THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA, who specialises in advising on the acquisition of shares and other securities.

This document, which comprises an AIM admission document drawn up in accordance with the AIM Rules, has been issued in connection with the application for admission to trading on AIM of the entire issued and to be issued ordinary share capital of the Company. This document contains no offer to the public within the meaning of section 102B of FSMA, the Act or otherwise. Accordingly, this document does not comprise a prospectus within the meaning of section 85 of FSMA and has not been drawn up in accordance with the Prospectus Rules or approved by or filed with the Financial Services Authority or any other competent authority.

Application will be made for the Placing Shares, the Existing Ordinary Shares and the Additional Shares to be admitted to trading on AIM, a market operated by the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The Directors, whose names appear on page 21 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (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. All the Directors accept individual and collective responsibility for compliance with the AIM Rules.

The whole of this document should be read. An investment in Produce Investments plc is speculative. The attention of prospective investors is drawn in particular to pages 9 to 17 of this document which sets out certain risk factors relating to any investment in Ordinary Shares. All statements regarding the Group's business, financial position and prospects should be viewed in light of these risk factors.

PRODUCE INVESTMENTS PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05624995)

Placing of 8,426,373 Ordinary Shares at 182p per share
and
Admission to trading on AIM

Nominated adviser and broker
Investec Bank plc

SHARE CAPITAL

(immediately following Admission)

Ordinary shares of 1 penny each	*Issued and fully paid Number*	*£*
	19,744,548	197,445.48

The Placing Shares and the Additional Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will rank in full for all dividends or other distributions declared, made or paid on the Ordinary Shares after Admission. It is expected that Admission will take place and that trading in the Ordinary Shares will commence on 18 November 2010. The Ordinary Shares are not traded on any other recognised investment exchange and no other applications have been made.

This document does not constitute an offer to sell or issue, or the solicitation of an offer to subscribe for or buy, Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation. In particular, this document is not for distribution in or into the United States of America, Canada, Japan, the Republic of Ireland, the Republic of South Africa or Australia. The issue of the Ordinary Shares has not been, and will not be, registered under the applicable securities laws of the United States, Canada, Australia, the Republic of South Africa or Japan and the Ordinary Shares may not be offered or sold directly or indirectly within the United States of America, Canada, Australia, the Republic of South Africa or Japan or to, or for the account or benefit of, any persons within the United States of America, Canada, Australia, the Republic of South Africa or Japan.

The distribution of this document in certain jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not and will not be registered under the United States Securities Act of 1933 (as amended) and may not be offered or sold within the United States. The Ordinary Shares are being offered and sold outside the United States in reliance on Regulation S under the United States Securities Act of 1933 (as amended).

Investec, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in connection with the proposed Placing and Admission and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to clients of Investec or for advising any other person in respect of the proposed Placing and Admission. Investec's responsibilities as the Company's nominated adviser and broker under the AIM Rules and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of such person's decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Investec as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued) and Investec has not authorised the contents of any part of this document and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document or for the omission of any material information from this document for which the Company and the Directors are solely responsible.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of K&L Gates LLP, 110 Cannon Street, London, EC4N 6AR from the date of this document until the date which is one month from the date of Admission. A copy of this document will also be available from the Company's website – www.greenvale.co.uk

CONTENTS

SUMMARY

The following summary information should be read as an introduction to the more detailed information appearing elsewhere in this document. Any investment decision relating to the Placing should be based on a consideration of this document as a whole and not solely on this summarised information.

Information on the Group

(i) ***Business overview***

Greenvale is one of the leading potato suppliers in the UK. It is a vertically integrated business, comprising:

- The supply of fresh potatoes to the retail sector. This is the Group's core business, its key customers being Tesco and Sainsbury's;
- Variety breeding involving the targeted breeding of specific varieties for the Group to bring to market;
- A seed business specialising in the production of seed potatoes for the Group's own growing, its grower base and other potato growers. A function of the seed business is to develop the Group's controlled varieties (ie. varieties owned or exclusively licensed to the Group);
- Own growing operations, which account for approximately 25 per cent. of the Group's annual retail requirements;
- A processing business, Swancote, which enables efficient utilisation of waste streams created in the Group's core fresh operations, and is a further channel to market; and
- The supply of fresh potatoes into the processing and foodservice sectors to customers such as R. F. Brookes (part of Premier Foods), Bakkavor, Uniq, Reynolds and Total Produce.

(ii) ***Key strengths of the Group***

The Directors believe that the Group has a number of key strengths, including the following:

Well established and strong market position in a stable product category

The Group is a leading UK supplier of fresh potatoes, supplying blue chip customers, such as Tesco and Sainsbury's. The Group is well established, with a strong market position in a large and defensive category that is a staple product for UK consumers and food retailers.

A vertically integrated business

The Group has an in-house seed production and supply function. The bulk of the Group's seed is supplied to the Greenvale grower base, improving security of potato supply and aligning the Greenvale grower base more closely to the Group. The seed business also supports the development of Greenvale's own varieties.

The Group is a vertically integrated fresh potato packer operating in the UK. The Group grows approximately 25 per cent. of its retail volumes, which improves security of supply and provides Greenvale with the opportunity to develop its own varieties, which may command a higher manufacturer and retail price.

The Group's processing business, Swancote, utilises waste streams, i.e. potatoes not required or unsuitable for sale to retail customers from the Group's packing operations. This allows the Group to maximise the value of potatoes that it cannot sell to its retail customer base. It also offers an alternative route to market for the Group's potato volumes and diversifies its customer base.

A large supplier/grower base in the UK

The large Greenvale grower network has a wide geographical spread covering the main potato growing regions in the UK. The Group's grower base improves security of supply and also provides Greenvale with a hedge against poor weather conditions in any one part of the UK. Greenvale also has relationships with overseas growers for "out of season" crop.

Highly experienced management team

The executive management team has considerable experience in the fresh produce and the wider food and beverage sectors. The executive directors are supported by experienced managers with many years' experience in the potato industry. This experience is found in all elements of the business, including seed production, processing and packing operations.

(iii) ***Group facilities and operations***

The Group currently operates from five principal sites in the UK (three for retail packing, one for processing and one for seed production).

The Group's three freehold packing sites are located at Floods Ferry (Cambridgeshire), Tern Hill (Shropshire) and Duns (Berwickshire). These sites pack all of the fresh potatoes for the Group's large retail customers.

Swancote, the Group's processing operation, is based at a leasehold site in Telford, Shropshire, near the Tern Hill packing site, which supplies a significant proportion of Swancote's potatoes.

The seed business is based at a freehold site in Burrelton, Perthshire. This site manages the planning and procurement, growing and sale of seed potatoes.

(iv) ***Group customers***

Greenvale has two key customers, Tesco and Sainsbury's, that accounted for approximately 45 per cent. of the Group's volumes and almost 70 per cent. of Group revenues in the year ended 26 June 2010.

Greenvale has enjoyed a successful trading relationship with Tesco for over 30 years and is currently one of Tesco's two fresh potato suppliers. Greenvale supplies over 40 per cent. of Tesco's generic fresh potato volume, the entirety of its organic range and also packs a proportion of the Jersey Royal potatoes sold by Tesco.

The Group's relationship with Sainsbury's is over 40 years old. Until early October 2010, Greenvale supplied approximately 45 per cent. of Sainsbury's generic fresh potato volume, excluding imports, and approximately 95 per cent. of Sainsbury's organic range. Following a recent Sainsbury's review, with effect from early October 2010, Greenvale's share of Sainsbury's generic fresh potato volume is approximately 35 per cent., including imports. Greenvale no longer supplies the generic organic potato lines to Sainsbury's but continues with the supply of the Lady Balfour named organic pack. The Directors believe the total reduction in volume supplied to Sainsbury's, as a result of this review, will equate to approximately 20 per cent. on an annualised basis.

The potato ingredients produced by Swancote are used by food manufacturers to produce mashed and sliced potato for ready meals or diced potato for potato salads. Typically such food manufacturers buy semi-prepared ingredients, rather than prepare them themselves. Greenvale's processing customers include Bakkavor, Premier Foods, Oscar Mayer and Northern Foods, all major ready meal manufacturers, as well as Uniq and Del Monte, which operate in the prepared salads market.

(v) ***Strategy and opportunities***

The Group's strategy and main growth opportunities are as follows:

- Growing retail sales of own varieties and premium products;
- Increasing sales to independents, through national distributors;

- Expanding in fresh retail;
- Developing the foodservice business;
- Consolidating position as market leader in processed sector;
- Targeting efficiency gains and overhead savings; and
- Potential acquisition opportunities.

(vi) ***Reasons for the Placing and use of proceeds***

The net proceeds of the Placing, which amount to £14.1 million after expenses, will be used to reduce the Group's net debt and strengthen the Group's balance sheet. Of the net proceeds, approximately £5.2 million will be used to redeem the A Loan Notes and the B Loan Notes, approximately £8.8 million will be used to repay some of the Group's existing bank borrowings and the balance of approximately £0.1 million will be put on deposit and used for general corporate purposes.

The Directors anticipate that the strengthened balance sheet and access to the equity capital market will enable the Group to pursue the next stage of its corporate development. In particular, the Directors believe there are attractive opportunities to grow the business and increase shareholder value through acquisitions. They also believe that being able to offer publicly traded shares as consideration and to raise additional equity capital from investors will significantly enhance the Group's ability to negotiate with, and acquire, acquisition targets.

(vii) ***Board of Directors and Senior Management***

Directors	*Age*	*Position*
Barrie Clapham	59	Non-executive Chairman
Angus Armstrong	46	Chief Executive Officer
Brian Macdonald	45	Finance Director
Sir David Naish	70	Senior Independent Non-executive Director*
Michael Jankowski	54	Non-executive Director
Derek Porter	57	Non-executive Director

(*with effect from Admission)

Senior Management	*Age*	*Position*
Tony Bambridge	51	Chairman of Greenvale AP
Trevor Dear	44	Operations Director
Paul Coleman	45	Technical Director
Edward Davies	41	Processing Director
David Rankin	38	Seed and Procurement Director
Keith Hogg	53	Commercial Director (part time)

(viii) ***Current trading and prospects***

Whilst there will be a reduction in volume supplied to the Group's retail customers in the current financial year as a result of the new agreement with Sainsbury's, trading in the early part of the year has been encouraging, with operating profit for the first quarter being ahead of the Directors' expectations. The Directors believe that the Group is well positioned to capitalise on new business opportunities in the market and to continue to deliver efficiency improvements to allow the Group to remain competitive. Accordingly, the Directors remain confident in the outlook for the full year and medium and long term prospects for the Group.

(ix) ***Dividend policy***

The Directors intend to adopt a progressive dividend policy, subject to working capital, which will reflect the long term earnings and cash flow potential of the Group, whilst maintaining an appropriate level of dividend cover.

It is envisaged that the Group will pay an interim dividend in April and a final dividend in October of each year, in approximate proportions of one third and two thirds respectively of the total annual dividend. The first dividend to be declared by the Group following Admission is expected to be the interim dividend to be paid in April 2011 in respect of the six months ending December 2010.

Summary financial information

Summary income statement

For the 52 weeks to end June

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Revenue	156,346	177,961	180,276
Cost of sales	(114,470)	(134,376)	(140,413)
Gross profit	41,876	43,585	39,863
Overheads	(34,103)	(36,960)	(36,999)
Operating profit before exceptional items	7,773	6,625	2,864
Exceptional items	–	(4,294)	–
Operating profit after exceptional items	7,773	2,331	2,864

Summary balance sheet

As at end June

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Total non-current assets	38,795	38,574	45,421
Total current assets	25,923	27,379	28,119
Non-current assets as held for sale	500	500	–
Total assets	65,218	66,453	73,540
Total non-current liabilities	26,916	31,178	31,066
Total current liabilities	35,255	33,663	37,993
Total liabilities	62,171	64,841	69,059
Total equity	3,047	1,612	4,481

Summary cash flow

For the 52 weeks to end June

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Cash and cash equivalents at beginning of period	(8,704)	(6,884)	1,385
Net cash from operating activities	10,506	4,082	2,106
Net cash used in investing activities	(2,667)	(1,358)	(15,600)
Net cash used in financing activities	(3,686)	(4,544)	5,225
Cash and cash equivalents at end of period	(4,551)	(8,704)	(6,884)

Risk factors

Readers of this document should carefully consider the following risks (further details of which are given in the section of this document entitled "Risk Factors"):

Risks relating to the Group's crop:

- Impact of adverse weather on the UK potato crop;
- Impact of disease on the UK potato crop;
- Changes in the cost and availability of potatoes; and
- Decline in potato production.

Risks relating to the Group and its business:

- Reliance on major UK retail customers;
- Margin pressure from retail customers;
- The Group's arrangements with its customers are generally of short duration;
- Police enquiries relating to payments made by senior employees of Greenvale between June 2006 and December 2007;
- The Group is dependent on the brands of its customers;
- Reduced consumer demand;
- The Group may be adversely affected by complaints, adverse publicity or litigation in relation to its products;
- Consumers are increasingly conscious of any damage they cause to the environment;
- Dependency on key executives and certain employees;
- Changes to working practices and employment legislation;
- Sales could be adversely affected if production at one of the Group's packing sites was to be disrupted;
- Certain of the Group's intellectual property rights could be challenged or lapse;
- The Group has recently renegotiated its borrowings;
- The Group has a defined benefit pension plan that is currently in deficit;
- The Group is subject to an ongoing HMRC investigation; and
- The Group may be unable to execute its strategy of selected acquisitions.

Risks which relate to general economic conditions and the market in which the Group operates

- The Group operates in a highly competitive market and failure to compete effectively could adversely affect the results of the Group's operations;
- Economic conditions and current economic weakness;
- The Group is subject to extensive UK and EU legislation and regulation;
- Recently adopted legislation; and
- Litigation risks.

Risks relating to the Ordinary Shares

- The Ordinary Shares are likely to be illiquid in the short to medium term and an active public market for the Ordinary Shares may not develop or be sustained;
- An investment in the Ordinary Shares may not be suitable for all recipients of this document;
- The share prices of publicly traded companies can be highly volatile;
- The Group's share price may decrease due to a wide range of factors, many of which are outside the control of the Group; and
- The Company's ability to pay dividends will depend on, amongst other things, the level of profits, cash flows and distributable reserves.

RISK FACTORS

An investment in Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risks set out below in addition to all of the other information set out in this document before investing in Ordinary Shares. Potential investors are accordingly advised to consult a professional adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities before making any investment decision. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial may also have an adverse effect on the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Company's business, financial conditions, results or future operations could be materially adversely affected. In such cases, the market price of the Company's shares could decline and an investor may lose part or all of his or her investment.

RISKS RELATING TO THE GROUP'S CROP

Impact of adverse weather on the UK potato crop

The Group's operations are heavily influenced by the volume and quality of the UK potato crop. In the event of a poor UK potato crop, owing to adverse weather conditions, the Group is likely to suffer from an increased price for a proportion of its potatoes and possible shortages of crop to meet its supply obligations to its retail and other customers, including its seed customers. In such circumstances, it is likely that the Group would be forced to increase the amount of ware (eating) and seed potatoes imported from overseas growers, which is likely to lead to higher costs for these raw materials. The Group's exposure to adverse weather conditions is increased due to its own growing operations. Extreme weather conditions may adversely affect the yield and quality of the Group's potato crop.

Accordingly, adverse weather could have a material adverse effect on the Group's business, financial condition and results of operations. Adverse weather conditions could also damage the Group's longstanding relationships with its key customers, if this resulted in the Group being unable to fulfil its customers' requirements.

The UK has had a mix of good and bad growing seasons over the years, but it is usually the case that different geographical regions are affected to a different extent in any given season. The growing season of 2007 was possibly the most consistently bad season to be experienced for many years, with excessively wet weather across the whole of the UK. Even in 2007, however, the growing conditions in the UK did vary, with the northern regions enjoying better conditions than those in the south. The geographically diverse spread of third party procurement and of the Group's own growing, covering all the main potato growing regions of the UK, reduces the risk to the Group of crop failure in any specific region.

The Group has taken steps to increase the proportion of crop that it procures under contract in order to reduce the Group's exposure to fluctuating market prices. More contracted procurement helps mitigate the effects of a serious crop shortage, since this limits the price increase of potatoes purchased. On the other hand, when there is an excess of crop, this contracted procurement can work against the Group, since free market potato prices are likely to be lower than contractual prices in these circumstances.

Impact of disease on the UK potato crop

The Group is heavily reliant on the quality of the UK potato crop. In the event of a poor UK potato crop, as a result of disease, the Group is likely to suffer from an increased price for its raw materials and a possible shortage of crop. This is an industry wide issue, and whilst incidents of disease have occurred in the past, these have been infrequent occurrences for the Group. An outbreak of disease impacting the Group's potato crop could also harm consumer perception of the quality of potatoes and damage relations with the Group's customers (of all types of potatoes), particularly if the Group was unable to fulfil its customers' requirements. In such circumstances, the Group would be forced to increase the proportion of potatoes imported from overseas growers and acquired from growers outside of the Group's grower network, which would be likely to lead to higher costs for its raw materials. The effects of disease on the Group's potato crop could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's geographically diverse spread of procurement, covering some of the main potato growing regions of the UK and the Group's overseas grower base, reduces the risk to the Group of disease in any specific growing region. In addition, the Directors believe that it is unlikely that the Group would be affected by disease in isolation and the Group's competitors are also likely be impacted, potentially mitigating the impact on the Group.

Changes in the cost and availability of potatoes

The Group purchases its potatoes from numerous suppliers. There are a number of factors affecting the price of these potatoes, such as quality, availability, demand, weather conditions, currency fluctuations and agricultural policies. Owing to the Group's extensive procurement requirements, there are times when the Group is unable to pass on the full cost of crop price inflation to its customers. The Group seeks to mitigate this risk by contracting with its grower base through a range of contracts, including fixed and half-fixed pricing, but there are occasions when raw material price inflation puts considerable pressure on the Group's margins and can result in the Group being loss making for a period of time within a financial year. The Group grows approximately 25 per cent. of its retail crop requirements, which mitigates the risk of higher potato prices. The Group also has close relationships with its customers and in the event of an increase in the cost of potatoes might be able to agree a less exacting pack specification with its retail customers, allowing it to utilise a greater proportion of the total potato crop.

If the cost of raw materials were to rise and the Group was unable to pass sufficient increases on to its customers or otherwise mitigate these increased costs, then this could have a material adverse effect on the Group's business, financial condition and results of operations. If the supply of any of the Group's potatoes is constrained for any period of time or in significant quantity, the Group may not be able to obtain sufficient supplies or supplies of suitable quality from other sources. Failure to supply potatoes as contracted could have a material adverse effect on the Group's business, financial condition and results of operations.

Decline in potato production

Farmers may decide to grow fewer potatoes if, for example, other uses for their land were deemed to be more attractive, with the result that the area dedicated to growing potatoes could decline to such an extent that procurement becomes a limiting factor for the Group. This has become a greater risk to the Group in recent years as a result of the higher value of crops such as wheat and barley. As with any commodity, if demand exceeds supply to any great extent, then prices tend to move up and demand can fall. The risk to the Group would be its ability to increase its prices and the time lag involved in effecting such an increase. Failure to do so in a timely manner could have a material adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

Reliance on major UK retail customers

The Group is heavily dependent on two large food retailers in the UK, which together accounted for approximately 45 per cent. of Group volumes and 70 per cent. of Group revenue for the year ended 26 June 2010. In line with industry practice, most of the Group's UK sales are made by means of short term purchase orders rather than long term contracts. In recent years, the major multiple retailers have increased their share of the UK grocery market and price competition between those retailers has intensified. Retailers constantly apply pressure to their suppliers to obtain lower prices for their products.

The Group has created a decentralised, entrepreneurial business structure to enable it to get closer to its customers and to mitigate this risk. The infrastructure and logistical capability required to pack and handle the volume of product that the Group's customers require would make it very difficult for its major customers to find alternative supply sources for significant volumes in the short term. However, there can be no assurance that these customers will continue to purchase the Group's products at current volumes. This has recently been demonstrated by the Sainsbury's business review process, the result of which was a reduction in volumes to be supplied by the Group to Sainsbury's with effect from 1 October 2010. A partial or total loss of business with any major retail customer, to the benefit of competitors or otherwise, would materially affect the Group's profitability and could have a significant impact on the level of turnover generated by the Group.

Margin pressure from retail customers

Margin pressure from the Group's major retail customers has always been a factor within the industry and this is not expected to change, and at times can put considerable pressure on the Group's trading performance. The Group has managed its margins over its 50 year trading history.

The Group may be able to mitigate the impact of price pressure from its retail customers on its profit by, *inter alia*, supplying additional volume, adjusting product specification to utilise more of its total potato crop through the retail channels, as well as passing pricing pressure from its retail customers down to its grower base. However, there is no certainty that the Group can successfully and fully reduce the impact of retailer margin pressure and, even if much of the impact can be reduced, there may be a time lag to achieving this. Margin pressure from the Group's retail customers could therefore have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's arrangements with its customers are generally of short duration

In common with many other suppliers to the UK food industry, the Group does not generally have written contractual commitments to supply customers on a long term basis or any written contractual arrangements governing the supply (including volumes and price) of its products. Much of the Group's business is conducted on the basis of unsigned agreements or undocumented arrangements. Any of these relationships or arrangements could be terminated or renegotiated at any time. Such supply agreements or arrangements afford the Group little protection and may be terminated for a variety of reasons, in many cases simply on notice.

The Group is therefore reliant on its ongoing quality, cost competitiveness and service level performance to maintain its long term relationships with its customers. The Group has supplied its major retail customers for several decades and the Directors believe that the Group currently enjoys good relationships with these customers, but no assurance can be given that the Group will not come under increased pressure in the future as to price or that the business relationship with one or more of its customers will not change, be interrupted or be terminated at any time. If the Group was to lose any one of its major retail customers, and if an alternative customer could not be found to replace such loss of revenue, then this could have a material adverse effect on the Group's business, financial condition and results of operations.

Police enquiries relating to payments made by senior employees of Greenvale between June 2006 and December 2007

As noted in paragraph 13.2 of Part V of this document, the police are currently investigating payments totalling approximately £3.2 million made between June 2006 and December 2007 involving senior employees of GAPL and a produce buyer at Sainsbury's. With the assistance of its auditors, legal advisers and IT specialists, the Company thoroughly investigated the matter and made senior management at Sainsbury's aware of the situation. Following its investigations, the Company is confident that there was no wrongdoing on the part of any of the Company's current directors. However, there can be no guarantee that the ongoing police investigation will reach the same conclusions or that the Group or any other individuals will not be implicated. Any adverse finding made or charge brought by the police in this matter, whilst considered unlikely by the Board to be brought against either any Group company or any of the Company's current directors, could be expected to have a material adverse effect on the Company, its reputation and its relationships with its customers. Whilst the Directors believe the Group has a good relationship with Sainsbury's, there can be no assurance that Sainsbury's will not commence legal action against GAPL and/or GAPL's current and/or former directors and, in connection therewith, terminate its relationship with GAPL. Any such eventuality would have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is dependent on the brands of its customers

Virtually all of the Group's products bear the brand of the customer to whom the products are supplied. The Group is therefore dependent on its customers to maintain or improve the public perception of their own brand names, in order for demand for the Group's products to be maintained or increased. If the public perception of the brands of any of the Group's customers was negatively impacted (whether in respect of potatoes or other products supplied to consumers by the customer), the customer may decrease its demand, and/or reduce prices, for the Group's products. Either or both of these eventualities could negatively impact the Group's profitability and could have a material adverse effect on the Group's business, financial condition and results of operations.

Reduced consumer demand

The Group's core business is the supply of potatoes and potato products to retail and foodservice customers. There is a risk that consumer demand for potatoes and potato products could fall, particularly if consumer spending is reduced as a result of a downturn in the wider economy. There are also a number of trends in consumer preferences which impact both the Group and the industry as a whole. These include, amongst others, consumer dietary concerns and fashions and an increasing preference for substitute carbohydrate products such as rice and pasta.

While the "staple food" nature of the potato product for the UK consumer has resulted in relatively constant UK demand for potatoes over recent years, any sustained reduction in consumer demand for potatoes could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be adversely affected by complaints, adverse publicity or litigation in relation to its products

The Group may be adversely affected by complaints and/or litigation from customers or regulatory authorities resulting from product quality, illness or other safety concerns arising from the supply of its products. Although the Group employs stringent safety standards and quality control systems, there is a possibility that a product claim could arise or a product recall could be required. Any such claim or product recall could have a material adverse effect on the Group's reputation and on its financial performance. The resulting adverse publicity could also have a material adverse effect on the Group's business and reputation. As a result of this, the Group may also experience reduced demand for its products.

Consumers are increasingly conscious of any damage they cause to the environment

Consumers have become increasingly concerned about any adverse effect they may have on the environment. It is likely that this issue will become increasingly important to major retail customers in the short to medium term. If the Group does not ensure that it has a low impact carbon footprint, there is a risk that its major retail customers will change to a more environmentally friendly supplier and could have a material adverse effect on the Group's business, financial condition and results of operations.

Dependency on key executives and certain employees

The Group is dependent upon the quality, ability and commitment of key personnel in order to sustain, develop and grow its business. This is particularly the case with the Group's decentralised structure. There can be no assurance that these employees will remain with the Group and, consequently, the Group's success will depend upon its ability to attract, motivate, develop and retain key personnel. The loss of key personnel or a substantial number of talented employees, or an inability to attract, motivate, develop and retain the calibre of employees that the Group's business requires, could cause disruption or the loss of experience, skills or customer relationships of such personnel, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group believes that it has the appropriate incentivisation structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group. The Group has traditionally benefited from a low turnover of staff and many of its key personnel have been employed by the Group for several years.

Changes to working practices and employment legislation

Legislation regarding employment has changed significantly in the last 15 to 20 years, both at a UK and a European level. Examples include the implementation of the Employment Rights Act 1996, changes to minimum wage provisions in UK legislation and the working time directive. Further changes to employment legislation, which generally have the effect of increasing costs for employers, could have a detrimental effect on the operating profit of the Group. Any changes to the Group's employment practices, needed to comply with new legislation, will themselves carry a cost which could have a material adverse effect on the Group's business, financial condition and results of operations.

Sales could be adversely affected if production at one of the Group's packing sites was to be disrupted

The sale of the Group's products could be adversely affected if production at one or more of its packing sites was to be disrupted, for example, by fire, flood or inadequate or failed internal information technology processes and systems or one of the licences on which such processes and systems depend being terminated. Although the Group has disaster recovery plans in place for those disruptive events reasonably anticipated by the Directors (including a back up information technology system), it may not be able to ensure uninterrupted supply to the Group's customers, resulting in damage to the Group's relationships.

While the Directors believe that the Group's current insurance coverage is adequate, there can be no certainty that such insurance will continue to be available on acceptable terms or that the amount of any particular claim will not exceed the amount of, or be covered under, such insurance.

Any business interruption could have a material adverse effect on the Group's business, financial condition and results of operations.

Certain of the Group's intellectual property rights could be challenged or lapse

Greenvale has registered certain trade marks in the United Kingdom and parts of the EU, and has certain intellectual property rights in relation to technologies such as Restrain and Accumulator. Whilst the Group intends to enforce its trade mark and licensing rights against infringement by third parties, any actions to establish and protect the Group's trade marks and licensed rights may not be adequate to prevent imitation by others or to prevent others from seeking to block sales of the Group's products which, in their opinion, violate their trade marks or other intellectual property rights. If a competitor were to infringe trade marks held by, or licensed to, Greenvale, then enforcing the Group's rights would probably be costly and could divert funds and resources that could otherwise be used to operate the Group's business. Greenvale may not be successful in enforcing its intellectual property rights which could have a material adverse effect on the Group's business, financial condition and results of operations. The Group has the exclusive use of intellectual property relating to certain varieties of potatoes including 'Sylvana', 'Sofia', 'Jenny' and 'Myan Gold'. A number of the relevant licences are of unknown duration. The licences which do specify a term are of relatively short duration and are typically terminable by either party on 12 months notice. Certain of the licences may cease to be exclusive in circumstances where Greenvale is unable to sell a sufficient quantity of the relevant potatoes. If such licences were terminated and not renewed or cease to be exclusive, such events could have an adverse effect on the Group's business and results of operations.

The Group has recently renegotiated its borrowings

The Group has recently entered into agreements with Clydesdale Bank plc (in various capacities) to amend facilities available to it, details of which are set out in paragraphs 12.4 to 12.10 of Part V.

If the Group fails to service its debt and interest payments and comply with its obligations under any loan arrangements, Clydesdale may exercise its rights in relation to repayment and may enforce its security over the Group's assets. This could significantly affect the Group's financial performance. In addition, depending on the terms of such debt and any associated hedging arrangements, the Group may be exposed to corresponding interest rate risk.

The Group has a defined benefit pension plan that is currently in deficit

The Group operates the Greenvale Pension Plan which is a defined benefit scheme. The Greenvale Pension Plan has been closed to future accruals since 1 November 2007.

For accounting purposes as at 26 June 2010, under IAS 19, and based on the assumptions used (as set out in Part IV: "Financial Information on the Group"), the aggregate fair value of the assets of the Greenvale Pension Plan was £17.4 million, and the aggregate pension liabilities was assessed at £23.0 million, resulting in an estimated aggregate deficit of £5.6 million.

The last actuarial valuation for funding purposes was carried out as at 30 June 2007 resulting in an aggregate deficit for the Greenvale Pension Plan of £1.5 million (representing a funding level of 92 per cent.). The methodology and assumptions for this valuation were different from those used for accounting purposes. As a result of these valuations the Group is currently making ongoing cash contributions of £552,000 per annum in order to reduce this funding deficit. The obligations to make contributions to reduce the deficit will continue until at least the triennial actuarial valuation of the plan in 2013.

There are various risks which could adversely affect the funding of the Greenvale Pension Plan and consequently the Group's funding obligations, such as a significant adverse change in the market value of the pension assets of the Greenvale Pension Plan, an increase in pension liabilities, pension plan members living longer than expected or the trustees of the Greenvale Pension Plan switching to an investment strategy which proves unsuccessful. Any increase in the deficit in the Greenvale Pension Plan may result in a need to increase the Group's pension contributions. Any increase in pension contributions could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to an ongoing HMRC investigation

HMRC has enquired into the corporation tax returns of GAPL for the periods ended June 2007 and June 2008. These enquiries are still ongoing. GAPL has re-submitted its tax returns for the relevant period and paid the additional tax it considers to be due and on this basis, the Directors do not expect further sums to be payable. However, while these enquiries remain open there remains a risk that additional tax liabilities may be assessed on GAPL.

The Group may be unable to execute its strategy of selected acquisitions

Part of the Group's strategy is to focus on opportunities to add shareholder value though driving industry consolidation and making selective acquisitions in the potato sector and in complementary sectors. The Directors believe that the Group's acquisition strategy will lead to new customer relationships and routes to market as well as improving the quality of the Group's earnings. Successful execution of the Group's acquisition strategy relies upon identifying and agreeing the terms of acquisition of suitable targets. There can be no assurances that the Group will successfully be able to identify and complete the acquisition of suitable targets. In addition, there may be commercial and regulatory issues that prevent the Group from completing specific acquisitions.

Businesses acquired by the Group will require consolidation and integration within the Group's existing operations. There is no guarantee that acquired businesses will be successfully integrated with no disruption to the Group's existing operations. In addition, acquired businesses may not perform in line with expectations and may therefore not justify their cost.

If, for any of the reasons above, the Group was unable to execute its acquisition strategy successfully, it could have a material adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATED TO GENERAL ECONOMIC CONDITIONS AND THE MARKET IN WHICH THE GROUP OPERATES

The Group operates in a highly competitive market and failure to compete effectively could adversely affect the results of the Group's operations

There is strong competition between potato packers in supplying the major food retailers and foodservice suppliers. The market is served by a number of well established companies that operate on a national basis. The Group faces competition from these companies as well as from smaller, regional potato packers. The Group's ability to compete effectively will require it to be successful in the sales and marketing of its existing products, new product development and innovation, sourcing of raw materials and operating efficient facilities.

