned by each executive Director is deferred, at market value, into Greencore Shares to be held by a trustee for the benefit of each executive Director for three years without any additional performance requirements or matching. The shares vest after three years but will be forfeited should an executive Director voluntarily leave the Greencore Group within the three-year period, subject to normal "good leaver"²⁵ provisions. Not all executive Directors will necessarily receive an award in any single year and no executive

²⁵ An employee is deemed to be a "good leaver" if he or she leaves due to injury, disability, redundancy, retirement, his or her employment being in a company which ceases to be a member of the Greencore Group or the undertaking in which he or she works is neither an associated company of the Company nor a company of which the Company has control or for any other reason except misconduct or impropriety on his or her part, but in this case only if the cessation of office or employment ends more than 3 years after the date of grant.

Director will receive awards from the option plan in the same year as they receive the benefit of a deferred bonus.

As of 31 December 2009, the pension schemes of the Greencore Group in which Patrick Coveney and Diane Walker participated were closed to future accruals. Each executive Director has an independent trust into which Greencore makes defined pension contributions.

Each of the Directors has the benefit of indemnity insurance maintained by Greencore on their behalf indemnifying the Director against liabilities they may potentially incur to third parties as a result of their office as director.

The total remuneration paid by the Greencore Group to each of the executive Directors for services in all capacities for FY10 is set out in paragraph 5 below.

Termination provisions

Each of the executive Directors' service contracts is for a rolling term of eleven months, and may be terminated by Greencore giving 11 months' notice or the executive Director giving not less than three months' notice.

Each executive Director is entitled to terminate his/her employment with 30 days' prior notice at any time within six months after a change of control of Greencore if the executive Director has reasonable grounds to contend that such change of control has resulted or will result in the diminution of his/her powers, duties or functions in relation to the Greencore Group.

If the executive Director's service contract is terminated in those circumstances, the executive Director can seek a payment from Greencore in settlement of all and any claims arising in those circumstances. The amount of the payment (subject to the deduction of income tax) will be equal to the sum total of the basic salary and the bonus paid to him/her in the year immediately preceding such termination.

Save for the above provision on termination payment in a change of control situation, the service contracts do not contain any provision on termination payments.

4.2 Letters of Appointment of non-executive Directors

The non-executive Directors of Greencore (including the Chairman) do not have service contracts, but are appointed by letters of appointment. The key terms of these letters of appointment are set out below.

General terms

As at the end of FY10, each of the non-executive Directors was entitled to receive a fee from Greencore at a rate that is determined by the Board. The level of fees for each of the non-executive Directors was €48,000 per annum, save that Ned Sullivan received a fee of €201,000 per annum which includes fees for acting as Chairman of the Board. Fees are also payable for membership of the Audit Committee, Nomination Committee and Option and Remuneration Committee. The total fees paid by Greencore to each of the non-executive Directors for FY10 is set out in paragraph 5 below. In addition, each non-executive Director is entitled to be reimbursed for expenses in accordance with Greencore's policy from time to time.

The non-executive Directors do not participate in any of Greencore's share or bonus schemes and have no pension entitlements.

Each of the non-executive Directors has the benefit of indemnity insurance maintained by Greencore on their behalf indemnifying them against liabilities they may potentially incur to third parties as a result of their office as director.

Termination of office

Each non-executive Director's term of office runs until the next annual general meeting after appointment and, subject to shareholder approval, thereafter for a term of three years. The non-executive Director may then request that they be put forward for re-election for another term of three years. They must then resign unless unanimously requested to seek election for a third term by the Board.

The date of expiry of each non-executive Directors' current three year appointment, together with details of the term they are currently serving are set out below.

<u>Name of Director</u>	<u>Date of Appointment</u>	<u>Date of expiry of current term⁽¹⁾</u>	<u>Term</u>
Ned Sullivan	11 March 2002	2012 annual general meeting	3rd
John Herlihy	13 March 2009	2013 annual general meeting	1st
Gary Kennedy	20 November 2008	2014 annual general meeting	2nd
Patrick McCann	24 November 2003	2013 annual general meeting	3rd
David Sugden	22 April 2002	2012 annual general meeting	3rd
David Simons	1 July 2004	2012 annual general meeting	2nd
Eric Nicoli	14 May 2010	2014 annual general meeting	1st

(1) Each member of the Board will, following completion of the Acquisition, voluntarily put themselves up for re-election on an annual basis for the purposes of complying with the UK Corporate Governance Code. Further information regarding the annual re-election the Board are set out in paragraph 7 below.

5. Remuneration and Benefits

In FY10, the amounts of remuneration paid (including salary and other emoluments) and benefits in kind granted to each of the Directors by the Greencore Group for services in all capacities to the Greencore Group were:

	<u>Basic salary and fees (€)</u>	<u>Bonus (€)</u>	<u>Taxable benefits (€)</u>	<u>Pensions Contributions (€)</u>	<u>Total (€)</u>
Ned Sullivan	201,000 ⁽¹⁾	—	—	—	201,000
Patrick Coveney	678,000	644,000	48,000	209,000	1,579,000
Diane Walker	345,000	667,000	40,000	71,000	1,123,000
John Herlihy	54,000 ⁽²⁾	—	—	—	54,000
Gary Kennedy	54,000 ⁽³⁾	—	—	—	54,000
Patrick McCann	60,000 ⁽⁴⁾	—	—	—	60,000
Eric Nicoli	22,000 ⁽⁵⁾	—	—	—	22,000
David Simons	60,000 ⁽⁶⁾	—	—	—	60,000
David Sugden	53,000 ⁽⁷⁾	—	—	—	53,000
Alan Williams ⁽⁸⁾	—	—	—	—	—

(1) includes €151,000 in recognition of his role as Chairman of Greencore.

(2) includes €6,000 in recognition of service on Board committees.

(3) includes €6,000 in recognition of service on Board committees.

(4) includes €12,000 in recognition of service on Board committees.

(5) Eric Nicoli joined the Board on 11 February 2010. The figure includes €4,000 in recognition of service on Board committees.

(6) includes €12,000 in recognition of service on Board committees.

(7) includes €5,000 in recognition of service on Board committees.

(8) Alan Williams joined the Board on 7 March 2011, and received no remuneration for services in respect of FY10.

6. Directors' disclosures

6.1 Other directorships and Partnerships

The details of those companies and partnerships outside the Greencore Group of which the Directors are currently directors or partners, or have been directors or partners at any time during the five years prior to the publication of this document, are as follows:

<u>Director</u>	<u>Current directorships and partnerships</u>	<u>Previous directorships and partnerships</u>	<u>Date of resignation/ company's dissolution</u>
Patrick Coveney	Dublin Chamber of Commerce Food Industries Limited DE Williams Limited FA Waller & Co Limited Greencore Advances Limited Irish Malt Products Limited Irish Malt Exports Limited Williams Group Tullamore Limited Hawthorn Northwood Limited Sugar Distributors (Holdings) Limited Midland Malting Company Limited Greencore Developments Limited Williams – Waller (Mullingar) Limited Williams Waller (Enfield) Limited Greencore Finance Limited Minch Norton Limited Greencore Agrisales Limited	Duntah Limited Greencore Animal Feeds Manufacturing Limited Greencore Funding Plc Food Industries (NI) Limited Greencore CP Limited Greencore CP (UK) Limited Greencore PM (UK) Limited Greencore Usapc Limited Hazlewood NI Limited Mondello Foods Limited Organic Valley Limited Pizza Pizza Cart Limited Questo Foods Limited Ryebrook Foods Limited The Hand Made Bread Company Limited Duntah Limited Greencore Animal Feeds Manufacturing Limited	Dissolved 04/02/2011 Dissolved 02/07/2010 Dissolved 06/08/2010 Dissolved 06/06/2007 Dissolved 04/03/2009 Dissolved 10/03/2009 Dissolved 10/03/2009 Dissolved 04/03/2009 Dissolved 01/01/2008 Dissolved 04/03/2009 Dissolved 02/10/2007 Dissolved 04/03/2009 Dissolved 04/03/2009 Dissolved 01/03/2009 Dissolved 04/03/2009 Dissolved 04/02/2011 Dissolved 02/07/2010

Director	Current directorships and partnerships	Previous directorships and partnerships	Date of resignation/ company's dissolution
Patrick Coveney (continued)	Greencore Agribusiness Limited Greencore Holdings Limited Midland Malting Research Limited Irish Sugar Research and Development Limited Greencore Holdings (Ireland) Limited Williams Waller (Milling) Limited Talroff Limited Encore Property (Woodstock) Limited Encore Property (Tolka Valley) Limited Greencore PF (UK) Limited (UK) Greencore pf plc (UK) Greencore Sugars Limited Greencore UK Holdings plc (UK) Greensub Limited (UK) Hazlewood Foods Limited (UK) Kears Group Limited Greencore Funding Limited (Jersey)	Greencore Funding Plc Food Industries (NI) Limited Greencore CP Limited Greencore CP (UK) Limited Greencore PM (UK) Limited Greencore Usapc Limited Hazlewood NI Limited Mondello Foods Limited Organic Valley Limited Pizza Pizza Cart Limited Questo Foods Limited Ryebrook Foods Limited The Hand Made Bread Company Limited W.B. Nunn (1972) Limited Minch Malt Limited Minch Sales Limited Proofex Products Company Drummonds Limited Yeast Products Company Zadkine Enterprises Limited Sugarpartners holdings Limited Drumearl Limited Kinter International Limited Global GMP Malting Services Limited Encore Property (Clonee) Limited Kingswinford Limited Knaresboro Limited Knowsley Limited Gulistan Greenoge Ardgillan Killeek Greencore Group Limited Nordale Foods Limited Nordale Holdings Limited Pauls Malt Limited Robert's Yorkshire Kitchen Limited Roberts Traditional Puddings Limited The Robert's Group Limited Grandma Batty Limited Robert's Yorkshire Puddings Limited	Dissolved 06/08/2010 Dissolved 06/06/2007 Dissolved 04/03/2009 Dissolved 10/03/2009 Dissolved 10/03/2009 Dissolved 04/03/2009 Dissolved 01/01/2008 Dissolved 04/03/2009 Dissolved 02/10/2007 Dissolved 04/03/2009 Dissolved 04/03/2009 Dissolved 01/03/2009 Dissolved 04/03/2009 Resigned 26/03/2010 Resigned 26/03/2010 Resigned 26/03/2010 Resigned 23/10/2007 Resigned 24/06/2009 Resigned 23/10/2007 Resigned 26/03/2010 Resigned 25/09/2009 Resigned 29/06/2009 Resigned 23/10/2007 Resigned 26/03/2010 Resigned 29/06/2009 Resigned 23/10/2007 Resigned 23/10/2007 Resigned 23/10/2007 Resigned 23/10/2007 Resigned 19/02/2009 Resigned 04/02/2009 Resigned 04/02/2009 Resigned 26/03/2010 Resigned 04/02/2009 Resigned 04/02/2009 Resigned 04/02/2009 Resigned 04/02/2009 Resigned 04/02/2009 Resigned 24/09/2007 Resigned 11/05/2007 Resigned 24/09/2007 Resigned 08/10/2007 Resigned 11/05/2007 Resigned 08/10/2007 Resigned 01/11/2007 Resigned 01/11/2007 Resigned 01/11/2007 Resigned 25/11/2008
Pat McCann	Joe McCann Menswear Limited Greencore Group plc Irish Heart Foundation (Foras Croi na h-Eireann) Palms Consulting Limited Sanjay Limited Dalata Hotel Group Limited Citywest Resort Limited Barge Public House Limited Messrs Maguire Property Limited Messrs Maguire Public House Limited Molesworth Street Hotel Limited Quinn Group Family Properties Limited Quinn Group Hotels Limited Quinn's C & C Property Limited Quinn's Drumcondra Property Limited Quinn's Q Bar Property Limited Quinns Cat & Cage Public House Limited Quinns Public House Drumcondra Limited Quinns Q Bar Limited Slieve Russell Hotel Limited Slieve Russell Hotel Property Limited Quinn Group Properties Limited Quinn International Property Management Limited C.R.D. Catering (City) Limited Quinn Hotels Praha, a.s. Shamrock Investment Properties Praha, a.s. Quinn Group Luxembourg Hotels Sarl Quinn Group Luxembourg Property Sarl Dalata Limited Caruso Limited Ogwell Limited Comfort Inn Hotels Limited Anora Commercial Limited Hanford Commercial Limited Dalata UK Limited Loadbur Limited Dalata Management Services Limited Dalata Support Services Limited Dalata Cardiff Limited	JDPHC JDDL Jurys Doyle (Ireland) Limited BCPHC BCBDL Limited BCIL Limited Orchard Grove Wasatech Bayletta Orthanc Hotel & Leisure Limited	Resigned 24/09/2007 Resigned 11/05/2007 Resigned 24/09/2007 Resigned 08/10/2007 Resigned 11/05/2007 Resigned 08/10/2007 Resigned 01/11/2007 Resigned 01/11/2007 Resigned 01/11/2007 Resigned 25/11/2008
Eric Nicoli	FdpLlp Frame Wiesbaden Llp Sunningdale Capital Llp Woodstock Capital Llp Nick Stewart & Associates Limited Seventy Entertainment Limited R&R World Limited Landmark Assets Limited R&R Music Limited Landmark Properties (South) Limited Sunningdale Assets Limited Sunningdale Partners Limited Dean Street Studios Ltd Wheeler End Rentals Ltd Bel Tempo Arts Ltd	EMI Group Limited EMI Group Senior Executive Pension Trust Limited The EMI Group Archive Trust P1 Tasmania Group Limited MSFC Limited EMI Music Sound Foundation Creative And Cultural Industries Limited P1 Tasmania Limited Vue Entertainment Investment Limited	Resigned 31/08/2007 Resigned 31/08/2007 Resigned 08/09/2009 Resigned 21/05/2007 Resigned 10/03/2009 Resigned 10/03/2009 Resigned 24/09/2008 Resigned 21/05/2007 Resigned 21/12/2010

Director	Current directorships and partnerships	Previous directorships and partnerships	Date of resignation/ company's dissolution
David Simons	First Choice Films 1 Llp Ptd 100 Limited Agustus Limited Vizone International Limited (Malta) Gummy Bear Holdings Limited (Malta) Woolworths Group plc (In Liquidation)	Cellar 5 Group Limited Littlewoods Limited The Grand Appeal Merchandising Limited The Royal Hospital for Children, Bristol Appeal Limited The Mersey Partnership Wallace and Gromit Children's Foundation Shop Direct Financial Services Limited Shop Direct Limited March Company Director Limited	Dissolved 01/08/2006 Resigned 05/12/2006 Resigned 01/12/2006 Resigned 01/12/2006 Resigned 31/05/2007 Resigned 19/01/2008 Resigned 31/05/2007 Resigned 31/05/2007 Resigned 31/05/2007
David Sugden	Zenatron Limited Findel plc Mouchel plc Wessex Film Partnership (Partner)	Mcarnie Limited BPP Holdings Plc	Dissolved 16/01/2007 Resigned 04/08/2009
Ned Sullivan	eircom Limited The Pavilion Theatre Management Company Ltd. McInerney Holdings plc Emerald Communications (Cayman) SPC (Cayman Islands)	Eircom Group Limited Anglo Irish Bank Corporation Limited Common Purpose (Ireland) Limited Valentia Telecommunication Mount Merrion Elms Management (Block 7) Limited	Resigned 04/01/2010 Resigned 19/01/2009 Resigned 30/11/2006 Resigned 04/01/2010 Resigned 24/11/2006
Di Walker	A.H.L Lucas And Sons Limited Aimcalm Limited Armer Machinery Limited Baron Meats Limited Beaverlac (Fine Foods) Limited Bellarena Developments Limited Breadwinner Foods Limited Burntwood Limited Carltona Limited Cleeve Foods Limited Cordora Limited Datafest Limited Derbyshire Chilled Foods Limited E. T. Sutherland & Son Limited Faux Brand Foods Limited Food Enterprises Limited Foodless Limited Foodplus Limited Forest Foods Limited Forrester Foods Limited Frozen Assets Limited G & W Bowers Bacon Factory Limited G. Henshall & Sons Limited Greencore Group Public Limited Company Greencore PF (UK) Limited Greencore PF PLC Greencore Scotland Limited Greencore Sugars Limited Greencore UK Holdings PLC Greensub Limited (formerly Odlum Group UK Limited and Branwith Limited) H. Plymouth Limited Hazlewood (Blackditch) Limited Hazlewood Convenience Food Group Limited Hazlewood Convenience Group 1 Limited Hazlewood Corporate Services Limited Hazlewood Delicatessen and Meat Group (UK) Limited Hazlewood Desserts Limited Hazlewood Distribution Limited Hazlewood Food Services Limited Hazlewood Foods Limited Hazlewood Frozen Foods Limited Hazlewood Frozen Products Limited Hazlewood Grocery Limited Hazlewood International Limited Hazlewood Limited Hazlewood Preserves Limited Hazlewood Preserves Limited And Conor O'Leary Hazlewood Produce Limited Home Farm Products Limited Katherine Limited Kear Family Limited Kears (Milton Keynes) Limited Kears Executives Limited Kears Group Limited Knights European Food Group Limited Michael Scott Cakes Limited Ministry Of Cake (Holdings) Limited Ministry Of Cake Limited Oldfields Limited P.A. Manufacturers Limited Pandora Pickle Company R. & B. (Bristol) Limited Roman (Delicatessen Products) Limited Rowditch Scotts Of The Dean Limited Sushi San Limited Thoroughbread Limited Todwick Pork & Bacon Company Limited		

Director	Current directorships and partnerships	Previous directorships and partnerships	Date of resignation/ company's dissolution
Alan Williams (continued)	Irish Sugar Research And Development Limited Knockmore Limited Midland Malting Company Midland Malting Research Limited Minch Norton Limited Sugar Distributors (Holdings) Limited Sugar Distributors Limited Talroff Limited Trilby Trading limited Williams – Waller (Mullingar) limited Williams Group, Tullamore, Limited Williams Waller (Edenderry) Limited Williams Waller (Enfield) Limited Williams Waller (Milling) Limited Williams Waller (Trading) Limited B. Daly and Company Limited	Browning Limited (dissolved) Bruton Lane Investment Company (dissolved) Bruton Lane Investment Company Two (dissolved) Cadbury Schweppes Treasury (UK) Cadbury Schweppes Treasury (UK) (dissolved) Cadbury Nigeria plc (Nigeria) Anvin Cadbury Schweppes Treasury (Isle of Man) CS Sugar Confectionery Limited	Resigned 03/09/2010 Resigned 03/09/2010 Resigned 03/09/2010 Resigned 03/09/2010 Resigned 03/09/2010 Resigned 30/06/2010 Resigned 04/09/2010 Resigned 04/09/2010 Resigned 04/09/2010 Resigned 04/09/2010

Ned Sullivan is a director of McInerney Holdings plc (“McInerney”). The appointment of an Examiner to McInerney was confirmed by the High Court of Ireland on 13 September 2010. The Examiner was discharged by the High Court of Ireland on 24 November 2010. On 8 July 2011, the board of McInerney proposed its voluntary liquidation to shareholders.

David Simons is a director of Woolworths Group plc (in Liquidation) (“Woolworths”). Woolworths entered liquidation on 11 February 2010.