The Directors cannot predict the pricing or promotional actions of the Group's competitors or their effect on the Group's ability to market and sell its products. In the event of a significant increase in competitor promotional activity and, to ensure the Group's products remain competitive, the Group may be required to reduce its prices, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Economic conditions and current economic weakness

Since the Group is heavily exposed to the UK market, any economic downturn in this market may have an adverse effect on the demand for the Group's products, particularly its higher margin own varieties and premium products. A more prolonged economic downturn may lead to an overall decline in the volume of the Group's sales and "down trading" may also continue, whereby consumers move away from the Group's more premium products to more value orientated products.

The potato sector has proven to be a defensive one in times of recession, albeit consumers tend to trade down from premium to standard and basic type products. However, a prolonged economic downturn could result in reduced demand for the Group's products which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is subject to extensive UK and EU legislation and regulation

As a supplier of products intended for human consumption, the Group is subject to extensive regulation. The Group is subject to legislation and regulation in both the UK and the EU with respect to: product composition, storage, handling, packaging, labelling, advertising and the safety of products; the health, safety and working conditions of employees; pensions; and the Group's competitive and marketplace conduct. The Group's operations and properties, past and present, are also subject to a wide variety of UK and EU laws and regulations governing: air emissions, waste water discharge, noise levels, energy efficiency; the presence, use, storage, handling, generation, treatment, emission, release, discharge and disposal of hazardous materials, substances and wastes; and the remediation of contamination to the environment.

Existing legislation and modification to existing legislation and/or regulation and the introduction of new legislative and regulatory initiatives may affect the Group's operations and the conduct of the Group's businesses. Also the cost of complying with such legislation or modified and/or new legislation may have an adverse effect on the results of the Group's operations.

It is the Group's policy to require that all of its operations comply with relevant laws and regulations. However, violations of applicable laws and regulations have occasionally occurred in the past despite the Group's best efforts to prevent them. Any future such breaches of laws or regulations, in particular, provisions of food safety, environmental and health and safety laws, could result in restrictions on the operations of the Group's facilities, damages, fines or other sanctions and increased costs of compliance, as well as significant reputational damage. The Directors believe that the Group has a good health and safety record but product contamination can lead to requirements for significant product recalls or liabilities to customers or consumers. In addition, health scares can impact demand for certain food groups, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Recently adopted legislation

A factor that may be a threat to potato production in the future is the new EU revised pesticide legislation: EC Directive on sustainable use of pesticides (2009/128/EC), which must be implemented by all Member States by 14 December 2011; EC pesticides Regulation (1107/2009), which will apply directly to all Member States from 14 June 2011; together with continued implementation of the EC Water Framework Directive (2000/60/EC) and of Regulation 396/2005 on maximum residue levels of pesticides and the recent EC PCN Directive (2007/33/EC), which required implementation throughout the EU by 30 June 2010 and has been implemented by relevant secondary legislation in the UK. This legislation could potentially limit the number of pesticides available to control pests and diseases in the growing crop and has the potential to affect the production of a wide range of field vegetables, which could have a material adverse effect on the Group's business, financial condition and results of operations. Greenvale, through its focus on new product development, is continuing to research and develop new control solutions to many of the pest and disease issues that the potato industry faces and has marketed technologies such as Restrain and De-Cyst which have been developed in partial response to concerns over future legislation in the industry. This innovation should ensure the Group is well placed to meet the challenges posed by legislation in future years.

Litigation risks

Legal proceedings or claims have arisen in the course of the Group's business (as described in paragraph 13 of Part V of this document) and may continue to arise.

Whilst the Group has taken, and the Company intends the Group to continue to take, such precautions as it regards appropriate to avoid or minimise the likelihood of such claims or any resulting financial loss to the Group, the Directors cannot preclude the possibility of further litigation being brought against the Group.

There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations.

RISKS RELATING TO THE ORDINARY SHARES

The Ordinary Shares are likely to be illiquid in the short to medium term and an active public market for the Ordinary Shares may not develop or be sustained

There will have been no public trading market for the Ordinary Shares prior to Admission. The Ordinary Shares are likely to be illiquid in the short to medium term and, accordingly, an investor may find it difficult to sell Ordinary Shares, either at all or at an acceptable price. Further, the Group can give no assurance that an active trading market for the Ordinary Shares will develop, or if such a market develops, that it will be sustained. If an active trading market does not develop or is not maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected and investors may have difficulty selling their Ordinary Shares. The market price of the Ordinary Shares may drop below the Placing Price. Any investment in the Ordinary Shares should be viewed as a long term investment.

Suitability

Investment in the Ordinary Shares involves a high degree of risk. An investment in the Ordinary Shares may not be suitable for all recipients of this document. Investors are accordingly advised to consult an appropriate person authorised under FSMA before making any investment decision.

The share prices of publicly traded companies can be highly volatile

The price of publicly traded shares is often subject to volatility, particularly for a period of time following Admission. The market price of the Ordinary Shares and the price which investors may realise for their Ordinary Shares could be subject to significant fluctuations due to a variety of factors, some of which may be outside the Group's control, including amongst other things, actual or anticipated fluctuations in the operating performance of the Group; the performance of the Group's competitors; regulatory changes; changes in financial estimates by securities analysts; stock market fluctuations; and general economic conditions unrelated to the Group's actual performance or conditions in its key markets. Investors may not be able to sell their Ordinary Shares at or above the price at which they are admitted to trading on AIM.

The Group's share price may decrease due to a wide range of factors, many of which are outside the control of the Group

The Group's share price may fall as a result of a variety of factors, including financial performance; the operating and share price performance of other companies in the industries and markets in which the Group operates; speculation about the Group's business in the press, other media or the investment community; changes to revenue or profit estimates; the publication of research reports by analysts; the ability or decision to pay dividends in accordance with the Group's dividend policy; current affairs; and general market conditions.

The market price of the Group's shares may go down as well as up and investors may, therefore, not recover their original investment, especially since the market in the Group's shares may have limited liquidity.

The Company's ability to pay dividends will depend on, amongst other things, the level of profits, cash flows and distributable reserves

There can be no assurance as to the level of future dividends that may be paid by the Company. Any determination to pay dividends in the future will be a decision for the Board and will depend upon the Group's contractual restrictions (including under the terms of new banking facilities), restrictions imposed by applicable law and other factors the Board deems relevant. The payment of dividends by the Company is subject to its having sufficient distributable reserves and cash for such purpose, each of which will depend on the underlying profitability of the Group.

The risks noted above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

FORWARD-LOOKING STATEMENTS

This document includes statements that are, or may be deemed to be, "forward-looking statements". These statements relate to, among other things, analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to the Group's future prospects, developments and business strategies.

These forward-looking statements can be identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" or the negative of those variations, or comparable expressions, including references to assumptions. These statements are primarily contained in Parts I and II of this document.

The forward-looking statements in this document, including statements concerning projections of the Group's future results, operations, profits and earnings, are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements.

Certain risks to and uncertainties for the Group are specifically described in pages 9 to 17 of this document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations, results of operations, growth strategy and liquidity. Whilst the Directors consider these assumptions to be reasonable based upon information currently available, they may prove to be incorrect. Prospective investors should therefore specifically consider the risk factors contained in pages 9 to 17 of this document that could cause actual results to differ before making an investment decision. Save as required by law or by the AIM Rules, the Company undertakes no obligation to publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

MARKET AND FINANCIAL INFORMATION

The data, statistics and information and other statements in this document regarding the markets in which the Group operates, or the Group's position therein, are based on the Group's records or are taken or derived from statistical data and information derived from the sources described in this document.

In relation to these sources, such information has been accurately reproduced from the published information and, so far as the Directors are aware and are able to ascertain from the information provided by the suppliers of these sources, no facts have been omitted which would render such information inaccurate or misleading.

Various figures and percentages in tables in this document have been rounded and accordingly may not total. Certain financial data has also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetical totals of such data.

All times referred to in this document are, unless otherwise stated, references to London time.

PLACING STATISTICS

Placing Price	182 pence
Number of Existing Ordinary Shares	11,200,043
Number of Placing Shares	8,426,373
Gross proceeds of the Placing	£15.3 million
Net proceeds of the Placing	£14.1 million
Number of Ordinary Shares in issue following the Placing and Admission[1]	19,744,548
Proportion of Enlarged Ordinary Share Capital being placed	42.7 per cent.
Market capitalisation at the Placing Price	£35.9 million
ISIN number	GB00B3ZGBY47
SEDOL number	B3ZGBY4

EXPECTED TIMETABLE OF PRINCIPAL EVENTS[2]

Publication of this document	15 November 2010
Admission effective and dealings commence on AIM	18 November 2010
CREST accounts credited by	18 November 2010
Despatch of definitive share certificates for Placing Shares (where applicable) by	18 November 2010

Notes:

1. Includes 118,132 Ordinary Shares issued conditional on Admission, further details of which are set out in paragraph 3.15 of Part V of this document

2. Each of the above dates is indicative only and may be subject to change at the absolute discretion of the Company and Investec

DIRECTORS, SECRETARY AND ADVISERS

Directors	Ronald Barrie Clapham *(Non-executive Chairman)* Angus Armstrong *(Chief Executive Officer)* George Brian Macdonald *(Finance Director)* Sir Charles David Naish *(Senior Independent Non-executive Director)** Michael Harold Jankowski *(Non-executive Director)* Derek Porter *(Non-executive Director)* * With effect from Admission
Company Secretary	George Brian Macdonald

all of whose business address is at the Company's registered and head office

Registered office	Produce Investments plc Floods Ferry Road Doddington March Cambridgeshire PE15 OUW
Nominated adviser and broker	Investec Bank plc 2 Gresham Street London EC2V 7QP
Reporting Accountants	Baker Tilly Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Legal advisers to the Company	K&L Gates LLP 110 Cannon Street London EC4N 6AR
Legal advisers to Investec	DLA Piper UK LLP 3 Noble Street London EC2V 7EE
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS13 8AE
Auditors	Baker Tilly UK Audit LLP The Pinnacle 170 Midsummer Boulevard Milton Keynes MK9 1BP

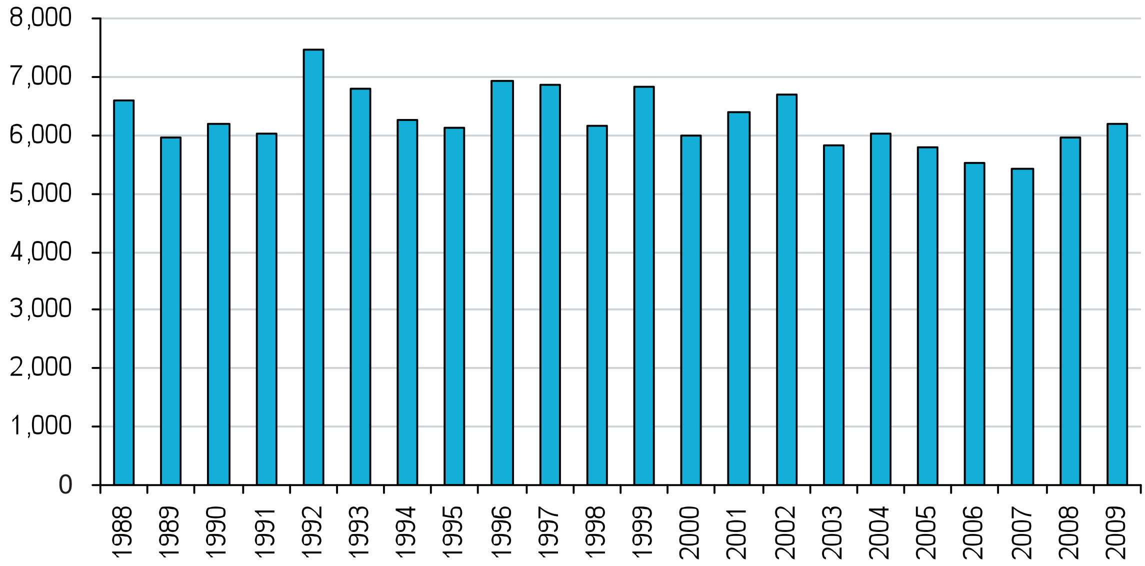
PART I

THE UK POTATO MARKET

1 Potato volumes and crop utilisation

Great Britain is one of the largest producers of potatoes in Europe, growing approximately six million tonnes of potatoes per annum. The chart below shows the size of the Great Britain crop for the last 22 years, with the average annual Great British crop over this period being approximately 6.25 million tonnes.

Chart I – Historic Great Britain potato crop ('000 tonnes raw equivalent)



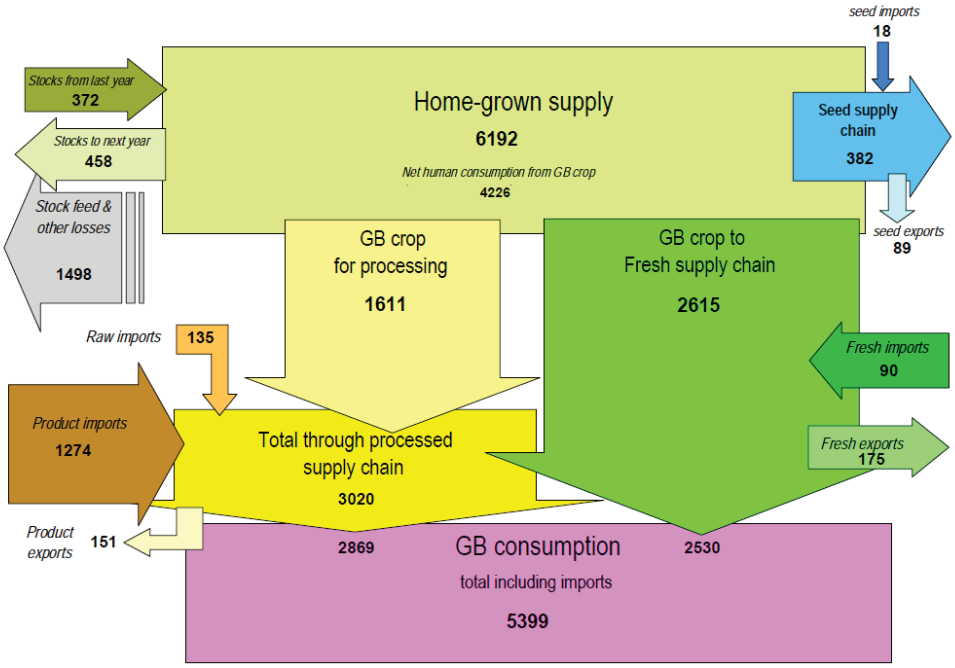
Source: Agriculture and Horticulture Development Board – data for growing years to 31 May 2010

Although total crop volumes have changed little, the number of registered growers has fallen significantly. In 1970, there were over 40,000 registered growers but, by 2009, this had fallen to fewer than 3,000, with those remaining being considerably larger operators (by volume supplied). During the same period, the planted area for British potato production declined by approximately 50 per cent. from approximately 250,000 hectares in 1970 to approximately 130,000 hectares in 2008. As a result of improvements in plant breeding, growing techniques, crop agronomy and the more efficient utilisation of the crop, yields have increased by over 50 per cent.

In addition to domestic growing, Great Britain has historically been a net importer of potatoes and potato products. For example, in the growing year to May 2010, approximately 1.5 million tonnes (raw equivalent) of potatoes were imported, increasing the total crop available in the Great Britain to approximately 8 million tonnes for that year. Most of the imports (approximately 1.3 million tonnes raw equivalent) were processed products.

The table below shows how the total crop was utilised in the 2009 growing year (to 31 May 2010), the most recent period for which data has been published by the Potato Council division of the Agriculture and Horticulture Development Board.

Chart II – Crop utilisation ('000 tonnes raw equivalent)



Source: Agriculture and Horticulture Development Board – data for growing year to 31 May 2010

Potatoes (domestically grown and imported) are either supplied to the ultimate consumer as fresh (i.e. whole unpeeled potatoes) or processed and are supplied to the end user predominantly through the retail or foodservice channels.

Fresh potatoes are handled by packers that grade potatoes according to size and quality and then usually wash, sort and pack the fresh potatoes, depending on the requirements of the ultimate customer. The Group is one of the UK's largest potato packers, along with its main competitors, Albert Bartlett, Branston and QV Foods.

Processing includes the production of crisps, chips, roast potatoes and other potato products, such as hash browns and waffles. The major potato processors include Walkers, McCain and Birds Eye. Greenvale and other processors produce potato ingredients for supply to food processors and manufacturers for use mainly in the convenience and ready meal sectors.

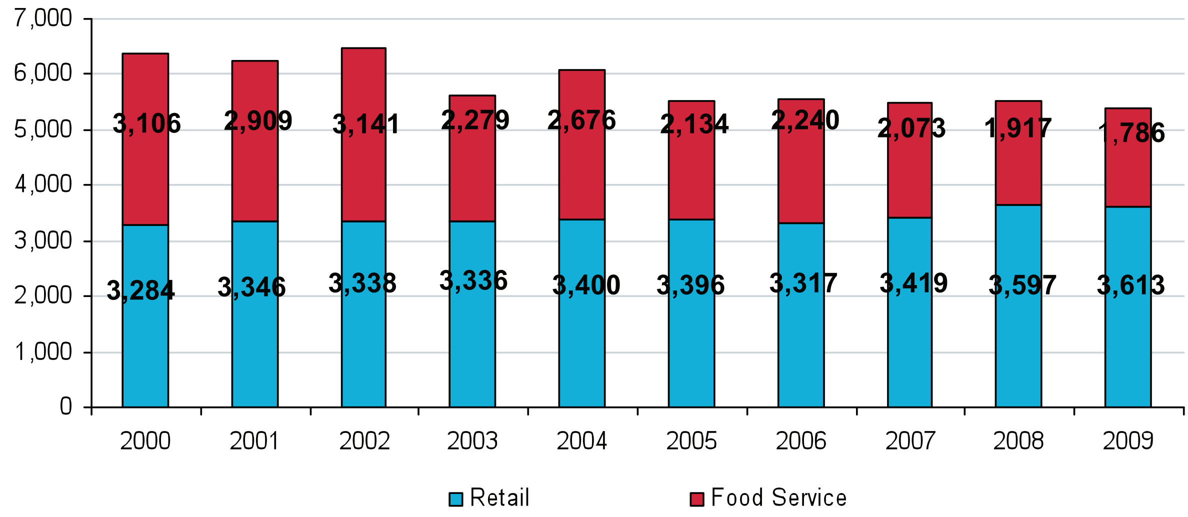
2 Channels to market

In the year ended 31 May 2010, the retail market accounted for around 67 per cent. of Great Britain potato consumption (approximately 3.6 million tonnes raw equivalent), with foodservice accounting for the balance (approximately 1.8 million tonnes raw equivalent).

- Retail market: the largest part of the crop, in the year ended 31 May 2010, was sold as fresh potatoes (1.9 million tonnes raw equivalent), whilst the remaining 1.7 million tonnes (raw equivalent) was sold in a variety of forms, including frozen and chilled products, crisps and canned potatoes.

- Foodservice market: slightly over half of the potato crop in the year ended 31 May 2010 sold through the foodservice market was in the form of frozen or chilled products, predominantly chips (953,000 tonnes raw equivalent). Approximately 604,000 tonnes were supplied to the foodservice market as fresh potatoes, with the largest proportion going to chip shops. Crisps, canned and dehydrated potato accounted for the balance.

Chart III – Great Britain potato consumption – routes to market ('000 tonnes raw equivalent)



Source: Agriculture and Horticulture Development Board – data for growing years to 31 May 2010

3 Retail market

In per capita terms, total potato consumption (by volume) has reduced from 102 kg per head in 1990 to 90 kg per head in 2009. Other carbohydrates, such as rice and pasta, have increasingly been consumed instead of potatoes, although overall consumption of these products is still considerably less than that of potatoes. Despite declining consumption per capita, an increase in the UK population has meant that overall consumption of potatoes has remained broadly stable in recent years.

Recent trends in the fresh potato sector have included the following:

- Increasingly cost conscious consumers using fresh potatoes, rather than processed products;
- Increasing popularity of pre-packed potatoes, particularly smaller pack sizes;
- A trend towards more premium potato products; and
- The emergence of branded potatoes.

During the previous two decades, consumption of all potato products has fallen slightly, with consumption of fresh potatoes having fallen at a faster rate than that of potatoes overall and consumption having increased for processed products, particularly chips and crisps. Over the last few years, however, this trend has started to reverse with fresh potato consumption rising slightly. The health benefits of eating potatoes have been promoted by the Potato Council divison of the Agriculture and Horticulture Development Board.

The tables below shows the main retailer shares in the fresh retail potato market:

Chart IV – Great Britain retailer share of the fresh retail potato market by value

	Total (%)	*Change YOY (%)*
Tesco	28.2	(5.6)
Sainsbury	15.7	(4.3)
Morrisons	12.5	(0.4)
Asda	14.8	(3.0)
Co-op*	8.1	(17.7)
M&S	3.0	(1.0)
Waitrose	4.2	7.1
Aldi	3.0	(9.8)
Lidl	2.0	2.8
Others	8.5	–
Total	100.0	

Source: KANTAR Worldpanel – 52 weeks ending 13 June 2010

Chart V – Great Britain retailer share of the fresh retail potato market by volume

	Total (%)	*Change YOY (%)*
Tesco	28.5	(3.8)
Sainsbury	14.0	(1.9)
Morrisons	13.1	11.0
Asda	16.6	(4.0)
Co-op*	7.4	(10.7)
M&S	1.6	10.5
Waitrose	2.6	10.1
Aldi	5.7	10.9
Lidl	2.9	16.6
Others	7.8	–
Total	100.0	

* Co-op includes Somerfield

Source: KANTAR Worldpanel – 52 weeks ending 13 June 2010

The major food retailers dominate the sale of fresh potatoes, accounting for over 90 per cent. of sales by value and volume in the sector.

Most major UK food retailers leave management of the supply chain to specialist suppliers, such as Greenvale. The Directors believe that the exceptions are Co-op and Morrisons, which largely pack their own fresh potatoes.

The other channels which account for the balance are independent retailers, greengrocers and a range of smaller operators, including farm shops, markets and box schemes.

4 Foodservice market

The foodservice market represents potatoes consumed out of the home. It is a diverse sector but is usually split into two segments, the public sector "cost" market and private sector "profit" market. The cost market includes hospitals, schools and prisons, while the profit market includes pubs, hotels and restaurants.

In the year ended 31 May 2010, annual potato volume supplied through the foodservice market was approximately 1.8 million tonnes (raw equivalent). Chips are the single largest product category and are mostly supplied by the large scale processors, such as McCain, Simplot and Lamb Weston/Meijer. The fresh element of this market comprises mainly potatoes supplied to fish and chip shops, boxed baking potatoes, boxed salad potatoes and bagged fresh potatoes for general purpose use.

The principal long term trend in the foodservice market reflected in recent years has been an increase in meals eaten out of the home. This largely lifestyle driven trend has supported supplies of potatoes to the foodservice sector.

5 Competitors

There are four major UK packers, including Greenvale. The packing sector is relatively fragmented, with no clear market leader. The Group's main competitors, which are all privately owned, are Albert Bartlett, Branston and QV Foods.

PART II

INFORMATION ON THE GROUP

1 Business overview

Greenvale is one of the leading potato suppliers in the UK. It is a vertically integrated business, comprising:

- the supply of fresh potatoes to the retail sector. This is the Group's core business, its key customers being Tesco and Sainsbury's;
- variety breeding involving the targeted breeding of specific varieties for the Group to bring to market;
- a seed business specialising in the production of seed potatoes for the Group's own growing, its grower base and other potato growers. A function of the seed business is to develop the Group's controlled varieties (ie. varieties exclusively licensed to the Group);
- own growing operations, which account for approximately 25 per cent. of the Group's annual retail requirements;
- a processing business, Swancote, which enables efficient utilisation of waste streams created in the Group's core fresh operations, and is a further channel to market; and
- the supply of fresh potatoes into the processing and foodservice sectors to customers such as R. F. Brookes (part of Premier Foods), Bakkavor, Uniq, Reynolds and Total Produce.

In the year ended 26 June 2010, the Group reported revenues of £156.3 million (2009: £178.0 million) and operating profit before exceptional items of £7.8 million (2009: £6.6 million).

2 Key strengths of the Group

The Directors believe that the Group has a number of key strengths, including the following:

(a) ***Well established and strong market position in a stable product category***

The Group is a leading UK supplier of fresh potatoes, supplying blue chip customers, such as Tesco and Sainsbury's. The Group is well established, with a strong market position in a large and defensive category that is a staple product for UK consumers and food retailers.

(b) ***A vertically integrated business***

The Group has an in-house seed production and supply function. The bulk of the Group's seed is supplied to the Greenvale grower base, improving security of potato supply and aligning the Greenvale grower base more closely to the Group. The seed business also supports the development of Greenvale's controlled varieties.

The Group is a vertically integrated fresh potato packer operating in the UK. The Group grows approximately 25 per cent. of its retail volumes, which improves security of supply and provides Greenvale with the opportunity to develop its controlled varieties, which may command a higher manufacturer and retail price.

The Group's processing business, Swancote, utilises waste streams, i.e. potatoes not required or unsuitable for sale to retail customers from the Group's packing operations. This allows the Group to maximise the value of potatoes that it cannot sell to its retail customer base. It also offers an alternative route to market for the Group's potato volumes and diversifies its customer base.

(c) ***A large supplier/grower base in the UK***

The large Greenvale grower network has a wide geographical spread covering the main potato growing regions. The Group's grower base aims to improve security of supply and also provides

Greenvale with a hedge against poor weather conditions in any one part of the UK. Greenvale also has relationships with overseas growers for “out of season” crop.

(d) ***Highly experienced management team***

The executive management team has considerable experience in the fresh produce and the wider food and beverage sectors. The Executive Directors are supported by experienced managers with many years’ experience in the potato industry. This experience is found in all areas of the business, including seed production, processing and packing operations.

3 Barriers to entry

The following are the principal barriers to entry, which the Directors believe limit the ability of existing (and potential) competitors to win business from the Group:

(a) ***Procurement***

The Group, as one of the leading UK fresh potato suppliers, procures approximately 15 per cent. of the UK fresh potato crop from a large grower base. The Group seeks to ensure that its long established grower base remains loyal through supplying the following:

- *Secure contracts and long term markets for the growers*

  Secure contracts, by means of evidence of an end buyer, help growers to gain support from their banks for cash flow requirements over a crop cycle that has high overheads relative to other crops. The relationships that exist between the Group and many of its growers have been built up over many years and are founded on commercial viability. The Group also endeavours to take a grower’s entire crop, assuming it is fit for purpose, as it has a number of channels through which this can be marketed. This improves relationships with growers and leads to greater certainty of supply for the Group.

- *Agronomy support*

  The Directors believe that the Group has a highly respected agronomy team, that is one of the largest in the potato industry, something that could be expensive and time consuming for a competitor to replicate. The Group’s agronomists work with its growers, advising them on many aspects of potato production, including land selection; seed quality and variety; irrigation scheduling; pest and disease control; and store management.

- *Supply of seed potatoes*

  The Group’s seed business supplies most of its grower base with seed potatoes, including varieties that are controlled by the Group. The supply of high quality seed is extremely important to growers for promoting high yield and crop quality. The Group’s seed business has been developed over many years and represents an important competitive advantage for the Group. Any new entrant to the seed market would require a portfolio of varieties and, while there are many free varieties available to work with, margins tend to be more secure with controlled or owned varieties. It is the Directors’ belief that seed growers also need a sizable customer/grower base to make a seed business viable and most existing growers are already working with seed suppliers. Furthermore, the Directors believe that seed production is a highly specialised process and the success of any seed business is directly affected by the quality of seed producers that the business sources from.

- *Traceability*

  The major food retailers typically demand full traceability of all packed products. This means that a detailed history of each pack of potatoes sold must be kept and be fully traceable right back to the field in which it was grown. As well as field/grower details, all suppliers must be able to demonstrate the full treatment programme applied to the growing crop, including the details of all chemicals used. Other variables are also recorded, including seed stocks used; irrigation applied; soil types; planting and harvesting dates; and storage regime.

To enable the Group to manage and control such a level of detail, it has developed a bespoke computerised system which allows the capture of the data required to deliver this level of traceability.

(b) ***Capital investment required to meet retailer volume requirements***

The capital investment required in plant and machinery (such as graders, wash lines and packing equipment) and storage facilities to give a new competitor the ability to process potatoes and service a customer could be very substantial and would require a long lead time. The Directors believe that any new entrant into the market would need to invest at least £35 million to create packing facilities that would replicate those of the Group.

(c) ***Expertise***

The level of specialist industry experience within the Group has been acquired over 50 years of trading within the sector. The Directors believe that this expertise gives the Group a competitive advantage which would be difficult to replicate and that it engenders a certain degree of customer and supplier loyalty.

4 History

Greenvale was founded in the 1960s as part of the Ross Frozen Food business, which was acquired in 1969 by Imperial Tobacco. The Ross business passed through several changes of ownership, including Hanson Trust before being acquired by Dalgety in 1986.

In 1996, the Dalgety fresh potato business was the subject of a management buyout (backed by 3i and Royal Bank Development Capital) and the business was renamed Greenvale Produce.

Greenvale made a number of complementary acquisitions, which extended the scale and geographic reach of the Group, including:

- Pattullo Higgs, a high quality seed trading business, which was acquired in 1997;
- Anglian Produce, a growers' co-operative, which merged with Greenvale in 1998 to create Greenvale AP and expanded the Group's UK grower base significantly; and
- ES Black, a Scottish-based packer, which was acquired in 2000 and which also supplied Tesco and Sainsbury's and therefore helped to consolidate these retailers' supplier bases.

In 2003, the then senior management team bought out 3i and Royal Bank Development Capital. In 2006, Greenvale Holdings Plc was acquired by Produce Investments for £11.2 million. In 2007, the Group acquired Swancote, a potato processing business, for £13 million.

5 Business activities

(a) ***Fresh potatoes***

The Group's principal activity is the supply of fresh potatoes to leading UK food retailers. This accounted for approximately 45 per cent. of the Group's volume and almost 70 per cent. of Group revenue for the year ended 26 June 2010.

The Group's fresh packing operations comprise the size grading, washing, visual grading and packing of fresh potatoes for retail customers. Traceability is another important function undertaken by the packing operations, since major food retailers demand that each pack of potatoes has a detailed history from the field in which it was grown, including details of the seed stock the potato originated from, all chemicals and treatments used in growing, irrigation and conditions of storage.

The principal service to retailers, through the fresh packing operations, is the management of the supply chain. Potatoes are a seasonal (and annually variable) crop, but consumption is fairly constant through the year. The Group manages the volatility of the crop, whilst ensuring that its customers have sufficient product for their needs.

The fresh packing operations also supply specialist crop to the Group's specialist processing operation.

There is also an element of crop that is handled through the fresh packing operations that is traded rather than supplied to retail. This allows the Group to utilise crop that has gone through the packing facilities but which cannot be supplied to the Group's retail customers.

(b) ***Processing***

Swancote, the Group's processing business, supplies food manufacturers with potato ingredients. The ingredients are used to make products such as mashed potato for ready meals or diced potato for potato salads. The products manufactured are made out of non-retail grade potatoes, although at times retail quality is used to supplement supply. These ingredients can be supplied in either a pre-cooked or a raw format.

(i) *Pre-cooked potato ingredients*

Cooked products are additive free and were originally developed by the Swancote business, which in turn has enabled it to establish a strong UK market position. There is competition from businesses based in Continental Europe, but transportation times gives Swancote a competitive advantage in the UK market.

(ii) *Raw potato ingredients*

Raw potato products have a greater level of competition, as investment levels for processing raw products are lower than for the cooked products and, as a result, the UK market is much more competitive.

Swancote is a supplier to a number of food processors, including Bakkavor, Northern Foods, Oscar Mayer, Premier Foods and Uniq, which in turn supply UK retailers with ready meals and other products containing potatoes.

It is estimated by the Directors that the total size of the UK raw potato ingredient processing market is approximately 60,000 tonnes of finished product per annum, of which Swancote currently supplies approximately 15,000 tonnes. Prices vary considerably depending on the level of processing undertaken.

(c) ***Other***

(i) *Trading*

The Group supplies bulk fresh potatoes to leading UK processors, such as Bird's Eye and McCain. These are supplied direct from the farm without going through the packing operations. These potatoes, which are sold at lower margins, account for around 80,000 tonnes per annum out of the Group's total crop of approximately 550,000 tonnes.

After satisfying specific customer requirements for potatoes, there is usually an element of the crop left over. For the Group, most of this residual crop is sold to other packers, smaller merchants and traders and, when the opportunity arises, exported to countries such as France and Ireland. The residual volumes accounted for over 100,000 tonnes in the year ended 26 June 2010, but the contribution to the Group's revenue and profit was modest given the low selling price and margins.

(ii) *Seed*

The Group, through its operations at Burrelton in Perthshire, is a leading grower and supplier of seed potatoes in the UK, handling approximately 48,000 tonnes per annum, most of which is sold to the Group's grower base. Whilst about 75 per cent. of the Group's seed sales are within the UK, approximately 25 per cent. are to overseas customers, including the Group's suppliers. The Group has a fully integrated system of seed production, providing quality across an extensive range of varieties, for some of which the Group has exclusive marketing licences, and some of which are available to the wider industry.

The exclusive marketing licences for certain varieties gives the Group control of these varieties, which means that the Group has more influence over where and how such varieties are marketed. There is evidence of retailers looking for their own exclusivity arrangements on varieties, with named varieties becoming more evident on retailer shelves, often incurring a premium price.

The Group has established its own targeted breeding programme in conjunction with the Scottish Crop Research Institute ("SCRI"), enabling closer market-led breeding to be undertaken. From this relationship with SCRI, the Group has brought a number of new potato varieties to market including Vales Emerald, Vales Sovereign, Lady Balfour and Mayan Gold. The Group also has exclusive marketing licences for varieties bred and owned by other European breeders, such as the varieties Sofia, Sylvana and Jelly, owned by Agrico, HZPC BV and Europlant respectively.

(iii) *Restrain/Accumulator*

Restrain and Accumulator utilise the natural gas ethylene to manipulate sprouting in the potato crop. Restrain inhibits sprouting in potatoes being stored for future use through a controlled storage environment and eliminates the need for artificial chemicals. The Group owns 70 per cent. of Restrain. The Accumulator storage process uses modified atmospheres and temperatures to increase the number of sprouts that will produce viable stems on seed potatoes. This process is designed to increase the number of tubers (baby potatoes) that are formed and can increase the yield for the grower.

6 Sources of supply

The Group sources its potatoes from a combination of third party UK growers, its own growing operations and third party overseas growers, the last aims to ensure that the Group can meet its supply obligations to its customers throughout the year.

(a) ***Third party UK grower base***

The Group is supplied by a large potato grower base in the UK. The relationships between the Group and its growers have become increasingly formalised over the past few years, as written contracts have gradually replaced verbal arrangements.

The Group endeavours to take a grower's entire crop, which helps to maintain a strong relationship with the grower and provides certainty for both the grower and the Group. These commitments encourage consistent supply and less volatile pricing for the Group.

The Group enters into supply agreements which, in aggregate, account for more than 100 per cent. of its estimated retail volume requirements in any year, as it contracts with its farmers ahead of planting and in advance of the crop being lifted and quality and quantity established. It is critical to Greenvale's relationship with its main customers that it has adequate supply to fulfil their generic requirements. Greenvale can access several routes to market through which surplus crop can be utilised, including the Group's own processing business and large scale processors (such as McCain and Bird's Eye), as well as exporting potatoes. This diversity of sales channels allows Greenvale to take most of its growers' crops.

The Group plans to procure approximately 70 per cent. of its annual crop requirements on a priced contractual basis. The Directors believe that Greenvale has benefited from this contractual pricing, which reduces the price volatility of the market.

Procurement teams are managed from each of the three packing sites, with personnel also based in the Group's four trading offices located in the major potato growing areas of Great Britain. In addition, these teams take responsibility for procurement for the processing business and, while there is an obvious geographical split within this structure, the teams work together in the areas of strategy and best practice. There is significant coordination of raw material supply within the Group structure, including the direct involvement of the import manager, ensuring there is clear cohesion between UK procurement and imports.

(b) ***Own growing***

The Group grows a proportion of its annual crop itself through its own growing operations. This activity has been strategically developed to ensure the Group can supply its customers all year round and to reduce dependency on the Group's third party grower base. The Group grows approximately 1,200 hectares on rented land in Scotland (partly seed production), East Anglia and Shropshire. Own growing currently accounts for around 10 per cent. of Greenvale's total volumes, but around 25 per cent. of fresh potatoes sold to retail market.

Own growing focuses on the production of a mix of varieties, some of which can attract higher sales values and can deliver a price benefit versus external production. Own growing also:

- offers the opportunity to trial and demonstrate new varieties to growers and customers;
- shows the Group's commitment to crop production, which the Group's major customers recognise and support; and
- helps Greenvale understand the challenges faced by its wider grower base.

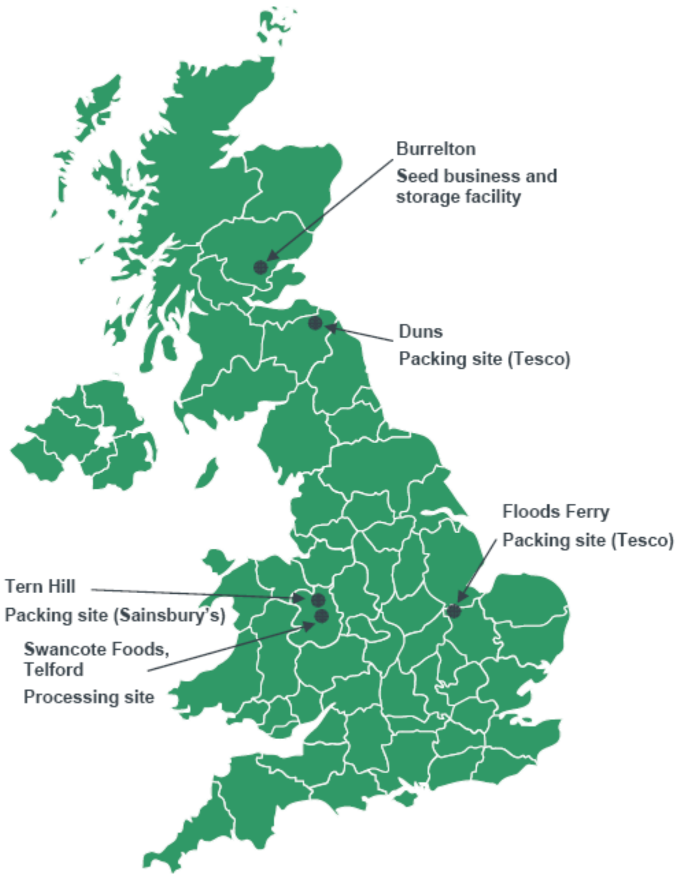
(c) ***Imports***

Given the short domestic growing season for certain varieties (for example new, salad and organic potatoes), Greenvale also has relationships with growers in Egypt, Israel, France and Spain to grow out of season varieties, in order to ensure all year round supply for its customers.

7 Group facilities and operations

(a) ***Operating sites***

The Group currently operates from five principal sites in the UK (three for retail packing, one for processing and one for seed production):



(i) *Packing sites*

The Group's three freehold packing sites are located at Floods Ferry (Cambridgeshire), Tern Hill (Shropshire) and Duns (Berwickshire). These sites pack all of the fresh potatoes for the Group's large retail customers and the activities include size grading, washing, visual grading and packing of potatoes.

The three packing sites also incorporate significant storage facilities. Through a combination of owned and rented space, the Group has total storage capacity for approximately 100,000 tonnes of potatoes at its pack sites and seed facility.

(ii) *Processing site*

Swancote is based at a leasehold site in Telford, Shropshire, near the Tern Hill packing site, which supplies a significant proportion of Swancote's potatoes.

(iii) *Seed production*

The seed business is based at a freehold site in Burrelton, Perthshire. This site manages the planning and procurement, growing and sale of seed potatoes.

(iv) *Own growing*

The Group's own growing operations are undertaken in several regions based around its principal sites. Its largest own growing area is in the Scottish Borders (660 hectares), with three further own growing areas located in Burrelton (170 hectares), Tern Hill (130 hectares) and Floods Ferry (260 hectares). The land for own growing is rented on an annual basis, to allow the Group to rotate the crop using different blocks of land, because potatoes should not be grown on the same land more often than one year in six.

(b) ***Distribution***

Distribution is contracted out to a small number of mainly local hauliers. These hauliers collect packed, processed and loose bulk potatoes from the packing sites and Swancote and deliver to retailer distribution centres and processing customers.

8 Employees

(a) ***Headcount***

As at 26 June 2010, the breakdown of Group employees by function was as follows:

Office and management	78
Packing and processing	650
Sales and marketing	28
Total	756

(b) ***Training and development***

Greenvale invests in, and is committed to, an ongoing programme of management development, which can be summarised as follows:

(i) *Management Development Programme*

This is an annual programme to train a selection of managers from within the business, which involves an intensive six month personal and professional training programme. Approximately eight Greenvale managers enter the programme each year and over 30 of Greenvale's middle to senior managers have completed this programme.

(ii) *Management Development Services*

Greenvale is a member of Management Development Services Ltd ("MDS"), an industry organisation that runs an accelerated management training programme for graduates entering the fresh food and produce sectors. MDS is run by its member companies which comprise growers, supply companies and retailers including Sainsbury's and Waitrose. MDS provides member companies access to management trainees via a programme which sees trainees choose four six monthly secondments with its member companies. Having had the opportunity to review potential future managers, these companies, including Greenvale, can then decide whether to offer employment to these graduates.

(iii) *Graduate Development Programme*

This is a new programme set up by Greenvale in 2008, designed specifically to recruit graduates and then expose them to four different roles within the Group during a two year period. The aim is to create a pipeline of potential new full time recruits, for employment as appropriate vacancies arise.

As well as the management development programmes outlined above, Greenvale continually invests in a range of skills and knowledge training for the factory based workforce. This includes courses such as basic induction, food hygiene, manual handling, fork lift truck operation and first aid.

(c) ***Recruitment and retention***

Greenvale's human resources team is trained to comply with the latest employment and selection best practice. It has an in depth knowledge of the latest checks and balances required to ensure legal entitlement for non-UK nationals to live and work in the UK. Currently, approximately 30 per cent. of the Group's hourly paid employees are nationals of EU states other than the UK.

Greenvale's staff turnover rate for hourly paid employees is approximately 2 per cent. per month, on average. The nature of the work available and the industry sector tend to attract a transient workforce. Turnover rates for salaried staff are lower and Greenvale regularly makes long service awards to staff (both hourly and salaried) who have been with the Group for over 20 years.

9 Group customers

Greenvale has two key customers, Tesco and Sainsbury's, that accounted for approximately 45 per cent. of the Group's volumes and almost 70 per cent. of Group revenues in the year ended 26 June 2010.

(a) ***Retail***

(i) *Tesco*

Greenvale has enjoyed a successful trading relationship with Tesco for over 30 years and is currently one of two main suppliers of Tesco's generic potato range. Greenvale supplies over 40 per cent. of Tesco's generic fresh potato volume, the entirety of its organic range and also packs a proportion of the Jersey Royal potatoes sold by Tesco.

(ii) *Sainsbury's*

The Group's relationship with Sainsbury's is over 40 years old. Until early October 2010, Greenvale supplied approximately 45 per cent. of Sainsbury's generic fresh potato volume, excluding imports, and approximately 95 per cent. of Sainsbury's organic range. Following a recent Sainsbury's review, with effect from early October 2010, Greenvale's share of Sainsbury's generic fresh potato volume is approximately 35 per cent., including imports. Greenvale no longer supplies the generic organic potato lines to Sainsbury's but continues with the supply of the Lady Balfour named organic pack. The Directors believe the total reduction in volume supplied to Sainsbury's, as a result of this review, will equate to approximately 20 per cent. on an annualised basis.

Additional important information concerning the Group's relations with Sainsbury's is set out in paragraph 13.2 of Part V and in the Risk Factors section of this document.

(iii) *Others*

Greenvale has a small scale supply relationship with Asda through the Group's licensed "Good Natured Potato" product, a fresh potato that is produced without pesticides and chemicals, a concept that has proven successful in the soft fruit market.

Traditionally, the Group's customer relationships have been account management led, with day to day contact between the account management team and the retail customer. Overlaying this, Angus Armstrong (the Group's Chief Executive Officer) has a commercial relationship with both Tesco and Sainsbury's, Trevor Dear (the Group's Operations Director) has a commercial relationship with Tesco, while Paul Coleman (Greenvale's Technical Director) and his team liaise with the technical teams at both key retailer customers.

In August 2009, Greenvale appointed Keith Hogg as part time Commercial Director with a remit to support, develop and strengthen the commercial function within the Group, including further professionalising the relations that the Group has with its retail customer base.

(b) ***Processing/foodservice***

The potato ingredients produced by Swancote are used by food manufacturers to produce mashed and sliced potato for ready meals or diced potato for potato salads. Typically such food manufacturers buy semi-prepared ingredients, rather than prepare them themselves. Greenvale's processing customers include Bakkavor, Premier Foods, Oscar Mayer and Northern Foods, all major ready meal manufacturers, as well as Uniq and Del Monte, which operate in the prepared salads market.

Customers in the public sector "cost" market, e.g. schools and hospitals, and contract caterers in the private sector "profit" market together accounted for approximately two per cent. of processing revenue for the year ended 26 June 2010.

10 Strategy and opportunities

The Group's strategy and main growth opportunities are as follows:

(a) ***Organic growth***

(i) *Growing retail sales of own varieties and premium products*

During the last five years, Greenvale has had some success in developing its own varieties of licensed potatoes, the most popular being Lady Balfour (organic), Vales Sovereign and Vales Emerald. Exclusive varieties offer a number of advantages, for example, they are used by retailers to differentiate their product and to drive premiumisation in the sector. Further, they tie the retailer to the supplier for that specific variety. Controlled varieties typically generate higher margins for the Group and also generate royalties from seed sales.

Greenvale also markets the "Good Natured Potato" product (under license) as a pesticide and chemical free potato. Greenvale is pioneering this concept for potatoes and, at present, supplies the "Good Natured Potato" to Asda. The Directors believe there are opportunities for greater supply of the "Good Natured Potato" to existing and new customers.

(ii) *Increasing sales to independents, through national distributors*

Greenvale has developed relationships with distributors, such as Sharrocks and Total Produce, in recent years. The distributors supply a wide range of independent retailers, including convenience stores and greengrocers, and the Directors believe that there are opportunities for Greenvale to increase its supply of potatoes into this sector.

(iii) *Expanding in fresh retail*

Greenvale will target opportunities both to supply further products to existing customers and to sell products to new customers.

(iv) *Developing the foodservice business*

Greenvale's foodservice sales currently account for only 8,800 tonnes, which translates as approximately one per cent. of the Group's revenue. Management estimate that the volume of fresh potatoes (not for use as chips) sold through UK foodservice is approximately 190,000 tonnes per annum which is supplied from a highly fragmented supply base.

The Directors believe that this fragmented supply base and size of market provides significant scope for Greenvale to grow its foodservice volumes. Targeting this channel should not require any significant investment in infrastructure and, if successful, should result in improved utilisation of the crop. It would also diversify the Group's customer base and reduce the concentration with its key retail customers.

(v) *Consolidating position as market leader in processed sector*

Through its Swancote business, the Group is currently a supplier of potato ingredients to the UK food processing sector. The Directors believe that there are opportunities to win new customers and increase the volumes supplied by the Group to this sector.

(vi) *Targeting efficiency gains and overhead savings*

The Directors regularly monitor the Group's cost base in an effort to identify opportunities to deliver efficiency gains and overhead savings. In recent years, initiatives such as the cascade water saving system and investment in high speed packing lines have delivered cost savings to the Group. The Directors believe that there are further areas where cost savings can be achieved.

(b) ***Acquisition opportunities***

The Directors believe that there are significant opportunities to add shareholder value through driving industry consolidation and making selective acquisitions of businesses operating in the potato market and, where attractive, in adjacent markets too. The Group's acquisition strategy is to:

- acquire complementary businesses in the potato industry. The Directors believe that this would also give rise to potential synergies and cost savings; and
- strengthen and broaden its product portfolio, including the acquisition of other vegetable packers, which would help to diversify earnings outside of the potato sector. A wider product portfolio will also provide cross-selling opportunities for the Group.

The Directors believe that the Group's acquisition strategy will lead to new customer relationships and routes to market, as well as diversifying the mix of the Group's earnings.

11 Reasons for the Placing and use of proceeds

The net proceeds of the Placing, which amount to £14.1 million after expenses, will be used to reduce the Group's net debt and strengthen the Group's balance sheet. Of the net proceeds, approximately £8.8 million will be used to repay some of the Group's existing bank borrowings, approximately £5.2 million will be used to redeem the A Loan Notes and the B Loan Notes, and the balance of approximately £0.1 million will be put on deposit and used for general corporate purposes.

The Directors anticipate that the strengthened balance sheet and access to the equity capital market will enable the Group to pursue the next stage of its corporate development. In particular, the Directors believe there are attractive opportunities to grow the business and increase shareholder value through acquisitions. They also believe that being able to offer publicly traded shares as consideration and to raise additional equity capital from investors will significantly enhance the Group's ability to negotiate with, and acquire, acquisition targets. As well as providing a public market for the Ordinary Shares, the Directors believe that

Admission will also enhance the Group's reputation and profile with its customers and suppliers and enable the Group to attract, incentivise and retain its key employees through appropriate incentivisation schemes.

12 Board of Directors and Senior Management

Directors	*Age*	*Position*
Barrie Clapham	59	Non-executive Chairman
Angus Armstrong	46	Chief Executive Officer
Brian Macdonald	45	Finance Director
Sir David Naish	70	Senior Independent Non-executive Director*
Michael Jankowski	54	Non-executive Director
Derek Porter	57	Non-executive Director

(*with effect from Admission)

Senior Management	*Age*	*Position*
Tony Bambridge	51	Chairman of Greenvale AP
Trevor Dear	44	Operations Director
Paul Coleman	45	Technical Director
Edward Davies	41	Processing Director
David Rankin	38	Seed and Procurement Director
Keith Hogg	53	Commercial Director (part time)

(a) ***Directors' biographies***

Barrie Clapham: *Non-executive Chairman*

Barrie began his working career developing businesses in property finance and in consultancy. He founded Credential Holdings in 1982 in order to establish a portfolio for investment and property development and has now extended its trading interests into environmental businesses, telecoms and car parking.

Angus Armstrong: *Chief Executive Officer*

Angus has an agricultural trading background, having worked for grain trading company J.D. Martin until October 1994. Angus then joined ES Black, becoming joint Managing Director in 1998, prior to its acquisition by Greenvale in 2000. He held various directorships in Greenvale and Produce Investments, prior to assuming his current position, as Chief Executive Officer, in July 2006.

Brian Macdonald: *Finance Director*

Brian joined Produce Investments on 1 August 2008 from Scottish & Newcastle, where he held a number of senior finance roles, both abroad and in the UK. He has significant experience having worked in a number of trading businesses and central roles at Scottish & Newcastle including mergers and acquisitions. His last role was Finance Director Developing Markets, covering Russia, Ukraine, Baltic States, India, China, Vietnam and the USA. Brian joined Produce Investments following the acquisition of Scottish & Newcastle by Carlsberg and Heineken.

Sir David Naish: *Senior Independent Non-executive Director*

Sir David Naish has a long association with the food sector, including seven years as the President of the National Farmers Union as well as posts on the British Crops Production Council and Chairman of Arla Foods UK from 2002 until its purchase by Arla Foods amba in 2007. He is currently Chairman of Hilton Food Group plc as well as his family's farming business and additionally holds a number of other non-food related posts.

Michael Jankowski: *Non-executive Director*

Following post-graduate studies at the London School of Economics, Michael's career to date has included pension fund management, stockbroking, research, trading and the structuring/arranging of asset-based acquisitions. Michael's trading interests have ranged from pub companies to healthcare providers, with a current focus on technology and environmental companies.

Derek Porter: *Non-executive Director*

A Chartered Accountant, Derek has extensive experience across a number of business sectors and is currently managing director of a major property group, Credential Holdings Ltd. He has previously run his own management consultancy and held senior posts in a major consulting engineering group, a leisure marine distribution company, light manufacturing company and a Scottish Premier League football club.

(b) ***Senior Management's biographies***

Trevor Dear: *Operations Director*

Trevor has over 25 years experience with Greenvale in Operations, Commercial and General Management roles located in, and covering, different regions of the UK and he has gained broad business knowledge within the potato and retail industry. Trevor was appointed to the Greenvale AP board in 2005 as Commercial Director before assuming the role of Operations Director in 2008.

Paul Coleman: *Technical Director*

Paul began working for Greenvale as Retail Technical Manager, after the management buy-out of Dalgety Produce in 1997. He was appointed Head of Technical and Agronomy in 2000 and joined the Board of Greenvale AP in November 2005 as Technical Director.

Prior to joining Greenvale, Paul was with A. H. Worth & Company (now QV Foods) for over twelve years.

Edward Davies: *Processing Director*

After completing an economics and marketing degree at Aberystwyth University, Edward worked for Everest Frozen Foods which was a potato processing business. He helped develop sales of potato products for catering and manufacturing customers. After leaving Everest Frozen Foods, Edward set up Swancote Foods to develop and market a range of chilled potato products. Edward currently heads up the Group's processing operations, although he is due to step down from full time employment from January 2011 and will be retained for a period of time on a consultancy basis. A replacement for Edward has already been identified.

David Rankin: *Seed and Procurement Director*

David attended the University of Newcastle upon Tyne, studying agricultural economics. He graduated and joined ES Black in 1995 as a technologist. He had various roles within ES Black, including technical manager for the retail accounts and growing manager for a business that was increasing in size annually. In 2001, after Greenvale's acquisition of ES Black, he moved to the Group's seed business as manager. In July 2008, David became responsible at Greenvale AP board level for seed procurement and own growing.

Keith Hogg: *Commercial Director (part time)*

Keith has been a part time Commercial Director with Greenvale for about one year, having previously been Group Sales Director for Scottish & Newcastle PLC and, prior to that, Managing Director of Scottish Courage Brands, Scottish & Newcastle's take home (retail) division. Whilst Keith's primary role is to strengthen and improve the commercial function within the Group, he is also providing a supporting and mentoring role to the wider business.

Tony Bambridge: *Chairman of Greenvale AP*

Tony has been involved with Greenvale since 1999, following the merger of Greenvale and the grower cooperative, Anglian Produce, of which Tony was Chairman. In 1988, Tony started B & C Farming Ltd, a farming company which grows over 1,200 hectares of crops, with a particular bias towards potatoes, both seed and ware. Tony has been influential in ensuring Greenvale maintains a long term and balanced approach in its dealings with its grower base.

(c) ***Executive Director and Senior Management incentive arrangements***

The Company has established an executive incentive scheme comprising the Bonus Plan and the LTIP in order to assist in the retention and motivation of its executive directors and other employees. Details of the Bonus Plan are set out in paragraph 9.1 of Part V of this document and details of the LTIP are set out in paragraphs 7 and 9.2 of Part V of this document.

(d) ***Interests of the Directors and lock-in agreements***

Immediately following the Placing and Admission, the Directors' interest in the share capital of the Company will be as follows:

Director	*Number of Ordinary Shares*	*Percentage of Enlarged Ordinary Share Capital*
Barrie Clapham*	6,167,242	31.24%
Angus Armstrong	230,250	1.17%
Brian Macdonald	0	0.0%
Sir David Naish	0	0.0%
Michael Jankowski**	756,969	3.83%
Derek Porter*	91,305	0.46%
Total	7,245,766	36.7%

* Mr. Clapham's and Mr. Porter's shares are held through Credential Produce.

** Mr. Jankowski's shares are held through Produce Acquisitions LLP, a limited liability partnership established in England and Wales of which he owns one third of the membership interests.

Each of the Directors has undertaken, subject to certain exceptions, not to dispose of any Ordinary Shares (or any interest therein) in which they are or become interested for a period of one year from the date of Admission and for a further period of one year not to dispose of such Ordinary Shares (or any interest therein) other than through the Company's broker from time to time. Further details of these lock-in arrangements are set out in paragraph 12.3 of Part V of this document.

13 Current trading and prospects

Whilst there will be a reduction in volume supplied to the Group's retail customers in the current financial year as a result of the new agreement with Sainsbury's, trading in the early part of the year has been encouraging, with operating profit for the first quarter being ahead of the Directors' expectations. The Directors believe that the Group is well positioned to capitalise on new business opportunities in the market and to continue to deliver efficiency improvements to allow the Group to remain competitive. Accordingly, the Directors remain confident in the outlook for the full year and medium and long term prospects for the Group.

14 Dividend policy

The Directors intend to adopt a progressive dividend policy, subject to working capital, which will reflect the long term earnings and cash flow potential of the Group, whilst maintaining an appropriate level of dividend cover.

It is envisaged that the Group will pay an interim dividend in April and a final dividend in October of each year, in approximate proportions of one third and two thirds respectively of the total annual dividend. The first dividend to be declared by the Group following Admission is expected to be the interim dividend to be paid in April 2011 in respect of the six months ending 31 December 2010.

15 Corporate governance

The Directors recognise the value and importance of high standards of corporate governance and intend to observe the requirements of the UK Corporate Governance Code to the extent they consider appropriate in light of the Company's size, stage of development and resources. The Company also proposes to follow the recommendations on corporate governance of the Quoted Companies Alliance for companies with shares traded on AIM to the extent possible in light of the current composition of the Board.

The Group has appointed an independent non-executive director, Sir David Naish, who will join the Board upon Admission. The Directors consider the composition of the Board to be a satisfactory balance for the purposes of decision making for the Group. The Board will meet at least seven times per year.

The Group has established an audit and a nominations and remuneration committee of the Board with formally delegated duties and responsibilities and Sir David Naish, the independent non-executive director, will be a member of both committees.

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. It will receive and review reports from the Group's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee will meet at least three times per year and will have unrestricted access to the Group's auditors. The chairman of the Audit Committee will be Derek Porter and its other members will be Sir David Naish and Michael Jankowski.

The Nominations and Remuneration Committee is responsible for making recommendations on the appointment of additional directors of the Company and for reviewing the composition of the Board and membership of the board committees.

The Nominations and Remuneration Committee will also review the performance of the Executive Directors and make recommendations to the Board on matters relating to their remuneration and terms of employment. The Nominations and Remuneration Committee will make recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time. The chairman of the Nominations and Remuneration Committee will be Sir David Naish and its other members will be Barrie Clapham and Michael Jankowski.

Following Admission, it is intended to strengthen the Board with the appointment of a second independent non-executive director.

The Directors intend to comply, and procure compliance with, Rule 21 of the AIM Rules relating to dealings by directors and other applicable employees in the Company's securities and, to this end, the Company has adopted an appropriate share dealing code.

16 Taxation

Your attention is drawn to paragraph 16 of Part V of this document which sets out information relating to taxation with respect to Admission. This information is intended only as a general guide to the current tax position under United Kingdom taxation laws. If you are in any doubt as to your tax position or if you are subject to tax in jurisdictions other than the United Kingdom, you should consult your professional adviser immediately.

17 The Placing

The Placing Shares have been conditionally placed with institutional and other investors pursuant to the Placing Agreement. The Placing is conditional, *inter alia*, on Admission becoming effective no later than

18 November 2010 or such later date as Investec and the Company may agree but in any event no later than 31 January 2011. The Placing Shares represent approximately 42.7 per cent. of the Enlarged Ordinary Share Capital.

The Placing Shares will be issued credited as fully paid and will, following admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares after Admission.

After the expenses of the Placing and Admission, estimated in total at £1.2 million (excluding VAT), the Placing is intended to raise approximately £14.1 million.

Further details of the Placing Agreement are set out in paragraph 12.1 of Part V of this document.

18 Settlement and dealings

Application has been made to the London Stock Exchange for the Existing Ordinary Shares and the Placing Shares to be admitted to trading on AIM. It is expected that Admission will take place, and that dealings on AIM in the Ordinary Shares will commence, on 18 November 2010.

Application will be made for all the issued and to be issued Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place through CREST. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the Regulations. The Articles permit the holding of Ordinary Shares in uncertificated form in accordance with the Regulations. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

19 The Takeover Code

The Group has not previously fallen under the jurisdiction of the Panel on Takeovers and Mergers (the "**Panel**"). Following Admission, the Panel has confirmed that Group will in future fall under its jurisdiction and the Takeover Code will apply for the benefit of all Shareholders.

On Admission, Toscafund Asset Management LLP and Credential Produce will each be interested in Ordinary Shares which in aggregate carry more than 30 per cent. of the voting rights in the Group. In this case, the Takeover Panel has agreed to waive the mandatory bid obligation that would otherwise have arisen as a result of Toscafund Asset Management LLP's participation in the Placing, since the potential level of shareholdings of Toscafund Asset Management LLP is being disclosed in this document and this is the basis upon which investors will be subscribing.

Rule 9 states that any person or group of persons acting in concert that is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights must normally make a general offer for the balance of the issued share capital should there be any increase in the percentage of the shares carrying voting rights in which they or any person acting in concert with them are interested.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer or any person acting in concert with him for any interest in shares of the company during the 12 months prior to the announcement of the offer.

PART III

FINANCIAL REVIEW

The financial review of the Group that follows should be read in conjunction with the historical financial information on the Group set out in Part IV for the three years to end June 2010. Investors should read this document as a whole and not rely on the summarised financial information set out below:

The following financial review contains selected historical financial information in relation to the Group, which has, unless otherwise stated, been extracted without material adjustment from the audited historical financial information of the Group for the financial years ended 26 June 2010, 27 June 2009 and 28 June 2008, which has been set out in Part IV of this document and which has been prepared in accordance with IFRS.

Operating Results

For the 52 weeks to end June	*2010*	*2009*	*2008*
	£'000	*£'000*	*£'000*
Revenue	156,346	177,961	180,276
Cost of sales	(114,470)	(134,376)	(140,413)
Gross profit	41,876	43,585	39,863
Overheads	(34,103)	(36,960)	(36,999)
Operating profit before exceptional items	7,773	6,625	2,864
Exceptional items	–	(4,294)	–
Operating profit after exceptional items	7,773	2,331	2,864
Finance costs	(2,212)	(3,746)	(2,707)
Finance income	22	80	240
Share of profit of an associate	2	21	13
Profit on disposal of an associate	15	–	–
Profit/(loss) before tax	5,600	(1,314)	410
Income tax expense	(1,610)	(1,387)	(527)
Profit/(loss) after tax	3,990	(2,701)	(117)

Note:

Exceptional charge items in 2009 relate to costs of £4.6 million incurred as a result of the closure of the Group's Wisbech facility and transfer of the business to the Group's Swancote facility. There was also an exceptional profit of £352,000 on disposal of Group property in the same year.

Revenue

(i) *Overview*

The Directors consider that the Company operates in three business segments of the potato market, namely fresh, processed and other, and in three geographic segments, namely the UK, other EU countries and rest of the world. More detailed information in respect of each business segment is set out below, while further information on the geographical analysis of revenue is set out in Part IV of this document.

For the 52 weeks to end June	*2010*	*2009*	*2008*
	£'000	*£'000*	*£'000*
Fresh	121,785	142,976	146,333
Processed	7,014	6,818	7,627
Other	27,547	28,167	26,316
Total	156,346	177,961	180,276

(ii) *Fresh*

Fresh revenue over the period under review declined by 17 per cent. Volumes over the same period declined by just under 8 per cent.

The fresh revenue figure for 2008 reflects high selling prices achieved as a result of the poor harvest from the 2007 growing season. The exceptionally wet weather and flooding impacted both quality and yield, which led to higher prices for UK potatoes and also required more imports to supplement the UK crop, resulting in higher selling prices.

In 2009 and 2010, the Group experienced both pricing pressure and reduced volumes in fresh, particularly in 2010.

Fresh revenue has also been affected by the economic downturn. Over the three year period ended June 2010, the Group sold a higher proportion of more competitively priced "value" lines, rather than specialist and organic lines which command higher prices. There has also been increased promotional activity, which the Group has supported through competitive pricing.