John Herlihy is a director of the following companies which are in liquidation: (i) Brunet GmbH, which entered liquidation on 30 June 2011; (ii) DoubleClick Europe Ltd, which entered liquidation on 11 September 2009; (iii) DoubleClick Hispania, S.L., which entered liquidation on 31 December 2010; (iv) DoubleClick International Internet Advertising Ltd, which entered liquidation on 28 October 2010; (v) DoubleClick Internet Ireland Ltd, which entered liquidation on 29 September 2010; (vi) Endoxon (Deutschland) GmbH, which entered liquidation on 2 January 2010; (vii) Postini UK Limited, which entered liquidation on 29 September 2009; (viii) Protagonia Limited, which entered liquidation on 1 September 2008; and, (ix) Invite Media USA Limited, which entered liquidation on 4 May 2011.

John Herlihy has also within the last 5 years been a director of the following companies which entered liquidation while he was director: (i) @Last Software Ltd, which entered liquidation on 2 January 2010; (ii) Digital Advertising & Marketing Ltd, which entered liquidation on 11 September 2009; (iii) Falk eSolutions Ltd, which entered liquidation on 11 September 2009; (iv) Falk eSolutions GmbH, which entered liquidation on 29 June 2011; and (v) Slide International Online Limited, which entered liquidation on 31 May 2011.

6.2 **Confirmations**

As at the date of this document, none of the Directors has, during the five years prior to the date of this document:

- any convictions in relation to fraudulent offences;
- save as disclosed in paragraph 6.1 above, been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any entity;
- been subject to any official public incrimination and/or sanction of him by any statutory or regulatory authorities (including any designated professional bodies); or
- been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

None of the Directors were selected to act in such capacity pursuant to any arrangement or understanding with any major customer, supplier or other person having a business connection with the Greencore Group (including, in this context, the Uniq Group) There are no family relationships between any of the Directors. Save for the current directorships and partnerships listed in paragraph 6.1 above, none of the Directors have any actual or potential conflicts of interest between any of their duties to Greencore and their private interests and/or other duties.

Save for the indemnity insurance maintained for the benefit of the Directors by Greencore (as described in paragraph 4 above), no Director: (i) has or had a beneficial interest in any contact to which any member of the Greencore Group (including, in this context, the Uniq Group) was a

party during the current or immediately preceding financial year; and/or (ii) has or had any interest in any transaction which is or was unusual in its nature or conditions or significant to the Greencore Group (including, in this context, the Uniq Group) during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

Save for the indemnity which is contained in Greencore's Articles of Association (as described in paragraph 3.2 of Part XII), there are no outstanding loans or guarantees granted or provided by any member of the Greencore Group (including, in this context, the Uniq Group) for the benefit of the Directors.

7. Corporate Governance

Greencore is committed to high standards of corporate governance and maintaining a sound framework through which the strategy and objectives of the Greencore Group are set and the means of attaining these objectives and monitoring performance is determined. Paragraphs 7.1 to 7.3 below summarise the governance framework of the Greencore Group, setting out the principal activities, roles and responsibilities of the Board and the committees established by the Board, together with a description of how the Board has applied the principles identified in the 2008 Combined Code of Corporate Governance (and, in respect of FY11, the UK Corporate Governance Code) and, where appropriate, commentary on arrangements that will be put in place for the Greencore Group following the Completion of the Acquisition.

7.1 Board of directors

The Board is responsible for the leadership and control of the Greencore Group. There is an agreed schedule of matters which the Board has formally reserved to itself for decision, such as approval of commercial strategy, trading and capital budgets, annual/interim financial and management statements, Board and Board committee membership, major acquisitions and disposals, major capital expenditure, risk management (including internal financial, operational and compliance controls, and for monitoring the overall effectiveness of systems in place), treasury policies and dividend policy.

In furtherance of those responsibilities, the Board agrees a schedule of regular meetings to be held in each calendar year and also meets on other occasions as necessary. In future, it is expected that the Board will meet at least six times per year, and may meet at other times as required. This is line with the historic practice.

As at the date of this document, the Board comprised ten members (three executive Directors and seven non-executive Directors). The Board considers that the members of the Board between them bring the range of skills, knowledge and experience necessary to lead the Greencore Group. The Board has determined that each of the non-executive Directors is independent for the purposes of the UK Corporate Governance Code and have no material interest or other relationship with the Greencore Group.

The roles of chairman and chief executive officer are currently separate and filled by Ned Sullivan and Patrick Coveney respectively. There is a clear division of responsibilities between them which is set out in writing and has been approved by the Board. The Board has delegated responsibility for the management of the Greencore Group, through Patrick Coveney, to the executive management and Patrick Coveney is accountable to the Board for all authority so delegated.

The Board has acknowledged that there should be a recognised senior member of the Board who is available to shareholders who have concerns that cannot be addressed through the chairman or chief executive officer (referred to in the UK Corporate Governance Code as the 'Senior Independent Director'). Historically the position has been rotated among the non-executive directors, and Patrick McCann is currently the Senior Independent Director.

A formal process for evaluating the performance of the Board and the directors is in place. As part of this annual process, each director and the company secretary individually meets the chairman annually to review individual director performance, the conduct of Board meetings, the performance of the Board and its committees, and the general corporate governance of the Greencore Group. In addition, the chairman meets at least once annually with the non-executive directors without the executive directors being present. In addition, the non-executive directors, led by the Senior Independent Director, meet annually without the chairman present to appraise

the chairman's performance, having taken the views of the executive directors and the company secretary into account.

Historically, directors of Greencore (including the current Directors) have been appointed to three-year terms, subject to the rotational re-election process imposed by the Articles of Association (and described further in paragraph 3.2 of Part XII) to ensure that one third of the Board (or the number nearest to one third) submit themselves for re-election at the Annual General Meeting held by Greencore each year. However, each member of the Board will, following Completion of the Acquisition, voluntarily put themselves up for re-election on an annual basis for the purposes of complying with the new provisions of the UK Corporate Governance Code which came into force for financial years beginning on or after 29 June 2010. Accordingly, all of the Directors will retire and put themselves forward for re-election at the Annual General Meeting to be held in February 2012 in respect of the financial year ended 30 September 2011.

On appointment, all directors receive a formal and tailored induction. All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed. There is an agreed procedure for directors to take independent legal advice in the furtherance of their duties as directors, if necessary, at Greencore's expense.

7.2 Board committees

In accordance with the provisions of the UK Corporate Governance Code, the Board has three standing committees: the Audit Committee, the Option and Remuneration Committee and the Nomination Committee. From time to time, additional committees may be set up by the Board to consider specific issues when the need arises. All standing committees of the Board have written terms of reference dealing with their authority and the duties delegated by the Board. The current terms of reference (which are updated periodically) are available on the Greencore's website at www.greencore.com. As a matter of policy, membership of the Audit Committee and the Option and Remuneration Committee is comprised exclusively of non-executive directors.

Audit Committee

The Audit Committee reviews the accounting principles, policies and practices adopted in the preparation of the Greencore Group's annual and half yearly financial reports and interim management statements. The Audit Committee also discusses with Greencore's external auditor the results and scope of their audit and review reports in respect of those statements. In addition, it reviews the scope and performance of the Greencore Group's internal audit function and the cost effectiveness, independence and objectivity of the external auditor. The Audit Committee assists the Board in meeting its obligations under the UK Corporate Governance Code in the areas of risk assessment and internal controls. The external auditor is invited to attend Audit Committee meetings, along with the executive directors and the Head of Greencore's Risk Management Group. The external auditor and the Head of the Risk Management Group have the opportunity to meet with the members of the Audit Committee alone at least once a year.

The current members of the Audit Committee are John Herlihy, Gary Kennedy, Eric Nicoli and David Simons (who acts as chairman of the Audit Committee), and are considered by the Board to have recent and relevant financial experience and, therefore, satisfy the requirements of the UK Corporate Governance Code.

Option and Remuneration Committee

The Option and Remuneration Committee operates the Greencore Share Schemes, and is responsible for determining the remuneration packages of Greencore's executive directors and senior management and for making recommendations in regard to the chairman's and directors' fees which are fixed by the Board on the authority of the shareholders. Where necessary, the Option and Remuneration Committee consults with remuneration consultants. Deloitte LLP and Mercer Human Resource Consulting Limited (Mercer) serve as remuneration advisors to the Option and Remuneration Committee.

The current members of the Option and Remuneration Committee (who are all non-executive Directors) are John Herlihy, David Sugden, Ned Sullivan and Gary Kennedy (who acts as chairman of the Option and Remuneration Committee).

Nomination Committee

The Nomination Committee is responsible for reviewing the size, structure and composition of the Board and ensuring that it is comprised of the right balance of skills, knowledge and experience, proposing to the Board any new candidates to fill vacancies on the Board as and when they arise, and giving due consideration to succession planning. To facilitate the search for suitable candidates for appointment to the Board, the Nomination Committee uses the services of independent consultants. Appointments to the Board are approved by the Board as a whole. In so doing, the Board considers the balance of skill, knowledge and experience on the Board which is necessary to allow it to meet the strategic objectives set by the Board for the Greencore Group.

The current members of the Nomination Committee comprise Patrick Coveney, David Simons, Ned Sullivan and Patrick McCann (who acts as chairman of the Nomination Committee).

7.3 Statement of compliance with UK Corporate Governance Code

Greencore supports the principles advocated by the UK Corporate Governance Code and the Directors intend that Greencore will comply with its provisions on an ongoing basis, as Greencore did in FY10 in relation to the 2008 Combined Code of Corporate Governance then in force.

8. Employees

8.1 The Greencore Group

The Greencore Group employs approximately 7,000 people, the majority of whom work in the Greencore Group's manufacturing facilities. The average monthly number of employees for the past three financial years was:

<u>Financial year ended 24 September 2010</u>	<u>Financial year ended 25 September 2009</u>	<u>Financial year ended 26 September 2008</u>
7,444	7,647	8,066

8.2 The Uniq Group

Uniq employs around 1,900 people in the UK, the majority of whom work in production at Uniq Group's four sites at Minsterley, Spalding, Evercreech and Northampton.

The number of employees of the Uniq Group (for these purposes excluding employees engaged in dis-continued operations) at the end of each of its last three financial periods was:

<u>Financial year ended 31 December 2010</u>	<u>Financial year ended 31 December 2009</u>	<u>Financial year ended 31 December 2008</u>
1,953	2,202	2,260

9. Share plans and employee incentive schemes

The following paragraphs 9.1 to 9.4 contain a description of the share incentive and award schemes currently operated by Greencore. Details of the number of outstanding awards and options under these schemes are set out in paragraph 2.4 of Part XII.

9.1 Deferred Bonus Plan 2007

This plan is made available for senior executives. It operates by deferring a portion of the annual bonus earned into shares in Greencore calculated at market value. Those shares are held by a trustee for the benefit of individual participants for three years without any additional performance requirements or matching.

The shares vest after 3 years. Not all eligible executives will necessarily receive an award in any single year and no executive will receive awards from the option plan in the same year as they receive the benefit of a deferred bonus. If a participant leaves employment prior to the vesting date of the award due to death, ill-health, injury, disability, redundancy, retirement or his employer ceasing to be a group company the Option and Remuneration Committee may request the trustee to exercise its discretion and allow some or all of the awards to vest.

If a person obtains control of Greencore then all awards will immediately vest in respect of all of the shares which are the subject of an award within one month of the date upon which control is obtained. This rule will also apply to shares acquired under the Takeover Bids Regulations 2006.

The number of shares over which awards may be granted under the plan shall not normally exceed 10 per cent. of the issued ordinary share capital of Greencore.

9.2 **Performance Share Plan 2004**

No awards have been made under this plan, which operates on the basis of the making of conditional awards of Greencore Shares.

A participant shall acquire the plan shares which are subject of the award provided that the basic tier condition and the total shareholder return ("TSR") performance target have been satisfied.

An award granted subject to the basic tier condition may not vest unless Greencore's earnings per share is at least equal to the increase in the CPI over a 3-year period plus 5 per cent. compounded per annum. CPI is the Consumer Price Index as compiled and published by the Central Statistics Office of the Government of Ireland.

To determine the annual percentage growth in CPI, the CPI published most recently before the end of the relevant accounting period shall be compared against the CPI published most recently before the end of the basis year and the difference shall be expressed as a percentage of the basis year CPI.

The TSR performance condition is a measure of Greencore's TSR against the TSR of each company in a specified peer group as at the date of the grant of the award. 3 years after the date of grant, Greencore's TSR must be within the top quartile for the award to vest in full. Half of the award will vest if Greencore's TSR is at the median position. Below the median position an award will not vest.

No plan shares may be made the subject of an award on a particular day if it would result in any of the following limits being exceeded:

- (a) no award may be made to an individual over shares with a value exceeding that person's individual limit. The limit is 100 per cent. of basic salary for the Chief Executive Officer and a lesser percentage in relation to further executives;
- (b) 10 per cent. in 10 years limit: in the 10 years preceding any given day, the aggregate number of shares acquired or committed for issue under all share schemes shall not exceed 10 per cent. of the issued ordinary share capital of the Company;
- (c) 3 per cent. in 3 years limit: in the 3 years preceding any given day, the aggregate number of shares acquired or committed for issue under all share schemes shall not exceed 10 per cent. of the issued ordinary share capital of the Company;
- (d) 5 per cent. basic tier limit: in the 10 years preceding any given day, the aggregate number of shares acquired or committed for issue under all share schemes with a performance target no more stringent than the basic tier condition shall not exceed 5 per cent. of the issued ordinary share capital of the Company; and
- (e) 5 per cent. second tier limit: in the 10 years preceding any given day, the aggregate number of shares acquired or committed for issue under all share schemes with a performance target more stringent than the basic tier condition shall not exceed 5 per cent. of the issued ordinary share capital of the Company.

An award will lapse if a participant ceases to be employed within the Greencore Group. If a participant ceases to be employed within the Greencore Group before the seventh anniversary of the date of grant due to injury, ill-health, disability, redundancy, retirement, a transfer of the company or business in which he is employed to a person other than a member of the Greencore Group or due to a change of control of the Company, the award shall not lapse until the end of 12 months after the date of cessation of employment.

If a person obtains control of the Company, either through an offer to acquire the whole of the issued ordinary share capital or an offer to acquire all the shares in the Company of the same class as the plan shares, all awards will vest on such a day as the Option and Remuneration Committee decides. The Option and Remuneration Committee will exercise its discretion within three months of the change of control.

9.3 ***Executive Share Option Scheme***

The Greencore Group operates this scheme for key executives. It is Greencore Group policy to grant options under this scheme to encourage identification with shareholders' interests. Options have been granted to some 260 executives. Non-executive directors do not participate in the scheme.

Under the scheme, basic options can only be exercised where there has been an increase in the earnings per Greencore Share of at least the increase in the CPI over a 3 year period plus 5 per cent. compounded per annum and second tier options can only be exercised where:

- (a) there has been an increase in the earnings per Greencore Share of at least the increase in the CPI over a 5 year period plus 10 per cent. compounded per annum; and
- (b) the rate of increase in the earnings per Greencore Share places it at the top quartile of a table of growth rates of earnings per share of comparative companies over that period.

The number of Greencore Shares for which options to subscribe may be granted under the scheme, when aggregated with Greencore Shares which have been or remain to be issued under any other share scheme, shall not exceed 10 per cent. of the issued ordinary share capital of the Company.

The number of Greencore Shares for which options to subscribe may be granted under the scheme and to which basic options apply, shall not, when added to the number of Greencore Shares which shall have been or remain to be issued pursuant to options granted under the scheme, or pursuant to any other scheme relating to Greencore Shares exceed such number as represents 5 per cent. of the issued ordinary share capital of the Company.

The number of Greencore Shares for which options to subscribe may be granted under the scheme and to which second tier options apply, shall not, when added to the number of Greencore Shares which shall have been or remain to be issued pursuant to options granted under the scheme (or pursuant to any other scheme relating to Greencore Shares), exceed such number as represents 5 per cent. of the issued ordinary share capital of the Company.

The number of Greencore Shares for which options to subscribe may be granted under the scheme in any period of 3 successive calendar years shall not, when added to the number of Greencore Shares which shall have been or remain to be issued during the same period under any other scheme relating to Greencore Shares, exceed such number as represents 3 per cent. of the issued ordinary share capital of the Company.

An option automatically lapses on the participant ceasing to hold an office or employment, unless the Option and Remuneration Committee resolve otherwise. If a participant ceases to hold the office or employment due to ill-health or retirement at the normal retirement age an option can be exercised within 12 months thereafter. The Option and Remuneration Committee may waive the performance requirements in a case where the participant leaves employment due to death, health reasons, dismissal by reason of redundancy or retirement prior to reaching the normal retirement age.

If there is a change of control of the Company, all options may be exercised at any time during the period of six months beginning with the time of change of control. If not so exercised, the options lapse.

9.4 ***Savesave Schemes (UK and Ireland)***

The Company operates savesave schemes in both the United Kingdom and Ireland. Both are approved by the relevant tax authorities. The Greencore Group provides the ability for eligible employees to save in order to buy Greencore Shares. The savesave schemes provide a means of saving and give employees the opportunity to become shareholders. Approximately 3,000 employees have been granted options under the savesave schemes.

The number of Greencore Shares over which options may be granted under the scheme, or pursuant to any other scheme relating to Greencore Shares, shall not exceed 10 per cent. of the issued ordinary share capital of the Company. The number of Greencore Shares over which options may be granted under the scheme, or pursuant to any other scheme relating to Greencore Shares, in any period of 3 successive calendar years shall not exceed 3 per cent. of the issued ordinary share capital of the Company.

If there is a change of control of the Company, all options granted under Irish sharesave scheme may be exercised at any time during the period of 6 months beginning with the time of change of control. For the UK sharesave scheme, all options may be exercised during the period specified by the Option and Remuneration Committee. If not so exercised, the options lapse.

Leaving Service (Irish Scheme)

An option will generally lapse if the participant ceases to hold any office or employment with a participating employer. A participant may, however, exercise an option within 6 months following his ceasing to hold his office or employment if he leaves due to injury, disability, retirement or his employment being in a company which ceases to be a member of the Greencore Group.

Leaving Service (UK Scheme)

An option shall lapse if the participant ceases to hold any office or employment with a participating employer. A participant may exercise an option within 6 months following his ceasing to hold the office or employment if he leaves due to injury, disability, redundancy, retirement, his employment being in a company which ceases to be a member of the Greencore Group or the undertaking in which he works is neither an associated company of the Company nor a company of which the Company has control or for any other reason except misconduct or impropriety on his part, but in this case only if the cessation of office or employment ends more than 3 years after the date of grant.

PART XII

ADDITIONAL INFORMATION

1. Incorporation, registered office and corporate information

The Company was incorporated and registered in Ireland as a public limited company under the Companies Acts 1963 to 2009 on 14 February 1991, with registered number 170116. The legal and commercial name of the Company is Greencore Group PLC.

The Company is domiciled in Ireland and its registered office and principal place of business is at No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, Ireland. The telephone number of the Company's registered office is +353 1 605 1000.

Existing Greencore Shares are admitted, and the New Greencore Shares will be admitted, to the Official Lists of the Irish Stock Exchange and the UK Listing Authority and to trading on the regulated market of the Irish Stock Exchange and the London Stock Exchange's main market for listed securities. The ISIN of the Greencore Shares is IE0003864109 and the SEDOL number is 0386410. Following the Renominalisation, Greencore Shares will have a nominal value of €0.01 each.