(iii) *Processed*

Processed revenue declined by 8 per cent. between 2008 and 2010. In 2009, volumes and turnover were impacted by the economic downturn experienced by the Group's processing customer base, as the UK convenience meals market declined. During 2010, the Group won a new customer, increasing revenue from the category.

(iv) *Other*

This segment includes the Group's seed business and the proportion of bulk trading potatoes that is not handled by the packing sites. For the period under review, revenue for this segment has increased by 5 per cent. Seed volumes have increased over the period but selling prices were impacted in 2010 by the low priced season resulting from a large 2009 crop. Trading revenues have remained broadly flat over the period, although this masks an increase in volumes supplied over the period with a reduction in price per tonne, as a result of the large 2009 crop.

Cost of sales

For the 52 weeks to end June	*2010*	*2009*	*2008*
	£'000	*£'000*	*£'000*
Cost of sales	(114,470)	(134,376)	(140,413)

Cost of sales represent the cost of potatoes, packaging, distribution, storage costs and the cost of waste. These costs have decreased by 18 per cent. for the period under review as set out in the table above.

This has been driven by reductions in both the Group's volumes supplied over the same period and the purchased price for potatoes. In 2008, the free buy price was high owing to the poor crop in the 2007 growing season, which resulted in a relatively high cost of sales in 2008. Since then, the free buy price has steadily reduced, resulting in a lower cost of raw materials for 2009 and 2010 and improved gross contribution and operating profit. The Group seeks to minimise the effect of volatile pricing by securing an element of purchases at pre-agreed contract prices.

The cost of packaging has increased over the period under review but these increases have been absorbed through a number of cost saving initiatives, including the reduction in the thickness of the film used by the Group in its packaging. These costs have also reduced owing to the decline in volume of fresh potatoes supplied by the Group, the category which requires packaging.

Distribution is contracted out to a small number of mostly local hauliers. Rates increased steadily throughout 2008 but fell during 2009, as the price of fuel declined and volumes of fresh potatoes supplied reduced. Recent fuel price increases have seen overall rates rise in 2010, but still remain below the 2008 levels.

Gross profit

For the 52 weeks to end June	*2010*	*2009*	*2008*
	£'000	*£'000*	*£'000*
	41,876	43,585	39,863

Gross profit margin has increased over the period from 22.1 per cent. in 2008 to 26.8 per cent. in 2010.

Administrative and other operating expenses

For the 52 weeks to end June	*2010*	*2009*	*2008*
	£'000	*£'000*	*£'000*
Administrative and other operating expenses	(34,103)	(36,960)	(36,999)

Administrative and other operating expenses comprise mainly labour costs, utilities, repairs and depreciation. These include both fixed and variable labour costs, with agency staff used to meet peaks in forecast demand. During the period under review, employment costs have fallen as a result of lower volumes and efficiency improvements at the three main pack sites.

Operating profit before exceptional items

Group operating profit is reported after cost of sales, administrative and other operating expenses and exceptional items associated with operating activities. The segmental break down is set out below:

For the 52 weeks to end June	*2010*	*2009*	*2008*
	£'000	*£'000*	*£'000*
Fresh	7,141	7,274	3,439
Processed	306	(1,336)	(1,750)
Other	326	687	1,175
Total	7,773	6,625	2,864

Operating profit margin before exceptional items has increased over the period from 1.6 per cent. in 2008 to 5.0 per cent. in 2010.

Cash flow

For the 52 weeks to end June	*2010*	*2009*	*2008*
	£'000	*£'000*	*£'000*
Profit/(loss) before tax from continuing operations	5,600	(1,314)	410
Depreciation and amortisation	3,687	4,256	4,222
Impairment of property, plant and equipment	–	4,085	–
Finance income	(22)	(80)	(240)
Finance costs	2,212	3,746	2,707
Difference between cash costs incurred in respect of biological assets and movement in fair value	(96)	(151)	729
Decrease/(increase) in trade and other receivables and prepayments	665	998	(637)
Decrease/(increase) in inventories	891	(199)	(2,663)
Increase/(decrease) in trade and other payables	109	(5,060)	(2,289)
Other	(2,540)	(2,199)	(133)
Net cash flow from operating activities	10,506	4,082	2,106

Cash flows from operating activities are significantly driven by the results of operations before taxation. In addition there are a number of key cash drivers as set out below:

(i) *Working capital*

Inventories increased in June 2008 as a consequence of the poor crop in 2007, which resulted in a higher free market price and required the procurement of imported potatoes to cover potential stock shortfalls. Inventories declined in 2010 as a result of lower volumes and costs of sales.

Historically, inventory is at its lowest between June and July, with the last of the previous year's crop being utilised in advance of the new season crop becoming available. Inventories normally reach a peak during October to December, as the Group procures main crop for medium to long term storage.

Receivables as at June 2008 were higher than usual as a result of increased volumes supplied to fresh customers in the year and higher prices due to crop shortages as a result of a poor 2007 growing season. Receivables declined to more normal levels for 2009 and 2010.

Receivables balances are usually fairly constant year on year. Receivables tend to peak during May and June with the sale of the new early varieties which are typically higher value varieties. Receivables are also high during the trading period prior to Christmas when volumes supplied to the Group's fresh customers typically peak.

Payables balances typically follow the trend of the season, with higher prices for the crop reflected by a higher than normal value of payables for similar volumes of product.

The June 2008 payables position reflects the additional volumes procured from abroad and higher free buy prices paid to the Group's third party grower base as a result of the poor 2007 growing season. The Group also acquired Swancote during the year to June 2008 and consolidated its payables in the Group accounts.

(ii) *Capital expenditure*

The Group's operations are capital intensive due to the levels of plant and equipment employed by the Group, particularly in its packing and processing activities. Maintenance capital expenditure for the Group is typically around £1 million per year, although, during the period under review the Group has invested in its operations. In the year ended June 2008, the Group acquired Swancote Foods for a consideration of £13 million. Following the acquisition of Swancote, the Group invested significant capital expenditure in 2008 at its Wisbech processing site to install similar processing capabilities to those of Swancote Foods.

In 2009/2010 the Group invested in its Tern Hill site, installing a water treatment process called Cascade.

(iii) *Cash flows from investing activities*

For the 52 weeks to end June	*2010* *£'000*	*2009* *£'000*	*2008* *£'000*
Purchase of property, plant and equipment	(2,693)	(1,818)	(5,576)
Purchase of shares in subsidiary undertakings	–	–	(9,500)
Outflow on acquisition of subsidiary undertakings	–	–	(542)
Other	26	460	18
Net cash flows used in investing activities	(2,667)	(1,358)	(15,600)

Net debt

As at 26 June 2010 the Group had net debt of £25.2 million.

PART IV

FINANCIAL INFORMATION ON THE GROUP

SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION

The following is the full text of a report on Produce Investments plc from Baker Tilly Corporate Finance LLP, the Reporting Accountants, to the Directors of Produce Investments Plc.

BAKER TILLY

25 Farringdon Street
London EC4A 4AB
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The Directors
Produce Investments plc
Floods Ferry Road
Doddington
March, Cambridgeshire
PE15 0UW

15 November 2010

Dear Sirs,

PRODUCE INVESTMENTS PLC ("the Company")

We report on the financial information set out in Section B of Part IV. This financial information has been prepared for inclusion in the Admission Document dated 15 November 2010 ("Admission Document") of Produce Investments plc on the basis of the accounting policies set out in note 1.

This report is made solely for the purposes of paragraph 20.1 of Annex I of the PD Regulation as applied by part (a) of Schedule Two to the AIM Rules. Our work has been undertaken so that we might state those matters we are required to state in an accountant'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 a person as and to the extent provided by paragraph 20.1 of Annex I of the PD Regulation as applied by part (a) of Schedule Two to the AIM Rules, for our work, for this report, or for the opinions we have formed or consenting to its inclusion in the Admission Document.

Responsibilities

As described in note 1 the Directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 1 to the Historical Financial Information and in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

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. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of 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 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 Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its total comprehensive income, cash flows and changes in equity for the periods then ended in accordance with the basis of preparation set out in note 1 and in accordance with International Financial Reporting Standards as adopted by the European Union as described in note 1.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules, we are responsible for this report as part of the Admission 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 AIM admission document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

Baker Tilly Corporate Finance LLP
Regulated by the Institute of Chartered Accountants in England and Wales

SECTION B: HISTORICAL FINANCIAL INFORMATION ON THE GROUP

PRODUCE INVESTMENTS PLC

CONSOLIDATED INCOME STATEMENT
For the three 52 week periods ended 26 June 2010

	Notes	*2010* *£'000*	*2009* *£'000*	*2008* *£'000*
CONTINUING OPERATIONS				
Revenue	5	156,346	177,961	180,276
Cost of sales	8	(114,470)	(134,376)	(140,413)
Gross profit		41,876	43,585	39,863
Administrative and other operating expenses	8	(34,103)	(36,960)	(36,999)
Exceptional profit on disposal of property	8	–	352	–
Exceptional charge arising from reorganisation of operations	11	–	(4,646)	–
Operating profit, being profit before interest and tax	8	7,773	2,331	2,864
Finance costs	7	(2,212)	(3,746)	(2,707)
Finance income	7	22	80	240
Share of profit of an associate	4	2	21	13
Profit on disposal of an associate	4	15	–	–
Profit/(loss) before tax from continuing operations	8	5,600	(1,314)	410
Income tax expense	10	(1,610)	(1,387)	(527)
Profit/(loss) for the 52 week periods		3,990	(2,701)	(117)
Attributable to:				
Equity holders of the parent		3,978	(2,728)	(117)
Non-controlling interests		12	27	–
		3,990	(2,701)	(117)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three 52 week periods ended 26 June 2010

	Notes	*2010* *£'000*	*2009* *£'000*	*2008* *£'000*
Profit/(loss) for the 52 weeks		3,990	(2,701)	(117)
Other comprehensive income				
Actuarial (loss) in respect of pension scheme	21	(3,691)	(583)	(909)
Income tax effect	10	1,033	163	255
Other comprehensive income for the 52 weeks, net of tax		(2,658)	(420)	(654)
Total comprehensive income for the 52 weeks, net of tax		1,332	(3,121)	(771)
Attributable to:				
Equity holders of the parent		1,320	(3,148)	(771)
Non-controlling interests		12	27	–
		1,332	(3,121)	(771)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 26 June 2010, 27 June 2009 and 28 June 2008

	Notes	*2010* *£'000*	*2009* *£'000*	*2008* *£'000*
ASSETS				
Non-current assets				
Property, plant and equipment	12	24,120	24,597	31,275
Intangible assets	13	12,096	12,602	13,055
Investment in an associate	4	162	182	161
Other non-current financial assets	14	309	–	222
Deferred tax assets	10	2,108	1,193	708
		38,795	38,574	45,421
Current assets				
Inventories	15	5,461	6,778	7,059
Biological assets	6	3,710	3,284	2,653
Trade and other receivables	16	15,440	15,350	16,790
Prepayments		956	1,711	1,269
Cash and short-term deposits	17	204	226	288
Deferred tax assets	10	152	30	60
		25,923	27,379	28,119
Non-current assets classified as held for sale	11	500	500	–
Total assets		65,218	66,453	73,540
EQUITY AND LIABILITIES				
Equity				
Issued capital	18	–	–	–
Share premium	18	70	70	70
Other capital reserves	18	4,121	4,018	3,766
Retained earnings		(1,183)	(2,503)	645
Equity attributable to equity holders of the parent		3,008	1,585	4,481
Non-controlling interests		39	27	–
Total equity		3,047	1,612	4,481
Non-current liabilities				
Interest-bearing loans and borrowings	14	13,579	20,981	23,172
Other non-current financial liabilities	14	1,949	1,515	–
Provisions	19	–	122	–
Deferred revenue	20	88	44	19
Pensions and other post employment benefit obligations	21	5,579	2,329	2,275
Deferred tax liability	10	5,721	6,187	5,600
		26,916	31,178	31,066

	Notes	*2010* *£'000*	*2009* *£'000*	*2008* *£'000*
Current liabilities				
Trade and other payables	23	21,471	20,751	25,933
Interest-bearing loans and borrowings	14	12,110	11,183	9,615
Deferred revenue	20	151	62	84
Income tax payable		1,410	1,427	2,361
Provisions	19	104	240	–
Deferred tax liability	10	9	–	–
		35,255	33,663	37,993
Total liabilities		62,171	64,841	69,059
Total equity and liabilities		65,218	66,453	73,540

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the three 52 week periods ended 26 June 2010

	Notes	*Issued capital (Note 18)* £'000	*Share premium (Note 18)* £'000	*Other capital reserves (Note 18)* £'000	*Retained earnings* £'000	*Total* £'000	*Non-controlling interest* £'000	*Total equity* £'000
As at 1 July 2007		70	–	1,416	1,486	–	1,486	
Loss for period		–	–	–	(117)	(117)	–	(117)
Actuarial loss on post employment benefit obligations		–	–	–	(909)	(909)	–	(909)
Deferred tax on actuarial loss		–	–	–	255	255	–	255
Total comprehensive income		–	–	–	(771)	(771)	–	(771)
Transactions with owners in their capacity as owners								
Shares issued on acquisition		–	–	3,500	–	3,500	–	3,500
Total transactions with owners in their capacity as owners		–	–	3,500	–	3,500	–	3,500
Share-based payment transactions	22	–	–	266	–	266	–	266
As at 28 June 2008		–	70	3,766	645	4,481	–	4,481
Profit or loss for period		–	–	–	(2,728)	(2,728)	27	(2,701)
Actuarial loss on post employment benefit obligations		–	–	–	(583)	(583)	–	(583)
Deferred tax on actuarial loss		–	–	–	163	163	–	163
Total comprehensive income		–	–	–	(3,148)	(3,148)	27	3,121
Share-based payment transactions	22	–	–	252	–	252	–	252
As at 27 June 2009		–	70	4,018	(2,503)	1,585	27	1,612
Profit or loss for period		–	–	–	3,978	3,978	12	3,990
Actuarial loss on post employment benefit obligations		–	–	–	(3,691)	(3,691)	–	(3,691)
Deferred tax on actuarial loss		–	–	–	1,033	1,033	–	1,033
Total comprehensive income		–	–	–	1,320	1,320	12	1,332
Share-based payment transactions	22	–	–	103	–	103	–	103
As at 26 June 2010		–	70	4,121	(1,183)	3,008	39	3,047

CONSOLIDATED CASH FLOW STATEMENT
For the three 52 week periods ended 26 June 2010

	Notes	*2010* *£'000*	*2009* *£'000*	*2008* *£'000*
Operating activities				
Profit/(loss) before tax from continuing operations	8	5,600	(1,314)	410
Adjustments to reconcile profit before tax for the year to net cash inflow from operating activities				
Depreciation and amortisation	8	3,687	4,256	4,222
Impairment of property, plant and equipment	8	–	4,085	–
Share-based payment transaction expense	22	103	252	266
(Gain)/loss on disposal of property, plant and equipment		–	(352)	241
Finance income	7	(22)	(80)	(240)
Finance costs	7	2,212	3,746	2,707
Share of net profit of associate	4	(2)	(21)	(13)
Gain on disposal of investment in associated company	4	(15)	–	–
Difference between cash costs incurred in respect of biological assets and movement in fair value		(96)	(151)	729
Movement in provisions		(258)	362	–
Difference between pension contributions paid and amounts recognised in the income statement		(552)	(522)	(2)
Working capital adjustments				
Decrease/(increase) in trade and other receivables and prepayments		665	998	(637)
Decrease/(increase) in inventories		891	(199)	(2,663)
Increase/(decrease) in trade and other payables		109	(5,060)	(2,289)
Increase/(decrease) in deferred revenue		133	25	(71)
Interest received		22	73	7
Income tax paid		(1,971)	(2,016)	(561)
Net cash flows from operating activities		10,506	4,082	2,106
Investing activities				
Proceeds from sale of property, plant and equipment		93	579	155
Purchase of property, plant and equipment		(2,693)	(1,818)	(5,576)
Purchase of intangible assets		(104)	(119)	(12)
Purchase of shares in associated undertakings		–	–	(125)
Purchase of shares in subsidiary undertakings		–	–	(9,500)
Outflow on acquisition of subsidiary undertakings		–	–	(542)
Proceeds from sale of investment in associate		37	–	–
Net cash flows used in investing activities		(2,667)	(1,358)	(15,600)

	Notes	*2010* *£'000*	*2009* *£'000*	*2008* *£'000*
Financing activities				
Payment of finance lease liabilities		(129)	(375)	(415)
Proceeds from borrowings		–	–	9,500
Repayment of borrowings		(2,124)	(2,124)	(1,855)
Interest paid		(1,433)	(2,045)	(2,005)
Net cash flows (used in)/from financing activities		(3,686)	(4,544)	5,225
Net increase/(decrease) in cash and cash equivalents		4,153	(1,820)	(8,269)
Cash and cash equivalents at beginning of 52 week period	17	(8,704)	(6,884)	1,385
Cash and cash equivalents at end of 52 week period	17	(4,551)	(8,704)	(6,884)

NOTES TO THE HISTORICAL FINANCIAL INFORMATION
For the three 52 week periods ended 26 June 2010

1. Accounting policies

The Company is incorporated and domiciled in the UK. Its activities consist of the growing, sourcing and marketing of potatoes.

The historical financial information includes Produce Investments plc and its subsidiaries (together referred to as “the Group”).

The Group’s registered office is located at Greenvale AP, Floods Ferry Road, Doddington, March, Cambridgeshire, PE15 0UW.

The historical financial information has been prepared and approved by the Directors, in accordance with International Financial Reporting Standards as endorsed by the EU (“Endorsed IFRSs”).

Basis of preparation

The historical financial information have been prepared on a historical cost basis, except for derivative financial instruments and biological assets, which have both been measured at fair value in line with applicable accounting standards. The historical financial information is presented in British pounds sterling (£) and all values are rounded to the nearest thousand (£’000) except when otherwise indicated.

Basis of consolidation

The historical financial information comprises the financial information of the Group and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial information of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All material intra-Group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-Group transactions are eliminated in full. A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to the non-controlling interest even if that results in a deficit balance. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent’s share of components previously recognised in other comprehensive income to profit or loss.

Changes in accounting estimates and disclosures

The Group has adopted all IFRS and IFRIC interpretations effective for periods beginning on or after 28 June 2009. It has elected to early adopt IFRS 3 and IAS 27 revised which only apply from 1 July 2009 and the accounting period starts on 28 June 2009. These standards have been applied to appropriate business combinations which have occurred since 1 July 2007.

Standards issued but not yet effective are listed below:

IFRIC 17 Distributions of Non-cash Assets to Owners

This interpretation is effective for annual periods beginning on or after 1 July 2009 with early application permitted. It provides guidance on how to account for non-cash distributions to owners. The interpretation clarifies when to recognise a liability, how to measure it and the associated assets, and when to derecognise the asset and liability. The Group does not expect IFRIC 17 to have an impact on the historical financial information as the Group has not made non-cash distributions to shareholders in the past.

IFRS 9 Financial Instruments

On 12 November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 has not yet been endorsed for use in the EU. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied starting 1 January 2013. The Group expects that there will be no material impact on the historical financial information from this interpretation.

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the valuation of biological assets, the measurement and impairment of goodwill, the measurement of defined benefit pension obligations and the estimation of share based payment costs. The measurement of biological assets requires assumptions regarding expected yields of crops, percentage of crop that are saleable, and the expected market value at the date of harvest (see note 6). The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate (see note 13). Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate (see note 21). The estimation of share based payment costs requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs for which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees (see note 22).

Business combinations and goodwill

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair values, at the date of acquisition, of the assets transferred, liabilities incurred, and equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs incurred are expensed. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Goodwill

Goodwill is initially measured at cost being the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity in the acquiree, over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Investment in an associate

The Group's non controlling investments in other entities are accounted for on one of two bases, depending on the conditions relevant to each investment.

An associate is an entity in which the Group has significant influence. Where such conditions exist, the entity is accounted for using the equity method. Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The share of profit of associates is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

Where the Group does not exert significant influence on an entity in which the Group holds a non controlling investment, this investment is accounted for at historic cost, less provisions for any impairment as discussed below.

After application of either the equity or cost method in line with the circumstances described above, the Group determines at each reporting date whether there is any evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the impaired amount in the income statement.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are carried as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is both highly probable and the asset is available for immediate sale in its present condition.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes (e.g. Value Added Tax) or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Usually the risks and rewards of ownership transfer on despatch of the goods, however, for some customers, the risks and rewards of ownership pass to the buyer when the goods arrive with the buyer. Revenue from the sale of potatoes to retailers and processors and the sale of dehydrated potatoes to processors is recognised on dispatch. Revenue from the sale of seed potatoes is recognised on confirmed delivery. Given that goods are principally fresh food products that arrive with the buyer within hours of despatch, the date of despatch and the date of arrival are typically the same.

Rental income arising from operating leases is accounted for on a straight line basis over the lease terms. Rentals paid in advance are recognised as deferred revenue.

Biological assets and agricultural produce

The Group's operations include activities which are agricultural in nature and are subject to the recognition, measurement and disclosure requirements of IAS 41 Agriculture. The Group has identified its potato crops in the ground as biological assets. These assets are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Gains or losses arising on initial recognition of both biological assets and agricultural produce and any subsequent changes in fair value are recognised in the income statement in the period in which they arise.

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date. Current income tax relating to items recognised directly in equity is recognised in other comprehensive income and not in the income statement.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only 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 differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Pensions and other post employment benefits

The Group operates a defined benefit pension plan, which requires contributions to be made to a separately administered fund. From 31 October 2007 the defined benefit plan has ceased to accrue benefits going forward and accordingly there are no current service costs. The Group will continue to fund the scheme to ensure that it can meet its obligations. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, calculated by an independent actuary every 3 years, and updated on an annual basis. Actuarial gains and losses are recognised directly in equity and included as part of other comprehensive income.

The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs and actuarial gains and losses not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Asset fair values are based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In addition to the defined benefit plan, the Group operates a stakeholder scheme and a personal pension plan. These are both defined contribution schemes. Contributions payable into these schemes during the period are charged to the income statement. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Share-based payment transactions

Equity-settled transactions

The cost of equity settled transactions with employees is measured by reference to the fair value at the date which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using the Black Scholes option pricing model. For grants prior to 2010, fair value was determined using the intrinsic valuation method permitted under IFRS 2.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance criteria are satisfied.

At the reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous reporting date is recognised in profit or loss, with a corresponding entry in equity.

Where the terms of an equity settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments, and derivative financial instruments.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or 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, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group has not designated any derivatives for hedge accounting.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into a current and non-current portion based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistent with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

Property plant and equipment

Property plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

– Buildings	5 to 50 years
– Plant and equipment	5 to 15 years
– Fixtures, fittings and equipment	2 to 10 years

Land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement. Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. All intangible assets of the Group, other than Goodwill, are assessed as having finite lives.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication of impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised within Administrative and other operating expenses in the income statement.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Amortisation of the asset begins when development is complete and the asset is available for use. Such assets are amortised straight line over 5 years, being the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Patents and licences

Patents are the accumulated costs of applying for patents in the United Kingdom. An amortisation period of 3 years (straight line) is used as a conservative estimate of the length of effectiveness of the patent.

Foreign currency translation

The historical financial information is presented in British pounds, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials – purchase cost on a first in, first out basis.
- Finished goods and work in progress – cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Agricultural produce is recognised at fair value less costs to sell at the date of harvest. Once harvested these goods are subsequently accounted for under IAS2 in the same manner as other inventories purchased from third parties.

Impairment of non-financial assets including goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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.

Impairment losses relating to goodwill are not reversed in future periods.

Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

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 the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, 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.

Exceptional items

The Group presents as exceptional items on the face of the income statement those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in that year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

2. Acquisition of subsidiaries

Effect of acquisitions in the period ended 28 June 2008

On 4 July 2007, the Company acquired the entire issued share capital of Swancote Foods Limited for a consideration of £13,000,000. This was settled by cash of £9,500,000 million and the issue of 132,306 ordinary shares of £0.0001 par value for a consideration of £26.45 each. The company was a potato processor operating out of a facility based in Telford. In the 52 weeks ended 28 June 2008 the subsidiary contributed net profit of £673,000 to the consolidated net loss for the period from revenue of £7,294,000.

The Company acquired Swancote Foods Limited with a strategic objective of growing and developing its processing segment of the business, hence reducing its reliance on the fresh segment.

It envisaged using the management expertise acquired with the acquisition to improve the operational performance and efficiency at its own processing site based in Wisbech. This would be through a combination of new customers and operational cost savings. It also identified a substantial amount of synergistic benefit from being able to utilise the element of crop that is considered unsuitable for sale to retailers as fresh potatoes.

The acquisition had the following effect on the Group's assets and liabilities.

	Pre-acquisition carrying amount £'000	*Fair value adjustments £'000*	*Recognised values on acquisition £'000*
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	2,845	–	2,845
Intangible asset	–	7,868	7,868
Inventories	188	–	188
Trade and other receivables	1,060	–	1,060
Bank overdraft	(542)	–	(542)
Trade and other payables	(795)	–	(795)
Finance lease and hire purchase contracts	(574)	–	(574)
Deferred taxation	(434)	(2,203)	(2,637)
Net identifiable assets and liabilities	1,748	5,665	7,413
Positive goodwill on acquisition			5,587
Consideration paid (note that transaction costs of £266k have been written off to administrative expenses in the income statement), satisfied in cash			(13,000)
Cash (acquired)			(542)
Net cash outflow			(542)

The goodwill on acquisition represents the potential value to the synergistic benefit described above. In particular, Swancote was paying £60/tonne for raw material. The major benefit was the opportunity to obtain these raw materials, around 20,000 tonnes per year, from existing Group stocks, saving at least £20/tonne, but up to £50/tonne. This represented a considerable opportunity for the business that would be increased as the Swancote customer base grew.

The Greenvale business also had a processing site similar to that of Swancote, thus allowing Swancote the opportunity to grow sales volumes to new and existing customers without being restricted by capacity constraints.

3. Investment in subsidiaries

As at each period end, the Group comprises the following holdings:

Name	*Country of incorporation*	*Nature of business*	*Class of shares held*	*% equity interest 2010*	*2009*	*2008*
Greenvale Holdings Limited	England and Wales	Holding company	Ordinary	100	100	100
Greenvale AP Limited	England and Wales	Buying and selling of potatoes	Ordinary and 'B' Preference	100	100	100
Greenvale Growing Limited	England and Wales	Growing potatoes	Ordinary	100	100	100
Greenvale Foods Limited	England and Wales	Potato processing	Ordinary	100	100	100
Greenvale Potato Exports Limited	England and Wales	In liquidation	Ordinary	100	100	100

Name	*Country of incorporation*	*Nature of business*	*Class of shares held*	*% equity interest 2010*	*2009*	*2008*
Greenvale Produce Trustees Limited	England and Wales	Dormant	Ordinary	100	100	100
Restrain Company Limited	UK	Potato and onion atmosphere regulation	Ordinary	70	70	70
Swancote Foods Limited	UK	Non-trading	Ordinary	100	100	100

4. Investments in associates

The Group has non controlling investments in two companies. It has also disposed of one non-controlling investment during the period ended 26 June 2010 detailed as follows:

Organic Potato Growers (Scotland) Limited

The Group has a 33.3 per cent. interest in Organic Potato Growers (Scotland) Limited, a company incorporated in Scotland which is involved in the growing of potatoes. The Group paid £125,000 to acquire its interest in Organic Potato Growers (Scotland) Limited and this cost is reflected within the carrying value of the investment. The Group equity accounts for this investment.

Organic Potato Growers (Scotland) Limited is a private entity that is not listed on any public exchange. Organic Potato Growers (Scotland) Limited reports its financial performance with a year end of 31 May. The following table illustrates summarised financial information of the Group's investment in Organic Potato Growers (Scotland) Limited:

	2010 £'000	*2009 £'000*	*2008 £'000*
Share of the associate's statement of financial position			
Current assets	184	302	212
Non-current assets	552	476	328
Current liabilities	(292)	(301)	(169)
Non-current liabilities	(335)	(374)	(274)
Equity	109	103	97
Share of the associate's revenue and profit:			
Revenue	360	278	277
Profits	3	6	17
Carrying amount of the investment	140	137	131

Brookland Solutions Limited

The Group had a 24.5 per cent. interest in Brookland Solutions Limited, a company incorporated in England which is involved in information technology. The investment was disposed of in April 2010. The Group did not pay any consideration to acquire its investment in Brookland Solutions Limited. Prior to disposal, the Group equity accounted for this investment.

Brookland Solutions Limited is a private entity that is not listed on any public exchange. Brookland Solutions Limited reports its financial performance with a year end of 31 December. The following table illustrates summarised financial information of the Group's investment in Brookland Solutions Limited:

	2010 £'000	2009 £'000	2008 £'000
Share of the associate's statement of financial position			
Current assets	–	60	50
Non-current assets	–	2	1
Current liabilities	–	(33)	(36)
Non-current liabilities	–	–	–
Equity	–	29	15
Share of the associate's revenue and profit:			
Revenue	–	92	97
Profits	–	23	8
Carrying amount of the investment	–	23	8

The investment was disposed of in April 2010 at a consideration of £38,200. No equity accounting has been performed in the current period as the amounts involved are not material.

BROP

The Group has a 30.0 per cent. interest in BROP, a company incorporated in the Czech Republic which is involved in the growing and selling of potatoes. BROP is a private entity that is not listed on any public exchange. The Group does not exert significant influence over this entity and therefore does not regard it as an associate. The Group has reached this conclusion because there is no Group involvement in BROP's day to day trading and management, no participation in everyday decisions, no exchanges of personnel between the entities and no essential technical information exchanged between the entities.

The Group therefore accounts for its interest in BROP at cost, less provision for impairment if necessary.

The following table illustrates summarised financial information of the Group's investment in BROP:

	2010 £'000	2009 £'000	2008 £'000
Share of the associate's statement of financial position			
Current assets	–	295	500
Non-current assets	–	55	55
Current liabilities	–	(116)	(354)
Non-current liabilities	–	–	–
Equity	–	234	201
Share of the associate's revenue and profit:			
Revenue	–	2,511	1,900
Profits	–	33	48
Carrying amount of the investment	22	22	22

The latest available financial information is the audited accounts for the year ended 30 June 2009.

5. Operating segment information

Management have determined the operating segments based on the reports utilised by the directors that are used to make strategic decisions. These are split as follows:

- Fresh
- Processing
- Other

Fresh comprises the sites, staff and assets that grow, source, pack and deliver fresh potatoes to customers, ranging from large retailers, wholesalers to small private businesses. As an element of raw material is not suitable for this purpose it also includes any supplementary sales achieved.

Processing comprises the staff and assets that supply pre-prepared potato products which are ultimately sold as ingredients for food manufacturers.

Other comprises seed sales for both the UK and export, traded volume where Greenvale acts as an intermediary between the farmer and the end customer taking a small margin to cover costs, and all sales activities of Restrain Company Limited, a 70 per cent. owned subsidiary that provides ethylene based storage solutions for potatoes and onions.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the historical financial information. However, Group financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments. Assets and liabilities are not segmented for management information purposes for consideration by the Board as the Chief Operating Decision Maker other than as below. Assets and Liabilities are discussed further below.

Inventory procurement, receivables and payables are managed centrally and as a result assets and liabilities are managed at Group level. Consequently, no segmental analysis of these items is presented.