The principal legislation under which the Company operates, and the legislation under which the New Greencore Shares will be created, is the Companies Acts.

KPMG, whose address is 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland has been the auditor of the Company and the Greencore Group since 18 August 2008. KPMG is a member of the Institute of Chartered Accountants in Ireland and has no material interest in the Company.

2. Share Capital

2.1 **Authorised and issued ordinary share capital as at the date of this document; expected authorised and issued ordinary share capital as at the date of Admission**

The table set out below shows: (i) the authorised and issued ordinary share capital of the Company as at 14 July 2011, being the latest practicable date prior to publication of this document; and (ii) the expected authorised and issued ordinary share capital of the Company on Admission of the New Greencore Shares. In addition to the authorised and issued ordinary share capital, one Special Share of €1.26 is in issue as at 14 July 2011, being the latest practicable date prior to publication of this document. It is expected that the one Special Share of €1.26 will remain in issue and a further 209,131,215 Deferred Shares of €0.62 will be in issue as at the date of Admission. There are (and will, on Admission, be) no authorised but unissued Special Shares in the Company.

	Authorised		Issued	
	Number	€	Number	€
Ordinary share capital as at 14 July 2011 . .	300,000,000	189,000,000	209,131,215 ⁽¹⁾	131,752,665 ⁽¹⁾
Ordinary share capital on Admission	500,000,000 ⁽²⁾	5,000,000 ⁽²⁾	383,407,228 ⁽³⁾	3,834,072 ⁽³⁾

(1) As at 14 July 2011 (being the last practicable date prior to the publication of this document), 3,904,716 ordinary shares were held in treasury by Greencore, representing 1.87 per cent. of the issued ordinary share capital of Greencore (excluding any treasury shares).

(2) Pursuant to the Renominalisation of the ordinary share capital of the Company being proposed at the EGM (if approved), the authorised ordinary share capital of the Company will be divided so as to represent 209,131,215 Greencore Shares (each of €0.01 nominal value) and 209,131,215 Deferred Shares (each of €0.62), thereby reducing the authorised ordinary share capital of the Company to €3,000,000 (comprising 300,000,000 Greencore Shares of €0.01 each) and creating authorised Deferred Share capital of €186,000,000 (comprising 300,000,000 Deferred Shares). Pursuant to a further resolution being proposed at the EGM (if approved), the authorised ordinary share capital will be increased by €2,000,000 (comprising 200,000,000 Greencore Shares of €0.01 each).

(3) Pursuant to the Rights Issue, an additional 174,276,013 ordinary shares of €0.01 each will be allotted and issued by the Company.

2.2 *History of the share capital*

On incorporation, the authorised share capital of the Company was IR£150,000,000 divided into 150,000,000 ordinary shares of IR£1 each and one Special Share of IR£1. On 4 March 1996, each ordinary share of IR£1 was divided into two ordinary shares of IR£0.50 each. Subsequently, the ordinary shares were re-denominated with a value of €0.63 each and the Special Share was re-denominated with a value of €1.26. At 29 September 2007 (being the first day of the accounting period ended 26 September 2008), the authorised share capital of the Company was €189,000,000 divided into 300,000,000 ordinary shares of €0.63 each and one Special Share of €1.26. The following table shows the authorised and issued ordinary share capital as at the last day of each of the past three financial years, together with details of the changes in issued ordinary share capital aggregated for each financial year. In addition, one Special Share of €1.26 was in issue throughout the period presented in the table.

	Authorised		Issued	
	Number	€	Number	€
Greencore Shares as at 26 September 2008	300,000,000	189,000,000	201,874,360	127,180,847
Held in treasury			3,904,716	2,459,971
Issue of Greencore Shares pursuant to scrip dividend schemes in FY08			2,257,677	1,422,336
Issue of Greencore Shares pursuant to exercise of options and vesting of awards in FY08			148,734	93,702
Greencore Shares as at 25 September 2009	<u>300,000,000</u>	<u>189,000,000</u>	<u>204,428,229</u>	<u>128,789,784</u>
Held in treasury			3,904,716	2,459,971
Issue of Greencore Shares pursuant to scrip dividend schemes in FY09			2,553,869	1,608,937
Issue of Greencore Shares pursuant to exercise of options and vesting of awards in FY09			—	—
Greencore Shares as at 24 September 2010	<u>300,000,000</u>	<u>189,000,000</u>	<u>206,668,944</u>	<u>130,201,435</u>
Held in treasury			3,904,716	2,459,971
Issue of Greencore Shares pursuant to scrip dividend schemes in FY10			2,208,982	1,391,659
Issue of Greencore Shares pursuant to exercise of options and vesting of awards in FY10			31,733	19,992

There were 207,756,857 shares in issue as at 25 March 2011, amounting to €133.3 million. During the half year ended 25 March 2011, 1,072,797 shares were issued in respect of the scrip dividend scheme and 15,116 shares were issued in respect of the Greencore Group's Sharesave Schemes. There were 80,000 share options granted under the Executive Share Option Scheme and no shares were granted under the Sharesave Schemes in HY11. Since 25 March 2011 1,368,595 shares were issued in respect of the scrip dividend scheme and 5,763 were issued in respect of the Greencore Group's Sharesave Schemes.

2.3 *Authorisations relating to the share capital*

Increase to authorised share capital, authority to allot, disapplication of pre-emption rights

The following authorisations relating to the share capital were granted to the Company by resolutions passed at the extraordinary general meeting of the Company held on 31 January 2011:

- an ordinary resolution was passed empowering the Board to allot relevant securities up to a maximum nominal amount of €43,628,940 (or, subject to and conditional upon completion of the Merger, €87,710,867). This authority will, unless varied, revoked or renewed by resolution of the Company prior to such date, expire on the earlier date of the next Annual General Meeting of the Company or on 31 July 2012; and
- a special resolution was passed empowering the Board to allot equity securities for cash in connection with any rights issue in favour of ordinary shareholders, up to an aggregate nominal value of €6,544,341 (or, subject to and conditional upon completion of the Merger, €13,156,630), as if section 23 of the Companies (Amendment) Act 1983 did not apply to the that allotment. This authority will, unless varied, revoked or renewed by resolution of the Company prior to such date, expire on the earlier date of the next annual general meeting of the Company or on 31 July 2012.

Market purchases of shares

By a further special resolution passed on 31 January 2011, Greencore was authorised to make market purchases (as defined in Section 212 of the Companies Act 1990) of shares in the capital of the Company on the Irish Stock Exchange or London Stock Exchange, provided that:

- the maximum nominal amount of shares that may be purchased under this authority is €13,088,682 (or, subject to and conditional upon completion of the Merger, €26,313,260);
- the minimum price which may be paid for any share shall be the nominal value of such share;
- the maximum price which may be paid for any share shall be an amount equal to 105 per cent. of the average of the five amounts (calculated as set out below in (a), (b) or (c)) for each of the five business days immediately preceding the day on which the relevant share is purchased, as determined from the information published in the Daily Official List of the London Stock Exchange, or in the Daily Official List of the Irish Stock Exchange, as appropriate:
 - (a) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
 - (b) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
 - (c) if there shall not be any dealing reported for the day, the average of the prices quoted under the heading "Quotation" in respect of such shares for the day. If there shall not be any such quotation reported for any particular day, then that day shall not count as one of the said five business days for the purposes of determining the maximum price.

This authority will, unless varied, revoked or renewed by resolution of the Company prior to such date, expire on the earlier date of the next annual general meeting of the Company or 31 July 2012, save that the Company or any subsidiary may before such expiry enter into a contract for the purchase of shares in the capital of the Company which would or might be executed wholly or partly after such expiry and may complete any such contract as if the authority conferred hereby had not expired.

Re-issue of treasury shares

A special resolution was also passed on 31 January 2011 setting the re-issue price range for which any treasury shares (as defined by Section 209 the Companies Act 1990) for the time being held by the Company may be re-issued off-market as follows:

- the maximum price at which a treasury share may be re-issued off-market shall be an amount equal to 120 per cent. of the "Appropriate Price"; and
- the minimum price at which a treasury share may be re-issued off-market shall be the nominal value of the share where such share is required to satisfy an obligation under an

employee share schemes (as such term is defined in the Listing Rules of the UK Listing Authority) operated by the Company or, in all other cases, an amount equal to 95 per cent. of the “Appropriate Price”.

For the purposes of this authority, the expression “Appropriate Price” means the average of the five amounts resulting from determining whichever of (a), (b) or (c) specified below in relation to shares of the class of which such treasury share is to be re-issued is appropriate in respect of each of the five business days immediately preceding the day of re-issue, as determined from information published in either the Daily Official List of the London Stock Exchange or the Official List of the Irish Stock Exchange (for so long as and whenever the Company maintains a listing for its shares on the Irish Stock Exchange):

- (a) if there shall be more than one dealing reported for the day, the average of the prices at which such dealings took place; or
- (b) if there shall be only one dealing reported for the day, the price at which such dealing took place; or
- (c) if there shall not be any dealing reported for the day, the average of the prices quoted under the heading “Quotation” in respect of that share for the day, and if there shall not be any such quotation reported for any particular day, then that day shall not count as one of the said five business days for the purposes of determining the “Appropriate Price”.

This authority will, unless varied, revoked or renewed by resolution of the Company prior to such date, expire on the earlier date of the next annual general meeting of the Company or 31 July 2012.

2.4 **Outstanding options and awards**

As at 14 July 2011 (being the latest practicable date prior to the publication of this document), there were outstanding awards or options granted under the Greencore Share Schemes over 12,177,474 Greencore Shares (representing 5.82 per cent. of the Company’s existing issued ordinary capital), as set out below.

Deferred Bonus Plan 2007

<u>Date of Grant</u>	<u>Price (€)</u>	<u>Outstanding awards of Greencore Shares*</u>
5 December 2008	0.916	410,648
11 December 2008	0.85	383,976
1 December 2009	1.38	1,458,119
1 December 2010	1.30	2,063,808
Total		4,316,551

Executive Share Option Scheme (2001) (“ESOS”)

<u>Date of Grant</u>	<u>Price (€)</u>	<u>Options Outstanding</u>
12 December 2001	2.87	365,000
27 June 2002	2.88	25,000
6 December 2002	2.58	40,000
26 June 2003	2.93	95,000
1 December 2005	3.35	320,000
22 June 2006	3.60	200,000
2 August 2007	4.89	600,000
10 June 2008	3.30	95,000
3 December 2008	0.80	1,255,000
9 June 2009	1.17	30,000
30 November 2009	1.40	925,000
3 June 2010	1.27	630,000
26 November 2010	1.33	80,000
Total		4,660,000

Ordinarily, options granted under the terms of the ESOS are exercisable between 3 and 10 years from the date of grant, subject to the Company achieving specific performance targets.

Greencore Approved Share Scheme ("Irish Sharesave")

<u>Date of Grant</u>	<u>Price (€)</u>	<u>Options Outstanding</u>
8 July 2009	0.88	208,940
1 July 2010	0.95	6,189
1 July 2011	0.84	45,224
Total		<u>260,353</u>

Options under the Irish Sharesave are normally exercisable during the 6 month period following completion of either a 3, 5 or 7 year savings contract.

Greencore Approved Share Scheme ("UK Sharesave")

<u>Date of Grant</u>	<u>Price (£)</u>	<u>Options Outstanding</u>
22 July 2004	1.67	8,428
21 July 2005	1.98	4,322
20 July 2006	2.10	26,890
12 July 2007	3.10	13,992
8 July 2008	2.23	120,429
9 July 2009	0.87	1,204,968
1 July 2010	0.90	676,820
1 July 2011	0.79	884,721
Total		<u>2,940,570</u>

Options under the UK Sharesave scheme are normally exercisable during the six-month period following completion of a 3, 5 or 7 year savings contract with a minimum of 36 or 60 monthly contributions respectively.

3. Summary of the Memorandum and Articles of Association of the Company

The following paragraphs 3.1 and 3.2 are a summary of the Company's Memorandum and Articles of Association, which are available for inspection (both as in force at the date of this document and as proposed to be amended by Resolution 4 at the EGM) at the times and locations set out in paragraph 17 of this Part XII.

3.1 Memorandum of Association

Limited Liability

The liability of the Company's members is limited to the amount, if any, unpaid on the shares in the Company held by them.

Objects

The Company's objects are set out in full in clause 3 of its Memorandum. The Company's principal objects include:

- to carry on the businesses of a holding, investment, estate and trust company and to raise money on such terms and conditions as may be thought desirable;
- to acquire not less than ninety per cent. of the issued share capital of Siucré Eireann, Cuideachta Phoibli Theoranta by purchase, exchange or otherwise, and on such terms and conditions as the Company may deem appropriate; and
- to carry on any other business, whether manufacturing or otherwise, except the issuing of policies of insurance.

3.2 Articles of Association

The Articles of Association contain (amongst others) provisions to the following effect.

Share Rights

Any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine and the directors of the Company, on the allotment and issue of any shares, may impose restrictions on the transferability or disposal of such shares. Redeemable shares may be issued. The terms and conditions and the manner of redemption of any redeemable shares shall be decided by the Company by special resolution. The Company may cancel any shares so redeemed or may hold them as treasury shares and re-issue such treasury shares as shares of any class or classes or cancel them.

Special Share

The share capital of the Company includes one Special Share of €1.26. The Special Share is held by the Special Shareholder. No resolution may validly be passed by the members of the Company to amend, remove or alter all or any of the following provisions of the Articles of Association:

- Article 2 (Share capital);
- Article 5 (Variation of rights);
- Article 31 (Conversion of shares into stock);
- Article 46 (Consolidation, sub-division and cancellation of capital); and
- Article 134 (Indemnity).

The Special Shareholder shall be entitled to receive notice of and speak at all general meetings of the Company but the Special Shareholder shall carry no right to vote at such meetings.

On a return of assets in a winding-up of the Company, the Special Shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to any payment to the other members. The Special Share confers no further right to participate in the profits or assets of the Company and the Special Shareholder shall not be entitled to a dividend.

Voting Rights

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is duly demanded. Votes at general meetings may be given either personally or by proxy. Subject to any rights or restrictions attached to any class or classes of shares, on a show of hands, every member present in person and every proxy shall have one vote. On a poll, every member shall have one vote for every share carrying voting rights of which he is the holder.

Restrictions

If at any time the directors determine that a member has failed to pay any call or instalment of a call in respect of his shares, the directors may serve upon him a restriction notice (as defined in the Articles). No recipient of such a restriction notice shall be entitled to attend or vote at any general meeting, either personally or by proxy, for the time that the restriction notice remains in force.

Dividends and Other Distributions

Subject to the provisions of the Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors. The directors may declare and pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the directors act in good faith, they shall not be liable to holders of shares with preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid.

If the directors so decide, any dividend which has remained unclaimed for twelve years from the date of its declaration shall be forfeited and cease to remain owing by the Company.

Variation of Rights

Rights attached to any class of shares, other than those rights attaching to the Special Share, which may only be removed, amended or altered with the written consent of the Special Shareholder, may be varied or abrogated with the written consent of the holders of three-fourths in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. The quorum at any such separate general meeting shall be one person holding or representing by proxy at least one-third in nominal value of the issued shares of the class.

The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the Articles of Association or the terms of the issue of the shares of that class, be deemed to be varied by a purchase or redemption by the Company of its own shares or by the creation or issue of further shares ranking *pari passu* with them.

Transfer of Shares

Subject to restrictions in the Articles of Association and to conditions of issue as may be applicable, the shares of any member may be transferred by instrument in writing in any usual or common form or any other form which the directors may approve.

The directors may decline to register any transfer of a share which is not fully paid or any transfer to or by a minor or person of unsound mind, provided that such refusal to register the transfer does not prevent dealings in those shares.

The directors may decline to recognise any instrument of transfer unless:

- the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of one class of share only;
- the instrument of transfer is in favour of not more than four transferees; and
- it is lodged at the Company's registered office or at such other place as the directors may appoint.

Disclosure of interests

If at any time the directors are satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a Section 81 Notice and is in default for the Section 81 prescribed period (as defined in the Articles of Association) in supplying to the Company the information required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the directors may, in their absolute discretion at any time thereafter by notice (a "Direction Notice") to such member direct:

- that the member shall not be entitled to attend or to vote at a general meeting either personally or by proxy in respect of the shares in relation to which the default occurred (the "Default Shares") or to exercise any other right conferred by membership in relation to meetings of the Company;
- that, where the nominal value of the Default Shares represents at least 0.25 per cent. of the nominal value of the issued shares of that class:
 - (a) no payment shall be made of any sums due from the Company on the Default Shares and Greencore shall not have any liability to pay interest on any such payment when it is finally paid (in each case except in a liquidation of the Company);
 - (b) no other distribution shall be made on the Default Shares; or
 - (c) no transfer of any of the Default Shares held by such member shall be registered unless (a) the member is not himself in default as regards supplying the information requested; or (b) the transfer is an approved transfer (as defined in the Articles of Association).

Any Direction Notice shall cease to have effect:

- in relation to any shares which are transferred by such member by means of an approved transfer; or
- when the directors are satisfied that such member (and any other person appearing to be interested in shares held by such member) has provided Greencore with the information required in the Section 81 Notice.

The directors may at any time give notice cancelling a Direction Notice.

Alteration of Share Capital

The Company may by ordinary resolution increase the share capital of the Company by such sum, to be divided into shares of such amount, as the resolution prescribes.

The Company, by ordinary resolution, may also:

- consolidate and divide all or any of its share capital (other than the Special Share) into shares of larger amount;
- subject to the provisions of the Acts, subdivide its shares, or any of them (other than the Special Share), into shares of smaller amount; or
- cancel any shares (other than the Special Share) which, at the date of passing the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares cancelled.

General Meetings

Subject to the provisions of the Acts allowing a general meeting to be called by shorter notice, an annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall also be called by at least twenty-one clear days' notice, except that it may be called by fourteen clear days' notice, whether in electronic form or otherwise, where:

- all members, who hold shares that carry rights to vote at the meeting, are permitted to vote by electronic means either before or at the meeting; and
- a special resolution reducing the period of notice to fourteen clear days' notice has been passed at the immediately preceding annual general meeting, or at a general meeting held since that meeting.

Notice of a general meeting must state the time and place of the meeting and, in the case of special business, the general nature of that business. A notice calling an annual general meeting must state that the meeting is an annual general meeting.

A director shall be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company. The Chairman of the Board, or, in his absence, the deputy chairman or, in his absence, some other director nominated by the directors, shall preside as chairman at every general meeting of the Company.

Number of directors

The directors shall not be more than ten nor less than two in number. The Company may by ordinary resolution vary the minimum and/or maximum number of directors.

Directors' shareholding qualification

A director shall not be required to hold any shares in the Company.

Appointment and retirement of directors

No person other than a director retiring by rotation shall be appointed a director at any general meeting unless he is either recommended by the directors or, not less than seven nor more than thirty clear days before the date appointed for the meeting, notice executed by a member qualified to vote at that meeting has been given to the Company of the intention to propose that person for appointment as a director.

Each director will present himself for re-election at least once every three years. At each annual general meeting of the Company, one-third of the directors who are subject to retirement by

rotation, or if their number is not three or a multiple of three then the number nearest one-third, shall retire from office. The directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment. In order to comply with the UK Corporate Governance Code published by the Financial Reporting Council, the Board has determined that all directors shall voluntarily retire on an annual basis, subject to the Company qualifying as (and for so long as the Company remains thereafter) a constituent member of the FTSE 350.