Operating segment information

	Fresh	*Processing*	*Other*	*Total*
	£000	*£000*	*£000*	*£000*
52 weeks ended 26 June 2010				
Revenue	121,785	7,014	27,547	156,346
Depreciation and amortisation	(2,705)	(627)	(355)	(3,687)
Other operating costs	(111,939)	(6,081)	(26,866)	(144,886)
Operating profit	7,141	306	326	7,773
Costs not allocated:				
Finance costs				(2,212)
Finance income				22
Share of profit of associate				2
Profit on disposal of associate				15
Profit before tax				5,600
Capital expenditure	(1,824)	(44)	(825)	(2,693)
Development costs	–	–	(104)	(104)

	Fresh £000	Processing £000	Other £000	Total £000
52 weeks ended 27 June 2009				
Revenue	142,976	6,818	28,167	177,961
Depreciation and amortisation	(2,812)	(1,053)	(391)	(4,256)
Exceptional profit on disposal of property	–	–	352	352
Exceptional – reorganisation of operations	–	(4,646)	–	(4,646)
Other operating costs	(132,890)	(7,101)	(27,089)	(167,080)
Operating profit/(loss)	7,274	(5,982)	1,039	2,331
Costs not allocated:				
Finance costs				(3,746)
Finance income				80
Share of profit of associate				21
Loss before tax				(1,314)
Capital expenditure	(1,213)	(102)	(503)	(1,818)
Development costs	–	–	(119)	(119)
52 weeks ended 28 June 2008				
Revenue	146,333	7,627	26,316	180,276
Depreciation and amortisation	(2,797)	(1,134)	(291)	(4,222)
Other operating costs	(140,097)	(8,243)	(24,850)	(173,190)
Operating profit/(loss)	3,439	(1,750)	1,175	2,864
Costs not allocated:				
Finance costs				(2,707)
Finance income				240
Share of profit of associate				13
Profit before tax				410
Capital expenditure	(2,748)	(2,631)	(261)	(5,640)
Development costs	–	–	(12)	(12)

The accounting policies for the segments are the same as those described in the summary of significant accounting policies. The revenues and operating profit/(loss) per reportable segment agree in aggregate to the consolidated totals per the financial statements.

Segmentation of Assets and liabilities

Investments in associates are not segmented. Such items are managed at board level and are not integral to the operations of any of the Group segments.

Other non current financial assets and liabilities are not segmented. Such items are managed at board level with the support of the Group central services team. These items are not integral to the operations of any of the Group segments.

No segmentation is presented in respect of receivables, payables and cash. The Group central services team manages Group treasury, cashflow, payables and receivables independently from the operating segments.

Taxation matters are managed by the Group central services team and are not segmented.

Inventories and biological assets are managed centrally by the Group procurement team. Inventories are usually stored at a Group location most appropriate for the supplier to deliver the goods to, usually the closest geographical location to the supplier. The inventories are then used in the delivery of goods and services to all segments within the Group.

The Group central services team coordinates prepayments, accruals and provisions and these are not segmented.

The deferred revenue is managed by the central services team. All deferred revenue relates to the 'other' segment.

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Intangible assets			
Fresh	–	–	–
Processing	11,880	12,405	12,930
Other	216	197	125
Total	12,096	12,602	13,055
Property, plant and equipment analysis			
Fresh	12,101	12,286	13,188
Processing	2,594	2,804	8,079
Other	1,865	1,587	1,728
Unallocated	7,560	7,920	8,280
Total	24,120	24,597	31,275

The amounts for items which are not segmented are disclosed in the Statement of Financial Position.

Geographical information

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Revenues from external customers			
UK	151,285	172,230	174,290
Other EU countries	2,697	2,493	3,167
Rest of the world	2,364	3,238	2,819
Total revenue per consolidated income statement	156,346	177,961	180,276

The revenue information above is based on the location of the customer.

The Group has two significant customers included within the fresh segment, with turnover as listed below:

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Customer 1	73,856	90,682	91,812
Customer 2	34,048	37,582	39,023

6. Biological assets

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Opening value of biological assets	3,284	2,653	2,707
Harvested potatoes transferred to inventories	(6,840)	(5,515)	(5,566)
Changes in fair value	96	151	(729)
Growing costs invested in the crop	7,170	5,995	6,241
Closing value of biological assets	3,710	3,284	2,653

The fair values above are attributable to consumable biological assets, where the Group has ownership of such assets at the reporting date. The fair values have been calculated as the present value of the net cashflows expected to be generated by crops at the reporting date. The key assumptions used in determining the fair value have been as follows:

- Future costs of growing are based on forecast amounts
- Selling prices are based on management's estimate of the year's harvest prices
- Ware yields between 14–23 tonnes per acre, depending on variety
- Seed yields between 10–22 tonnes per acre, depending on variety

The biological assets represent crops of partially grown potatoes at each reporting date. These are usually planted between February and May each year, depending on the geography, variety and weather and remain un-harvested at the end of June.

The UK potato growing season runs typically from February through to October. The Group plants between 2,000–3,500 acres of land every growing season, with an expected yield of 30,000–60,000 tonnes of potatoes at harvest. This 'own grown' harvest of potatoes supplements the external purchases required to meet the demands of the Group's customers. Financial risk is therefore restricted to the actual costs invested in the crop, and this is monitored regularly to ensure that there are no exposures in the asset base of the Group.

The fair value, less costs to sell, of biological assets harvested during the period was £6,840,000 (2009: £5,515,000, 2008: £5,566,000).

There are no restrictions on title of the crops growing in the ground. However, as part of Clydesdale bank's overall charge on the assets of the business, the bank reserves the right to place a charge on the stocks of the company, including growing stocks, in the event such security is required.

The Group had commitments at the reporting date of £712k in respect of developing or acquiring biological assets. This represents land rents and planting costs payable during the remainder of the growing cycle.

Growing potatoes	*2010*	*2009*	*2008*
Acres planted at the end of the year	3,303	2,951	2,498
Expected yield (tonnes/acre)	17.3	17.2	17.1

7. Finance costs and finance income

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Finance costs			
Interest on overdrafts and other finance costs	1,518	1,839	2,115
Other interest costs	111	–	142
Finance charges payable under finance leases and HP contracts	23	52	47
Net loss on financial assets and liabilities at fair value through profit and loss	434	1,737	241
Interest on loan notes	126	118	162
Total finance costs	2,212	3,746	2,707
Finance income			
Interest receivable	22	73	7
Other finance income	–	7	233
Total finance income	22	80	240

8. Income statement by nature and items of expenditure included in the consolidated income statement

	Notes	2010 £'000	2009 £'000	2008 £'000
Revenue	5	156,346	177,961	180,276
Cost of inventories recognised as an expense		(83,900)	(102,681)	(110,814)
Consumables		(21,927)	(22,503)	(19,759)
Other external charges and direct sales costs		(8,643)	(9,192)	(9,840)
Staff costs	9	(20,370)	(21,476)	(21,096)
Depreciation				
–owned		(2,850)	(3,432)	(3,410)
–leased		(227)	(252)	(247)
Amortisation		(610)	(572)	(565)
Other operating charges		(8,759)	(9,673)	(9,981)
Research and development		(315)	(263)	(236)
Net foreign exchange differences		11	4	52
Minimum lease payments recognised as operating expense				
–plant and machinery		(541)	(798)	(772)
–fixtures and fittings		(263)	(288)	(293)
–land and buildings		(179)	(210)	(210)
Profit/(loss) on disposal of property		–	352	(241)
Impairment on reorganisation of Group operations	11	–	(4,646)	–
Operating profit		7,773	2,331	2,864
Profit on disposal of investments	4	15	–	–
Share of associate investment	4	2	21	13
Finance costs	7	(2,212)	(3,746)	(2,707)
Finance income	7	22	80	240
Profit/(loss) before tax		5,600	(1,314)	410

The Group has no contingent rents or sublease payments (2009: nil, 2008: nil) in respect of operating leases where the Group is a lessor or a lessee.

Auditor remuneration for each of the periods presented is included within the directors' report and amounts in total to £125,000 (2009: £134,000; 2008: £164,000).

9. Employee benefits expense

	2010 £'000	2009 £'000	2008 £'000
Wages and salaries	18,217	19,130	18,213
Social security costs	1,568	1,659	1,604
Pension costs	482	435	1,013
Share-based payment expense	103	252	266
Total employee benefit expenses	20,370	21,476	21,096

Wages and salaries include agency labour amounting to £1,586,000 (2009: £1,922,000, 2008: £1,575,000)

The average monthly number of persons (including directors) employed by the Group during the period is disclosed within the directors' report.

The aggregate amount of remuneration paid to senior management by the Group during the period was:

	2010	2009	2008
	£'000	£'000	£'000
In respect of the directors:			
Emoluments for qualifying services	449	417	518
Company pension contributions to money purchase scheme	105	105	113
Employer's National Insurance	50	44	60
Share Based Payments	9	23	19
Compensation for loss of office	–	–	65

The above remuneration includes all executive directors of the Group but excludes non-executive directors. All fees paid to non-executive directors are disclosed within the related party note (note 24).

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2010	2009	2008
	£'000	£'000	£'000
Emoluments for qualifying services	194	113	153
Company pension contributions to money purchase scheme	–	81	9
Employer's National Insurance	23	12	19
Share Based Payments	2	6	–
Accrued pension at the end of the period	–	–	67
Compensation for loss of office	–	–	65

10. Income tax

The major components of income tax expense for the period are:

Consolidated income statement

	2010	2009	2008
	£'000	£'000	£'000
Current income tax expense	2,140	1,055	1,098
Amounts overprovided in previous years	(69)	37	289
Total current income tax	2,071	1,092	1,387
Deferred tax:			
Origination and reversal of temporary differences	(596)	304	(854)
Adjustments in respect of previous years	135	(9)	(6)
	461	295	(860)
Tax expense in the income statement	1,610	1,387	527

Consolidated statement of other comprehensive income

	2010	2009	2008
	£'000	£'000	£'000
Deferred tax related to items credited directly to equity during the year:			
Actuarial loss on retirement benefit obligations	(1,033)	(163)	(255)
Income tax credited directly to equity	(1,033)	(163)	(255)

There are no income tax consequences attaching to the payments of dividends by the Group to its shareholders.

A reconciliation between tax expense and the product of accounting profit multiplied by the UK's domestic tax rate for the period is as follows:

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Profit before tax	5,600	(1,314)	410
Tax at 28%	1,568	(368)	116
Effect of:			
Expenses non deductible	(24)	647	30
Effect of withdrawal of IBA	–	1,080	–
Change in tax rate	–	–	98
Adjustments in respect of prior years	66	28	283
Tax expense in the income statement	1,610	1,387	527

Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Non current deferred tax liabilities			
Accelerated capital allowances	1,841	2,060	1,163
Other	2,118	2,218	2,319
Acquisition fair value adjustments (customer lists)	1,762	1,909	2,056
Fair value of interest rate swaps	–	–	62
	5,721	6,187	5,600
Non current deferred tax assets			
Pensions and post employment obligations	1,562	652	637
Fair value of interest rate swaps	546	424	–
Other	–	117	71
	2,108	1,193	708
Current deferred tax liabilities			
Temporary differences arising from valuation of biological assets	9	–	–
Current deferred tax assets			
Temporary differences arising from valuation of biological assets	–	18	60
Other	152	12	–
	152	30	60

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Net deferred tax position			
Net deferred tax	3,470	4,964	4,832
Reconciliation of total deferred tax movements			
Opening net deferred tax	4,964	4,832	3,310
Income statement	(461)	295	(860)
Equity	(1,033)	(163)	(255)
Acquisition of intangible asset	–	–	2,203
Deferred tax liability acquired with subsidiary	–	–	434
Closing net deferred tax	3,470	4,964	4,832

All movements identified above have gone through the income statement, with the exception of tax movements arising from the actuarial movements on retirement benefit obligations. These movements have gone through other comprehensive income.

The deferred tax included in the income statement is as follows:

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Accelerated capital allowances	(219)	(183)	(437)
Industrial buildings allowance adjustment	–	1,080	–
Pensions and post employment obligations	123	148	97
Acquisition fair value adjustments – customer lists	(147)	(147)	(147)
Movement in fair value of interest rate swap	(122)	(486)	(68)
Temporary differences arising from valuation of biological assets	27	42	(204)
Deferred income tax (credit)/expense	(461)	295	(860)

11. Reorganisation of operations/Assets held for resale

On 14 June 2009 the Group commenced a reorganisation of its processing operations. As a result of this reorganisation, the Group ceased to trade from its Wisbech facility, owned by Greenvale Foods Limited, and transferred the customer base, together with various fixed and current assets, to other parts of the Group. Greenvale Foods Limited ceased to trade on the date of this reorganisation. Following the reorganisation, the following costs were recorded in the income statement:

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Impairment of property, plant and equipment (note 12)	–	4,085	–
Write down of current asset balances	–	199	–
Provision for close down costs (note 19)	–	362	–
	–	4,646	–

Asset held for resale

The plant and equipment within the Wisbech facility were written down to zero where the assets could not be used elsewhere within the Group nor realised for value to third parties. The factory building and offices were reclassified as an asset held for resale. These premises were valued at £500,000 as of June 2009 following obtaining an independent valuation. The directors do not believe there has been a significant change in the valuation of the premises since June 2009 and have retained the same valuation in the financial statements for June 2010.

12. Property, plant and equipment

	Freehold land and buildings £'000	*Plant and equipment £'000*	*Fixtures and fittings £'000*	*Total £'000*
Cost or valuation:				
At 1 July 2007	18,546	12,237	449	31,232
Additions	531	5,049	60	5,640
Acquisition of subsidiary undertaking	–	2,814	31	2,845
Disposals	–	(1,769)	–	(1,769)
At 28 June 2008	19,077	18,331	540	37,948
Additions	331	1,411	76	1,818
Disposals	(297)	(242)	–	(539)
Reclassification to assets held for resale	(1,558)	–	–	(1,558)

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
At 27 June 2009	17,553	19,500	616	37,669
Additions	181	2,455	57	2,693
Disposals	–	(190)	(5)	(195)
At 26 June 2010	17,734	21,765	668	40,167
Depreciation and impairment:				
At 1 July 2007	915	3,352	122	4,389
Depreciation for the period	828	2,712	117	3,657
Disposals	–	(1,373)	–	(1,373)
At 28 June 2008	1,743	4,691	239	6,673
Depreciation for the period	854	2,718	112	3,684
Impairment	1,058	3,015	12	4,085
Disposals	(109)	(203)	–	(312)
Reclassification to assets held for resale	(1,058)	–	–	(1,058)
At 27 June 2009	2,488	10,221	363	13,072
Depreciation for the period	667	2,286	124	3,077
Disposals	–	(97)	(5)	(102)
At 26 June 2010	3,155	12,410	482	16,047
Net book value:				
At 26 June 2010	14,579	9,355	186	24,120
At 27 June 2009	15,065	9,279	253	24,597
At 28 June 2008	17,334	13,640	301	31,275

Finance leases

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 26 June 2010 was £961,000 (2009: £1,188,000, 2008: £1,440,000, 1 July 2007: £641,000). Additions during the year include £NIL (2009: £NIL, 2008: £1,046,000) of plant and equipment under finance leases and hire purchase contracts. Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Assets used as security

Land and buildings with a carrying amount of £14.6 million (2009: £15.1 million 2008: £17.3 million 1 July 2007: £17.6 million) are subject to a first charge to secure two of the Group's bank loans (Note 14).

13. Intangible assets

	Goodwill £'000	Customer relationships £'000	Development Costs £'000	Patent costs £'000	Total £'000
Cost or valuation:					
At 1 July 2007	–	–	183	12	195
Additions	5,587	7,868	12	–	13,467
At 28 June 2008	5,587	7,868	195	12	13,662
Additions	–	–	119	–	119
At 27 June 2009	5,587	7,868	314	12	13,781
Additions	–	–	104	–	104
At 26 June 2010	5,587	7,868	418	12	13,885
Amortisation:					
At 1 July 2007	–	–	30	12	42
Amortisation for the period	–	525	40	–	565
At 28 June 2008	–	525	70	12	607
Amortisation for the period	–	525	47	–	572
At 27 June 2009	–	1,050	117	12	1,179
Amortisation for the period	–	525	85	–	610
At 26 June 2010	–	1,575	202	12	1,789
Net book value					
At 26 June 2010	5,587	6,293	216	–	12,096
At 27 June 2009	5,587	6,818	197	–	12,602
At 28 June 2008	5,587	7,343	125	–	13,055

The carrying amount of goodwill and customer relationships is attributable to the acquisition of Swancote Foods which was completed in July 2007.

The Group tests goodwill and the value of customer relationships for impairment on an annual basis. The amounts calculated are based on the future cash flows generated based upon a value in use basis.

The key assumptions for the value in use calculations are:

the forecasted changes in volumes (by consideration of future sales plans and production capacity),

revenues (by management's growth estimates of revenue to existing and new customers based on an understanding of the needs of those customers obtained through working relationships),

cost of sales and direct costs (by assessing efficiency of processes and underlying anticipated purchase prices), and future anticipated capital expenditure.

A discount rate of 11 per cent. has been used in these calculations applied to post tax projections. This equates to a pre-tax discount rate of approximately 15 per cent.. The Group updates cash flow forecasts based on the most recent budgets/forecasts approved and reviewed by the directors and extends these forward for the next five years based on those forecasts with a residual terminal value computed at the end of year five. The revenue growth rate used for impairment tests in the forecasts assumes an average increase of 3.5 per cent. per annum for the next five years, with a 1 per cent. annual increase assumed thereafter. This growth rate was applied from 2011 through 2015 with budget as the base for the year to June 2011. Direct and indirect costs are inflated over the same period between 3 per cent. and 6 per cent., with a 1 per cent. annual increase assumed thereafter.

Sensitivities have been carried out by the directors and they are comfortable that there is no requirement for any impairment of goodwill or customer relationships. The directors will continue to perform reviews of these balances at least annually to ensure that any changes in customer or market conditions are considered.

14. Other financial assets and liabilities

Other financial assets

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Cash held on long term deposit at bank	309	–	–
Interest rate derivatives	–	–	222
Non-current	309	–	222

The Group uses interest rate swaps to manage interest rate risk on interest-bearing loans and borrowings, which mean the Group pays a fixed interest rate rather than being subject to fluctuations in the variable rate. The Group has not designated these derivatives as cash flow hedges. In 2008 these carried a positive fair value and were therefore carried as an asset. These are aged in line with the maturity of the loans against which they were taken out. Consequently, such derivatives are treated as non current in these financial statements.

Other financial liabilities

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Interest rate derivatives	1,949	1,515	–
Non-current	1,949	1,515	–

Interest-bearing loans and borrowings	*Interest rate %*	*Maturity*	*2010 £'000*	*2009 £'000*	*2008 £'000*
Current interest-bearing loans and borrowings:					
Obligations under finance leases and hire purchase contracts (Note 25)	7%	July 2011 to March 2012	151	129	319
Bank overdraft & Invoice Discount facility	BASE+3.1%	On demand	4,755	8,930	7,172
£11,500,000 bank loan	LIBOR+1.75	April 2021	768	767	767
£2,000,000 bank loan	LIBOR+2.25	April 2013	286	286	286
£2,000,000 bank loan	LIBOR+2.50	June 2014	–	–	–
£7,500,000 bank loan	LIBOR+2.25	June 2014	1,071	1,071	1,071
£5,184,250 loan notes	Discounted at 7.74%	April 2011	5,079	–	–
Total current interest-bearing loans and borrowings			12,110	11,183	9,615

Interest-bearing loans and borrowings	*Interest rate %*	*Maturity*	*2010 £'000*	*2009 £'000*	*2008 £'000*
Non-current interest-bearing loans and borrowings:					
Obligations under finance leases and hire purchase contracts (Note 25)	7%	July 2011 to March 2012	89	184	369
£11,500,000 bank loan	LIBOR+1.75	April 2021	7,437	8,434	9,201
£ 2,000,000 bank loan	LIBOR+2.25	April 2013	571	857	1,143
£ 2,000,000 bank loan	LIBOR+2.50	June 2014	2,000	2,000	2,000
£ 7,500,000 bank loan	LIBOR+2.25	June 2014	3,482	4,553	5,624
£ 5,184,250 loan notes	Discounted at 7.74%	April 2011	–	4,953	4,835
Total non-current interest-bearing loans and borrowings			13,579	20,981	23,172

Bank overdraft and invoice discounting facility

The bank overdraft and invoice discounting facility are secured against inventories and trade receivables.

The bank overdraft is also secured by a composite cross guarantee given by all Group companies. These borrowings are also secured by first legal charges over land and buildings, debenture over all present and future assets of the Group and assignment of keyman life-insurance policies on key management within the Group.

Obligations under finance lease and hire purchase contracts

Obligations under finance leases and hire purchase contracts are secured on the underlying assets.

£11,500,000 bank loan

This loan is repayable quarterly in instalments of £192,000 and is secured on the assets of the Group.

£2,000,000 bank loan

This loan is repayable quarterly in instalments of £71,000 and is secured on the assets of the Group.

£2,000,000 bank loan

This loan is repayable on 30 June 2014 and is secured on the assets of the Group.

£7,500,000 bank loan

This loan is repayable quarterly in instalments of £268,000 and is secured on the assets of the Group.

Zero-coupon loan notes

The zero-coupon loan notes are redeemable on 7 April 2011. The face value of these loan notes is discounted to their net present value using a discount rate of 7.74 per cent. The resulting discount is unwound and charged to profit or loss over the period until redemption.

Fair values

The directors do not consider there to be any material differences between the fair values and carrying values of any financial assets or liabilities recorded within these financial statements at the reporting date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 26 June 2010, the Group held the following financial instruments measured at fair value:

	26 June 2010 £'000	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*
Assets measured at fair value				
Financial assets at fair value through the income statement:				
Interest rate derivatives	–	–	–	–
Liabilities measured at fair value				
Financial liabilities at fair value through the income statement:				
Interest rate derivatives	1,949	–	1,949	–

The above liabilities are shown on the statement of financial position as Other non current financial liabilities.

During the reporting period ending 26 June 2010, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

At 27 June 2009, the Group held the following financial instruments measured at fair value:

	27 June 2009 £'000	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*
Assets measured at fair value				
Financial assets at fair value through the income statement:				
Interest rate derivatives	–	–	–	–
Liabilities measured at fair value				
Financial liabilities at fair value through the income statement:				
Interest rate derivatives	1,515	–	1,515	–

The above liabilities are shown on the statement of financial position as Other non current financial liabilities.

During the reporting period ending 27 June 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at 28 June 2008, the Group held the following financial instruments measured at fair value:

	28 June 2008 £'000	*Level 1 £'000*	*Level 2 £'000*	*Level 3 £'000*
Assets measured at fair value				
Financial assets at fair value through the income statement:				
Interest rate derivatives	222	–	222	–
Liabilities measured at fair value				
Financial liabilities at fair value through the income statement:				
Interest rate derivatives	–	–	–	–

The above assets are shown on the statement of financial position as Other non current financial assets.

During the reporting period ending 28 June 2008, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

15. Inventories

	2010 £'000	*2009 £'000*	*2008 £'000*
Raw materials (at cost)	5,254	6,423	6,623
Finished goods (at cost or net realisable value)	207	355	436
Total inventories at cost and net realisable value	5,461	6,778	7,059

The inventories values above exclude the values of crops of potatoes growing in the ground. These are reflected separately as biological assets and are discussed in note 6.

There are no provisions against the above inventory at the period end (2009: £nil, 2008: £nil). No reversals of any such provisions have been recorded in any of the periods presented.

16. Trade and other receivables

	2010 £'000	*2009 £'000*	*2008 £'000*
Trade receivables	14,778	14,724	16,130
Other receivables	662	626	660
Total trade and other receivables	15,440	15,350	16,790

Trade receivables are non-interest bearing and are generally 30–90 day terms.

There were no trade receivables due from related parties at 26 June 2010 (2009: £50,000; 2008: £79,000). Receivables from related parties are subject to the same terms and conditions applied to receivables from third parties.

Receivables are in sterling denominations, with the exception of €358,000 (2009: €330,000; 2008: €448,000) and SEK 842,000 (2009: SEK 1,839,000; 2008: SEK 664,000).

As at 26 June 2010, trade receivables at initial value of £126,000 (2009: £177,000, 2008: £124,000, 1 July 2007: £187,000) were impaired and fully provided for. See below for the movements in the provision for the impairment of receivables.

	Total £'000
At 1 July 2007	187
Charge for the 52 week period	18
Utilised	(81)
At 28 June 2008	124
Charge for the 52 week period	224
Utilised	(171)
At 27 June 2009	177
Charge for the 52 week period	100
Utilised	(151)
At 26 June 2010	126

All provisions above relate to individually impaired amounts.

The ageing analysis of trade receivables is as follows:

			Past due but not impaired			
	Total £'000	*Neither past due nor impaired £'000*	*<30 days £'000*	*30–60 days £'000*	*61–90 days £'000*	*91–120 days £'000*
2010	14,778	11,941	1,906	482	130	319
2009	14,724	12,488	1,300	380	179	377
2008	16,130	13,041	1,768	776	270	275

17. Cash and short-term deposits

	2010 £'000	*2009 £'000*	*2008 £'000*
Cash at banks and on hand	204	226	288
Short-term deposits	–	–	–
Total cash and short-term deposits	204	226	288

Cash at banks earn interest at floating rates based on daily bank deposits rates. The Group did not place any cash on short term deposit in any of the periods presented within these financial statements.

At 26 June 2010, the Group had available £6,241,000 (2009: £728,000, 2008: £1,526,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at 26 June 2010:

	2010 £'000	*2009 £'000*	*2008 £'000*
Cash at banks and on hand	204	226	288
Short-term deposits	–	–	–
	204	226	288
Bank overdraft and Invoice discounting facility (Note 14)	(4,755)	(8,930)	(7,172)
	(4,551)	(8,704)	(6,884)

18. Issued capital and reserves

Ordinary shares of £0.0001	*2010* *'000*	*2009* *'000*	*2008* *'000*
Authorised shares (2,250,000 shares)	2,250	2,250	2,250
Ordinary shares issued and fully paid (1,380,833 shares)	1,381	1,381	1,381
Share premium	70	70	70

A total of 2,250,000 ordinary shares of nominal value £0.0001 have been authorised for issue. The total nominal value of authorised shares is £225.00

A total of 1,380,833 ordinary shares of nominal value £0.0001 have been issued and fully paid. The total nominal value of issued and fully paid shares is £138.08.

As figures on the statement of financial position are rounded thousands, no value is recorded in respect of nominal shares issued.

Share premiums totalling £70,000 have been received in respect of the company's shares.

Other capital reserves	*Share-based payment transactions £'000*	*Acquisition reserve £'000*	*Total £'000*
As at 1 July 2007	–	–	–
Issue of shares on acquisition of subsidiary	–	3,500	3,500
Share-based payment transactions (Note 22)	266	–	266
At 28 June 2008	266	3,500	3,766
Share-based payment transactions (Note 22)	252	–	252
At 27 June 2009	518	3,500	4,018
Share-based payment transactions (Note 22)	103	–	103
At 26 June 2010	621	3,500	4,121

Other capital reserves consist of reserves relating to two transactions:

Share-based payment transactions

The share-based payment transactions reserve is used to recognise the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer to Note 22 for further details of these plans.

Acquisition reserve

This is a non-distributable reserve that arose by applying merger relief s612 CA2006 (previously s131 CA85) to the shares issued in 2008 in connection with the acquisition of Swancote Foods Limited. This was previous recognised as a 'merger reserve' under UK GAAP. Under IFRS, this has been classified within 'other capital reserves'.

19. Provisions

	Total £'000
At 29 June 2008	–
Arising during the year	362
At 27 June 2009	362
Utilised	(258)
At 26 June 2010	104
Current 2010	104
Non-current 2010	–
Current 2009	240
Non-current 2009	122
Current 2008	–
Non-current 2008	–
At 1 July 2007:	
Current 2007	–
Non-current 2007	–

The provision above relates to amounts expected to be spent in closing down the operations at the Group's processing location in Wisbech. As described in note 11, a provision for closure costs totalling £362,000 was recorded in the period to 27 June 2009.

Management estimated in June 2009 that it would take up to 18 months to vacate, market and dispose of the site in the current economic climate. Consequently, the provision was split between current and non current in line with the note above.

At 26 June 2010 there remains £104,000 of provision unutilised. The directors are confident that the remaining provision will cover the ongoing costs of disposal of the site and that such disposal will be achieved in the next financial period.

20. Deferred revenue

	2010 £'000	2009 £'000	2008 £'000
At 27 June	106	103	159
Deferred during the 52 week period	307	199	48
Released to the income statement	(174)	(196)	(104)
At 26 June	239	106	103

Deferred revenue is the advanced payment of operating lease rental income, the recognition of which has been spread over the future period to which it relates.

The deferred revenue will be released to income as follows:

	2010 £'000	2009 £'000	2008 £'000
Within one year	151	62	84
After one year but not more than five years	88	44	19
Total	239	106	103

21. Pensions and other post-employment benefit obligations

The Group operates a defined contribution stakeholder scheme and personal pension plan for various employees, the assets of which are held separately from those of the Group in independently administered funds. Contributions to these defined contribution pension plans for the period amounted to £482,000 (2009: £435,000), (2008: £295,000).

The Group also contributes to the Greenvale Produce Pension Plan. This is a defined benefit final salary pension plan which has ceased to accrue benefits from 31 October 2007. A full actuarial valuation was carried out at 1 July 2007. For the purposes of this disclosure the liabilities have been projected forward from those disclosed in the valuation report, allowing for cashflows in the intervening period. The major assumptions used by the actuary are disclosed in more detail below.

The following tables summarise the components of net benefit expense recognised in the income statement and the funded status and amounts recognised in the statement of financial position for the defined benefit scheme:

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Net benefit expense			
Current service cost	–	–	218
Interest cost on benefit obligation	1,129	1,210	1,060
Expected return on plan assets	(1,018)	(1,217)	(1,293)
Losses in early retirement, curtailments, settlements	–	–	500
Net benefit expense/(income)	111	(7)	485
Benefit asset/(liability)			
Present value defined benefit obligation	(23,005)	(16,323)	(18,616)
Fair value of plan assets	17,426	13,994	16,341
	(5,579)	(2,329)	(2,275)
Unrecognised actuarial losses	–	–	–
Unrecognised past service cost	–	–	–
Benefit asset/(liability)	(5,579)	(2,329)	(2,275)

Changes in the present value of the defined benefit obligation are as follows:

	2010 *£'000*	*2009* *£'000*	*2008* *£'000*
Defined benefit obligation at start of 52 week period	(16,323)	(18,616)	(18,599)
Interest cost	(1,129)	(1,210)	(1,060)
Current service cost	–	–	(218)
Benefits paid	401	994	311
Curtailment	–	–	(500)
Actuarial gain/(loss) on obligation	(5,954)	2,509	1,450
Defined benefit obligation at end of 52 week period	(23,005)	(16,323)	(18,616)

Changes in the fair value of plan assets are as follows:

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Fair value of plan assets at start of 52 week period	13,994	16,341	16,998
Expected return	1,018	1,217	1,293
Contribution by employer	552	522	720
Benefits paid	(401)	(994)	(311)
Actuarial gain/(loss) on obligation	2,263	(3,092)	(2,359)
Fair value of plan assets at start of 52 week period	17,426	13,994	16,341

The actual return on plan assets was a gain of £3,281,000 (2009: £1,875,000 loss), (2008: £1,124,000 loss).

The Group expects to contribute £552,000 to the defined benefit pension plan in the year ended June 2011.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2010	*2009*	*2008*
	%	*%*	*%*
Property	0	0	0
Equity	68	68	69
Bond	32	32	30
Other	0	0	1
	100	100	100

The principal assumptions used in determining pension obligations for the Group's plans are shown below:

	2010	*2009*	*2008*
	%	*%*	*%*
Discount rate	5.4	7.0	6.5
Expected rate of return on assets	6.66	7.28	7.55
Future salary increase	n/a	n/a	n/a
Future pension increase	3.2	3.4	3.6
Inflation (RPI) assumption	3.2	3.4	3.6

No rate of increase in salaries is required as the scheme was closed to future accrual on 1 November 2007.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the reporting date whilst the expected returns on the equity and property investments reflect the long term real rates of return experienced in the respective markets.

The mortality assumption for 2010 follows the standard tables S1NMA (males) and S1NFA (females), projected by year of birth using Medium Cohort improvements with a minimum annual improvement of 1 per cent. In 2009 and 2008 year ends the mortality assumptions followed the table known as PA92 with medium cohort mortality improvements with a minimum improvement each year of 1 per cent. The age of the members has been adjusted with a 1 year increase to age. Assuming retirement at age 65, the life expectancy in years is as follows:

	2010	*2009*	*2008*
For a male aged 65 now	86.3	86.7	86.6
At 65 for a male member aged 45 now	88.2	88.6	88.5
For a female aged 65 now	89.1	90.0	89.9
At 65 for a female member aged 45 now	91.0	92.0	91.9

Amounts for the current and previous two periods are as follows:

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Defined benefit obligation	(23,005)	(16,323)	(18,616)
Plan assets	17,426	13,994	16,341
Deficit	(5,579)	(2,329)	(2,275)
Experience gains/(losses) on plan liabilities	335	49	209
Experience gains/(losses) on plan assets	2,263	(3,092)	(2,359)

An analysis of the finance income and costs taken to profit or loss is as follows:

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Expected return on pension scheme assets	1,018	1,217	1,293
Interest on pension scheme liabilities	(1,129)	(1,210)	(1,060)
Net finance income/(cost)	(111)	7	233

A net income has been recorded within finance income and net costs recorded within finance costs – see Note 7.