Subject to the Articles of Association, the Company may by ordinary resolution appoint a person to be a director either to fill a vacancy or as an additional director and may also determine the rotation in which any additional directors are to retire.

Removal of directors

The Company may, by ordinary resolution of which extended notice has been given in accordance with the Acts, remove any director before the expiry of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such director and may, if thought fit, by ordinary resolution appoint another director in his stead.

Vacation of office

The office of a director will be vacated at the conclusion of the annual general meeting commencing next after such director attains the age of 70.

Disqualification of directors

The office of a director will be vacated if:

- he is restricted or disqualified from acting as a director of any company under the provisions of Part VII of the 1990 Act;
- he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- in the opinion of a majority of his co-directors, he becomes incapable by reason of mental disorder of discharging his duties as a director;
- (not being a director holding for a fixed term an executive office in his capacity as a director) he resigns his office by notice to the Company;
- he is convicted of an indictable offence, unless the directors otherwise determine;
- he shall have been absent for more than six consecutive months without permission of the directors from meetings of the directors held during that period and his alternate director (if any) shall not have attended any such meeting in his place during such period, and the directors pass a resolution that by reason of such absence he has vacated office; or
- he is required in writing (whether in electronic form or otherwise) by all his co-directors to resign.

Alternate directors

Any director may appoint any person, including another director, to be his alternate and may at his discretion remove such an alternate director. An appointment of a person other than a director as an alternate must be approved by a resolution of the directors.

Proceedings of the board

Subject to the provisions of the Articles of Association, the directors may regulate their proceedings as they think fit. A director may call a meeting of the directors. The quorum necessary for the transaction of the business of the Board may be fixed by the Board and, unless so fixed at any other number, shall be two. If the number of directors present is less than the number fixed as the quorum, they may act only for the purpose of filling vacancies or of calling a general meeting.

The directors may elect a chairman of their meetings and determine the period for which he is to hold office. Questions arising at any meeting of directors shall be decided by a majority of votes. In the case of an equality of votes the chairman of the meeting shall have a second or casting vote.

Any director or alternate director may participate in a meeting of the directors or any committee of the directors by means of a conference telephone or other telecommunications equipment by means of which all persons participating in the meeting can hear each other speak and such participation in a meeting shall constitute presence in person at the meeting.

All acts done by any meeting of the directors or of a committee of directors or by any person acting as a director, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such director or person acting as aforesaid, or that they or any of them were disqualified from holding office or had vacated office, shall be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

Remuneration of directors

The ordinary remuneration of the directors will be determined from time to time by an ordinary resolution of the Company and will be divisible, unless such resolution provides otherwise, among the directors as they may agree, or, failing their agreement, equally. Any director who holds any executive office, including that of chairman or deputy chairman, or who serves on any committee, or who otherwise performs services which in the opinion of the directors are outside the scope of a director's ordinary duties, may be paid such extra remuneration by way of salary, commission or otherwise as the directors may determine.

The directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company, or otherwise in connection with the discharge of their duties.

Pensions and gratuities for directors

The directors may provide benefits, whether by way of pensions, gratuities or otherwise, for any director, former director or other office or former officer of the Company or to any person who holds or has held any employment with the Company or with any of its present or past subsidiaries or associated companies. The directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees of the Company, or of any other company which is its holding company or in which the Company or such holding company has any direct or indirect interest.

Directors' interests

Subject to the provisions of the Acts, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

- may be a party to, or otherwise interested in, any transaction or arrangement with the Company or any subsidiary or associated company thereof or in which the Company or any subsidiary or associated company thereof is otherwise interested;
- may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company or any subsidiary or associated company thereof is otherwise interested;
- shall not be accountable, by reason of his office, to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- shall not be disqualified from his office from contracting with the Company either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the other company in which any director shall be in any way interested be avoided.

Restrictions on voting

Save as otherwise provided by the Articles of Association, a director shall not vote at a meeting of the directors or a committee of directors on any resolution concerning a matter in which he

has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of the Company. A director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.

The Company may by ordinary resolution suspend or relax to any extent the provisions relating to directors' interests or the restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

Borrowing and other powers

Subject to the provisions of the Acts, the Memorandum, and the Articles of Association and any directions given by the Company by ordinary resolution, the business of the Company will be managed by the directors, who may do all such acts and things and exercise all the powers of the Company as are not by the Acts or the Articles of Association required to be done or exercised the Company in general meeting. In particular, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking property, assets and uncalled capital or any part thereof, and to issue debentures, debenture stock and other securities for any debt, liability or obligation of the Company or of any third party.

Indemnity

Subject to the provisions of and to the extent permitted by the Acts, every director, managing director, auditor, company secretary or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company.

Methods of service

Any notice to be given, served or delivered pursuant to the Articles of Association shall be in writing, whether in electronic form or otherwise. A notice, document or share certificate to be given, served or delivered pursuant to the Articles of Association may be given to, served on or delivered to any member by the Company by sending, with the consent of the member, by means of electronic mail or other means of electronic communication approved by the directors to the address of the member notified to the Company by the member for such purpose.

4. Accounts and Annual General Meetings

The annual consolidated group financial statements of the Greencore Group are drawn up on the basis of a 52/53 week financial period ending in September/October each year. It is expected that the preliminary results for each financial period will be published within two months of the end of each financial period, and that the Annual Report of the Company will be published within four months of the end of each financial period. Unaudited interim reports covering the first 26 weeks of each financial period will also be published by the Company within two months of the end of each such interim period. It is expected that the Annual General Meeting of the Company will take place in or around February of each year.

5. Mandatory bids and compulsory acquisition rules

The Company is subject to the Irish Takeover Rules and mandatory bid, squeeze-out and buy-out rules will apply. The Irish Takeover Panel would monitor and supervise a takeover bid for the Company.

Mandatory Offer

Under the Irish Takeover Rules, if an acquisition of shares in the capital of the Company were to increase the aggregate holdings of the acquirer and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Irish Takeover Panel) to make an offer for the outstanding shares at a price not less than the highest price paid for such shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares in the capital of the Company by a person holding (together with its concert parties) shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights by

0.05 per cent. within a twelve month period. No mandatory takeover bids, or public takeover bids have been made for the Company in FY11 or FY10.

Squeeze-Out

Under the European Community (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, if an offeror were to acquire 90 per cent. of the shares in the capital of the Company, it could, within four months of making its offer, compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will compulsorily acquire their shares and then, unless the Irish High Court determines otherwise, one month later it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration in trust for the outstanding shareholders.

Buy-Out

The European Community (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 also give minority shareholders in the Company a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of a class of shares in the Company and at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of such shares, any holder of shares to which the offer related who had not accepted the offer could by written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his or her rights to be bought out within one month of that notice arising.

Substantial Acquisition Rules

The Substantial Acquisition Rules are designed to restrict the speed at which a person may increase a holding of voting securities (or rights over such securities) of a company which is subject to the Irish Takeover Rules. The Substantial Acquisition Rules prohibit the acquisition by any person (or persons acting in concert with that person) of shares or rights in shares carrying 10 per cent. or more of the voting rights in the Company within a period of seven calendar days if that acquisition would take that person's holding of voting rights to between 15 per cent. and 30 per cent. of the voting rights in the Company.

6. Major shareholders and other interests

6.1 Major interests in the Company

Insofar as is known to the Company by reference to relevant notifications made pursuant to Part IV of the Companies Act 1990, the Transparency Regulations, Chapter 5 of the Disclosure and Transparency Rules and/or pursuant to Rule 8 of the UK Code, as at 14 July 2011 (being the latest practicable date prior to the publication of this document), the following persons were interested, directly or indirectly, in three per cent. or more of the issued ordinary share capital of the Company:

Shareholder	Interests as at 14 July 2011		Maximum potential interests	
	Number of Greencore Shares	Percentage of issued ordinary share capital of the Company	Number of Greencore Shares	Percentage of issued ordinary share capital of the Company
Polaris Capital Management	30,883,283	14.8	56,619,352	14.8
Letko Brosseau and Associates	23,844,208	11.4	43,714,381	11.4
Sheffield Asset Management.....	11,794,803	5.6	21,623,805	5.6
Artemis Investment Management...	11,720,404	5.6	21,487,407	5.6

6.2 Irrevocable undertakings and letters of intent

In addition to the undertakings to vote in favour of the Resolutions received from the Directors, Greencore has also received irrevocable undertakings to vote in favour of the Resolutions from Polaris Management, LLC and Artemis Investment Management LLP in respect of a total of 42.6 million Greencore Shares representing approximately 20.4 per cent. of the issued share capital of Greencore.

Greencore has also received non-binding letters of intent to vote in favour of the Resolutions from Letko Brosseau and Sheffield Asset Management LLC in respect of a total of approximately

35.6 million Greencore Shares representing approximately 17.0 per cent. of the issued share capital of Greencore.

6.3 **Control over the Company, special voting rights**

As at 14 July 2011 (being the latest practicable date prior to the publication of this document), the Company was not aware of any person or persons who, directly or indirectly, acting jointly with others or acting alone, exercised or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may, at a subsequent date, result in a change of control of the Company.

None of the Company's major shareholders has different voting rights from other holders of ordinary shares in the Company.

7. **Organisational structure and significant subsidiaries**

7.1 **The Greencore Group**

The Company is the parent company of the Greencore Group. It directly and indirectly controls a number of subsidiaries. The following table shows the principal subsidiaries of the Company as at the date of this document.

<u>Name of subsidiary</u>	<u>Principal business/function</u>	<u>Country of Incorporation</u>	<u>Proportion of ownership interest</u>
Breadwinner Foods Limited	Food Processors	United Kingdom	100 per cent.
Greencore Advances Limited	Finance Company	Ireland	100 per cent.
Greencore Developments Limited	Property Company	Ireland	100 per cent.
Greencore Finance Limited	Finance Company	Ireland	100 per cent.
Greencore Foods Limited	Acquisition vehicle for Uniq	United Kingdom	100 per cent.
Greencore Funding Limited	Finance Company	Jersey	100 per cent.
Greencore USA, Inc	Food Processors	United States	100 per cent.
Greencore UK Holdings plc	Holding Company	United Kingdom	100 per cent.
Hazlewood (Blackditch) Limited	Property Company	United Kingdom	100 per cent.
Hazlewood Convenience Food Group Limited	Food Processors	United Kingdom	100 per cent.
Hazlewood Convenience Group 1 Limited	Food Processors	United Kingdom	100 per cent.
Hazlewood Foods Limited	Holding Company	United Kingdom	100 per cent.
Hazlewood Grocery Limited	Food Processors	United Kingdom	100 per cent.
Irish Sugar Limited	General Trading Company	Ireland	100 per cent.
Ministry of Cake Limited	Food Processors	United Kingdom	100 per cent.
Oldfields Limited	Food Processors	United Kingdom	100 per cent.
Premier Molasses Company Limited	Molasses Trading	Ireland	50 per cent.
R&B (Bristol) Limited	Food Processors	United Kingdom	100 per cent.
Sushi San Limited	Food Processors	United Kingdom	100 per cent.
The Robert's Group Limited	Food Processors	United Kingdom	100 per cent.
Trilby Trading Limited	Food Industry Suppliers	Ireland	100 per cent.
United Molasses (Ireland) Limited	Molasses Trading	United Kingdom	50 per cent.

7.2 **The Uniq Group**

Uniq is the parent company of the Uniq Group. It directly and indirectly controls a number of subsidiaries, each of which will become subsidiaries of the Company (and form part of the Greencore Group) following Completion of the Acquisition. The following table shows the principal subsidiaries of Uniq.

<u>Name of subsidiary</u>	<u>Principal business/function</u>	<u>Country of Incorporation</u>	<u>Proportion of ownership interest</u>
Direct Subsidiaries			
Uniq (Holdings) Limited	Investment holding company	United Kingdom	100 per cent.
Indirect subsidiaries			
Uniq Prepared Foods Limited	Principal trading company for the UK chilled convenience food manufacture business	United Kingdom	100 per cent.

8. **Property, plant and equipment**

8.1 **Greencore**

As at 25 March 2011, the carrying value of the Greencore Group's property, plant and equipment was €210.3 million. Further details of the Greencore Group's property, plant and equipment (as at 25 March 2011) are set out in Note 9 to the unaudited consolidated Group Condensed Financial Statements for HY11 on page 23, which is incorporated by reference into this document as set out in Part VII.

As at 24 September 2010, the carrying value of the Greencore Group's property, plant and equipment was €217.5 million. The Greencore Group also leases certain property, plant and equipment and fixtures and fittings, for which the total lease payables (as at 24 September 2010) amounted to €67.0 million. Further details of the Greencore Group's property, plant and equipment (as at 24 September 2010) are set out in Note 14 to the Group Financial Statements on page 84 of Greencore's Annual Report for FY10, which is incorporated by reference into this document as set out in Part VII. The following properties are the principal properties occupied by the Greencore Group:

<u>Location</u>	<u>Use</u>	<u>Tenure</u>	<u>Major Encumbrances</u>
Ireland			
2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9	Administration	Leasehold	N/A
Boyne Business Park, Greenhills, Drogheda, Co. Louth	Administration	Freehold	N/A
Harbour Road, Foynes, Co. Limerick,	Manufacturing	Leasehold	N/A
Deepwater Berth, Ringaskiddy, Co. Cork	Manufacturing	Leasehold	N/A
UK			
Amsterdam Road, Sutton Fields, Hull HU7 0XS	Manufacturing	Leasehold	N/A
Midland Road, Hunslet, Leeds LS10 2RJ	Manufacturing	Freehold	N/A
35 Frobisher Way, Bindon Road, Taunton TA2 6BB	Manufacturing	Freehold	N/A

<u>Location</u>	<u>Use</u>	<u>Tenure</u>	<u>Major Encumbrances</u>
UK (Continued)			
Enterprise Park, Retford Road, Worksop S80 2RS	Manufacturing	Freehold	N/A
4-6 Willen Field Road, Park Royal, Brent, London NW10 7AQ	Manufacturing	Leasehold	N/A
Unit F, Prologis Park, Twelvetrees Crescent, London E3 3JH	Manufacturing	Leasehold	N/A
Musker Street, Crosby, Liverpool L23 0UB	Manufacturing	Leasehold	N/A
Barlby Road, Selby, North Yorkshire YO8 5BJ	Manufacturing	Freehold	N/A
20 Grosvenor Grange, Woolston, Warrington WA1 4SF	Manufacturing	Freehold	N/A
Mansfield Road, Wales Bar, Sheffield S26 5PE	Manufacturing	Freehold	N/A
Weasenham Lane, Wisbech, Cambs PE13 2RD	Manufacturing	Freehold	N/A
Unit 4, Hawkley Drive, Woodlands, Almondsbury BS32 0BF	Manufacturing	Leasehold	N/A
Midland Way, Barl'gh Links Business Park, Chesterfield S43 4XA	Administration	Leasehold	N/A
US			
2 Opportunity Way, Newburyport, Massachusetts MA 01950	Manufacturing	Leasehold	N/A
3465 Hauck Road, Cincinnati, Ohio 45241	Manufacturing	Leasehold	N/A
121 Liberty Street, Brockton, Massachusetts MA 02301	Manufacturing	Leasehold	N/A

8.2 ***Uniq's property interests***

As at 31 December 2010, the closing net book value of the Uniq Group's property, plant and equipment was £80.4 million. The Uniq Group also leases certain property, plant and equipment and fixtures and fittings, for which the total lease payables (as at 31 December 2010) amounted to £0.9 million. Further details of the Uniq Group's property, plant and equipment (as at 31 December 2010) are set out in Note 12 to the financial statements on pages 59 and 60 of Uniq's Annual Report for the financial year ended 31 December 2010, which is set out in Part VIII of this document. The following properties are the principal properties occupied by the Uniq Group:

<u>Location</u>	<u>Use</u>	<u>Tenure</u>	<u>Major Encumbrances</u>
No.1 Chalfont Park, Gerrards Cross. SL9 0UN	Administration	Leasehold	N/A
Prestleigh Road, Evercreech, Shepton Mallet, Somerset. BA4 6JZ	Manufacturing	Freehold	N/A
Station Road, Minsterley, Shrewsbury. SY5 0BN	Manufacturing	Freehold	N/A

<u>Location</u>	<u>Use</u>	<u>Tenure</u>	<u>Major Encumbrances</u>
Wardentree Lane, Pinchbeck, Spalding. PE11 3UY	Manufacturing	Freehold	N/A
15-17 Deer Park Road, Moulton Park, Northampton. NN3 6RX	Manufacturing	Freehold/ Leasehold	N/A

9. Greencore material contracts

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) to which the Company or any member of the Greencore Group is a party which: (i) are, or may be, material to the Greencore Group and which have been entered into in the two years immediately preceding the publication of this document; or (ii) contain obligations or entitlements which are, or may be, material to the Greencore Group as at the date of this document.

9.1 Underwriting Agreement

The Company, the Underwriters and the Sponsor have entered into the Underwriting Agreement dated 12 July 2011 under which the Underwriters have agreed, subject to certain conditions, to use their respective reasonable endeavours to procure subscribers for, and, failing which, to subscribe for, any New Greencore Shares which are not validly taken up under the Rights Issue. Under the Underwriting Agreement, the Company has also appointed the Sponsor in connection with its application for Admission.

The Company has agreed to pay the Underwriters an underwriting fee equal to the aggregate of:

- (i) 2.75 per cent. of the amount equal to the Rights Issue Price multiplied by the New Greencore Shares (excluding the Committed Shares) (as such term is defined in the Underwriting Agreement); and
- (ii) 2.00 per cent. of the amount equal to the Rights Issue Price multiplied by the number of Committed Shares;

less an amount equal to €50,000 (which may at the discretion of the Company be increased to €100,000).

This fee shall be paid *pro rata* to each Underwriter's agreed share of the liability to underwrite.

In addition to the payment of commissions, the Company will pay all properly incurred costs and expenses of, or in connection with, the Rights Issue, the General Meeting, the allotment and issue of the New Greencore Shares, Admission, the Underwriting Agreement and the agreement pursuant to which the Registrars are appointed as receiving agents to the Rights Issue.

The Underwriters' and the Sponsor's obligations under the Underwriting Agreement are conditional, among other things, on:

- (i) the passing of the Resolutions at the EGM;
- (ii) subject to the prior satisfaction or waiver of the other conditions, Admission becoming effective not later than the earlier of (a) 29 November 2011 and (b) the date on which the Offer lapses or is withdrawn) as the Global Coordinator may agree in writing;
- (iii) the Company having complied with all of its obligations and having satisfied all conditions to be satisfied by it under the New Credit Facility (as such obligations and conditions fall to be satisfied before Admission); and
- (iv) the New Credit Facility becoming and continuing to be enforceable against each of the parties thereto and having, and continuing to have, full force and effect and not being varied, modified, supplemented, rescinded or terminated (in whole or in part).

The conditions, other than, *inter alia*, the passing of the Resolutions and Admission of the New Shares becoming effective, may be waived or the time for satisfaction extended in the absolute discretion of the Global Coordinator.

The Underwriters do not have any rights to terminate the Underwriting Agreement.