An analysis of the amounts recognised in other comprehensive income is as follows:

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Actual return less expected return on pension scheme assets	2,263	(3,092)	(2,359)
Experience gains/(losses) arising on pension scheme liabilities	335	49	203
Changes in assumptions underlying the present value of the scheme liabilities	(6,289)	2,460	1,247
Actuarial loss recognised in other comprehensive income	(3,691)	(583)	(909)

The cumulative amount recognised through other comprehensive income is a loss of £6,054,000 (2009: £2,363,000 loss), (2008: £1,780,000 loss).

A history of scheme assets, liabilities, experience gains and losses is as follows:

	2010	*2009*	*2008*	*2007*	*2006*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Present value defined benefit obligation	(23,005)	(16,323)	(18,616)	(18,599)	(16,215)
Fair value plan assets	17,426	13,994	16,341	16,998	13,986
Deficit in the scheme	(5,579)	(2,329)	(2,275)	(1,601)	(2,229)
Experience adjustments on plan liabilities	335	49	203	194	–

The Group expects to contribute £552,000 to this defined benefit pension plan in the period to 25 June 2011.

22. Share based payment plans

In the period ended 28 June 2008 the Group commenced an HMRC approved CSOP scheme whereby share options were granted to key personnel within the business. Options vest if and when the Group's achieved profit before interest and taxation (PBIT) meets or exceeds a percentage of budgeted PBIT. Performance targets are split over 3 years. All option awards are broken into three separate and equal tranches to be measured against the actual results in each of the 3 years for which options have been granted.

Following the initial awards in 2008, similar options have been granted in 2009 and 2010. The criteria for vesting options are as follows.

- If 100 per cent. of budget is met, all options available for that year vest
- If, in years one and two, 80–100 per cent. of budget is met, that portion of the options available in that year vest, with the remaining vesting in the following year provided PBIT target is met in full in the following year
- If less than 80 per cent. of budget is met, no options vest
- In the final year, if 80–100 per cent. of target is achieved, that portion of options will vest and the remaining options will lapse

The contractual life of each option granted is ten years. There is no cash settlement alternative. The expense recognised for share based payments in respect of employee services rendered during the period ended 26 June 2010 is £103,000 (2009: £252,000, 2008: £266,000). All of this expense arises from equity share based payment transactions.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period.

	2010 No.	*2010 WAEP*	*2009 No.*	*2009 WAEP*	*2008 No.*	*2008 WAEP*
Outstanding options brought forward	175,600	£6.00	143,800	£6.00	–	–
Granted during period	18,200	£6.00	34,200	£6.00	173,400	£6.00
Forfeited during period	(5,000)	£6.00	(2,400)	£6.00	(29,600)	£6.00
Lapsed during period	(27,597)	£6.00	–	–	–	–
Outstanding at period end	161,203		175,600		143,800	
Exercisable at period end	–		–		–	

In 2008 and 2009 the fair value of the options granted was derived using the intrinsic valuation method. The value of each share was estimated at the grant date using a discounted future cash flows business valuation assumption. The following table lists the key assumptions in respect of the fair value of the shares and related options for the 2008 and 2009 grants:

	2010 p.a.	*2009 p.a.*	*2008 p.a.*
Profit growth over 5 yrs	3%	3%	3%
Perpetual growth rate	1%	1%	1%
WACC	11%	11%	10%

In 2010 the fair value of equity settled share options granted was estimated using the Black Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the 52 weeks ended 26 June 2010. The exercise price for all options granted in the period was £6.00. The share price used as the basis for valuing all options issued in the period was £10.34.

	2010
Dividend yield (%)	3.5
Expected share price volatility (%)	52.4
Risk free interest rate (%)	3.0
Expected life of option (years)	6.5
Option strike price (£)	£6.00
Estimated share price (£)	£10.34

For the share options outstanding at 26 June 2010, the weighted average remaining contractual life is 7 years 11 months (2009: 8 years, 8 months, 2008: 9 years, 2 months).

All options granted during the periods were issued based on a company share value of £10.34. All options have been granted at the same exercise price.

All outstanding options at the end of the period are exercisable at £6.00 (2009: £6.00, 2008: £6.00).

The expected life of the options is not necessarily indicative of exercise patterns that may occur. The scheme allows for exercising of the options not earlier than 3 years after the option grant date, and not later than 10 years after the option grant date.

23. Trade and other payables

As at 26 June 2010, the ageing analysis of trade payables is as follows:

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Trade payables	17,492	15,905	21,388
Taxes & Social security	1,263	484	593
Accruals & Deferred Income	2,716	4,362	3,952
Total trade and other payables	21,471	20,751	25,933

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30–45 day terms.
- Interest payable is settled throughout the financial year, on a monthly basis for overdrafts and quarterly basis for long term loans.
- For terms and conditions relating to related parties, refer to Note 24.
- For explanations on the Group's credit risk management processes, refer to Note 26.

Trade liabilities are sterling denominated, with the exception of €95,000 (2009: €8,000; 2008: €130,000).

24. Related party disclosures

The company is exempt from disclosing transactions with Group companies that are consolidated within these accounts.

During the period the Group entered into the following transactions with the related parties as identified below:

Brookland Solutions Limited is an IT solutions company in which the Group previously held a 24.5 per cent. interest. The Group received goods and services from this company totalling £69,000 (2009: £245,000, 2008: £227,000). At the period end the Group owed £nil (2009: £nil) to this company in respect of IT services received. As referred to in note 4, the Group disposed of its interest in Brookland Solutions Limited in April 2010.

Organic Potato Growers (Scotland) Limited ('OPG') is a potato grower in which the Group owns a 33.3 per cent. interest. The Group made purchases from OPG of £352,000 (2009: £386,000, 2008: £505,000) and sales to OPG of £5,000 (2009: £50,000, 2008: £11,000). At the reporting date the Group was owed £nil by OPG (2009: £50,000, 2008: £79,000).

The trading premises of one of the subsidiaries Swancote Foods Limited are owned by John Davies Farms (Directors Pension Scheme). EL Davies who is a director of Produce Investments Limited is also a beneficiary of this scheme. During the year, the Group paid rent of £150,000 (2009: £150,000, 2008: £150,000). At the reporting date, an amount of £nil (2009: £nil, 2008: £nil) was due to John Davies Farms (Directors Pensions Scheme).

During the year, the Group paid rent of £150,000 (2009: £150,000, 2008: £150,000). At the reporting date, an amount of £nil (2009: £nil, 2008: £nil) was due to John Davies Farms (Directors Pensions Scheme).

During the year the Group made purchases from B&C Farming Ltd. totalling £1,715,000 (2009: £1,880,000, 2008: £570,000). A Bambridge, a director of Greenvale AP Limited, is also a director and shareholder of B&C Farming Ltd. As at 26 June 2010 £326,000 (2009: £240.000, 2008: £251,000) remained outstanding.

During the year, the Group also made sales to B&C Farming totalling £140,000 (2009: £178,000, 2008: £141,000). As at 26 June 2010 £36,000 (2009: £69,000, 2008: £36,000) remained outstanding.

During the year the Group paid £85,000 (2009: £128,000, 2008: £85,000) to Credential Holdings Limited for the services of non executive directors. R Clapham and D Porter who are directors of Produce Investments Plc are also directors of Credential Holdings Limited. There were no amounts outstanding as at 26 June 2010 (2009: £nil, 2008: £nil).

During the year the Group paid £45,000 (2009: £42,000, 2008: £nil) to Produce Acquisitions LLP for the services of non executive directors. J Tucholski and M Jankowski who are directors of Produce Investments Plc are also designated members of Produce Acquisitions LLP. There were no amounts outstanding as at 26 June 2010 (2009: £nil).

During the year the Group paid £40,000 (2009: £41,000, 2008: £24,000) to Creation Autosportif for the services of a non executive director. M Jankowski who is a director of Produce Investments Plc is also a director and major shareholder of Creation Autosportif. There were no amounts outstanding as at 26 June 2010 (2009: £nil, 2008: £nil).

Restrain Company Limited is a company which is 70 per cent. owned by Produce Investments Plc. The remaining 30 per cent. of ordinary shares are not controlled by the Group. During the year, 100 per cent. controlled Group companies made sales to Restrain Company Limited of £102,000 (2009: £65,000 2008:£33,000) and purchased goods and services from Restrain Company Limited totalling £94,000 (2009: £79,000, 2088: £66,000). At 26 June 2010 Restrain Company Limited owed Greenvale AP Limited £452,000 (2009: £655,000, 2008: £482,000).

International Controlled Atmosphere Limited ('ICA') is a company which holds a 15 per cent. share in the ordinary share capital of Restrain Company Limited, a company which is 70 per cent. owned by the Group, and whose results are consolidated into the Group results. During the year the Group made purchases from ICA totalling £273,000 (2009: £418,000, 2008: £214,000). There were no outstanding balances at the reporting date (2009: £nil, 2008: £nil).

25. Commitments and contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on plant items, office space and a leasehold trading premises. These leases have an average life of between three and ten years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 26 June 2010 are as follows:

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Within one year	936	1,121	1,068
After one year but not more than five years	1,715	1,208	1,540
Total future minimum rentals payable	2,651	2,329	2,608

Operating lease commitments – Group as lessor

The Group has entered into commercial leases on certain items of plant and machinery which is leased to customers. These non-cancellable leases have a lease term of between one and five years. Where leases are signed for multiple years, revenue is paid in advance and recognised in the period to which it relates, with balances deferred as required. Any future unpaid commitments at the reporting date represent early season signed agreements for the next storage period. Any such agreements are considered by management to be immaterial at any reporting date, as storage would usually commence in October and, as such, the volume of storage agreements completed by June is not considered significant. Consequently, management do not monitor any operating leases that have been committed by customers by June of each year.

Future minimum rentals receivable under non-cancellable operating leases as at 26 June 2010 are as follows:

	2010	*2009*	*2008*
	£'000	*£'000*	*£'000*
Within one year	–	–	–
After one year but not more than five years	–	–	–
More than five years	–	–	–
Total future minimum rentals payable	–	–	–

Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2010		*2009*		*2008*	
	Minimum payments £'000	*Present value of payments £'000*	*Minimum payments £'000*	*Present value of payments £'000*	*Minimum payments £'000*	*Present value of payments £'000*
Within one year	176	153	152	129	342	319
After one year but not more than five years	97	87	217	184	425	369
Present value of minimum lease payments	273	240	369	313	767	668

Capital commitments

At 26 June 2010, the Group had capital commitments of £450,000 (2009: £1,018,000), (2008: £256,000).

Guarantees

The company has provided a composite cross guarantee to its bankers in respect of bank borrowings with Group companies. At the end of the period the total bank borrowings of the Group companies amounted to £20,635,000 (2009: £29,135,000, 2008: £29,195,000).

26. Financial risk management

Financial risk associated with agricultural activities

Agricultural activities such as potato growing have inherent risk related to planting, growing and harvesting and are subject to the vagaries of the weather. In order to mitigate the financial risk associated with growing and harvesting potatoes the Group continues to invest in developing and selecting varieties that are resistant to disease and also seeks to utilise modern harvesting equipment which is less susceptible to adverse weather and lifting conditions.

The Board reviews and agrees policies for managing the risks associated with interest rate, credit and liquidity risk. The Group has in place a risk management policy that seeks to minimise any adverse effect on the financial performance of the Group by continually monitoring the following risks:

Interest rate risk

The Group's interest rate risk arises as a result both its long and short term borrowing facilities.

The Group seeks to manage exposure to interest rate fluctuations through the use of fixed interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a change in the interest rates on the portion of loans and borrowings, after the impact of hedge accounting. The Group's profit before tax is affected through the impact on floating rate borrowings as follows:

Pound sterling	*Increase/decrease in basis points*	*Effect on profit before tax £'000*
2010	1%	103
2009	1%	116
2008	1%	109

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates is not significant as primarily all, of the Group's operating activities are denominated in pound sterling.

Credit risk

The Group is exposed to credit risk in respect of its many customers. The Group has long established policies and procedures for controlling customer credit risk.

Credit limits are established for all customers based on internal rating criteria and are constantly reviewed and updated in accordance with the customer's latest financial position.

The Group's maximum exposure to credit risk from its customers is £14,778k (2009: £14,724k; 2008: £16,130k) as disclosed in note 16 – trade and other receivables.

The Group regularly monitors and updates its cash flow forecasts to ensure it has sufficient and appropriate funds to meet its ongoing operational requirements whilst maintaining adequate headroom on its facilities to ensure no breach in its banking covenants.

Liquidity risk

The table below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand £'000	*Less 3 months £'000*	*3 to 12 months £'000*	*1 to 5 years £'000*	*>5 years £'000*	*Total £'000*
52 weeks ended 26 June 2010						
Interest-bearing loans and borrowings	4,755	569	6,786	9,068	4,511	25,689
Trade and other payables	–	21,471	–	–	–	21,471
Deferred tax	–	–	397	2,635	2,698	5,730
Pensions and other post benefits obligations	–	138	414	2,208	2,819	5,579
Financial derivatives	–	–	–	815	1,134	1,949
Income tax	–	705	705	–	–	1,410
Other liabilities	–	–	255	88	–	343
	4,755	22,883	8,557	14,814	11,162	62,171

	On demand £'000	*Less 3 months £'000*	*3 to 12 months £'000*	*1 to 5 years £'000*	*>5 years £'000*	*Total £'000*
52 weeks ended 27 June 2009						
Interest-bearing loans and borrowings	8,930	563	1,690	15,472	5,509	32,164
Trade and other payables	–	20,751	–	–	–	20,751
Deferred tax	–	–	366	2,880	2,941	6,187
Pensions and other post benefits obligations	–	138	414	1,777	–	2,329
Financial derivatives	–	–	–	–	1,515	1,515
Income tax	–	713	714	–	–	1,427
Other liabilities	–	60	242	166	–	468
	8,930	22,225	3,426	20,295	9,965	64,841
52 weeks ended 28 June 2008						
Interest-bearing loans and borrowings	7,172	611	1,832	15,824	7,348	32,787
Trade and other payables	–	25,933	–	–	–	25,933
Deferred tax	–	–	309	2,043	3,248	5,600
Pensions and other post benefits obligations	–	138	414	1,723	–	2,275
Income tax	–	1,181	1,180	–	–	2,361
Other liabilities	–	–	84	19	–	103
	7,172	27,863	3,819	19,609	10,596	69,059

Capital management

Capital is the equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, sell assets, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net debt divided by EBITDA. Net debt is calculated as total borrowings less cash. EBITDA is calculated as operating profit before any significant non-recurring items, interest, tax, depreciation and amortisation. The gearing ratio continues to improve ending the year at 2.22:1 (2009: 2.92; 2008: 4.54) such that no further action has been necessary.

27. Ultimate controlling party

The Company's immediate controlling party is Credential Produce and the ultimate controlling party is Mr. R. Clapham.

The largest Group in which the results of the Company are consolidated is that headed by Credential Produce (registered in Scotland). The consolidated accounts are available to the public and may be obtained from Produce Investments Plc, Greenvale AP, Floods Ferry Road, Doddington, March, Cambridgeshire, PE15 0UW.

28. Events after the reporting period

On 15 October 2010 the Company, by a written special resolution, increased the authorised share capital from £225 to £500,000 by the creation of 4,997,750,000 new ordinary shares of £0.0001 each.

On 15 October 2010, the Company completed a bonus issue and additional issue as detailed in paragraph 3.11 of Part V of this document following which the 1,120,004,300 ordinary shares of £0.0001 each were consolidated into 11,200,043 ordinary shares of £0.01 each.

On 18 October 2010 the Company reregistered as a public limited company, as summarised in paragraph 3.12 of Part V of this document.

The Company entered into an amended facilities agreement on 11 November 2010 with Clydesdale Bank PLC as summarised in paragraph 12.4 of Part V of this document.

Certain directors have been awarded share options pursuant to the Unapproved Scheme over 828,064 Ordinary Shares. These awards granted prior to (but conditional upon) Admission are not subject to performance conditions that apply to other awards under the LTIP. These options were granted in lieu of bonuses to be paid in the event of Admission and are exercisable for a nominal consideration. Further details of share options and a new executive incentive scheme introduced is given in paragraphs 7 and 9 of Part V. These options are considered to be one off, conditional on successful listing and in addition to the executive incentive scheme comprising the Bonus Plan and LTIP as detailed in paragraph 9 of Part V of this document.

On 11 November 2010, the Company issued 118,132 ordinary shares, conditional upon Admission, at a price per share equal to the Placing Price to certain related parties and a Director. Further details of which is given in paragraph 3.15 of Part V of this document.

Pursuant to a resolution passed at a meeting of a committee of the Board on 11 November 2010, 8,426,373 new ordinary shares were issued pursuant to the Placing at the Placing Price.

PART V

ADDITIONAL INFORMATION

1. Responsibility

The Directors and the Company accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have each 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 its import. All Directors accept individual and collective responsibility for compliance with the AIM Rules.

2. The Company

2.1 The Company was incorporated and registered in England and Wales on 16 November 2005 as a private company with the name Newincco 481 Limited and with registered number 05624995. The Company's name was changed to Produce Investments Limited on 6 February 2006. The Company was re-registered as a public limited company on 18 October 2010 with the name Produce Investments plc. The Company's registered office and principal place of business is located at Greenvale AP, Floods Ferry Road, Doddington, March, Cambridgeshire, PE15 0UW (telephone number: 01354 672 000).

2.2 The Company's legal and commercial name at the date of this document is Produce Investments plc. The Company is domiciled in England and Wales. The primary legislation under which the Company operates is the Act.

2.3 The liability of the members of the Company is limited.

3. Share capital of the Company

3.1 The issued fully paid-up share capital of the Company as at the date of this document and immediately following Admission is as set out below:

	Number and class	*Nominal value*
At the date of this document	11,200,043 Ordinary	£0.01
On Admission	19,744,548 Ordinary	£0.01

3.2 The Company was incorporated with an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each of which one was issued as a subscriber share to Olswang Nominees Limited. The subscriber share was transferred to Produce Acquisitions LLP on 3 February 2006.

3.3 On 17 March 2006, the Company's existing issued and unissued authorised share capital of 1,000 ordinary shares of £1.00 each was sub-divided into 10,000,000 ordinary shares of £0.0001 each.

3.4 On 17 March 2006, the authorised share capital of the Company was reduced from £1,000 to £124.86 by the cancellation of 8,751,400 ordinary shares of £0.0001 each in the Company, (such cancelled shares not having been issued or agreed to be issued).

3.5 On 17 March 2006, the Company allotted and issued 988,822 ordinary shares of £0.0001 each as follows: 718,845 to Credential Produce and 269,977 to Produce Acquisitions LLP.

3.6 On 17 April 2006, the Company allotted and issued 31,610 ordinary shares of £0.0001 each to Credential Produce.

3.7 On 7 April 2006, the Company allotted and issued 218,095 ordinary shares of £0.0001 each to the then shareholders of Greenvale Holdings plc as partial consideration for the Group's acquisition of Greenvale Holdings plc.

3.8 On 22 May 2007, the authorised share capital of the Company was increased from £124.86 to £225.00 by the creation of 1,001,400 ordinary shares of £0.0001 each ranking *pari passu* in all respects with the existing ordinary shares of £0.0001 each in the capital of the Company.

3.9 On 4 July 2007, the Company allotted and issued 132,306 ordinary shares of £0.0001 each as follows: (66,153 to Edward Lance Davies and 66,153 to Simon John Davies) as partial consideration for the Company's acquisition of Swancote.

3.10 By a written special resolution passed on 15 October 2010, the Company resolved that:

(a) the authorised share capital of the Company be increased from £225 to £500,000 by the creation of 4,997,750,000 new ordinary shares of £0.0001 each;

(b) the directors be generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £499,861;

(c) pre-emption rights under the Company's articles of association and under the Act be disapplied in respect of securities in an aggregate nominal amount of up to £499,861;

(d) the directors be authorised to appropriate certain sums standing to the credit of the Company's share premium account and profit and loss account and to apply such sums in paying up in full 1,118,619,167 new ordinary shares of £0.0001 each, such shares to be issued to members as nearly as possible in proportion to their existing holdings (the "**Bonus Issue**");

(e) the directors be authorised to appropriate the sum of 43 pence standing to the credit of the Company's profit and loss account and to apply such sum in paying up in full 4,300 new ordinary shares of £0.0001 each, such shares to be issued to members in such numbers as is required to round up their respective holdings to the nearest exact multiple of 100 (the "**Additional Issue**"); and

(f) conditional only upon completion of the Bonus Issue and the Additional Issue, the 1,120,004,300 ordinary shares of £0.0001 each then issued be consolidated and divided into 11,200,043 ordinary shares of 1 penny each (the "**Consolidation**").

3.11 On 15 October 2010, the Company completed the Bonus Issue and the Additional Issue referred to in the resolution described at 3.10 above and allotted and issued 1,118,623,467 ordinary shares of £0.0001 each in the capital of the Company to its existing shareholders, following which the 1,120,004,300 ordinary shares of £0.0001 each then in issue were consolidated into 11,200,043 Ordinary Shares.

3.12 On 18 October 2010, the Company, in connection with its re-registration as a public limited company, adopted new articles of association which, in keeping with the Act, do not place any limit on the Company's authorised share capital.

3.13 On 18 October 2010, the Company passed a written resolution in accordance with section 551 of the Act generally and unconditionally authorising the directors of the Company to allot shares in the Company and grant rights to subscribe for, or to convert any security into, such shares: (i) up to an aggregate nominal amount of £125,000 in connection with the Placing; (ii) up to an aggregate nominal amount of £11,112 in connection with a proposed issue of Ordinary Shares to Creation Autosportif and the grant of options to certain key executives of the Group (the "**Pre-IPO Awards**") (iii) otherwise following Admission, up to an aggregate nominal amount equal to one third of the Company's issued share capital immediately following Admission (such amount to be reduced by the nominal amount allotted under (iv) below in excess of one third of the Company's issued share capital immediately following Admission) and (iv) up to an aggregate nominal amount equal to two thirds of the Company's issued share capital immediately following Admission, (including within such limit any shares allotted under (iii)) in connection with an offer by way of a rights issue, provided that this authority shall expire on 1 February 2011 in respect of (i) and (ii) and, otherwise, at the conclusion of the next annual general meeting of the Company or, if earlier, on 31 December 2011.

3.14 Pursuant to the same resolution referred to at 3.13 above, the directors of the Company were empowered to allot equity securities (within the meaning of section 560 of the Act) for cash, either pursuant to the authority referred to in paragraph 3.13 or by way of a sale of treasury shares, as if section 561(1) of that Act did not apply to any such allotment or sale, provided that this power is limited to:

(a) the allotment of equity securities in connection with the Placing;

(b) the allotment of equity securities in connection with the Pre-IPO Awards;

(c) the allotment of equity securities or sale of treasury shares in connection with an offer of equity securities to holders of ordinary shares in the share capital of the Company, in proportion (as nearly as may be practicable) to their respective holdings of such shares, to holders of other securities as required by the rights of those securities or as the directors otherwise consider necessary, but subject to such exclusions or other arrangements as the directors may deem expedient in relation to treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in or under the laws of any territory or the requirements of any regulatory body or any stock exchange; and

(d) the allotment (otherwise than pursuant to paragraphs (a), (b) or (c) above) of equity securities or the sale of treasury shares up to an aggregate nominal amount equal to 5 per cent. of the Company's issued share capital immediately following Admission,

provided that this authority shall expire on 1 February 2011 in respect of (a) and (b) above, and otherwise at the conclusion of the next annual general meeting of the Company or, if earlier, on 31 December 2011.

3.15 On 11 November 2010 the following Ordinary Shares were issued to the following persons, conditional upon Admission, at a price per Ordinary Share equal to the Placing Price:

Credential Produce	90,659
Angus Armstrong	27,473

3.16 The primary legislation under which the Ordinary Shares were created is the Act. The Ordinary Shares are in registered form and, subject to the provisions of the Regulations, the Directors may permit the holding of any class of shares in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the Regulations). The Registrar is in charge of maintaining the Company's register of members. Where Ordinary Shares are held in certificated form, share certificates will be sent to the registered members by first class post.

3.17 No Ordinary Shares are currently held in treasury by the Company or held by any other person on its behalf and no Ordinary Shares are currently held by any subsidiary of the Company.

3.18 The Company does not have in issue any shares which do not represent capital.

3.19 The Placing Shares were issued (conditional upon Admission) pursuant to a resolution passed at a meeting of the Board held on 11 November 2010.

4. Memorandum and Articles of Association

4.1 On 18 October 2010, the Company's shareholders passed a special resolution removing from its articles of association all those provisions set out in its memorandum of association which were deemed incorporated into the Company's articles of association by operation of section 28 of the Act. The memorandum of association of the Company does not restrict the activities of the Company and thus the Company has unlimited legal capacity.

4.2 The Articles which were adopted by special resolution passed on 18 October 2010, contain provisions, *inter alia*, to the following effect:

(a) *Voting rights*

The holders of Ordinary Shares are entitled to attend and vote at any general meeting of the Company. On a show of hands every holder of Ordinary Shares present in person or, if a corporation, present by a representative and every proxy present who has been duly appointed by a holder of Ordinary Shares, shall have one vote and on a poll every holder of Ordinary Shares present in person, by representative or by proxy shall have one vote for every Ordinary Share of which he is a holder. Voting rights may not be exercised by a member who has not paid to the Company all moneys then payable by him in respect of shares of the Company.

(b) *Transfer of shares*

Shares may be transferred by an instrument of transfer in writing in any usual form or in any other form which the directors may approve. The instrument of transfer must be signed by or on behalf of the transferor and, where any share being transferred is not fully paid, by or on behalf of the transferee. The directors may refuse to register the transfer of a share which is not fully paid or of a share on which the Company has a lien provided that, in the case of a class of shares admitted to trading on AIM, such refusal does not prevent dealings in those shares from taking place on an open and proper basis.

The directors may also refuse to register a transfer of a certificated share if:

(i) the transfer is in respect of more than one class of share;

(ii) the transfer is in favour of more than four persons jointly;

(iii) the transfer is not duly stamped or is not duly certified or otherwise shown to the satisfaction of the board of directors to be exempt from stamp duty;

(iv) the transfer is not lodged at the transfer office (or such other place as the board of directors may appoint); or

(v) except in the case of a transfer by a financial institution (within the meaning of section 778 of the Act) to whom a certificate has not been issued, the transfer is not accompanied by the certificate(s) for the shares to which it relates and such other evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is signed by some other person on his behalf, the authority of that person to do so).

The transferor is deemed to remain the holder until the name of the transferee is entered on the register. If the directors refuse to register the transfer of a share they shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.

Save as aforesaid, the Articles contain no restrictions as to the free transferability of fully paid shares.

(c) *Dividends and other distributions*

(i) Subject to the provisions of the Companies Acts, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company available for distribution, but no larger dividend shall be paid than is recommended by the directors. The directors may from time to time declare and pay an interim dividend to shareholders of such amounts and on such dates and in respect of such periods as appears justified by the profits of the Company available for distribution.

(ii) All dividends shall be apportioned and paid *pro rata* according to the amounts for the time being paid up on the shares (other than amounts paid in advance of calls) during any part or parts of the period in respect of which the dividend is paid. The directors may deduct from any dividend payable to any member all sums of money owed by that member to the Company on account of calls or otherwise in relation to shares in the Company.

(iii) The directors may, with the sanction of an ordinary resolution of the Company, offer holders of Ordinary Shares the right to elect to receive in respect of all or part of their holdings of Ordinary Shares, additional Ordinary Shares in the Company credited as fully paid instead of cash by way of dividend upon such terms and conditions and in such manner as may be specified in such ordinary resolution. Following such an election, the relevant dividend (or such part of the dividend in respect of which a right of election has been offered) shall not be payable on the Ordinary Shares pursuant to the election made but, in lieu thereof, the directors shall capitalise out of any undistributed profits of the Company or out of any sum standing to the credit of the Company's share premium account or capital reserves (including any capital redemption reserve), as the directors may determine, a sum equal to the aggregate nominal value of the number of additional Ordinary Shares required to be allotted to the holders of Ordinary Shares who have made such election and the directors shall apply such sum in paying up in full such number of additional Ordinary Shares which shall be allotted and distributed as required. The additional new Ordinary Shares so allotted shall, following admission, rank *pari passu* with the fully paid Ordinary Shares of the Company then in issue save that they shall not be entitled participate in the dividend in relation to which the relevant election was made.

(iv) On a winding up of the Company, members shall be entitled to participate in any surplus assets in proportion to their shareholdings.

(v) No dividend or other monies payable in respect of shares in the capital of the Company shall bear interest against the Company unless otherwise provided by the rights attached to the share.

(vi) All unclaimed dividends or other monies payable on or in respect of a share may be invested or otherwise made use of by the directors for the benefit of the Company until claimed. Dividends unclaimed for a period of 12 years from the date of payment shall, if the directors so resolve, be forfeited and shall revert to the Company. Dividend warrants and cheques may cease to be sent to a member if such instruments have been returned undelivered to or left uncashed by that member on at least two consecutive occasions.

(vii) There are no arrangements under which future dividends are waived or agreed to be waived.

(d) *Failure to disclose interests in shares*

If a member, or any other person appearing to be interested in shares held by that member, has been issued with a notice pursuant to section 793 of the Act and has failed in relation to any shares (the "default shares") to give the Company the information thereby required within 14 days from the date of service of the notice, the following sanctions shall apply unless the directors otherwise determine:

(i) the member or any transferee who acquires shares other than by an authorised transfer is not entitled in respect of the default shares and any other share held by the member or the transferee to be present or to vote (in person, by representation or by proxy) at any general meeting or at any separate meetings of the holders of any class of shares or on a poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and

(ii) where the default shares represent at least 0.25 per cent. of the nominal value of the issued shares of their class, a dividend or any other amount payable in respect of the default shares shall be withheld by the Company, which shall have no obligation to pay interest on it, and the member shall not be entitled to elect to receive shares instead of that dividend. No transfer, other than an excepted transfer, as specified in the articles, of any of the default shares held by the member shall be registered unless the member is not himself in default in supplying the information required and he proves to the satisfaction of the directors that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

(e) *Winding up*

On a winding up of the Company, a liquidator may, with the sanction of a special resolution of the Company and any other sanction or authority required by the Companies Acts, divide among members in proportion to their shareholdings *in specie* the whole or any part of the assets of the Company, and for such purposes may value any assets and determine how such division shall be carried out as between members. With the same authority, the liquidator may vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he thinks fit. No member shall be compelled by the liquidator to accept any assets in respect of which there is attached a liability or potential liability.

(f) *Changes in capital*

In accordance with the provisions of the Companies Acts, the Company may alter its share capital as follows:

(i) it may by ordinary resolution consolidate and divide all or any of its share capital into shares of larger amounts, cancel any shares which have not been taken or agreed to be taken by any person and sub-divide its shares or any of them into shares of smaller amounts; and

(ii) subject to any consent required by law and to any rights for the time being attached to any shares, it may by special resolution reduce its share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner.

(g) *Redemption*

Subject to any rights attached to any existing shares, any share may be issued which is to be redeemed or, at the option of the Company or the holder, is liable to be redeemed. The board may determine the terms, conditions and manner of redemption of any redeemable shares so issued.

(h) *Variation of class rights*

Subject to the provisions of the Companies Acts, none of the rights or privileges for the time being attached to any shares for the time being in issue shall (whether or not the Company is being wound up) be modified, varied or abrogated in any manner except (i) in such manner (if any) as may be provided by those rights, or (ii) either with the consent in writing of the holders of not less than 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 such shares. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting but so that the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class, that every holder of the shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any adjourned meeting of such holders one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum.