The Underwriting Agreement also contains certain customary representations and warranties by the Company as to the accuracy of the information contained in this document, and in relation to other matters relating to the Group and its business, and Uniq and its business and an indemnity from the Company in favour of the Underwriters and the Sponsor and their relevant persons. The liabilities on the Company are unlimited as to time and amount but the warranties that relate to Uniq are qualified to the Company's actual knowledge.

The Company has given certain undertakings including, but not limited to, that, subject to certain exceptions (including the issue of Greencore Shares and the exercise of share options or awards) it will not, during the period ending 90 calendar days after the latest acceptance date under the Rights Issue, without the prior written consent of the Global Coordinator and other than pursuant to the Company's share option scheme, allot, issue, offer, lend, mortgage, assign, charge, pledge, sell, contract to sell, allot or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any rights in respect of any securities or any securities convertible into or exercisable or exchangeable for, or substantially similar to, shares or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of any securities of the Company.

The Underwriters and any of their respective affiliates may engage in trading activity, other than in connection with their roles under the Underwriting Agreement, and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own account in securities of the Company and related or other securities and instruments (including the Existing Greencore Shares, the Nil Paid Rights and Fully Paid Rights). Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

9.2 Framework Agreement

Greencore, Greencore Foods and Uniq have entered into the Framework Agreement which contains provisions relating to the implementation of the Offer, including: (i) commitments by Greencore and Uniq to co-operate in relation to the preparation of documentation in connection with the Offer; (ii) commitments by Greencore and Uniq to co-operate in relation to applications to be made for clearance from relevant competition authorities; (iii) the provision of non-confidential information by Uniq to Greencore; (iv) assistance to be provided by Uniq to enable Greencore to commence preparatory arrangements for post-acquisition planning; and, (v) certain assurances and confirmations regarding the conduct of the business of Uniq. The Framework Agreement will terminate only in the event that (i) any condition of the Offer becomes incapable of being satisfied; (ii) the Offer lapses in accordance with its terms or is not made; or, (iii) by notice from Greencore to Uniq if the recommendation of Uniq Directors to accept the Offer is not given or is withdrawn, modified or qualified.

9.3 Disposal of Malt Business

In February 2010, the Company agreed to sell its malt businesses in the UK, Ireland and Belgium to Axéréal Union de Coopératives Agricoles. Under the terms of the sale, which was completed on 26 March 2010, the Company will receive total consideration up to €116.25 million, of which €5.6 million was used to fund the pension deficit relating to active members of the UK pension scheme. Of the remaining consideration, €106.4 million was paid upon completion and €1.25 million was payable upon the first anniversary of completion. Payment of the remaining consideration of up to €3.0 million is contingent on the future performance of the malt businesses.

9.4 Disposal of Bottled Water Business

On 18 November 2009, the Company agreed to sell its bottled water business (including the facilities in Campsie Springs, Scotland and Blaen Twyni, Wales) to Highland Spring Limited. Under the terms of the sale, which was completed on 26 March 2010, the Company will receive up to £15.6 million in consideration, £12.6 million of which was paid upon completion and £3 million of which is payable upon the second anniversary of completion.

9.5 Disposal of continental European convenience foods business

In August 2010, the Company completed the disposal of its Dutch-based convenience foods business to Convenience Foods Europe B.V., a subsidiary of Parcom Buy Out Fund IV B.V. Under the terms of the sale, the Company will receive total consideration of up to €12.8 million,

€9 million of which was paid upon completion and €3.8 million of which is payable upon the third anniversary of completion.

9.6 **Greencore Credit Facility**

A syndicate facility agreement dated 13 May 2011 was entered into between the Company and certain of its subsidiaries as borrowers and/or guarantors (Greencore Advances Limited, Greencore UK Holdings plc, Greencore Funding Limited, Greencore Holdings Limited, Greencore Holdings (Ireland) Limited, Hazlewood Convenience Food Group Limited, Hazlewood Convenience Group 1 Limited, Hazlewood Foods Limited, Hazlewood Grocery Limited, Hazlewood International Limited, Hazlewood Produce Limited, Irish Sugar Limited, Oldfields Limited, Sushi San Limited, Trilby Trading Limited, Greencore Finance Limited, Ministry of Cake Limited) and The Governor and Company of the Bank of Ireland as agent and each of The Governor and Company of the Bank of Ireland, Barclays Bank Ireland PLC, HSBC Bank PLC, Rabobank Ireland PLC, Allied Irish Banks, p.l.c., WestLB AG, London Branch, National Irish Bank and Ulster Bank Ireland Limited as lenders.

Under the Greencore Credit Facility, the lenders made available a revolving credit facility of £280 million to refinance existing indebtedness and to fund the general corporate purposes of the Greencore Group. The final maturity date for the facility is 13 May 2016.

Interest is payable at a rate per annum equal to the aggregate of: (i) LIBOR or EURIBOR (as applicable); (ii) mandatory costs; and (iii) the variable margin (set initially at 2.35 per cent. with a maximum threshold of 3.0 per cent. and a minimum threshold of 1.50 per cent.). The variable margin is dependent upon the results of leverage ratio tests performed bi-annually. An arrangement fee and facility agency fee was paid in the amount agreed between the relevant parties. A commitment fee is payable at 40 per cent. of the applicable margin on the undrawn amount of the facility and payable quarterly in arrears.

The Greencore Credit Facility contains representations, undertakings and events of default customary for facilities of this type.

9.7 **Greencore Note Purchase Agreement (“Greencore NPA”)**

Pursuant to a note purchase agreement dated 28 October 2003 (as amended in 2006), Greencore Funding Limited as issuer and the Company as parent guarantor entered into a US private placement with the parties listed thereunder for the issue and sale of the Greencore Private Placement Notes, comprising: (i) US\$100,000,000 4.98 per cent. Series A Guaranteed Senior Unsecured Notes due 28 October 2010; (ii) US\$30,000,000 5.65 per cent. Series B Guaranteed Senior Unsecured Notes due 28 October 2013; (iii) US\$100,000,000 5.90 per cent. Series C Guaranteed Senior Unsecured Notes due 28 October 2015; (iv) £18,000,000 Floating Rate Series D Guaranteed Senior Unsecured Notes due 28 October 2010; and (v) £25,000,000 6.19 per cent. Series E Guaranteed Senior Unsecured Notes due 28 October 2013. Interest on the Greencore Private Placement Notes is payable bi-annually in arrears on 28 October and 28 April. The respective notes that matured in 2010 have been repaid in accordance with the terms of the Agreement.

Greencore Funding Limited may voluntarily prepay at par, upon written notice to the note holders, at any time, all or any part of the Greencore Private Placement Notes (provided that any such prepayment in part is not less than five per cent. of the aggregate principal amount left outstanding). As well as paying accrued interest on the amount of the notes to be prepaid, Greencore Funding Limited must pay a make-whole amount upon any such voluntary prepayment, compensating a note holder for no longer having its investment in that part of the notes prepaid for the remaining life of the note.

Under the Greencore NPA, Greencore Funding Limited may purchase the outstanding notes pursuant to an offer made to holders of all notes on the same terms and conditions (except to the extent necessary to reflect the differences in interest rates and maturities of the notes of different series). The note holder may accept or reject such offer.

Under the Greencore NPA, the acquisition (whether by a single transaction or by a series of transactions) by any person or group of persons of beneficial ownership of 50 per cent. or more of the outstanding voting stock of the Company constitutes a change of control. A change of control prepayment event shall have occurred, if within 120 days of a change of control, either at

such time, (i) the notes or other specified financial indebtedness are rated (the “Rated Securities”) and their rating is downgraded in respect of the change of control or (ii) there are no Rated Securities and the Company fails to obtain a rating for the Rated Securities from a rating agency of at least investment grade. Upon such a change of control prepayment event, Greencore Funding Limited must make an offer to each note holder to prepay all of the notes held by such holder (but without any make-whole, penalty or premium). A note holder may accept or reject such offer.

The Greencore NPA is guaranteed by certain subsidiaries of the Company and the Company may, at its discretion, add further subsidiaries as guarantors. The Company is obliged to ensure that so long as any subsidiary is a borrower or guarantor under or with respect to the primary bank facility, such guarantor shall at all times be a guarantor under the Greencore NPA.

The Greencore NPA contains customary affirmative covenants, negative covenants, representations and events of default. The Greencore NPA is governed by the law of the State of New York.

9.8 New Credit Facility

A bilateral term facility agreement dated 11 July 2011 was entered into between the Company and certain of its subsidiaries (Greencore Advances Limited and Greencore Funding Limited) as borrowers and/or guarantors (Greencore Advances Limited, Greencore UK Holdings plc, Greencore Funding Limited, Greencore Holdings Limited, Greencore Holdings (Ireland) Limited, Hazlewood Convenience Food Group Limited, Hazlewood Convenience Group 1 Limited, Hazlewood Foods Limited, Hazlewood Grocery Limited, Hazlewood International Limited, Hazlewood Produce Limited, Irish Sugar Limited, Oldfields Limited, Sushi San Limited, Trilby Trading Limited, Greencore Finance Limited, Ministry of Cake Limited, Breadwinner Foods Limited and Greencore Developments Limited) and The Governor and Company of the Bank of Ireland as lender.

Under the New Credit Facility, the lender made available a term credit facility of £55 million to fund the Acquisition and related costs of the Acquisition. The final maturity date for the facility is the date falling three years after the date of the New Credit Facility.

Interest is payable at a rate per annum equal to the aggregate of: (i) LIBOR; (ii) mandatory costs; and (iii) the variable margin (set initially at 2.35 per cent. with a maximum threshold of 3.0 per cent. and a minimum threshold of 1.50 per cent.). The variable margin is dependent upon the results of leverage ratio tests performed bi-annually. Facility, utilisation and commitment/ticking fees are payable in the amounts agreed between the relevant parties.

The New Credit Facility contains representations, undertakings and events of default customary for facilities of this type.

10. Uniq material contracts

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) to which Uniq or any member of the Uniq Group is a party which: (i) are, or may be, material to the Uniq Group and which have been entered into in the two years immediately preceding the publication of this document; or (ii) contain obligations or entitlements which are, or may be, material to the Uniq Group as at the date of this document.

10.1 Framework Agreement

Details of the Framework Agreement relating to the Acquisition are set out in paragraph 9.2 above.

10.2 Disposal of Pinneys business

On 5 March 2009, UPF entered into a sale and purchase agreement with The Seafood Company Limited for the sale of the chilled seafood business and related assets of UPF, comprising its Pinneys of Scotland business division. The total consideration was £1 million subject to a working capital adjustment at completion. Warranties and indemnities usual in such transactions were provided by UPF to The Seafood Company Limited. The warranties (save for the tax warranties which continue until 4 March 2016) expired on 4 March 2010. UPF transferred the Pinneys trade mark and its royal warrant to The Seafood Company Limited and the parties also entered into a supply agreement following completion.

10.3 ***Disposal of Marie***

On 10 July 2009, Uniq entered into a sale and purchase agreement with LDC for the sale of the entire issued share capital of Marie, the Uniq Group's French business. The total consideration payable by LDC was €71.3 million. €11.3 million of the total consideration involved repayment of intra-group debt. The transaction completed on 7 October 2009. Warranties and indemnities usual in such transactions were given by both Uniq and LDC. Except for certain representations and warranties relating principally to Uniq's corporate status and existence, authority to enter into the sale and purchase agreement and its shares, the aggregate liability of Uniq for a breach or inaccuracy of the representations and warranties is limited to €15 million. LDC is not entitled to recover any amount unless the aggregate claims under the warranties and representations exceed €500,000. Any individual claims of a value less than €15,000 cannot be recovered by LDC.

Claims must, generally, be brought before 6 October 2011 and within thirty days of the relevant applicable statutory period for the tax warranties. A sum of €6 million was held in an escrow account until 7 April 2011 to cover possible claims by the purchaser. To date the purchaser has made claims totalling approximately €1.5 million and the escrow sum of €6 million has been released to Uniq in accordance with the terms of the escrow agreement. LDC and Uniq have also given non-compete undertakings regarding Marie's products and non-solicit undertakings regarding Marie's employees. These undertakings are customary for a transaction of this nature.

10.4 ***Co-Packing Agreement***

On 6 November 2009, Uniq and UPF entered into a Co-Packing Agreement with Müller relating to the production of Cadbury desserts. The Co-Packing Agreement continues on a rolling basis unless terminated by either party on 18 months' notice, such notice not to expire before 1 October 2012. In addition, Müller may terminate the Co-Packing Agreement at any time on 12 months' notice in the event that either Cadbury PLC or Müller give notice to the other to terminate the licence granted by Cadbury PLC to produce Cadbury products. Both parties have provided exclusivity to the other in that Uniq and UPF must produce Cadbury products only for Müller and Müller must purchase its requirements for the Cadbury products only from Uniq and UPF, although there is no minimum purchase requirement. The liability of Uniq and UPF for each event of default under the Co-Packing Agreement is limited to £3 million and its aggregate liability for all events of default during the term of the agreement is limited to £9 million.

10.5 ***Disposal of German, Polish and Netherlands based businesses***

On 11 November 2009, Uniq entered into a sale and purchase agreement with IFR Capital PLC ("IFR") for the sale of the entire issued share capital of: (i) Uniq Deutschland GmbH, its German business; and (ii) Uniq Lisner Sp. Z.o.o., its Polish business, for a total consideration of €28.5 million. The consideration was paid in cash on completion which took place on 21 April 2010. The transaction was based on the balance sheets of the German and Polish businesses at 22 August 2009, with zero net cash or net debt.

Warranties and indemnities usual in such transactions were given by both Uniq and IFR. The aggregate liability of Uniq for a breach or inaccuracy of the representations and warranties is limited to €14 million. IFR is not entitled to recover any amount unless the aggregate claims under the warranties and representations exceed €300,000. Any individual claims of a value less than €50,000 cannot be recovered. Claims must, generally, be brought within 15 months of the closing date (which was 21 April 2010) and within 24 months for the share ownership, capacity and environmental warranties, and within six months of the relevant applicable statutory period for the tax warranties. Uniq and IFR have also given non-compete undertakings regarding products of the German business and the Polish business and non-solicit undertakings regarding employees of the German business and the Polish business. These undertakings are customary for a transaction of this nature.

On 17 December 2009, Uniq entered into a sale and purchase agreement with Gilde Equity Management (GEM) Benelux ("Gilde") for the sale of the entire issued share capital of Uniq Convenience Foods Nederland B.V., its Netherlands business, for €20 million. The transaction was based on the balance sheet of the Netherlands business at 22 August 2009 which included debt of £0.9 million that has been settled by Uniq.

Warranties and indemnities usual in such transactions were given by both Uniq and Gilde. The maximum aggregate liability of Uniq under the Netherlands sale and purchase agreement is limited to €20 million. The aggregate liability of Uniq for a breach or inaccuracy of the representations and warranties (save for warranties relating to Uniq's corporate status, existence, authority to enter into the sale and purchase agreement and its shares) is limited to €7 million. Gilde is not entitled to recover any amount unless the aggregate claims under the warranties exceed €350,000. Any individual claims of a value less than €50,000 cannot be recovered. Claims must, generally, be brought before 31 July 2011 and within six months of the relevant applicable statutory period for the tax warranties, and within 15 years for those warranties relating to title to shares and property. Uniq and Gilde have also given non-compete undertakings regarding products of the Netherlands business and non-solicit undertakings regarding employees of the Netherlands business. These undertakings are customary for a transaction of this nature.

10.6 **The RAA**

The Trustee, Angel Street, Uniq, Uniq Holdings, UPF and the PPF entered into the RAA on 9 February 2011. The RAA met the conditions set out in Regulation 7A of the Employer Debt Regulations, including approval by the Pensions Regulator of the RAA and for the PPF "not to object" to the RAA.

The effect of the RAA, so far as Uniq, Uniq Holdings and UPF are concerned, is to reduce the Section 75 debt for which they would otherwise be liable when they ceased to be employers in the Salary Related Section to the amounts which are stated in the RAA to be those companies' "regulated apportionment arrangement shares" (as defined in the Employer Debt Regulations), on the basis that the balance of what would have been those companies' liabilities for Section 75 debt purposes are apportioned to Angel Street (the new employer under the Uniq Pension Scheme).

Uniq, Uniq Holdings and UPF triggered their remaining debts in the Salary Related Section by terminating participation in the Salary Related Section on 22 March 2011. Uniq, Uniq Holdings and UPF then paid on 22 March 2011 the amounts left with them pursuant to the RAA (i.e. their regulated apportionment arrangement shares), plus their cessation expenses for the purposes of Regulation 6(1) of the Employer Debt Regulations, being all expenses which, in the opinion of the Trustee, are likely to be incurred by the Salary Related Section in connection with such companies ceasing to participate.

Once all conditions to the RAA had been satisfied on 24 March 2011, the payment of their regulated appointment arrangement shares plus their cessation expenses effectively discharged Uniq, Uniq Holdings and UPF from their obligations to the Salary Related Section such that those companies ceased to be "employers" for pension law purposes in respect of the Salary Related Section and Angel Street became solely responsible for the Salary Related Section.

In addition to approval of the RAA, clearance for the Restructuring was also received from the Pensions Regulator. This means that the Pensions Regulator will not, at a later stage, seek to impose a contribution notice or financial support direction under the Pensions Act 2004 in relation to the discharge of Uniq, Uniq Holdings and UPF from their liabilities to the Uniq Pension Scheme.

However, if the terms of the transaction as set out in the clearance application are materially different from the terms of the transaction that actually took place, then the clearance for the Restructuring from the Pensions Regulator will not be binding. There is a six year time limit in which the Pensions Regulator must determine whether or not the terms of the clearance application are materially different from the terms of the transaction which actually took place.

10.7 **Implementation and Relationship Agreement**

Uniq, the Trustee, Angel Street and the PPF entered into the IRA in order to record certain matters agreed between them in connection with, and ancillary to, the RAA, and also in anticipation and facilitation of the Scheme, and to regulate the continuing relationship between the Trustee, Angel Street and Uniq from the Scheme becoming effective. The PPF has entered into the IRA pursuant to section 111 of the Pensions Act 2004, solely for the purpose of obtaining the benefit of the provisions in its favour and on a no liability basis.

Implementation

The parties (other than the PPF) agreed to use their respective reasonable endeavours to implement the Restructuring subject to, and on the terms of, the IRA as quickly as possible, including to ensure that the regulated apportionment arrangements under the RAA became unconditionally effective in accordance with the terms of the RAA and to take such other steps as were necessary in connection therewith. In order to implement this, each of the parties (save for the PPF) gave undertakings to carry out certain actions and each of Uniq and the Trustee gave basic representations and warranties to each of the other parties to the IRA, covering such things as power and authority to enter into the agreement. Uniq and Angel Street gave warranties to the Trustee and the PPF in respect of Angel Street's incorporation and activities since incorporation. Uniq gave further representations to the Trustee, the PPF and Angel Street relating to the Restructuring, the scheme document, the Uniq Group and the Uniq Group's business.

Relationship

At any time while Angel Street (following the appointment of an administrator) has a "relevant interest" (defined in the IRA as being 30 per cent. or more of the voting rights of Uniq), Angel Street agreed not to use the shareholder rights exercisable by it from time to time in order to adversely affect in any material respect: (i) the implementation of the IRA in accordance with its terms; and (ii) (for so long as Uniq's shares are quoted on AIM) the independence of the Uniq Board in accordance with the requirements, guidance, or recommendations of the London Stock Exchange, as they apply to a company whose shares are quoted on AIM, from time to time. In addition, Uniq and the Trustee agreed not to instruct Angel Street (following the appointment of an administrator) to enter into any transactions between Angel Street and any members of the Uniq Group unless such transactions were entered into on an arm's length and normal commercial basis in the context of the Restructuring.

Whilst Angel Street (following the appointment of an administrator) holds twenty per cent. or more of the voting rights of Uniq, Angel Street has the right to appoint an observer to attend meetings of the Board and to receive all papers, including all monthly board packs, relating to those meetings. For so long as Angel Street (following the appointment of an administrator) has a "relevant interest", Uniq must provide to Angel Street (in addition to the information that Angel Street receives by way of the observer and that Angel Street receives by virtue of being a shareholder of Uniq), all documents despatched to creditors and notice of any event of default under the Uniq Facilities Agreement.

Conduct of Business after the Scheme becomes effective

In relation to conduct of business after the Scheme became effective on 21 March 2011, Angel Street (following the appointment of an administrator) and the Trustee accepted that the day to day management of the Uniq Group should be the sole responsibility of the Uniq Board. Notwithstanding this, Uniq has undertaken to Angel Street, the Trustee and the PPF, that (save with the consent of Angel Street, the Trustee and the PPF) it shall not:

- (i) save for (a) shares issued upon exercise of the Warrants; and (b) shares issued pursuant to the Uniq PIP (provided that such issue occurs after 18 months from the date of the IRA), issue any new shares (including pursuant to any existing option, warrant or other right to subscribe for shares or securities convertible into shares) or any other instrument ranking in priority to, or *pari passu* with, the shares issued to Angel Street;
- (ii) save for any grant made under the Uniq PIP, issue or grant any option, warrant or other right to subscribe for shares or security convertible into shares or any other instrument ranking in priority to, or *pari passu* with, the shares issued to Angel Street;
- (iii) save as required by the Restructuring and as previously agreed with the Trustee and Angel Street, enter into a contract of employment with any person who would or could become entitled to join the defined benefit section of the Uniq Pension Scheme; or
- (iv) enter into an agreement or assume any obligation to do any of the foregoing.

Orderly market arrangements

The IRA contains orderly market provisions recording the fact that, during the two years from the Scheme becoming effective, Angel Street (following the appointment of an administrator) agrees

that a sale of its shareholding in Uniq must be effected through Uniq's broker. The orderly market provisions will apply for so long as the shares are quoted on AIM or are listed on the Official List of the UK Listing Authority and admitted to trading on the main market for listed securities of the London Stock Exchange and it is recognised by the parties that, amongst other things, nothing in the orderly market provisions shall prohibit Angel Street from accepting a general offer for the entire allotted and issued share capital of Uniq.

Compromise of Angel Street's Section 75 debt

The Trustee has undertaken to Angel Street (following appointment of an administrator) that, unless an assessment period in relation to the Salary Related Section has ended pursuant to section 132 of the Pensions Act 2004, it will use reasonable endeavours to assist Angel Street in ensuring that Angel Street is the subject of a solvent winding-up process (for the avoidance of doubt, such reasonable endeavours may include compromising (by way of partial release or otherwise) the Section 75 debt in circumstances where the debts owed to Angel Street's creditors other than the Trustee (or, as the case may be, the PPF) are less than Angel Street's assets).

Trustee Undertakings to the PPF

Under the IRA the Trustee has given certain consultation undertakings to the PPF in respect of the investment of the Salary Related Section's assets, including, amongst other things, to inform the PPF at least seven days in advance of any decision it proposes to take which may have a material effect on those investments and that, subject to certain conditions, it will not purchase any contract of insurance or insurance policy designed to match the Salary Related Section liabilities without the prior consent in writing of the PPF, such consent not to be unreasonably withheld where the contract or policy is not designed to secure or match the Salary Related Section liabilities.

Termination

The IRA will continue in force until Angel Street ceases (or Angel Street, the Trustee and the PPF, in aggregate, cease) to hold twenty per cent. or more of the voting rights of Uniq for a period of longer than one month.

10.8 The Uniq Facilities Agreement

On 8 February 2011, Uniq entered into a new £25 million single currency term and revolving facilities agreement with its existing relationship lender, Lloyds TSB Bank plc, as arranger, facility agent and original lender. Pursuant to this Uniq Facilities Agreement, Lloyds TSB Bank plc agreed (subject to certain conditions precedent) to provide a new £15 million term loan facility (the "Term Facility") to be applied towards the cash payments of Uniq, Uniq Holdings and UPF to the Uniq Pension Scheme under the RAA and/or towards the Uniq Group's general corporate purposes, and a new £10 million revolving loan facility (the "Revolving Facility") to be applied towards the Uniq Group's general corporate purposes (the Term Facility and the Revolving Facility being the "Facilities").

If any person, or group of persons "acting in concert" (as defined in the City Code), gains "control" (as defined in sections 450 and 451 of the Corporation Tax Act 2010) of Uniq other than as part of or in connection with the Restructuring and any lender under the Uniq Facilities Agreement so requires, the facility agent must, by giving not less than 30 days' notice to Uniq, cancel the commitments of that lender under the Uniq Facilities Agreement and declare the participation of that lender in all outstanding loans under the Uniq Facilities Agreement immediately due and payable. This provision would be triggered by the Acquisition. Greencore's intention is to re-finance the Uniq Facilities Agreement following Completion of the Acquisition.

Uniq is the original borrower under the Facilities. Uniq, UPF and Uniq Holdings are original guarantors under the Uniq Facilities Agreement and are also party to a security agreement dated 8 February 2011 with Lloyds TSB Bank plc as security agent, pursuant to which they provide fixed and floating charges over substantially all of their assets and undertakings as security for their obligations under the Uniq Facilities Agreement.

The rate of interest payable on each Facility is LIBOR for the relevant period plus a margin plus mandatory costs. The margin is 3.25 per cent. per annum until 31 December 2011, after which it

will vary between 2.50 per cent. and 3.50 per cent. according to the ratio of Uniq's net borrowings to EBIT in ratchets ranging from 1:1 (below or equal to which the margin will be 2.50 per cent.) to 1.75:1 (above which the margin will be 3.50 per cent.).

The Facilities contain representations, undertakings and events of default customary for facilities of this type.

10.9 Warrant Instrument

Pursuant to the Warrant Instrument, Uniq issued the Warrants to Ranelagh Nominees Limited (a subsidiary of Lloyd's TSB Bank plc) to subscribe for 2,343,547 ordinary shares in Uniq, being an amount equal to 2 per cent. of the diluted share capital of Uniq (taking into account the Warrants) at any time prior to the 100th anniversary of the issue date at a subscription price of 10p per share.

As part of the Restructuring, on 8 February 2011 Uniq executed a deed of amendment and restatement relating to the Warrant Instrument, pursuant to which Ranelagh Nominee Limited's right to exercise the Warrants prior to Scheme became effective was disapplied and 2,108,701 Warrants were cancelled on the date the Scheme became effective, leaving 234,846 Warrants in issue, being an amount equal to 0.2 per cent. of the diluted share capital of Uniq (taking into account the Warrants).

10.10 Deed of Participation and Alteration

As part of the Restructuring, Uniq, Uniq Holdings, UPF, the Trustee, Angel Street and the PPF entered into a deed of participation and alteration relating to the Uniq Pension Scheme dated 8 February 2011. This deed (i) re-opened the defined benefit section of the Uniq Pension Scheme to future accrual to the limited extent required for the purposes of the Restructuring; (ii) permitted Angel Street to participate in the defined benefit section of the Uniq Pension Scheme as an employer; (iii) with effect from the start of 9 February 2011, divided the Uniq Pension Scheme into two segregated sections (the Money Purchase Section and the Salary Related Section) for funding and statutory debt purposes; and (iv) made certain ancillary changes to the trust deed and rules of the Uniq Pension Scheme in order to effect these matters (including entry into the RAA). In addition, the deed amended the trust deed and rules of the Uniq Pension Scheme, with effect from the time immediately after the segregation of the Uniq Pension Scheme, as follows:

- (i) to allow Uniq, Uniq Holdings and UPF to cease to participate in the Salary Related Section at any time by written notice to the Trustee without needing to terminate the Salary Related Section; and
- (ii) to provide that when Uniq, Uniq Holdings and UPF cease to participate in the Salary Related Section, they will cease to have any further liability in relation to the Salary Related Section other than in relation to amounts then owing but unpaid or in relation to amounts owing or which may become due under statute.

10.11 The Corporate Services Agreement

On 9 February 2011, Uniq, Angel Street, CT Nominee, the Trustee, Capita Trust Corporate and others entered into the CSA in order to make arrangements with respect to the corporate administrative services to be provided by Capita Trust Corporate. Capita Trust Corporate has agreed to provide corporate administrative services to Angel Street. The services to be provided or procured by Capita Trust Corporate include nominating and procuring appointment of directors and convening board and shareholder meetings.

The parties have given basic representations and warranties to each other in the CSA and CT Nominee, being a shareholder of Angel Street and Angel Street Holdings, has undertaken not to exercise any rights it may have in respect of these shareholdings without the prior consent of Uniq (prior to the date on which the RAA becomes wholly and unconditionally effective) or the Trustee (thereafter).

Neither Capita Trust Corporate nor any director of Angel Street or Angel Street Holdings shall incur any personal financial liability in the performance of their duties under the CSA. Capita Trust Corporate shall not be liable for any loss or damage sustained by Angel Street, Angel Street Holdings or Uniq as a result of the provision of services under the CSA (unless such loss results from a breach of duty). Uniq has granted an indemnity to, amongst others, CT Nominee, Capita

Trust Corporate and the directors of Angel Street and Angel Street Holdings in respect of any liabilities which may be incurred in connection with the incorporation or operation of Angel Street and the provision of services by Capita Trust Corporate, save where the indemnified person is guilty of gross negligence, fraud, bad faith or other breach of duty. This indemnity survives termination of the CSA and continues in full force and effect until 6 years after the CSA has terminated. Uniq has also granted a tax indemnity to Angel Street, Angel Street Holdings, Capita Trust Corporate, CT Nominee and the directors of Angel Street in respect of any secondary tax liabilities which may arise in such persons as a consequence of the failure by Uniq or any of its subsidiaries to pay their primary liability to tax.

After an initial 12 month period Capita Trust Corporate, Uniq or the Trustee may terminate the CSA on 30 days' written notice. In addition, Capita Trust Corporate may terminate the CSA in the event that Uniq or Angel Street has not paid Capita Trust Corporate in full within 21 days of Capita Trust Corporate having notified Uniq and Angel Street that such invoice has not been paid when due and Uniq may terminate on 30 days' notice in the event of a breach of duty by Capita Trust Corporate.

In addition, Uniq, Angel Street and Capita Trust Corporate executed a fee letter supplemental to the CSA, under which Uniq and Angel Street agreed to pay for the services provided by Capita Trust Corporate under the CSA and to reimburse legal and other expenses incurred by Capita Trust Corporate.

10.12 *Share Trust Deed*

On 8 February 2011, Uniq, Angel Street, Angel Street Holdings, CT Nominee and the Trustee entered into a share trust deed in order to set out the terms on which the shares of Angel Street and Angel Street Holdings would be held in trust for charitable purposes. CT Nominee has agreed not to take certain actions in respect of the shares in Angel Street and Angel Street Holdings without the prior consent of Uniq and the Trustee.

11. Related party transactions

11.1 *Greencore*

Save as disclosed in note 36 to the Group Financial Statements on page 104 of the Company's Annual Report for FY10, note 38 to the Group Financial Statements on page 108 of the Company's Annual Report for FY09 and in note 39 to the Group Financial Statements on page 115 of the Company's Annual Report for FY08 (which are incorporated by reference in this document as set out in Part VII) the Company has not entered into any related party transactions in the periods covered by those financial statements.

The Company has not entered into any related party transactions in HY11 or in the period since 25 March 2011 up to 14 July 2011 (being the latest practicable date prior to the publication of this document). In addition, there were no changes in related party transactions from the Annual Report for FY10 that could have had a material effect on the financial position or performance of the Greencore Group in the first six months of the Greencore Group's financial year ending in 2011.

11.2 *Uniq*

Save as disclosed in notes 34 on page 81 of the financial statements of Uniq for the financial period ended 31 December 2010, note 34 on page 87 of the financial statements of Uniq for the financial period ended 31 December 2009, and in note 34 on page 72 of the financial statements of Uniq for the financial period ended 31 December 2008 (which are set out in Part VIII to this document) and save for the entry into various agreements and arrangements with Angel Street (as described in paragraph 10 of Part XII), Uniq has not entered into any related party transactions from the commencement of Uniq's financial period ended 31 December 2008 up to the date of this document.

12. Litigation and other proceedings

12.1 *Greencore*

There have been no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Company is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of Greencore and/or the Greencore Group.

12.2 **Uniq**

Save as disclosed below, there have been no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which Greencore is aware) during the 12 months preceding the date of this document which may have, or have had in the recent past, significant effects on the financial position or profitability of the Uniq Group.

- (i) On February 2011, Uniq announced that it had reached agreement with Wincanton Group Limited resulting in a final payment of £2.5 million in relation to the termination of a logistics agreement.
- (ii) Uniq is party to a dispute with the tax authorities in the Netherlands which is the subject of a High Court judgment against Uniq. The tax authorities' claim is for €4.3 million exclusive of interest. An appeal has been lodged with the Dutch Supreme Court by Uniq.

13. **Working capital**

The Company is of the opinion that, taking account of available facilities, the working capital available to the Greencore Group is sufficient for its present requirements, that is, for at least the 12 months following the date of publication of this document.

14. **Significant change**

14.1 **Greencore**

There has been no significant change in the financial or trading position of the Greencore Group since 25 March 2011, being the date to which the latest published unaudited half yearly financial report of the Greencore Group was prepared.

14.2 **Uniq**

Save as disclosed below, there has been no significant change in the financial or trading position of the Uniq Group since 31 December 2010, being the date to which the latest published audited financial information on the Uniq Group has been prepared (copies of which are contained in Part VIII of this document).

On 24 March 2011 the Uniq Group completed the Restructuring, the effect of which was to remove a £145.5 million pension liability previously held on its balance sheet. Further details are set out in paragraph 2 of Part IV and the unaudited Pro Forma financial information in Part IX.

15. **Consents**

KPMG, whose address and qualifications are set out on page 23, has given and has not withdrawn its written consent to the inclusion of its report on the Unaudited Pro Forma Financial Information in Part IX of this document, its report on Greencore's profit forecast set out in Part XIV of this document and its report on the Restated Historical Financial Information in Part VII of this document in the form and context in which they appear.

Barclays Capital has given and not withdrawn its written consent to the inclusion of their names in this document in the form and context in which they appear.

16. **Expenses of the Acquisition and Rights Issue**

The aggregate costs and expenses payable by the Greencore Group in connection with the Acquisition are estimated to amount to approximately £7 million (excluding amounts in respect of VAT and costs and expenses payable by the Uniq Group in connection with the Acquisition). The aggregate costs and expenses payable by the Greencore Group in connection with the Rights Issue are estimated to amount to approximately £3 million (excluding amounts in respect of VAT).

17. **Documents available for inspection**

Copies of the documents described in (a)-(k) below will be available on the Company's website and copies of all of the documents listed below will be available for inspection in physical form at the offices of the Company at No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, Ireland and at the offices of Eversheds LLP, One Wood Street, London, EC2V 7WS, United Kingdom and of Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the date of Admission:

- (a) the current Memorandum and Articles of Association of the Company;
- (b) the Memorandum and Articles of Association of the Company as proposed to be amended by Resolution 4 in the Notice of Extraordinary General Meeting set out in Schedule I to this document;
- (c) the audited Annual Reports of the Company for FY10, FY09 and FY08 and the unaudited consolidated Group Condensed Financial Statements of the Company for HY11 and HY10;
- (d) the audited Annual Reports of Uniq for the financial years ended 31 December 2010, 31 December 2009 and 31 December 2008;
- (e) KPMG's reports on the unaudited pro forma statement of net assets set out in Part IX the Restated Historical Financial Information set out in Part VI, and the profit forecast as set out in Part XIV;
- (f) the written consent letters referred to in paragraph 15 above;
- (g) the Announcement;
- (h) the Irrevocable Undertaking provided by Angel Street;
- (i) the irrevocable undertakings and the letters of intent, as referred to in paragraph 9 of Part I;
- (j) the Framework Agreement; and
- (k) this document and the Form of Proxy.

PART XIII

DISCLOSURES REGARDING INFORMATION CONTAINED IN THE DOCUMENT

1. Forward-looking statements

This document and the information incorporated by reference into it include statements that are, or may be deemed to be, “forward-looking statements”, including statements about Greencore’s intentions, beliefs and expectations. These statements are based on Greencore’s current plans, estimates and projections, as well as Greencore’s expectations of external conditions and events. In some cases, these forward-looking statements can be identified by the words ‘expect’, ‘anticipate’, ‘predict’, ‘estimate’, ‘project’, ‘may’, ‘could’, ‘should’, ‘would’, ‘will’, ‘intend’, ‘believe’ and variations of these words and other similar future or conditional expressions and comparable terminology. By their nature, forward-looking statements involve inherent risks and uncertainties because they relate to events and depend on future circumstances that may or may not occur, many of which are beyond Greencore’s control and all of which are based on the Directors’ current beliefs and expectations about future events. Forward-looking statements are not guarantees of future performance. Shareholders and investors are therefore cautioned that a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements. These factors include, but are not limited to, those discussed in the section entitled “Risk Factors”.

Examples of these forward-looking statements include, but are not limited to, statements about the expected benefits and risks associated with the Acquisition and/or Rights Issue, projections or expectations of economic profit, dividends, capital structure or any other financial items or ratios; statements of plans, objectives or goals of the Greencore Group following Completion of the Acquisition and/or Rights Issue, including in relation to the achievement of anticipated cost synergies, other operating efficiencies, business growth opportunities, benefits that would be afforded to customers; and statements about economic conditions and future trends and the impact that those matters may have on the Greencore Group following Completion of the Acquisition and/or Rights Issue. The forward-looking statements contained in this document or the information incorporated by reference into it speak only as of the date of this document. Greencore undertakes no duty to and will not necessarily update any of them in light of new information, future events or otherwise, except to the extent required by any applicable law, the UK Code, the Irish Takeover Rules, the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules.

2. No incorporation of website information

Certain information incorporated by reference into this document is available on the website of Greencore (www.Greencore.com). However, the content of this website does not otherwise form part of this document.

3. Sources of information

Unless otherwise stated:

- financial information relating to the Company and the Greencore Group has been extracted (without material adjustment) from the unaudited Group Condensed Financial Statements for the HY11 and HY10 and the audited group financial statements for FY10, FY09 and FY08, in each case as set out in the Annual Report of the Company in respect of those financial years; and
- financial information relating to Uniq and the Uniq Group has been extracted (without material adjustment) from the audited group financial statements of Uniq for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010, in each case as set out in the Annual Report of Uniq in respect of those financial years.

4. Calculations regarding share capital

Unless otherwise stated, references to the issued ordinary share capital of Greencore or Uniq are to the issued ordinary share capital of such company excluding any shares held in treasury.