(i) *General meetings*

Pursuant to the Act, an annual general meeting is required to be held every year at such time and place as may be determined by the board. The board may convene other general meetings whenever it thinks fit. General meetings may also be convened on the requisition of members pursuant to the Act.

Pursuant to the Act, 21 clear days' notice of every annual general meeting and 14 clear days' notice of every general meeting is required to be given. The accidental omission to give notice to, or the non-receipt of such notice by, any person entitled to receive notice of the meeting will not invalidate any resolution passed or proceeding at any such meeting.

No business may be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business. Two persons entitled to attend and vote on the business to be transacted, each being a member present in person or a proxy for a member or a duly authorised representative of a corporation which is a member, constitutes a quorum.

With the consent of any meeting at which a quorum is present, the chairman may adjourn the meeting. No business may be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

For the purposes of determining which persons are entitled to attend or vote at a general meeting and how many votes such person may cast, the Company may specify a time in the notice of the general meeting, not more than 48 hours (excluding non-working days) before the time fixed for the general meeting, by which a person must be entered in the Company register of members in order to have the right to attend or vote at the meeting.

(j) *Capitalisation of profits*

Subject to the provisions of the Companies Acts and by ordinary resolution, the directors may resolve to capitalise an amount standing to the credit of reserves whether or not available for distribution, appropriate the sum resolved to be capitalised to the members in proportion to the nominal amount of shares held by them respectively and apply that sum on their behalf in paying up amounts unpaid on shares held by them or paying up in full unissued shares or debentures of a nominal amount equal to that sum and the directors may make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve.

(k) *Borrowing powers*

Subject to the provisions of the Companies Acts, the directors may exercise all the powers of the Company to borrow money, and to mortgage or charge all or part of its undertaking, property, assets (present or future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of the Company or of a third party. Whilst the Company's shares are admitted to trading on AIM or any other recognised investment exchange the directors shall restrict the borrowings of the Company and shall exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries so as to procure (as regards subsidiaries in so far as they can) that the aggregate principal amount outstanding in respect of monies borrowed by them shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the adjusted total of the share capital and consolidated reserves of the Company, as such terms are defined in the Articles.

(l) *Directors*

(i) Unless otherwise determined by ordinary resolution of the Company, the number of directors (other than alternate directors) shall not be less than two. The Company may from time to time by ordinary resolution fix a maximum number of directors and from time to time vary that maximum number.

(ii) A director shall not require a share qualification but shall nevertheless be entitled to attend and speak at any general meeting of, or at any separate meeting of the holders of any class of shares in, the Company.

(iii) Subject to the Act, the directors may appoint one or more of their body to be the holder of any executive office (except that of auditor) on such terms and for such period as they think fit. A director holding such executive office shall receive such remuneration as the directors may determine in lieu of his ordinary remuneration as a director.

(iv) Any director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the directors are outside the scope of the ordinary duties of a director may be paid such extra remuneration by way of salary, participation in profits or otherwise as the directors may determine.

(v) The directors may be paid all travelling, hotel and other incidental expenses properly incurred by them in connection with the discharge of their duties as a director of the Company, including, without limitation, expenses incurred in attending meetings of the directors or of committees of the directors or general meetings or separate meetings of the holders of a class of shares or debentures.

(vi) At each annual general meeting of the Company one third of the directors for the time being shall retire by rotation. The directors to retire by rotation shall include any director who wishes to retire and not offer himself for re-election and those who have been longest in office since their last appointment or reappointment. Where two or more directors have been in office for an equal length of time, the director to retire shall be determined by lot.

(vii) A director may not vote on any resolution of the directors, or of a committee of the directors, in respect of any contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he is materially interested. A director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. However, a director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters namely:

(aa) the giving to any such director of any security, guarantee or indemnity in respect of money lent by him or obligations undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the director has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

(cc) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(dd) any contract or arrangement in which he is interested by virtue of his interest in shares or debentures or other securities of the Company or by reason of any other interest in or through the Company;

(ee) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which he is interested (directly or indirectly) and whether as an officer, shareholder, creditor or otherwise, if he does not to his knowledge hold an interest in shares representing 1 per cent. or more of either any class of the equity share capital of or the voting rights in the relevant company;

(ff) any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme which relates both to directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates;

(gg) any arrangement for the benefit of the employees of the Company or of any of its subsidiaries under which the director benefits in a similar manner as the employees and which does not accord to any director as such any privilege or advantage not accorded to the employees to whom such arrangement relates;

(hh) a contract, arrangement, transaction or proposal concerning the purchase or maintenance for any directors of any insurance policy against liabilities incurred in connection with the discharge of that director's duties or exercise of his powers in relation to his duties in relation to the Company;

(ii) the giving of indemnities in favour of directors; and

(jj) the funding of expenditure incurred or to be incurred by any director in defending any criminal or civil proceedings or in connection with an application to the court for relief or in defending him in any investigation by, or against action proposed to be taken by, a regulatory authority or the doing of anything to enable any director to avoid incurring any such expenditure.

(m) *Gratuities and pensions*

The directors may pay or agree to pay gratuities, pensions or other retirement, superannuation, insurance, and any other benefits to any past or present employee or director of the Company or any subsidiary undertaking or any holding company of any of the Company's predecessors in business and to any spouse, former spouse, family or dependants of any such person (as well before as after he ceases to hold such office or employment) and may contribute to any fund or pay premiums for the purchase or provision of any such benefit.

(n) *Untraced shareholders*

The Company shall be entitled to sell the shares of a member or person entitled on death or bankruptcy of a member if all warrants and cheques in respect of at least three dividends sent to such a member or person have remained unclaimed and uncashed for a period of 12 years and the Company has, at the expiration of such period, given notice in a daily national newspaper and an appropriate local newspaper and for a period of three months following the said advertisement no indication is received as to the whereabouts or existence of such member or person. The Company shall be obliged to account to the member or such other person for the net proceeds of sale without interest.

(o) *Purchase of own shares*

Subject to the provisions of the Companies Acts the Company may purchase its own shares (including any redeemable shares).

(p) *CREST*

The Articles are consistent with the provisions regulating CREST, a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument and, *inter alia*, allow for the holding and transfer of shares in uncertificated form.

5. Directors' interests in the Company

5.1 The interests of the Directors, their immediate families and the persons connected with them within the meaning of section 252 of the Act, all of which are beneficial, in the issued ordinary share capital of the Company as at the date of this document and immediately following Admission are and will be as follows:

Director	*Number of Ordinary Shares*	*Percentage of issued ordinary share capital*
As at the date of this document		
Barrie Clapham*	5,782,627	51.63%
Angus Armstrong	202,777	1.81%
Brian Macdonald	0	0%
Sir David Naish	0	0%
Michael Jankowski**	756,969	6.76%
Derek Porter*	91,305	0.82%
Immediately following Admission		
Barrie Clapham*	6,167,242	31.24%
Angus Armstrong	230,250	1.17%
Brian Macdonald	0	0%
Sir David Naish	0	0%
Michael Jankowski**	756,969	3.83%
Derek Porter*	91,305	0.46%

* Mr. Clapham's and Mr Porter's shares are held through Credential Produce.

** Mr. Jankowski's shares are held through Produce Acquisitions LLP, a limited liability partnership established in England and Wales of which he owns one third of the membership interest.

5.2 In addition, the Directors between them will, immediately following Admission, hold options to subscribe for a total of 741,613 new Ordinary Shares as more particularly described in paragraphs 7 and 9 of this Part V.

5.3 Save as disclosed in this paragraph 5, none of the Directors, nor any member of their respective immediate families, nor any person connected with them within section 252 of the Act, is or immediately following Admission will be, interested in any share capital of the Company.

5.4 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

5.5 Save as disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

6. Major Shareholders

6.1 So far as the Company is aware, the following persons (other than the Directors) are, or will immediately following Admission be, interested directly or indirectly in 3 per cent. or more of the voting rights attached to the Company's shares:

Shareholder	*Number of Ordinary Shares*	*Percentage of issued ordinary share capital*
As at the date of this document		
Credential Produce	6,086,976	54.35%
Produce Acquisitions LLP	2,270,907	20.28%
Edward Davies	536,571	4.79%
Simon Davies	536,571	4.79%
Immediately following Admission		
Toscafund Asset Management LLP	8,241,758	41.74%
Credential Produce	6,380,932	32.32%
Produce Acquisitions LLP	1,976,951	10.01%

6.2 No major Shareholder has any different voting rights to the other holders of Ordinary Shares.

6.3 Save as disclosed in this document, the Company is not aware of any person who holds, or will immediately following Admission hold, as shareholder (within the meaning of the Disclosure and Transparency Rules), directly or indirectly, 3 per cent. or more of the voting rights attached to the Company's shares.

6.4 At the date of this document the Company is controlled by Credential Produce which owns approximately 54.35 per cent. of the Ordinary Shares. Immediately following Admission, so far as the Company is aware, no person will or could control the Company, directly or indirectly.

7. Options

7.1 At the date of this document the Directors hold options to subscribe for Ordinary Shares as follows:

Optionholder	*Exercise price per share*	*Date of grant*	*Date first exercisable***	*Date of expiry*	*Number of Ordinary Shares under option*
Angus Armstrong*	£0.74	4 October 2007	4 October 2010	3 October 2017	34,607
Brian Macdonald*	£0.74	27 May 2009	27 May 2012	26 May 2019	37,310

* granted pursuant to the 2007 Plan. Exercise price and number of Ordinary Shares are adjusted following the Reorganisation and are subject to HMRC approval (see paragraph 7.7 of this Part V)

** options capable of exercise up to and including signing of the 2010 accounts are now exercisable

7.2 At Admission the Directors will hold options to subscribe for Ordinary Shares as follows:

Optionholder	*Exercise price per share*	*Date of grant*	*Date first exercisable****	*Date of expiry*	*Number of Ordinary Shares under option*
Angus Armstrong*	£0.74	4 October 2007	4 October 2010	3 October 2017	34,607
Angus Armstrong**	£0.01	11 November 2010	11 November 2011	10 November 2020	152,156
Brian Macdonald*	£0.74	27 May 2009	27 May 2012	26 May 2019	37,310
Brian Macdonald**	£0.01	11 November 2010	11 November 2011	10 November 2020	517,540

* granted pursuant to the 2007 Plan. Exercise price and number of Ordinary Shares are adjusted following the Reorganisation and are subject to HMRC approval (see paragraph 7.7 of this Part V).

** granted, conditional on Admission, pursuant to the Unapproved Scheme in lieu of a cash bonus that was due to be paid in the event of Admission. These options are exercisable for a nominal consideration. Further details on the Unapproved Scheme are set out in paragraph 7.8 of this Part V.

*** options capable of exercise up to and including the signing of the 2010 accounts are now exercisable

7.3 As at the date of this document, the following options to subscribe for Ordinary Shares are held by current or former employees of the Group (including Directors):

Options granted pursuant to the 2007 Plan

Date of grant	*Exercise price per share*	*Date first exercisable, subject to vesting**	*Date of expiry*	*Number of Ordinary Shares under option*
4 October 2007	£0.74p	4 October 2010	3 October 2017	933,455
27 May 2009	£0.74p	27 May 2012	26 May 2019	217,499
27 May 2009	£0.74p	27 May 2012	26 May 2019	18,688
26 May 2010	£0.74p	26 May 2013	25 May 2020	89,222
26 May 2010	£0.74p	26 May 2013	25 May 2020	48,666

* options capable of exercise up to and including signing of the 2010 accounts are now exercisable. Exercise price and number of Ordinary Shares are adjusted following the Reorganisation and are subject to HMRC approval (see paragraph 7.7 of this Part V).

Options granted, conditional upon Admission, pursuant to the Unapproved Scheme

Date of grant	*Exercise price per share*	*Date first exercisable*	*Date of expiry*	*Number of Ordinary Shares under option*
11 November 2010	£0.01p	11 November 2011	10 November 2020	828,064

7.4 The 2007 Plan was approved by HMRC with effect from 14 August 2007. Options granted under the 2007 Plan can be exercised free from income tax and national insurance contributions charges, provided certain qualifying conditions are met.

7.5 The terms of the 2007 Plan rules are as follows (subject to the amendments proposed as set out in paragraph 7.6, if such amendments are approved by HMRC):

(i) *Eligibility*

Options can be granted to any employee of the Company or a subsidiary of the Company, or any director of the Company or a subsidiary of the Company who is required to work at least 25 hours per week, provided the individual does not have a "material interest" in the Company (broadly, the ability to control more than 25 per cent. of the ordinary share capital).

(ii) *Grant of options*

Options can be granted by the Company, or any other person with the consent of the board or any duly authorised committee of the board ("**directors**"), to such eligible individuals as the directors may determine.

Each individual may only be granted options under the 2007 Plan if the market value of the underlying shares as at the date of grant, when aggregated with the market value on the date of grant of all other options granted under an approved share option scheme operated by the Group which have not been exercised or lapsed, does not exceed £30,000 or such other limit as may be set by HMRC from time to time.

(iii) *Exercise price*

The exercise price of options granted pursuant to the 2007 Plan is determined by the directors but may not be less than the market value of the Ordinary Shares as at the date of grant (or the nominal value of the Ordinary Shares if higher and if the exercise of the option will be satisfied by the issue of new shares). The market value of the Ordinary Shares for these purposes will be the market value of an Ordinary Share on the date of grant as agreed with HMRC.

(iv) *Performance conditions*

The directors may specify any objective performance conditions which must be met before options can be exercised. After an option has been granted, the directors may, in appropriate circumstances, amend the performance conditions if the directors reasonably consider that a different performance condition would be a fairer measure of performance or will be a more effective incentive for the optionholder. Further, the new performance condition must be no more difficult to satisfy than the old performance condition.

(v) *Exercise of options*

Other than as set out below regarding cessation of employment or corporate transactions, options cannot be exercised earlier than the third anniversary of the date of grant. Options may not be exercised more than 10 years after the date of grant. Options may not be exercised if the optionholder has, or has had in the previous 12 months, a "material interest" in the Company (see (i) above).

(vi) *Cessation of employment*

(a) If an optionholder dies his vested options may be exercised within 12 months following his death, and if not exercised will lapse at the end of that period.

(b) If an optionholder ceases employment by reason of injury, disability, redundancy, retirement or the sale of an associated company or part of the business, his vested options may be exercised within 6 months following his cessation of employment, and if not exercised will lapse at the end of that period.

(c) If an optionholder gives or receives notice to terminate employment or ceases employment for any reason other than those set out above, his options lapse and cease to be exercisable unless the directors acting fairly and reasonably determine that the options may be exercised in whole or in part.

(vii) *Corporate transactions*

(a) If notice is given to shareholders of a proposed demerger of the Company or any subsidiary and the Company's auditors confirm that the interests of optionholders might be substantially prejudiced if they are not permitted to exercise options, the directors may permit optionholders to exercise any options in respect of which performance conditions have been met within a period specified by the directors. If not so exercised, the options will lapse.

(b) If the court sanctions a compromise or arrangement under section 899 of the Act, the optionholders can exercise options in respect of which performance conditions have been met within 6 months after the court sanctions the scheme, following which the options lapse.

(c) If notice is given to shareholders of a proposed resolution for voluntary winding-up of the Company, options in respect of which performance conditions have been met may be exercised at any time before the commencement of the winding-up, following which the options lapse.

(d) If a general offer is made to acquire the Company's shares, the optionholders can exercise options in respect of which performance conditions have been met within 6 months after the change in control of the Company, following which the options lapse. If before the options lapse, any person becomes bound or entitled to acquire the Company's shares under sections 979 to 982 of the Act, the optionholder can exercise options in respect of which performance conditions have been met at any time when the person remains so bound or entitled, following which the options lapse.

(e) Where any corporate transaction under (b) or (d) occurs, the optionholders may release their options in consideration of the grant to them of new options that (i) are exercisable in accordance with the 2007 Plan, (ii) are in respect of shares that qualify under the relevant HMRC legislation, (iii) have an equivalent value to the old options, and (iv) are granted within 6 months of the change of control.

(viii) *Variations of capital*

If there is an alteration in the share capital of the Company by way of capitalisation, rights issue, sub-division, consolidation, reduction or other variation, outstanding options can be adjusted in such manner as the directors consider appropriate, provided that the auditors must confirm that any adjustment is fair and reasonable and the adjustment must be approved by HMRC. The exercise price must not be reduced below the nominal value of a share.

(ix) *Amendment*

The directors may alter the rules of the 2007 Plan from time to time, except that no alteration or addition may be made to the advantage of existing or new optionholders or to various provisions of the rules without the approval of the Company's shareholders, except for minor amendments to benefit the administration of the 2007 Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment. Any amendment to a "key feature" of the 2007 Plan must be approved by HMRC before it can take effect.

7.6 On 11 November 2010, the Company adopted the Long-Term Incentive Plan comprising the 2010 CSOP and an addendum comprising the Unapproved Scheme. Subject to HMRC approval, the 2010 CSOP will take effect as an amendment to the 2007 Plan.

7.7 The 2010 CSOP is identical to the 2007 Plan, save as set out below.

(i) *Grant of Options*

Following Admission, options may not be granted if the number of Ordinary Shares issued or which may be issued pursuant to the 2010 CSOP, the Unapproved scheme, or any other employee share scheme of the Company in any 10 year period would exceed 10 per cent. of the Company's ordinary issued share capital. This limit does not include shares subject to any options granted prior to Admission or any options that have lapsed, been renewed or otherwise become incapable of being exercised or vesting.

(ii) *Employees leaving the company*

If an optionholder ceases employment by reasons of death, injury, disability, redundancy, retirement or the sale of an associated company or part of the business, the directors shall have the discretion to permit individuals to retain their unvested options, subject to such further conditions as they may specify at that time.

(iii) *Corporate Transactions*

Optionholders will be able to exercise options as set out in paragraph 7.5 (vii) above following a corporate transaction whether or not performance conditions have been met.

(iv) *Performance conditions*

It is proposed that the options to be granted following Admission shall be exercisable only to the extent that a performance condition based on "earnings per share" targets is met. The performance condition will be met, and options will vest, on a sliding scale depending on the extent to which earnings per share ("EPS") (as shown in the published accounts of the Company) exceeds the budgeted forecast earnings per share target set by the directors. The proportion of options which vest will be as follows:

Excess of adjusted EPS over budgeted forecast EPS	*Percentage of shares satisfying the performance target*
3% to 6% compound per annum	30%
6% to 9% compound per annum	60%
9% or more compound per annum	100%

HMRC has been asked to approve the amendments to the 2007 Plan reflected in the 2010 CSOP. No new options can be granted under the 2010 CSOP unless and until HMRC agreement is received.

HMRC has also been asked to agree that the amended terms set out in the 2010 CSOP can apply to options granted under the 2007 Plan (save that options granted under the 2007 Plan will continue to be subject to existing performance conditions), and that the existing options granted under the 2007 Plan can be amended so as to become options to acquire appropriate numbers of new Ordinary Shares following the Reorganisation. If HMRC does not agree on either of these points, or if any amended terms required by HMRC in order to secure their agreement are unacceptable to the Company, then the existing options granted under the 2007 Plan will no longer be approved for tax purposes and this may give rise to income tax and national insurance contributions liabilities on exercise.

7.8 The Unapproved Scheme is identical to the 2010 CSOP, save as set out below.

(i) *HMRC approval*

The Unapproved Scheme will not be approved by HMRC, so the beneficial tax treatment on exercise will not be available. References in the 2010 CSOP to HMRC's approval being required will not apply to options granted pursuant to the Unapproved Scheme.

(ii) *Eligibility*

Options can also be granted to directors who are not required to work at least 25 hours per week, and to individuals with a "material interest" in the Company.

(iii) *Grant of options*

The £30,000 individual limit set out in paragraph 7.5(ii) above will not apply.

(iv) *Performance conditions*

The performance conditions of the 2010 CSOP will apply save in respect of the options granted prior to but conditional upon Admission which will not be subject to any performance conditions.

(v) *Exercise price*

The exercise price may be less than the market value of the Ordinary Shares at the date of grant of the option, but may not be less than the nominal value of the Ordinary Shares if the exercise of the option will be satisfied by the issue of new shares.

(vi) *Exercise of options*

Save as set out above regarding cessation of employment or corporate transactions, options cannot be exercised earlier than the later of the first anniversary of the date of grant and the date on which any performance condition is met. Options may not be exercised more than 10 years after the date of grant. The options granted under the Unapproved Scheme prior to but conditional upon Admission may not normally be exercised before the first anniversary of the date of grant.

8. Directors' Service Agreements and Letters of Appointment

8.1 ***Barrie Clapham***

Mr Clapham's services as non-executive chairman are provided to the Company by Credential Oldco Limited under a consultancy agreement dated 11 November 2010 as amended pursuant to a side letter dated 12 November 2010. Credential Oldco Limited is paid a fee of £85,000 annually for the provision of these services. The consultancy agreement is terminable at any time on 3 months' notice by either party. The consultancy agreement may be terminated summarily by the Company if either Credential Oldco Limited or Mr. Clapham is, among other things, guilty of gross misconduct or neglecting their respective duties under the agreement in addition, in certain circumstances, Credential Oldco Limited can also terminate the consultancy agreement with immediate effect. If the consultancy agreement is terminated for any reason then Mr. Clapham should resign as a director of the Company. The consultancy agreement contains an indemnity in favour of the Company in respect of any claim against the Company in respect of income tax or employee national insurance contributions arising out of the agreement. The consultancy agreement does not provide for any benefits to be given to Credential Oldco Limited or Mr. Clapham upon its termination.

8.2 ***Angus Armstrong***

Mr. Armstrong entered into a service agreement with the Company on 11 November 2010. The terms of the agreement provide for (*inter alia*): (i) a salary of £165,300 per annum, (ii) a right to participate in the Bonus Plan (which is described at paragraph 9.1 below, (iii) termination on twelve months' notice by either party or summarily by the Company if Mr. Armstrong is, among other things, guilty of gross misconduct, (iv) private medical insurance, (v) employer's pension contributions, (vi) the supply to Mr. Armstrong of a company car, (vii) 25 days holiday per annum, and (viii) up to 228 days' sick pay in any 24 month period at full salary. Mr. Armstrong is subject to certain restrictive covenants. The agreement does not provide for any benefits to be given to Mr. Armstrong upon termination of his employment.

8.3 ***Brian Macdonald***

Mr. Macdonald entered into a service agreement with the Company on 11 November 2010. The terms of the agreement provide for (*inter alia*): (i) a salary of £165,300 per annum (ii) a right to participate in the Company's Bonus Plan (which is described at paragraph 9.1 below) (iii) termination on twelve months' notice by either party or summarily by the Company if Mr. Macdonald is, among other things, guilty of gross misconduct (iv) private medical insurance (v) a right to a 10 per cent. uplift in annual bonus entitlement in lieu of employer's pension contributions (provided that 80 per cent. of the Group's annual profit target is achieved in the relevant year) (vi) the supply to Mr. Macdonald of a company car (vii) 25 days holiday per annum, and (viii) up to 228 days' sick pay in any 24 month period at full salary. Mr. Macdonald is subject to certain restrictive covenants. The agreement does not provide for any benefits to be given to Mr. Macdonald upon termination of his employment.

8.4 ***Sir David Naish***

Sir David was appointed, conditional on and effective from Admission, pursuant to a letter of appointment dated 20 September 2010. He is paid a fee of £40,000 annually plus an additional annual fee of £5,000 in respect of each committee chaired by him (subject to review by the directors in accordance with the letter of appointment). Sir David's appointment is for an initial period of 3 years and is terminable at any time on 3 months' notice by either party. Sir David's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct or neglecting his duties under his appointment. The letter of appointment does not provide for any benefits to be given to Sir David upon termination of his appointment.

8.5 ***Michael Jankowski***

The terms of Mr. Jankowski's appointment are set out in a letter of appointment dated 11 November 2010. He is paid a fee of £25,000 annually (subject to review by the directors in accordance with the letter of appointment). Mr. Jankowski's appointment is for an initial period of 3 years and is terminable at any time on 3 months' notice by either party. Mr. Jankowski's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct or neglecting his duties under his appointment. The letter of appointment does not provide for any benefits to be given to Mr. Jankowski upon termination of his appointment. In addition Mr. Jankowski is paid a fee of £20,000 annually in respect of his services as Chairman of the Trustees of the Greenvale Pension Plan.

8.6 ***Derek Porter***

The terms of Mr. Porter's appointment are set out in a letter of appointment dated 11 November 2010. He is paid a fee of £25,000 annually (subject to review by the Directors in accordance with the letter of appointment). Mr. Porter's appointment is for an initial period of 3 years and is terminable at any time on 3 months' notice by either party. Mr. Porter's appointment may be terminated summarily by the Company if he is, among other things, guilty of gross misconduct or neglecting his duties under his appointment. The letter of appointment does not provide for any benefits to be given to Mr. Porter upon termination of his appointment.

8.7 There are no arrangements under which any Director has agreed to waive or vary future emoluments nor have there been any waivers or variations of such emoluments during the financial year immediately preceding the date of this document.

9. Executive Incentive Scheme

The Company has introduced a new executive incentive scheme comprising two parts: the Bonus Plan and the LTIP. The LTIP itself comprises the 2010 CSOP and the Unapproved Scheme.

The terms of the 2010 CSOP and the Unapproved Scheme are set out in summary in paragraph 7 of this Part V.

9.1 ***The Bonus Plan***

The Bonus Plan will provide cash bonuses to key executives based on the Group's profitability measured against budgeted targets. Bonuses paid will be subject to the deduction of income tax and national insurance.

If the profit on ordinary activities before taxation shown in the Company's audited financial statements ("**Profit**") is greater than the amount shown in the budget forecast agreed at the commencement of each financial year, a proportion of that excess will be distributed to key executives through the Bonus Plan. The proportion to be distributed will be 20 per cent. of the excess if that excess is between £200,000 and £400,000, rising in increments of 1 per cent. for each additional £200,000 of the excess, up to a maximum of 30 per cent.

The maximum bonus payable to each participant will be 70 per cent. of basic salary for each member of the board of directors of the Company, 50 per cent. of basic salary for each member of the board of GAPL, and 30 per cent. for other executives and key managers of GAPL. If the available profit for distribution is less than the maximum, all participants' entitlements will be scaled back ratably.

Historically, the Company has paid discretionary bonuses to salaried staff up to a maximum of 10 per cent. of salary. This discretionary arrangement will continue but any bonuses so paid will be funded from the profits of the Company and not by the bonus pool generated for the Bonus Plan referred to above.

All of the bonuses referred to above will be paid wholly in cash through the payroll.

9.2 ***The LTIP***

The LTIP is used to award share options to selected executives of the Group to allow them to share in the success of the Group and promote motivation and retention.

The options will be granted under the 2010 CSOP wherever possible, and under the Unapproved Scheme to the extent that the award exceeds the limit of the 2010 CSOP or the terms for qualification under the 2010 CSOP are otherwise not met.

The Unapproved Scheme has been used to fulfil LTIP awards granted prior to, but conditional on, Admission as noted in paragraph 7.2 of this Part V. The awards granted prior to, but conditional upon, Admission are not subject to the performance conditions that will apply to other awards under the LTIP.

It is proposed that all options granted in the first year after Admission pursuant to the LTIP will have an exercise price at least equal to the market value of the Ordinary Shares at the date of grant.

10. Additional Information on the Board

10.1 Aside from directorships held within the Group the Directors hold or have held the following directorships or been a partner in the following partnerships within the five years prior to the date of this document:

Name of Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Barrie Clapham	Baron Properties Ltd Quillco 3 Ltd Credential Logistics Ltd Norham Properties Ltd Pursol Ltd Virginia Court Developments Ltd London & Scottish Property Management Ltd Credential Oldco Limited Dumbarton Road Ltd Legal Services Centre Ltd Clydeway Investments Ltd Douglas Shelf Two Ltd Kirton Lindsey Group Ltd Hamiltonhill Estates Ltd Douglas Shelf Six Ltd Gfs (Motherwell) Ltd Credential Logistics (Kl) Ltd Styleback 2 Ltd Douglas Shelf Eleven Ltd Douglas Shelf Ten Ltd Quillco 97 Ltd Credential Charing Cross Ltd Credential 233 St. Vincent Street Ltd Kirton Lindsey Ltd Elitescheme Ltd Douglas Shelf Seven Ltd Castlestream Ltd Credential Bath Street Ltd Credential Ct Ltd Crowndata Ltd Credential Dunbar Ltd Credential Residential Finance Ltd Miller Street Ltd Credential Clarkston Toll Ltd Credential Tay House Ltd Quillco 157 Ltd Credential Shop Ltd Old Rutherglen Road Ltd Credential (Cambuslang) Ltd Squeeze Newco Property Management Ltd	Tyre Granulation (Sheffield) Ltd Credential Environmental Ltd Tyre Granulation Ltd Credential Waste Management Ltd Rtc Tyres Limited Credential Aws Limited Credential Wts Ltd Tyre Collection Services Ltd Credential Estates Ltd Community Urban Renewal Enterprises Ltd Douglas Shelf One Ltd Midco Environmental Ltd Midco Waste Management Ltd Squeeze Newco1 Ltd Processed Polymers Ltd Hollington Properties Ltd Kirton Enterprise Ltd Stock (224) Ltd Granutyre Ltd

Name of Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Barrie Clapham *(continued)*	Credential Produce LLP Credential Projects Ltd Credential Muirhouse Ltd London & Scotland Golf Courses Ltd Credential (Cumbernauld) Ltd Credential (Greenock) Ltd Credential Trading Ltd Credential (Rochdale) Credential Jersey Ltd Credential (Paisley) Ltd Chartfield One Ltd Credential (Milton Keynes) Credential (Baillieston) Ltd Old Mill Studios Ltd Credential (Wardpark North) Ltd Credential (Wardpark South) Ltd Credential Investment Holdings Ltd Squeeze Newco 349 Ltd Clyde Shopping Centre Ltd Credential (Peterborough) Ltd The Ayrshire Golf Company Ltd Squeeze Newco (Elmbank) Ltd Eyescreen Ltd Pitchworth Ltd	
Angus Armstrong	Organic Potato Growers (Scotland) Ltd	Border Union Agricultural Society Border Union Ltd
Brian Macdonald	None	Kronenbourg Suisse Ltd (Switzerland) Central de Gervejas Ltd (Portugal) Baltic Beverage Holding (Kazakhstan) Alkaen Maes (Belgium)
Sir David Naish	Naish Farms Ltd Wilson Insurance Broking Group Ltd Hilton Food Group plc Caunton Engineering Ltd	Arla Foods UK plc Woodard Schools (Nottinghamshire) Ltd Woodard Schools (Nottinghamshire) Enterprises Ltd Silsoe Research Institute
Michael Jankowski	Asset Backed Securities Ltd Creation Autosportif Pole Star Space Applications Ltd Produce Acquisitions LLP	Roadweald Ltd Interphone Ltd Interphone (Birmingham) Ltd Interphone CCTV Ltd Interphone (Digital) Ltd Interphone (IBEX) Ltd Interphone (Sentrymatic) Ltd Interphone (SM) Ltd Interphone Ltd Interphone Security Group Ltd ISG Finance Ltd ISG Maintenance Ltd Asset Backed Securities (UK) Ltd

Name of Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Derek Porter	Credential Produce Credential Investment Holdings Ltd Credential Jersey Ltd Credential (Rochdale) Ltd Credential (Milton Keynes) Ltd Credential (Baillieston) Ltd Douglas Shelf Seven Ltd Credential Charing Cross Ltd Squeeze Newco (Elmbank) Ltd Quillco 157 Ltd Exchangelaw (No 350) Ltd Credential Estates Ltd Hamiltonhill Estates Ltd Credential Muirhouse Ltd Credential Bath Street Ltd Credential (Greenock) Ltd Credential (Paisley) Ltd Credential (Wardpark North) Ltd Credential (Wardpark South) Ltd Clyde Shopping Centre Ltd Credential (Cambuslang) Ltd Squeeze Newco Property Management Ltd Old Mill Studios Ltd Credential SHOP Ltd London & Scottish Property Management Ltd Caststop Ltd Stock Residential Lettings Ltd Credential Logistics (KL) Ltd The Ayrshire Golf Company Ltd Augmentor Consulting Ltd Credential Residential Finance Ltd Credential Dunbar Ltd Credential Residential (Hamiltonhill) Ltd Credential (Belhaven Terrace) Ltd Bell Grant (Auchertarder) Ltd Lilybank Terrace Ltd Lilybank Church Ltd Credential (Hermiston) Ltd Squeeze Newco 2 Ltd Credential Tay House Ltd Tay Properties Ltd The Legal Services Centre Ltd Castlestream Ltd Credential 233 St. Vincent Street Ltd Dumbarton Road Ltd Old Rutherglen Road Ltd Credential (Peterborough) Ltd Stock (224) Ltd Virginia Court Developments Ltd Credential Trading Ltd Credential Oldco Ltd Chartfield One Ltd	Kirton Lindsey Group Ltd Calmont Caledonian House Ltd Squeeze Newco 1 Ltd Community Urban Renewal Enterprises Ltd Crowndata Ltd Credential Projects Ltd Granutyre Ltd Processed Polymers Ltd

Name of Director	*Current Directorships/Partnerships*	*Past Directorships/Partnerships*
Derek Porter *(continued)*	Enviro Polymers Ltd RTC Tyres Ltd Tyre Granulation (Sheffield) Ltd Tyre Granulation Ltd Baron Properties Ltd Clydeway Investments Ltd Credential Logistics Ltd Douglas Shelf Six Ltd Douglas Shelf Ten Ltd Douglas Shelf Twelve Ltd Elitescheme Ltd Glassopal Ltd Norham Properties Ltd Pitchworth Ltd Pursol Ltd Quillco 3 Ltd Credential CT Ltd Miller Street Ltd Credential Clarkston Toll Ltd Credential (Cumbernauld) Ltd Sports Locations Ltd Credential (Dowenhill) Ltd Credential (Lothian) Ltd	

10.2 Angus Armstrong was (and remains) a director of GPEL when it was placed into liquidation by an extraordinary resolution of its members on 21 December 2006. Further details of the liquidation are set out in paragraph 13.1 of this Part V.