5. Market data

The market data referred to in paragraph 3.1 of Part IV of this document has been sourced from the third party Kantar World Panel and the market growth data in paragraph 3.2 of Part V of this document have been sourced from the third parties Kantar World Panel and Nielsen Grocery Multiples. The Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

6. Information incorporated by reference

The following information is incorporated by reference into this document:

6.1 ***Greencore Group unaudited Condensed Financial Statements for the half year ended 25 March 2011***

The page numbers below refer to the relevant pages of the Greencore Group unaudited Condensed Financial Statements for the half year ended 25 March 2011:

• Group Condensed Income Statement	Page 12
• Group Condensed Balance Sheet	Page 13
• Group Condensed Cash Flow Statement	Page 14
• Group Condensed Statement of Recognised Income and Expense	Page 15
• Group Condensed Statement of Changes in Equity	Pages 16 to 17
• Notes to the Group Condensed Financial Statements	Pages 18 to 27

6.2 ***Greencore Group unaudited Condensed Financial Statements for the half year ended 26 March 2010***

The page numbers below refer to the relevant pages of the Greencore Group unaudited Condensed Financial Statements for the half year ended 26 March 2010:

• Group Condensed Income Statement	Page 12
• Group Condensed Statement of Recognised Income and Expense	Page 13
• Group Condensed Balance Sheet	Page 14
• Group Condensed Cash Flow Statement	Page 15
• Group Condensed Statement of Changes in Equity	Pages 16 to 17
• Notes to the Group Condensed Financial Statements	Pages 18 to 27

6.3 ***Annual Report for the financial year ended 24 September 2010***

The page numbers below refer to the relevant pages of Greencore's Annual Report for the FY10:

• Group Income Statement	Page 61
• Group Statement of Recognised Income and Expense	Page 62
• Group Balance Sheet	Page 63
• Group Cash Flow Statement	Page 64
• Notes to the Group Financial Statements	Pages 67 to 107
• Group Statement of Accounting Policies	Pages 50 to 60
• Independent Auditor's Report	Pages 48 to 49

6.4 ***Annual Report for the financial year ended 25 September 2009***

The page numbers below refer to the relevant pages of Greencore's Annual Report FY09:

• Group Income Statement	Page 66
• Group Balance Sheet	Page 67
• Group Cash Flow Statement	Page 68

•	Group Statement of Recognised Income and Expense	Page 69
•	Notes to the Group Financial Statements	Pages 70 to 111
•	Group Statement of Accounting Policies	Pages 54 to 65
•	Independent Auditor's Report	Pages 52 to 53

6.5 ***Annual Report for the financial year ended 26 September 2008***

The page numbers below refer to the relevant pages of Greencore's Annual Report for FY08:

•	Group Income Statement	Page 60
•	Group Balance Sheet	Page 61
•	Group Cash Flow Statement	Page 62
•	Group Statement of Recognised Income and Expense	Page 63
•	Notes to the Group Financial Statements	Pages 64 to 117
•	Group Statement of Accounting Policies	Pages 46 to 59
•	Independent Auditor's Report	Pages 44 to 45

PART XIV

PROFIT FORECAST

1. Profit forecast

Greencore published an Interim Management Statement on 12 July 2011 which included the following statement:

“The trading environment in our core UK convenience foods market has been both challenging and volatile during 2011 and the Board expects this to remain the case in the seasonally important final quarter of FY 2011. Nevertheless, assuming that the average Euro: Sterling exchange rate for the full year remains in the range of 0.85-0.87, the Board anticipates delivering adjusted EPS in line with market expectations.”

The above statement represents a profit forecast.

At the time the Board understood market expectations of Greencore Group adjusted earnings per share to be in the range of 15.0c to 16.0c, based on research published by six brokers covering Greencore.

The profit forecast is not based on profit before tax because the Directors consider adjusted earnings per share to be a more appropriate measure of the Group. The Directors believe that adjusted EPS reflects more appropriately underlying profitability of the Group available to Shareholders after taking into account charges for taxation and other items of a one-off nature that are not in management's control (as described below) that distort the underlying performance of the Group. Furthermore, this is a metric used by market analysts. This adjusted EPS forecast fully reflects a forecast underlying tax rate for the period to 30 September 2011 of 18 per cent., which is based on the effective tax rate of the Group in its interim financial period to 25 March 2011.

For clarification, earnings for the purposes of the calculation of 'adjusted earnings per share' are Greencore Group profits for the financial period attributable to equity shareholders adjusted for:

- exceptional items;
- FX on intercompany and external balances where hedge accounting is not applied;
- the movement in the fair value of all derivative financial instruments and related debt adjustments;
- amortisation of acquisition related intangible assets; and
- the effect of pension financing.

The Company is not reporting on the profit forecast made in the Greencore Group unaudited Condensed Financial Statements for HY11 as this statement has been superseded by the statement made in its interim management statement on 12 July 2011.

2. Basis of preparation

The profit forecast been properly compiled on the basis of the assumptions set out below and is based on the unaudited consolidated interim results as at and for the six month period ended 25 March 2011 which formed the basis of the interim management report and a forecast for the period ended 30 September 2011.

The profit forecast has been prepared on a basis consistent with the accounting policies that are expected to be used in the Group's consolidated financial statements for the year ended 30 September 2011. These policies are consistent with those set out in the Statement of Accounting Policies set out in the Group consolidated financial statements for the year ended 24 September 2010, as updated by Note 2 of the Group's Half yearly Financial Report for the period ended 25 March 2011.

3. Assumptions

The profit forecast relates solely to Greencore and does not take account of the Acquisition as timing of Completion of the Acquisition is uncertain and may not occur before the end of Greencore's current financial year-end and consequently is not expected to impact this profit forecast.

The profit forecast has been prepared on the assumption that:

- there will be no material acquisitions or disposals of businesses during the financial year ended 30 September 2011 other than those already completed prior to the date of this document*;
- there will be no material change in current levels of demand in the Group's principal markets caused by significant changes in economic or other factors;
- there will be no major disruptions to the business of the Group, its suppliers or customers due to natural disaster, terrorism, extreme weather conditions, industrial disruption, civil disturbance or government action;
- there will be no change in legislation or regulatory requirements that will have a material impact on the Group's operations;
- there will be no material change in the rates of exchange, or inflation from those currently prevailing; and
- there will be no material change in the present management or control of the Group or its existing operational strategy.*

*These factors are within the influence or control of the Directors. The other factors highlighted above are outside the influence and control of the Directors.

4. Report on the profit forecast

A report from KPMG in respect of the profit forecasts appears on the following page.

The Directors
Greencore Group plc
2 Northwood Avenue
Northwood
Santry
Dublin 9
Ireland



15 July 2011

Dear Sirs

Greencore Group PLC

We report on the profit forecast comprising a forecast of earnings per share of Greencore Group plc and its subsidiaries (the 'Group') for the year ending 25 September 2011 (the 'Profit Forecast'). The Profit Forecast, and the material assumptions upon which it is based, are set out on page 391 of the prospectus (the 'Prospectus') issued by the Company dated 15 July 2011. This report is required by paragraph 13.2 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Profit Forecast in accordance with the requirements of the Prospectus Directive Regulation.

It is our responsibility to form an opinion as required by the Prospectus Directive Regulation as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility arising under paragraph 2(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No 324 of 2005) and Prospectus Rule 5.5.3R(2)(f) of the UK Listing Authority to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of preparation of the Profit Forecast

The Profit Forecast has been prepared on the basis stated on page 391 of the Document and is based on the unaudited consolidated interim financial results for the six months ended 25 March 2011 and a forecast to 30 September 2011. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board of the United Kingdom and Ireland. Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Company. Whilst the assumptions upon which the Profit Forecast are based are solely the responsibility of the directors of the Company, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the directors of the Company which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed and whether any material assumption made by the directors of the Company appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Declaration

For the purposes of paragraph 2(2)(f) of Schedule 1 to the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No 324 of 2005) and Prospectus Rule 5.5.3R(2)(f) of the UK Listing Authority we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG

PART XV

DEFINITIONS

“Acquisition”	means the proposed acquisition by Greencore Foods of Uniq, to be implemented by way of the Offer or, subject to the consent of the UK Panel, by way of Scheme of Arrangement under Part 26 of the Companies Act 2006;
“Acts”	the Companies Acts 1963 to 2005, Parts 2 and 3 of the Investment Funds, Companies and Miscellaneous Provisions Act 2006 and the Companies (Amendment) Act 2009, all statutory instruments which are to be read as one with, or construed or read together with or as one with, the Companies Acts and every statutory modification and re-enactment thereof for the time being in force;
“Admission”	the admission of the New Greencore Shares, nil paid and fully paid, to the Official Lists of the UK Listing Authority and Irish Stock Exchange and to trading on regulated markets of the London Stock Exchange and Irish Stock Exchange;
“Admission and Disclosure Standards”	the requirements contained in the publication of the London Stock Exchange “Admission and Disclosure Standards” (as amended from time to time) containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities;
“AIM”	the AIM market of the London Stock Exchange;
“Angel Street”	Angel Street Limited (in administration), whose registered office is at 30 Finsbury Square, London EC2P 2YU and registered number 7505255 which is the holder of 90.2 per cent. of the Uniq Shares and whose primary creditor is the Trustee;
“Angel Street Holdings”	Angel Street Holdings Limited, whose registered office is at 30 Finsbury Square, London EC2P 2YU and registered number 7505248;
“Announcement”	the announcement of the Offer published by the Company on 12 July 2011;
“Annual Report”	the annual report published by Greencore or Uniq, as the case may be, at the end of each financial year or period respectively;
“Anti-Money Laundering Legislation”	means the Criminal Justice (Terrorist Offences) Act 2005 of Ireland, the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 of Ireland and the Money Laundering Regulation 2007 (SI 2007/2057) of the United Kingdom as applicable;
“Articles of Association”	the articles of association of Greencore Group plc, as amended;
“BACS”	Bankers' Automated Clearing Services;
“Barclays Capital” or “Sponsor” or “Global Coordinator”	Barclays Capital, the investment banking division of Barclays Bank PLC;
“Board” or “Board of Greencore”	the board of directors of Greencore Group plc;
“Board of Uniq” or “Uniq Board”	the board of directors of Uniq plc;
“Business Day”	any day (other than a Saturday or Sunday or a public holiday) on which banks generally are open for business in London (other than solely for settlement and trading in euro);

“Capita Trust Corporate”	Capita Trust Corporate Limited, whose registered office is at 7th Floor, Phoenix House, 18 King William Street, London EC4N 7HE and registered number is 05322525;
“Central Bank of Ireland”	the Central Bank of Ireland as defined in the Central Bank Reform Act 2010;
“CHAPS”	the Clearing House Automated Payment System;
“Class 1 Transaction”	a major transaction for a listed company, the size of which results in a 25 per cent. threshold being reached under any one of the “class tests” set out in Chapter 10 of the UK Listing Rules or in Chapter 7 of the Irish Listing Rules;
“Closing Price”	the closing middle-market quotation derived from the Daily Official List;
“Companies Acts”	the Companies Acts, 1963 to 2009 of Ireland (to the extent currently in force) and every other enactment which is to be read together with any of those Acts;
“Companies Act 2006”	The Companies Act 2006 of the UK, as amended;
“Company” or “Greencore”	Greencore Group plc whose registered office is at No. 2 Northwood Avenue, Northwood Business Park, Santry Dublin 9, Ireland and whose registered number is 170116;
“Competition Commission”	the body corporate known as the Competition Commission as established under section 45 of the Competition Act 1998, as amended;
“Completion”	means in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Offer, the Offer having been declared or become unconditional in all respects in accordance with the requirements of the UK Code; and (ii) if the Acquisition is implemented by scheme of arrangement pursuant to Part 26 of the Companies Act 2006, the scheme having become effective according to its terms;
“Conditions”	the conditions to the Offer which are set out in full in the Announcement and will be set out in the Offer Document;
“Constant Currency”	the retranslation of current year income statement revenue of £ sterling and US\$ functional currency business units to the Greencore Group presentation currency using the average exchange rate that was applicable to the prior comparative period;
“Co-Packing Agreement”	the agreement dated 6 November 2009 entered into between Uniq, UPF and Müller relating to the production of Cadbury desserts;
“Corporate Services Agreement” or “CSA”	the Corporate Services Agreement entered into between Uniq, Capita Trust Corporate, Angel Street and others, dated 9 February 2011 setting out, amongst other things, the services to be provided by Capita Trust Corporate to Angel Street;
“CREST”	the relevant system as defined in the CREST Regulations (in respect of which Euroclear is the operator as defined in the CREST Regulations);
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Services Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the

	CREST Glossary of Terms promulgated by Euroclear UK & Ireland Limited on 15 July 1996 and as amended since);
"CREST Member"	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations);
"CREST participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
"CREST Proxy Instruction"	the instruction whereby CREST members send a CREST message appointing a proxy for the meeting and instructing the proxy on how to vote;
"CREST Regulations"	the Companies Act 1990 (Uncertified Securities) Regulations 1996 (SI No. 68/1996) of Ireland (as amended in 2003);
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor;
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member;
"CT Nominee"	CT Nominee Limited, whose registered office is at 7th Floor, Phoenix House, 18 King William Street, London EC4N 7HE and registered number 7505105;
"Daily Official List"	the official list of share prices produced every day by the London Stock Exchange;
"Deferred Shares"	deferred shares in the capital of the Company created pursuant to the Renominalisation;
"Directors"	the directors of Greencore Group plc, whose names appear on page 27, and "Director" means any one of them;
"Disclosure and Transparency Rules"	the disclosure and transparency rules made under Part 6 of FSMA (as set out in the FSA handbook) as amended from time to time;
"EBIT"	earnings before interest and tax;
"EBITDA"	earnings before interest, tax, depreciation and amortisation;
"EGM"	means the extraordinary general meeting of the Company convened for 8 August 2011 for the purposes of considering and, if thought fit, approving the Resolutions relating to the Acquisition and the Rights Issue;
"Employer Debt Regulations"	the Occupational Pension Schemes (Employer Debt) Regulations 2005, as amended from time to time;
"EPS"	earnings per share;
"EURIBOR"	the Euro Interbank Offered Rate, being the daily reference rate based on the averaged interest rates at which banks offer to lend unsecured funds to other banks in the euro wholesale money market;
"Euroclear"	Euroclear UK & Ireland Limited;
"Excluded Territories"	Canada, South Africa, Australia, Japan and any other jurisdiction where the extension, or availability of the Rights Issue (and any other transaction contemplated thereby) would breach applicable law;
"Existing Greencore Shares"	the Greencore Shares in issue immediately prior to the Admission of the New Greencore Shares in connection with the Rights Issue;
"Ex-Rights Date"	means 8.00 a.m. on 9 August 2011 or such later time and date as the Existing Greencore Shares are marked "ex" by the London Stock Exchange;

“Form of Proxy”	the form of proxy for use at the EGM which is enclosed with this document;
“Framework Agreement”	the framework agreement entered into between Greencore, Greencore Foods and Uniq regarding the Acquisition, details of which are set out in paragraph 9.2 of Part XII of this document;
“FSA”	the Financial Services Authority of the United Kingdom;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“FTSE”	means the FTSE Group, a provider of stock market indices for the London Stock Exchange;
“FTSE UK Index Series”	the series of indices which may be open, according to various criteria published by FTSE, to companies whose shares are admitted to the premium segment of the Official List and to trading on the main market of the London Stock Exchange;
“Fully Paid Rights”	the rights to acquire New Greencore Shares, fully paid;
“FY08”	Greencore’s financial year ended 26 September 2008;
“FY09”	Greencore’s financial year ended 25 September 2009;
“FY10”	Greencore’s financial year ended 24 September 2010;
“FY11”	Greencore’s financial year ended 30 September 2011;
“Greencore Credit Facility”	the syndicate facility agreement dated 13 May 2011 which is summarised in paragraph 9.6 of Part XII;
“Greencore Foods”	Greencore Foods Limited, a company incorporated and registered in England and Wales with number 07441672 which is a wholly owned subsidiary of the Company;
“Greencore Group” or “Group”	Greencore and its Subsidiaries and Subsidiary Undertakings from time to time, including (i) the Uniq Group from the date of Completion of the Acquisition;
“Greencore Group Pension Schemes”	schemes established to provide retirement and life assurance benefits for its members on their retirement from Greencore and its subsidiaries;
“Greencore Private Placement Notes”	the private placement notes issued pursuant to the Greencore NPA which is summarised in paragraph 9.7 of Part XII;
“Greencore Shares”	ordinary shares in the capital of Greencore having, prior to the Renominalisation taking effect, a nominal value of €0.63 and, following the Renominalisation taking effect, a nominal value of €0.01;
“Greencore Share Schemes”	any of: (a) the Greencore Executive Share Option Scheme; (b) the Greencore Approved Sharesave Scheme; (c) the Greencore UK Share Save Scheme 2001; (d) the Greencore Performance Share Plan 2005; and (e) the Greencore Deferred Bonus Plan 2007;
“Group Financial Statements”	the audited consolidated group financial statements of Greencore drawn up as at the end of each financial year;
“HY11”	Greencore’s financial half year ended 25 March 2011;
“IAS”	International Accounting Standard;
“IAS Regulation”	Commission Regulation (EC) No 1606/2002;
“IASB”	International Accounting Standards Board;
“IFRS”	International Financial Reporting Standards;

"IRA" or "Implementation and Relationship Agreement"	the Implementation and Relationship Agreement entered into between Uniq, the Trustee, Angel Street and the PPF, dated 9 February 2011 setting out the contractual arrangements between the parties in relation to the Restructuring;
"Irrevocable Undertaking"	the undertaking to accept or procure acceptances of the Offer dated 12 July 2011 given by Angel Street to Greencore in respect of all of the Uniq Shares owned or controlled by Angel Street;
"Irish Competition Act"	the Irish Competition Act 2002 (as amended);
"Irish Competition Authority"	the Competition Authority, being the competition law regulatory body in Ireland;
"Irish High Court"	the High Court in Ireland;
"Irish Listing Rules"	the Listing Rules of the Irish Stock Exchange;
"Irish Market Abuse Regulations"	the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland (SI No. 342 of 2005);
"Irish Panel"	means the Irish Takeover Panel;
"Irish Prospectus Regulations"	the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (SI No. 324 of 2005);
"Irish Stock Exchange"	the Irish Stock Exchange Limited;
"Irish Takeover Rules"	the Irish Takeover Panel Act, 1997, and the Takeover Rules, 2007;
"Irish Transparency Regulations"	the Transparency (Directive 2004/109/EC) Regulations 2007 (SI No. 277 of 2007) of Ireland (as amended from time to time);
"LDC"	LDC Traiteur, S.A.S., a subsidiary of LDC S.A., the purchaser of Marie;
"LIBOR"	the London Interbank Offered Rate, being the daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money market;
"Listing Rules"	the UK Listing Rules and the Irish Listing Rules;
"London Stock Exchange"	London Stock Exchange plc or any authorized investment exchange for the purposes of the FSMA which may take over the functions of London Stock Exchange plc;
"Marie"	Marie S.A.S., formerly a subsidiary of Uniq;
"Market Abuse Regulations"	the Market Abuse (Directive 2003/6/EC) Regulations 2005 (S.I. 342 of 2005);
"Merger"	the proposed merger of Greencore and Northern Foods plc to form Essenta Foods, to be effected either (i) under the European Cross-Border Mergers Directive by way of a "merger by absorption" for the purposes of the UK Cross-Border Merger Regulations and a "merger by acquisition" for the purposes of the Irish Cross-Border Merger Regulations;
"Money Purchase Section"	the Money Purchase Section of the Uniq Pension Scheme following the Uniq Pension Scheme being divided into two segregated sections on 9 February 2011 in accordance with a deed of participation and alteration dated 8 February 2011 in relation to the Uniq Pension Scheme (or, if the context so requires, the Trustee);
"Müller"	Müller Dairy UK Ltd and Müller GmbH;

“M&S”	Marks and Spencer PLC including such of its Subsidiary Undertakings as are relevant to the reference in question;
“New Credit Facility”	the bilateral term facility agreement dated 12 July 2011 which is summarised in paragraph 9.8 of Part XII;
“New Greencore Shares”	the Greencore Shares proposed to be allotted and issued by the Company pursuant to the Rights Issue;
“Nil Paid Rights”	New Greencore Shares in nil paid form provisionally allotted to Qualifying Shareholders pursuant to the Rights Issue;
“Notice of Extraordinary General Meeting”	the notice convening the EGM set out at Schedule I to this document;
“Offer”	means the cash offer by Greencore Foods to Uniq Shareholders to acquire Uniq Shares at a price of 96 pence per share;
“Offer Document”	the document to be sent to Uniq Shareholders which will contain the Offer;
“Office of Fair Trading”	the UK Office of Fair Trading;
“Official List”	the official list of the Irish Stock Exchange and/or, as appropriate, the official list maintained by the UK Listing Authority;
“On a Roll”	On a Roll Sales, Inc., a corporation incorporated under the laws of the State of Massachusetts, a subsidiary of Greencore;
“Opening Price”	the opening middle-market quotation of a Uniq Share as derived from the Daily Official List;
“Option and Remuneration Committee”	means the remuneration committee of Greencore Group plc;
“Overseas Shareholder”	a holder of Greencore Shares who is a citizen, resident or national of any jurisdiction outside Ireland or the United Kingdom or holding on behalf of a person who is a citizen, resident or national of any jurisdiction outside Ireland or the United Kingdom;
“Pensions Regulator”	the body corporate called the Pensions Regulator established under Part 1 of the Pensions Act 2004;
“PPF”	the Pension Protection Fund or the Board of the Pension Protection Fund (as the case may be);
“Prospectus Regulations”	the Prospectus (Directive 2003/71/EC) Regulations 2005;
“Prospectus Rules”	the Prospectus Rules of the UK Listing Authority made under section 73A of FSMA;
“Provisional Allotment Letters”	the renounceable provisional allotment letters to be sent to Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those with a registered address in the United States or in the Excluded Territories) pursuant to the Rights Issue;
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Existing Greencore Shares in uncertificated form in CREST;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Existing Greencore Shares in certificated form;
“Qualifying Shareholders”	holders of Existing Greencore Shares on the shareholder register of the Company at the Record Date;
“RAA” or “Regulated Apportionment Arrangement”	the agreement entered into between the Trustee, Angel Street, Uniq, Uniq Holdings, UPF and the PPF which constitutes a

	“regulated apportionment arrangement” (as defined in the Employer Debt Regulations) and dated 9 February 2011;
“Record Date”	5.00 p.m. on 5 August 2011;
“Record Date Shares”	Greencore Shares in issue as at the Record Date;
“Registrar” or “Computershare”	Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland;
“Regulatory Information Service”	one of the regulatory information services authorised by the Irish Stock Exchange and/or the UK Listing Authority to receive, process and disseminate regulated information from listed companies;
“Renominalisation”	the reduction of the nominal value of Ordinary Shares from €0.63 each to €0.01 each and creation of Deferred Shares pursuant to Resolution 2 to be proposed for the EGM;
“Reported Currency”	the conversion of income statement revenue of £ sterling and US\$ functional currency business units to the Greencore Group presentation currency at the average rate of exchange for the period;
“Resolutions” or “Resolution”	the resolutions to be proposed at the Extraordinary General Meeting, as set out in the Notice of Extraordinary General Meeting (or any one specific resolution or group of resolutions, where identified by reference to a number corresponding to the number in the notice convening the EGM);
“Restated Historical Financial Information”	the re-stated unaudited Group Condensed Financial Statements for HY11, HY10 and the audited consolidated Group Financial Statements for FY10 and FY09 set out in Part VI of this document;
“Restructuring”	the restructuring of Uniq pursuant to a scheme of arrangement and all matters ancillary thereto as set out in the scheme document issued by Uniq on 9 February 2011;
“Rights”	rights to acquire New Greencore Shares in the Rights Issue;
“Rights Issue”	the proposed issue of the New Greencore Shares to Qualifying Shareholders by way of Rights on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders (other than, subject to certain exceptions, those with a registered address in the United States or in the Excluded Territories), the Provisional Allotment Letters;
“Rights Issue Price”	the price per New Greencore Share to be announced through a Regulatory Information Service prior to the EGM;
“Salary Related Section”	the Salary Related Section of the Uniq Pension Scheme following the Uniq Pension Scheme being divided into two segregated sections on 9 February 2011 in accordance with a deed of participation and alteration dated 8 February 2011 in relation to the Uniq Pension Scheme (or, if the context so requires, the Trustee);
“Scheme”	the scheme of arrangement under Part 26 of the Companies Act 2006 between Uniq and the Uniq Shareholders sanctioned by the High Court of Justice of England and Wales on 18 March 2011 and effective as at 21 March 2011;
“Section 75 debt”	a debt payable under sections 75 and (if applicable) 75A of the Pensions Act 1995, as modified by the Employer Debt Regulations;

"Section 81 Notice"	the notice delivered pursuant to the Companies Act 1990, section 81, in which the Directors may request, amongst other things, that a member declare to Greencore his interest in any given Greencore Shares;
"Senior Independent Director"	has the meaning attributed to it in the UK Corporate Governance Code published by the Financial Reporting Council;
"Shareholders"	holders of Greencore Shares from time to time;
"Special Share"	the special rights preference share of €1.26 owned by the Special Shareholder which gives the owner certain rights, <i>inter alia</i> , in relation to the shares, sugar quota and sugar producing assets of Irish Sugar Limited;
"Special Shareholder"	the Minister for Agriculture, Fisheries and Food, on behalf of the Irish State;
"Subsidiary"	(a) in relation to Greencore, has the same meaning as in section 155 of the Companies Act 1963; and (b) in relation to Uniq, has the same meaning as in section 1159(1) of the Companies Act 2006;
"Subsidiary Undertaking"	(a) in relation to Greencore, has the same meaning as in Regulation 4 of the European Communities (Companies: Group Accounts) Regulations 1992 of Ireland; and (b) in relation to Uniq, has the same meaning as in section 1162 of the Companies Act 2006 of England and Wales;
"Substantial Acquisition Rules"	the Substantial Acquisition Rules 2007, issued by the Irish Panel pursuant to the Irish Takeover Panel Act 1997 (as amended);
"TERP"	the theoretical ex-rights price of a Record Date Share calculated by reference to the Closing Price on 11 July 2011 of a Record Date Share;
"Transparency Regulations"	the European Communities Transparency (Directive 2004/109/EC) Regulations 2007;
"Trustee"	Uniq Pension Scheme Trustees Limited, as trustee of the Uniq Pension Scheme;
"Underwriting Agreement"	the agreement made between the Company and the Underwriters summarised at paragraph 9.1 of Part XII;
"Underwriters"	Barclays Bank PLC, HSBC Bank PLC and RBS Hoare Govett Limited;
"Uniq"	Uniq plc;
"Uniq Approved Scheme"	The Unigate No.1 Executive Share Option Scheme 2000;
"Uniq Facilities Agreement"	a £25 million single currency term and revolving facilities agreement dated 8 February 2011 between, amongst others, Lloyds TSB Bank plc (as arranger, facility agent and original lender) and Uniq (as borrower) pursuant to which a £25 million credit facility is made available to Uniq;
"Uniq Group"	Uniq and its Subsidiaries and Subsidiary Undertakings;
"Uniq Holdings"	Uniq (Holdings) Limited whose registered office is at No.1 Chalfont Park, Gerrards Cross, Buckinghamshire SL9 0UN and registered number 621482;
"Uniq Pension Scheme"	Uniq plc Pension Scheme, governed and administered in accordance with the provisions of a definitive trust deed and

	rules dated 30 September 2007, as amended (or, if the context so requires, the Trustee);
"Uniq PIP"	the Uniq Performance Incentive Plan;
"Uniq Shareholders"	the holders of Uniq Shares from time to time;
"Uniq Shares"	ordinary shares of £0.01 each in the capital of Uniq;
"Uniq Share Schemes"	any of Uniq Approved Scheme, Uniq Unapproved Scheme and the Uniq PIP;
"Uniq Unapproved Scheme"	the Unigate No 2 Executive Share Option Scheme 2000;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland and its dependent territories;
"UK Code"	the UK's City Code on Takeovers and Mergers;
"UK Listing Authority"	the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA;
"UK Listing Rules"	means the Listing Rules made by the FSA under section 73A of FSMA;
"UK Panel"	the UK's Panel on Takeovers and Mergers;
"UPF"	Uniq Prepared Foods Limited whose registered office is at No.1 Chalfont Park, Gerrards Cross, Buckinghamshire SL9 0UN and registered number is 721411;
"US" or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
"Warrant Instrument"	the warrant instrument dated 11 February 2009; and
"Warrants"	warrants issued by Uniq to Ranelagh Nominees Limited (a subsidiary of Lloyds TSB Bank plc).

SCHEDULE I

NOTICE OF EGM

NOTICE OF EXTRAORDINARY GENERAL MEETING

GREENCORE GROUP PLC

(Incorporated and registered in Ireland under the Companies Acts 1963 to 2009 with registered number 170116)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Greencore Group plc (the “**Company**”) will be held at 11.00 a.m. on 8 August 2011 at The Crowne Plaza Hotel, Northwood Business Park, Santry, Dublin 9, to consider and, if thought fit, pass the following resolutions:

Resolution 1

As an Ordinary Resolution:

“That subject to all other Resolutions in the Notice of this Extraordinary General Meeting being duly passed:

- (i) the acquisition by Greencore Foods of at least 90 per cent. of the issued ordinary share capital of Uniq plc (whether implemented by a takeover offer or by way of a scheme of arrangement pursuant to Part 26 of the Companies Act 2006) (the “Acquisition”) being a Class 1 Transaction for the purposes of the Listing Rules of the Irish Stock Exchange and the UK Listing Authority, and being substantially on the terms and conditions set out in the circular (“Circular”) issued by the Company on 15 July 2011, a copy of which is produced to the meeting, or on such amended, revised, renewed, additional or other terms and conditions (insofar as is non-material in the context of the Acquisition) approved by the board of directors of the Company (the “Board”) or any duly constituted committee thereof (a “Committee”) be and is hereby approved; and
- (ii) the Board (or a Committee) be and is hereby authorised to implement and give effect to the Acquisition and to waive, extend, amend or vary any of the terms and conditions of the Acquisition (subject to (i) above), and to do all things and all steps that it may consider necessary and desirable in connection with the Acquisition (and any other matters incidental to the Acquisition).”

Resolution 2

As a Special Resolution:

“That, subject to all other Resolutions in the Notice of this Extraordinary General Meeting being duly passed, each of the Ordinary Shares of €0.63 each in the capital of the Company be sub-divided and converted into one Ordinary Share of €0.01 in the capital of the Company each carrying the same rights and obligations as the existing Ordinary Shares of €0.63 in the capital of the Company, save as to nominal value, and one Deferred Share of €0.62 in the capital of the Company each carrying the rights and obligations, including special rights and obligations, set out in the new Memorandum and Articles of Association of the Company proposed for adoption pursuant to Resolution 4 and the holders of the Ordinary Shares hereby approve such sub-division and conversion for all purposes, including to the extent they constitute the amendment of the rights attaching to the Ordinary Shares.”

Resolution 3

As an Ordinary Resolution:

“That, subject to all other Resolutions in the Notice of this Extraordinary General Meeting being duly passed, the authorised capital of the Company be and is hereby enlarged by €2,000,000 comprising 200,000,000 new Ordinary Shares of €0.01 each, each ranking *pari passu* with the existing Ordinary Shares of €0.01 (as sub-divided by Resolution 2), subject to the new Memorandum and Articles of Association of the Company proposed for adoption pursuant to Resolution 4.”

Resolution 4

As a Special Resolution:

"That, subject to all other Resolutions in the Notice of this Extraordinary General Meeting being duly passed:

- (a) the capital clause in the Memorandum of Association of the Company which has been signed by the Chairman of this Extraordinary General Meeting for identification purposes and which has been available for inspection at the registered office of the Company since the date of the Notice of this Extraordinary General Meeting (reflecting the amendment to the share capital of the Company pursuant to Resolutions 2 and 3 set out in the Notice of this Extraordinary General Meeting) be and is hereby adopted as clause 6 in the Memorandum of Association of the Company in substitution for the existing clause 6 in the Memorandum of Association of the Company; and
- (b) the Articles of Association of the Company which have been signed by the Chairman of this Extraordinary General Meeting for identification purposes and which have been available for inspection at the registered office of the Company since the date of the Notice of this Extraordinary General Meeting be and are hereby adopted as the new Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company."

Resolution 5

As an Ordinary Resolution:

"That, subject to all other Resolutions in the Notice of this Extraordinary General Meeting being duly passed, the Directors of the Company be and are hereby generally and unconditionally authorised to exercise all the powers of the Company for the purposes of section 20 of the Companies (Amendment) Act, 1983 (the "1983 Act") to allot relevant securities (within the meaning of section 20 of the 1983 Act) up to a maximum nominal amount equal to €1,743,000²⁶ in connection with the issue of new ordinary shares to Qualifying Shareholders (as defined in the Circular) in connection with the Rights Issue (as defined in the Circular), provided that this authority shall expire on 15 July 2012."

Resolution 6

As a Special Resolution:

"That, subject to all other Resolutions in the Notice of this Extraordinary General Meeting being duly passed, the Directors of the Company be and they are hereby empowered pursuant to Section 24 of the 1983 Act to allot equity securities (within the meaning of Section 23 of the 1983 Act) for cash, pursuant to the authority conferred by the resolution of the Company passed as Resolution 5 above, up to a maximum nominal amount equal to €1,743,000 in connection with the issue of new ordinary shares to Qualifying Shareholders (as defined in the Circular) in connection with the Rights Issue (as defined in the Circular) as if sub-section (1) of the said Section 23 did not apply to any such allotment, provided that this authority shall expire on 15 July 2012."

Terms defined in any of the Resolutions above shall have the same meaning in each of the other Resolutions above.

By order of the Board

Dated: 15 July 2011

Conor O'Leary
Group Company Secretary

Greencore Group plc
No. 2 Northwood Avenue
Northwood Business Park
Santry
Dublin 9
Ireland

²⁶ BarCap to provide calculations.

Notes:

1. A member entitled to attend, speak, ask questions and vote is entitled to appoint a proxy (or proxies) to attend, speak, ask questions and vote on his behalf. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending, speaking, asking questions and voting at the meeting should the member subsequently wish to do so. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. Should you wish to appoint more than one proxy, please read carefully the notes accompanying the Form of Proxy.
2. As a member, you have several ways to exercise your right to vote:
 - 2.1 by attending the meeting ("EGM") in person;
 - 2.2 by appointing (either electronically or by returning a completed Form of Proxy) the Chairman or another person as a proxy to vote on your behalf;
 - 2.3 by appointing a proxy via the CREST System if you hold your shares in CREST. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of members.
3. You may appoint the Chairman of the Company or another individual as your proxy. You may appoint a proxy by completing the enclosed Form of Proxy, making sure to sign and date the form at the bottom and return it to the Company's Registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not less than 48 hours before the time appointed for the holding of the meeting. If you are appointing someone other than the Chairman as your proxy, then you must fill in the name of your representative at the meeting in the space provided and delete the words "the Chairman of the meeting or" on the Form of Proxy. If you appoint the Chairman or another person as a proxy to vote on your behalf, please make sure to indicate how you wish your votes to be cast by ticking the relevant boxes on the Form of Proxy. Alternatively, you may appoint a proxy or proxies electronically, by logging on to the website of the Company's Registrar at www.eproxyappointment.com. You will need your control number, shareholder reference number and unique PIN number, all of which can be found on your Form of Proxy.
4. To be effective, the Form of Proxy together with any power of attorney or other authority under which it is executed, or a notarially certified copy thereof, must be deposited with the Registrar of the Company, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not less than 48 hours before the time appointed for the holding of the meeting.
5. The Company, pursuant to Section 134A of the Companies Act, 1963 and Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, specifies that only those shareholders registered in the register of members of Greencore as at 5.00 p.m. on 6 August 2011 (or in the case of an adjournment as at the close of business on the day which is two days before the date of the adjourned meeting) shall be entitled to attend, speak, ask questions and vote at the meeting in respect of the number of shares registered in their names at the time. Changes in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the EGM and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear UK & Ireland Limited ("EUI")'s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare (CREST Participant ID (3RA50) by 11.00 a.m. on 6 August 2011 (or in the case of an adjournment, by 11.00 a.m. on the day which is two days before the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996.
7. If you or a group of shareholders hold at least three per cent. of the issued share capital of the Company, you or the group of shareholders acting together have the right to table a draft resolution for inclusion in the agenda of the EGM subject to any contrary provision in company law. In order to exercise this right, the full text of the draft resolution and the agenda item to which it relates (or, if supporting a draft resolution tabled by another shareholder, clearly identifying the draft resolution and agenda item which is being supported) and evidence of your identity and shareholding must be received no later than 21 days in advance of the EGM by post to the Company Secretary at Greencore Group plc, Company Secretary, No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9 or by email to contact.us@Greencore.com. A draft

resolution cannot be included in the EGM agenda unless the above requirements are complied with and received at either of these addresses by this deadline. Furthermore, shareholders are reminded that there are provisions in company law which impose other conditions on the right of shareholders to propose resolutions at the general meeting of a company.

8. Pursuant to section 134C of the Companies Act 1963, shareholders have a right to ask questions related to items on the EGM agenda and to have such questions answered by the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders. An answer is not required if:
 - (a) an answer has already been given on the Company's website in the form of a "Q&A"; or
 - (b) it would interfere unduly with preparation for the meeting or the confidentiality or business interests of the Company; or
 - (c) it appears to the Chairman that it is undesirable in the interests of good order of the meeting that the question be answered.

If you wish to submit a question in advance of the EGM, please send your question(s) in writing with evidence of your identity and shareholding to be received no later than 4 days in advance of the EGM by post to the Company Secretary at Greencore Group plc, Company Secretary, No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, Ireland.

9. Further information on the Company's procedures for shareholders who wish to exercise the right to table a draft resolution relating to an item on the EGM agenda and the right to ask questions relating to an item on the agenda can be found on the dedicated EGM webpage at www.Greencore.com.
10. The documents listed in paragraph 17 in Part XII of the circular to shareholders dated 15 July 2011 are available at www.Greencore.com and/or may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company, No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, up to and including the date of the EGM and at the EGM itself.
11. This notice, details of the total number of shares and voting rights at the date of giving this notice, the documents to be submitted to the meeting, copies of any draft resolutions and copies of the forms to be used to vote by proxy are available on Greencore's website at www.Greencore.com. Should you not receive a Form of Proxy, or should you wish to be sent copies of the documents to be tabled to the meeting, you may request this by telephoning Greencore's Registrar on +353 1 431 9832 or by writing to the Company Secretary at the address set out above.