10.3 Barrie Clapham and Derek Porter were (and remain) directors of Granutyre Limited when it was placed into creditors' voluntary liquidisation on 7 June 2007.

10.4 Barrie Clapham and Derek Porter were directors of Processed Polymers Limited when it was dissolved by an administrator on 14 December 2006.

10.5 Save as disclosed above none of the Directors has:

(i) any unspent convictions in relation to indictable offences;

(ii) had any bankruptcy order made against him or entered into any voluntary arrangements;

(iii) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(iv) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(v) been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he as a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(vi) been publicly criticised by any statutory or regulatory authority (including recognised professional bodies);

(vii) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company; or

(viii) had a name other than his existing name.

11. Details of Subsidiaries

11.1 The Company, which is the parent company of the Group, has the following directly or indirectly held subsidiary undertakings:

Name	*Country of incorporation*	*Nature of business*	*Type of shares held*	*Proportion of shares and voting rights held*
Greenvale Holdings Limited	England and Wales	Holding company	Ordinary	100%
Greenvale AP Limited	England and Wales	Buying and selling potatoes	Ordinary and 'B' Preference	100%
Greenvale Growing Limited	England and Wales	Growing potatoes	Ordinary 'B' Preference	100%
Greenvale Foods Limited	England and Wales	Potato processing	Ordinary	100%
Greenvale Potato Exports Limited (in liquidation)	England and Wales	–	Ordinary	100%
Greenvale Produce Trustees Limited	England and Wales	Dormant	Ordinary	100%
Restrain Company Limited	England and Wales	Potato and onion atmosphere regulation	Ordinary	70%
Swancote Foods Limited	England and Wales	Non-trading	Ordinary	100%

11.2 The Group also has shareholdings in the following entities:

Name	*Country of registration or incorporation*	*Nature of business*	*Type of shares held*	*Proportion of shares and voting rights held*
BROP	Czech Republic	Growing and selling potatoes	Ordinary	30%
Organic Potato Growers (Scotland) Limited	Scotland	Growing potatoes	Ordinary	33.3%*

* The Group also holds 75,000 'A' cumulative redeemable preference shares (being all the issued shares of that class) in Organic Potato Growers (Scotland) Limited. No voting rights attach to such shares (save as regards proposed changes to class rights).

12. Material contracts

The following section contains summaries of the principal terms of material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Group within the two years immediately preceding the date of this document and any other contracts (not being contracts entered in to the ordinary course of business) entered into by any member of the Group which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document:

12.1 ***Placing Agreement***

On 15 November 2010, the Company entered into the Placing Agreement with Investec and the Directors pursuant to which Investec has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional, *inter alia*, on the issued and to be issued Ordinary Shares being admitted to trading on AIM by no later than 18 November 2010 (or such other date as may be agreed between the parties not being later than 31 January 2011).

In consideration of its services in connection with Admission and the Placing, the Company will pay Investec on Admission a corporate finance fee of £450,000 and a commission of 4 per cent. on the aggregate subscription price of the Placing Shares subscribed by placees introduced by Investec at the Placing Price.

The Placing Agreement contains warranties given by the Company and the Directors as to the accuracy of the information contained in this document and other matters relating to the Company and its business. The liability of the Directors under these warranties is limited in time and amount. In addition, the Company has given an indemnity to Investec in respect of certain customary matters. Investec is entitled to terminate the Placing Agreement prior to Admission, principally in the event of a breach of the Placing Agreement or of any of the warranties contained in it or if an event of *force majeure* arises.

12.2 ***Nominated Adviser and Broker Agreement***

On 15 November 2010, the Company entered into an agreement with Investec, pursuant to which the Company appointed Investec to act as nominated adviser and broker to the Company for a fixed period of one year from the date of the agreement and thereafter subject to termination on the giving of 30 days' notice by either party and in certain circumstances Investec may terminate the agreement with immediate effect. In consideration of its services, the Company will pay Investec an annual retainer of £50,000. The amount of the retainer for the first year following Admission shall be reduced by the commission payable by the Company under the Placing Agreement.

12.3 ***Lock-in Agreements***

Pursuant to agreements dated on or around 11 November 2010, each of the Directors and certain significant Shareholders have undertaken to the Company, and to Investec, save in the certain limited circumstances described below, not to dispose of any Ordinary Shares in which they are directly or indirectly interested for a period of 12 months from Admission and, for the next following period of 12 months, not to dispose of any Ordinary Shares other than through the Company's broker from time to time.

Certain disposals are permitted including: (i) the acceptance of a general offer (or an agreement or undertaking to accept such an offer) for the share capital of the Company made in accordance with the City Code, or the execution of an irrevocable undertaking to accept such an offer; (ii) a transfer to a trustee to create a new settlement or a beneficiary under a trust, the beneficiaries of which are the relevant person and/or a member of the relevant person's family; and (iii) a disposal on death.

The lock-in undertaking given by Roger Behagg restricts his ability to dispose of 50 per cent. of the Ordinary Shares in which he is interested immediately following Admission save in the limited circumstances described above and provides that any disposal of the remaining Ordinary Shares in which he is interested are conducted, for a period of 24 months from Admission, through the Company's broker with a view to maintaining an orderly market.

12.4 ***Amended Facilities Agreement***

On 17 March 2006, the Company entered into a syndicated term and revolving facilities agreement (the "**Facilities Agreement**") with Clydesdale (acting in various capacities). The agreement was amended and restated on 3 July 2007, 15 December 2008 and will be further amended and restated, subject to Admission, pursuant to an amendment and restatement agreement dated 11 November 2010 (the "**Amendment Agreement**"). The amended terms of the Facilities Agreement (the "**Amended Facilities Agreement**") will become effective upon Admission and provide for syndicated term and revolving facilities in the aggregate amount of £31,808,000. The Company and GAPL are borrowers and guarantors under the Amended Facilities Agreement and Greenvale Holdings Limited, GAPL, Greenvale Foods Limited, Greenvale Growing Limited, Restrain Company Limited and Swancote are guarantors.

The final repayment date for the various facilities is 10 October 2015, save that the £7,808,000 revolving facility (the "**Revolving Facility**") is repayable 18 months after Admission. Interest on the facilities varies from facility to facility at rates between 2.25 per cent. and 3.25 per cent. per annum over LIBOR. Interest on each facility is payable at the end of each interest period which can, in certain circumstances, be varied but are generally of 3 month duration. Default interest is payable at 1 per cent. per annum over the applicable rate of interest on the relevant facility. A borrower may, on the giving of at least 10 business days' notice to Clydesdale, prepay all or any part of a facility, subject to a minimum payment of £250,000.

On a change of control and/or sale of all or substantially all of the assets of the Group, all sums outstanding under the Amended Facilities Agreement become immediately due and payable (save in circumstances where the Panel on Takeovers and Mergers has granted an appropriate derogation from any requirement to make a mandatory offer for the remaining shares in the Company).

The Amended Facilities Agreement refers to the payment by the Company of certain fees to Clydesdale as set out in any fee letters. The Company is obliged to pay an arrangement fee of £75,750 in aggregate and an annual agency fee of £12,500, in each case plus VAT. In addition, on any assignment or participation of all or part of the facilities by Clydesdale to a non-group entity, the Company is obliged to pay an additional annual agency and security trustee fee of £25,000 plus VAT.

The Company is obliged to satisfy various financial covenants on 31 March, 30 June, 30 September and 31 December (each a "**Quarter Date**") in each financial year during the life of the Amended Facilities Agreement. The financial covenants include: (i) a cashflow cover test based on the ratio of cashflow to total debt service of the Group; (ii) a dividend cashflow cover test based on the ratio of cashflow to total debt service of the Group plus cash dividends and distributions paid or made by the Company; (iii) an EBITA cover test based on the ratio of EBITA to total debt service of the Group; (iv) an adjusted leverage test based on the ratio of total net debt of the Group to EBITA (with certain adjustments) and (v) a revolving facility cover test based on the ratio of revolving facility loans to borrowings under the Invoice Discounting Agreement (as defined in paragraph 12.6 below). The ratio thresholds for each of these tests are as follows:

(i) Cashflow cover test:

Quarter Date	*Ratio*
30 December 2010	0.8:1
31 March 2011	1.5:1
30 June 2011	1.1:1
each Quarter Date thereafter (save as specified below)	1.4:1
30 June 2012	1.3:1

(ii) Dividend cashflow cover test

Quarter Date	*Ratio*
30 December 2010	0.8:1
Thereafter	1.1:1

(iii) EBITA cover test: 2:1 on each Quarter Date.

(iv) Adjusted leverage test: 2.5:1 on each Quarter Date.

(v) Revolving facility cover: 2:1 on each Quarter Date.

In addition the Company covenants that the capital expenditure of the Group in any financial year will not exceed the level of capital expenditure set out in the budget for that year by more than 10 per cent.

The Amended Facilities Agreement contains: (i) *inter alia*, representations including as to no default or breach of legislation and the legal and beneficial ownership of the Group's assets, (ii) covenants regarding the provision of financial information and (iii) restrictions on the Group's ability to change its business, dispose of or grant security over its assets, incur further indebtedness or incur guarantees, issue shares and/or pay dividends. In particular, the Company is restricted from paying dividends or otherwise making distributions to its shareholders unless: (i) there is no default outstanding or would occur as a result of such payment; and (ii) the Company delivers to Clydesdale not less than 10 business days prior to the date of such payment a certificate that the financial covenants referred to above have been in compliance and will continue to be so for the next four financial quarter periods.

The events of default under the Amended Facilities Agreement include non-payment, breach of covenant, misrepresentation, cross default, insolvency, litigation and material adverse change.

The amount available for drawing under the Revolving Facility is reduced by an amount equal to any amounts made available under the Ancillary Facility Letter (described at paragraph 12.5 below). To the extent a drawing under the Ancillary Facility Letter together with all amounts drawn under the Revolving Facility would cause the Revolving Facility commitment to be exceeded, the Company is obliged to repay the Revolving Facility by an amount necessary to ensure the commitment is not exceeded.

The amendments to the Facilities Agreement are subject to certain conditions subsequent (the "**Amendment Conditions Subsequent**"), including that the net proceeds from the Placing must be applied as follows: first, to repay various amounts owing to Clydesdale, such amounts and reserved balance being limited to £8,816,000 plus arrangement and agency fees due to Clydesdale and certain other fees, costs and expenses incurred by Clydesdale (the "**Clydesdale Payment Condition Subsequent**"); second, to redeem the A Loan Notes; and third, to redeem the B Loan Notes. Failure to satisfy these requirements will constitute an event of default.

The Revolving Facility becomes available on satisfaction of the Clydesdale Payment Condition Subsequent.

12.5 ***Ancillary Facility Letter***

On 11 November 2010 the Company and GAPL entered into an ancillary facility letter with Clydesdale (the "**Ancillary Facility Letter**"). The Ancillary Facility Letter will become effective upon the Clydesdale Payment Condition Subsequent. Once effective, the new facilities set out in the Ancillary Facility Letter will replace the facilities made available under an earlier ancillary facility letter, including an overdraft which will have been repaid in full from the proceeds of the Placing.

Pursuant to the Ancillary Facility Letter, Clydesdale has made available the following facilities on a uncommitted basis to the Company, GAPL and any other subsidiary of the Company approved by Clydesdale: (i) a £3,050,000 BACS facility; (ii) a £128,000 forward foreign exchange facility for contracts of up to 12 months; (iii) a £110,000 business credit card facility; and (iv) a £20,000 cheque cashing facility. All of the ancillary facilities are subject to review on the date falling 18 months after Admission.

12.6 ***Invoice Discounting Agreement***

GAPL is party to an invoice discounting agreement with Clydesdale dated 3 March 2006 (the "**Invoice Discounting Agreement**"). On 11 November 2010 GAPL and Clydesdale signed a letter varying the terms of the Invoice Discounting Agreement, which will become effective upon satisfaction of the Clydesdale Payment Condition Subsequent. By virtue of the Invoice Discounting Agreement, GAPL transfers the right to collect and enforce payment of the receivables to Clydesdale and Clydesdale appoints GAPL as its agent to do so.

The Invoice Discounting Agreement (as varied) provides for a limit of the funds in use under the agreement of £2 million and an advance rate of 85 per cent. Clydesdale apply a discount charge of 2.75 per cent. above Clydesdale's base rate. Clydesdale also charge an administration fee of £1,900 plus VAT per month, index linked to the retail prices index and subject to an annual minimum of £22,800 plus VAT. GAPL is only entitled to draw against those invoices in excess of £4,500,000 at any one time. Clydesdale can, at any time, adjust these figures by notifying GAPL accordingly or cancel its appointment as agent under the agreement.

The Invoice Discounting Agreement (as varied) contains typical covenants and representations regarding provision of information concerning invoices, restricting GAPL's ability to deal with or create security over the receivables and/or vary the settlement/credit terms thereof and as to the ownership of the receivables and performance of the contracts to which the receivables relate.

12.7 ***Hedging arrangements***

The Company has certain interest rate swaps ("**Hedging Arrangements**") in place with Clydesdale in respect of certain of its facilities under the Amended Facilities Agreement.

12.8 ***Finance leases***

Swancote has entered into four finance leases with Barclays Bank plc pursuant to a master lease purchase agreement dated 18 August 1998. There are approximately 20 monthly instalments remaining and a balance of £179,000 outstanding.

12.9 ***Intercreditor Agreement***

Pursuant to an intercreditor agreement dated 17 March 2006 between, among others, the Company, Clydesdale (in various capacities), the holders of the A Loan Notes and the holders of the B Loan Notes (the "**Intercreditor Agreement**"), the parties agreed that debt owed to Clydesdale (in its various capacities), the holders of the A Loan Notes and the holders of the B Loan Notes would rank in that order.

Clydesdale (in its various capacities) has consented, conditional only upon Admission and certain payments having first been made to Clydesdale, to the repayment of the A Loan Notes and the B Loan Notes at any time within 30 days of Admission.

The Intercreditor Agreement is to be amended pursuant to an amendment and restatement agreement dated 11 November 2010. The amended terms of the Intercreditor Agreement will become effective upon satisfaction of certain of the Amendment Conditions Subsequent. Pursuant to the amended Intercreditor Agreement, Clydesdale, the Company and the Company's subsidiaries agree that debt owed to Clydesdale (in its various capacities) will rank ahead of all intra-group balances and that no amounts owing between Group companies can be repaid unless and until all amounts owing to Clydesdale have been repaid in full. The amended Intercreditor Agreement will permit the Company and each of its subsidiaries to pay intra-group balances provided that no default is outstanding under the Amended Facilities Agreement or would occur as a result of the payment being made.

12.10 ***Security***

The obligations under the Amended Facilities Agreement, the Ancillary Facility Letter, the Intercreditor Agreement, the Invoice Discounting Agreement (as varied), the Hedging Arrangements and each of the relevant security documents are secured by fixed and floating charges over all assets given by each guarantor under the Facilities Agreement as well as a share mortgage granted by the Company over its shares in GAPL, the assignment by way of security by the Company of certain key man life policies. In addition GAPL has granted to Clydesdale standard security over its Springfield Farm, Craigswalls and Winfield sites.

Clydesdale also has the right to place a charge on the stocks of the Group including growing stocks in the event that such security is required.

In addition to this security, each of the guarantors provides a guarantee to Clydesdale pursuant to the Amended Facilities Agreement whereby each guarantees the obligations of the Company under the Amended Facilities Agreement, the Ancillary Facilities Letter, the Intercreditor Agreement, the Invoice Discounting Agreement (as varied), the Hedging Arrangements and each of the relevant security documents.

12.11 ***A Loan Notes***

On 7 April 2006, in connection with the Company's acquisition of Greenvale Holdings plc and pursuant to the A Loan Note Instrument, the Company created the A Loan Notes which were issued to Credential Produce. The A Loan Notes are repayable in full on 7 April 2011 or earlier upon the happening of certain events, including Admission. Pursuant to a letter from the Company to Credential Produce dated 15 October 2010, the Company has undertaken, conditional upon and simultaneously with Admission, to repay the principal amount of the A Loan Notes in full. Pursuant to the same letter, Credential Produce has, conditional upon Admission, applied for the allotment to it of £165,000 worth of Ordinary Shares at the Placing Price, such shares to be paid up in full (as to the nominal value and the premium payable thereon) out of the proceeds of repayment of the A Loan Notes. The relevant Ordinary Shares were provisionally allotted to Credential Produce, conditional upon Admission, on 11 November 2010 as noted in paragraph 3.15 of this Part V. The balance due to Credential Produce in respect of the A Loan Notes (after deduction of the amount subscribed for Ordinary Shares) shall be repaid to Credential Produce as soon as practicable after Admission and after certain prior payments have been made to Clydesdale.

12.12 ***B Loan Notes***

On 7 April 2006, in connection with the Company's acquisition of Greenvale Holdings plc and pursuant to the B Loan Note Instrument, the Company created the B Loan Notes which were issued to certain shareholders of Greenvale Holding plc. Subject to the prior repayment in full of the A Loan Notes, the B Loan Notes are repayable in full on 7 April 2011 or earlier upon the happening of certain events, including Admission. Pursuant to letters from the Company to each holder of B Loan Notes dated 15 October 2010, the Company has undertaken, conditional upon (i) prior repayment of certain sums to Clydesdale, (ii) prior repayment of the A Loan Notes and (iii) Admission, to repay the principal amount of the B Loan Notes in full as soon as practicable following Admission.

12.13 ***Consultancy Agreement***

On 8 October 2010, GAPL entered into a consultancy agreement with A.B.M Growth Limited, a consultancy company that provides the services of Mr. Keith Hogg to the Group. Under the terms of the agreement GAPL has agreed to pay A.B.M. Growth Limited an annual fee of £120,000. The agreement is terminable by either party on 12 months' notice or summarily by GAPL if A.B.M Growth Limited or Mr Hogg are, among other things, guilty of gross misconduct.

12.14 ***Restrain Joint Venture Agreement***

On 2 August 2004, Greenvale Holdings PLC, International Controlled Atmosphere Limited and Restrain Company Limited amongst others entered into a joint venture agreement in relation to the conduct of the business of Restrain Company Limited. Under the agreement, Greenvale Holdings PLC and International Controlled Atmosphere Limited agreed to jointly promote Restrain Company Limited as a joint venture company engaged exclusively in the provision and maintenance, and certain related activities, of machines or generators for the conversion of ethanol to ethylene for the purposes of the restrain process in potatoes and other root vegetables. Both parties agreed to provide services, facilities and assets to Restrain Company Limited for the proper conduct of its business until such time as Restrain Company Limited is independent in such respects. The agreement also sets out the intention for International Controlled Atmosphere Limited and Greenvale Holdings PLC to jointly apply for UK and European patents in relation to the apparatus and method for controlling growth in a root vegetable and to assign such patents to Restrain Company Limited. On 27 June 2009, Greenvale Holdings Limited (previously Greenvale Holdings PLC) transferred its interest in Restrain Company Limited to the Company.

13. Legal Proceedings

13.1 GPEL, a wholly-owned subsidiary of the Company, was placed into liquidation in 2006 when mis-management by local staff resulted in potential claims from suppliers of produce not relating to the normal business of the Group. The liquidator of GPEL has claimed that certain payments made by

GPEL to Greenvale prior to GPEL being put into liquidation constitute unlawful preferences and transactions at an undervalue. The Directors believe, based on the legal advice they have received on the matter, that GPEL has a strong defence to the claim. If this defence were ultimately to prove unsuccessful, the Directors estimate that the Group's liability in the matter (including costs) would be in the region of £65,000, although on a worst case analysis it could be as high as £250,000.

13.2 In November 2007, Greenvale's auditors brought to the attention of the Company's board certain payments involving senior employees of GAPL and a produce buyer at Sainsbury's. The payments concerned were made between June 2006 and December 2007 and totalled approximately £3.2 million. The Company immediately launched a detailed investigation into these payments. In February 2008, the Company brought the matter to the attention of senior management at Sainsbury's. Shortly afterwards, the police were notified of the factual background and commenced an investigation. In the early stages of the police investigation (May 2008) a number of employees of the Group, including the current Chief Executive of the Company (who is now and was, at the time, a director of GAPL), were interviewed under caution. Subsequently, two directors of GAPL who had been arrested (including the then Finance Director) resigned with immediate effect. The Group continues to provide information to the police as and when requested in connection with their investigation. Sainsbury's has also carried out its own investigation into the circumstances surrounding the payments. Whilst the board of the Company is confident that there was no wrongdoing on the part of any of its current members, it is possible that criminal and/or civil legal actions may be commenced against GAPL and/or its current and/or former directors in connection with this matter and there can be no guarantee that Sainsbury's would not terminate its relationship with GAPL or that other material adverse events would not arise as a result. Any such eventuality would have a material adverse effect on the Group's business, financial condition and results of operations. Further details are set out in the Risk Factors section of this document.

13.3 A previous employee of GAPL has made a claim against GAPL and Greenvale Produce Trustees Limited in connection with the closure, in 2001, of a defined benefit pension scheme. The Directors believe, having taken appropriate legal advice, that the scheme was closed in accordance with all applicable laws and regulations. However, the claimant has alleged a breach of his contractual rights under the scheme. A court hearing in relation to the matter was held in March 2010 but judgment is still awaited. If the claimant were successful the Directors believe the Group's liability would be in the region of £40,000, although, on a worst case analysis, it could be high as £140,000. However, the Directors are confident that the Group has a strong case and a favourable judgment is expected shortly.

13.4 Save as disclosed above, the Company is not involved in any governmental legal or arbitration proceedings which may have or have had in the 12 months preceding the date of this document a significant effect on the Company's financial position or profitability or the financial position or profitability of the Group as a whole and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company or any member of the Group.

14. Related Party transactions

Save as set out in note 24 to the financial information set out in Part IV of this document, no member of the Group has been party to any related party transaction (which for these purposes are those set out in the standards adopted according to regulation (EC) No. 1606/2002) for the three years ended 26 June 2010 and for the period from 27 June 2010 up to the date of this document.

15. Working capital

The Directors are of the opinion, having made due and careful enquiry and taking into account the net proceeds of the Placing and the Group's banking facilities, that the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

16. Taxation

The following paragraphs are intended as a general guide only for Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HMRC practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

(a) *Taxation on dividends*

Under current UK tax legislation, no amounts in respect of tax will be withheld at source from dividend payments made by the Company.

A dividend paid to a non-corporate Shareholder is treated as being paid with a tax credit equal to one ninth of the net dividend. Thus, for such Shareholders, there will be a tax credit of 10 per cent. on the gross dividend, that gross dividend being equal to the sum of the net dividend and the accompanying tax credit. Individual Shareholders whose income is within the starting or basic rate bands will be liable to tax at 10 per cent. on their gross dividend income and, if eligible for the tax credit, the tax credit will therefore satisfy their income tax liability on UK dividends.

Individual Shareholders who are liable to income tax at the higher rate will be charged to tax at 32.5 per cent. on their gross dividend income. After taking account of the 10 per cent. tax credit, where available, this will represent additional tax of 25 per cent. of the net dividend received.

Additional rate tax will apply to individual Shareholders with annual taxable income in excess of £150,000 and the trustees of UK trusts. The additional rate will be 42.5 per cent. on gross dividend income. After taking account of the 10 per cent. tax credit, where available, this will represent additional tax of 36.1 per cent. of the net dividend received.

Since July 2009, there has not been a "blanket" exemption from tax on dividends received by UK resident companies (other than share traders). Instead, a distribution exemption regime, which exempts most types of dividends from tax (but not all) has operated. Under these new distribution exemption rules, subject to exceptions for certain insurance companies and companies that hold shares as trading stock, a UK resident corporate Shareholder that receives a dividend paid by the Company should not be taxed on the dividend.

Persons who are not resident in the UK should consult their own tax advisers on whether or not they can benefit from all or part of any tax credit and what relief or credit may be claimed in the jurisdiction in which they are resident.

(b) *Taxation on chargeable gains*

For the purpose of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Placing will be regarded as an acquisition of a new holding in the share capital of the Company, acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

If a Shareholder who is a UK individual or a trustee of a UK trust disposes of all or some of his Ordinary Shares, a liability to capital gains tax may arise. The extent of the tax liability on any gains which may arise will depend on the availability of the annual capital gains tax exemption and any other tax relief such as existing capital losses.

A UK resident corporate Shareholder holding shares as an investment will be subject to corporation tax on any gain arising, subject to potential mitigation by indexation allowance and losses available for relief. An exemption from corporation tax on any such gain may be available if the corporate Shareholder holds at least 10 per cent. of the Company's ordinary share capital and has done so for at least 12 months in the two years prior to disposal.

Shareholders who are not normally resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their shares are connected). Individual Shareholders who are temporarily neither UK resident nor ordinarily resident may also be liable to UK capital gains tax on chargeable gains realised on their return to the UK. Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their personal circumstances.

(c) *Stamp Duty and Stamp Duty Reserve Tax ("SDRT")*

No stamp duty or SDRT will generally be payable on the issue of Ordinary Shares.

The transfer on sale of shares will generally be subject to *ad valorem* stamp duty or SDRT, normally at a rate of 0.5 per cent. (rounded to the nearest £5) of the amount or value of the consideration. Where the consideration is less than £1,000, no stamp duty is payable. Payment of any stamp duty cancels or "franks" any SDRT charge so there is no double taxation on the same transfer.

17. Consents

17.1 Baker Tilly Corporate Finance LLP has given and not withdrawn its written consent to the inclusion of their report set out in Part IV of this document and references to its name in the form and context in which they are included.

17.2 Investec has given and not withdrawn its consent to the issue of this document with inclusion of its name and the references to it in the form and context in which they are included.

18. No significant change

There has been no significant change in the trading or financial position of the Group since 26 June 2010, (being the date to which the last audited accounts of the Group were prepared).

19. Other information

19.1 There are no specific dates on which entitlement to dividends or interest thereon on Ordinary Shares arises and there are no arrangements in force for the waiver of future dividends.

19.2 The total costs and expenses payable by the Company in connection with or incidental to the Placing and Admission are estimated to be £1.2 million (exclusive of VAT). The gross sum expected to be raised by the Placing is £15.3 million and the net proceeds of the Placing (after the deduction of expenses excluding VAT) are estimated to be £14.1 million.

19.3 The accounting reference date of the Company is currently 30 June.

19.4 Baker Tilly UK Audit LLP, Chartered Accountants of The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, MK9 1BP, were auditors of the Company for the period covered by the historical financial information contained in this document. Baker Tilly UK Audit LLP are a member firm of the Institute of Chartered Accountants in England and Wales.

19.5 Save as disclosed in this document:

(a) there are no environmental issues that may affect the Company's utilisation of its tangible fixed assets;

(b) there are no known trends, uncertainties, demands or events that are reasonably likely to have a material adverse effect on the Group's prospects for at least the current financial year;

(c) the Company is not dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes which are of fundamental importance to its business or profitability; and

(d) there are no exceptional factors that have influenced the Group's activities.

19.6 The following persons are paid fees by the Group in the amounts and for the services described below:

Name of payee	*Name of payer*	*Fees (per annum)*	*Services*
Tony Bambridge	GAPL	£25,000	Non-executive director fees

19.7 The following persons have received from the Group within the 12 months preceding the Company's application for Admission the following fees for the services set out below:

Name of payee	*Name of payer*	*Fees (per annum)*	*Services*
Credential Holdings Ltd	Produce Investments	£85,000	Fees in respect of the services of Barrie Clapham and Derek Porter as non-executive directors of the Company
Produce Acquisitions LLP	Produce Investments	£45,000	Fees in respect of the services of John Tucholski and Michael Jankowski as non executive directors of the Company
A.B.M. Growth Limited	GAPL	£120,000	Consultancy fees in relation to the services of Keith Hogg

19.8 Save as disclosed in this document, no person (excluding professional advisers as stated in this document and trade suppliers) has received directly or indirectly from the Group within the 12 months preceding the Company's application for Admission and no persons have entered into contractual arrangements to receive:

(i) fees totalling £10,000 or more;

(ii) securities in the Company with a value of £10,000 or more;

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

19.9 Save as disclosed in this document, the Company does not hold a proportion of the capital of any undertaking likely to have a significant effect on the assessment of the Company's assets and liabilities, financial position or profits and losses.

19.10 Save as disclosed in this document, the Company has no principal investments for the period covered by the historic financial information contained in this document and has no principal investments in progress and no principal future investments in relation to which it has made a firm financial commitment.

19.11 As a public company the Company is subject to the provisions of the Takeover Code which contains provisions concerning mandatory takeover bids and to the 'squeeze-out' and 'sell-out' rules contained in the Act.

20. Copies of this document

Copies of this document will be available, free of charge, at the offices of K&L Gates LLP at 110 Cannon Street, London, EC4N 6AR from the date of this document during normal business of any weekday, Saturdays and public holidays excepted, until one month from the date of Admission.

Dated 15 November 2010

DEFINITIONS

The following definitions apply in this document, unless the context otherwise requires:

"2007 Plan"	the Greenvale Group Share Option Scheme 2007, an HMRC approved company share option scheme adopted by the Company on 25 July 2007, details of which are set out in paragraph 7.5 of Part V of this document
"2010 CSOP"	the Greenvale Group Share Option Scheme 2010 which subject to HMRC approval will take effect as an amendment to the 2007 Plan, details of which are set out in paragraph 7.7 of Part V of this document
"Accumulator"	a storage process that uses modified atmospheres and temperatures to increase the number of sprouts that will produce viable stems on seed potatoes
"Act"	the Companies Act 2006 (as amended)
"Additional Shares"	the 118,132 Ordinary Shares to be issued conditional on Admission, further details of which are set out in paragraph 3.15 of Part V of this document
"Albert Bartlett"	Albert Bartlett & Sons Limited (a competitor of the Group)
"Admission"	the admission of the Existing Ordinary Shares, the Additional Shares and the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies published by the London Stock Exchange from time to time
"A Loan Note Instrument"	an A loan note instrument executed by the Company on 7 April 2006 pursuant to which the A Loan Notes were created
"A Loan Notes"	zero coupon unsecured A loan notes in the principal amount of £3,200,000 created and issued under the A Loan Note Instrument
"Articles"	the articles of association of the Company
"Audit Committee"	the audit committee of the Board
"B Loan Note Instrument"	a B loan note instrument executed by the Company on 7 April 2006 pursuant to which the B Loan Notes were created
"B Loan Notes"	zero coupon unsecured B loan notes in the principal amount of £1,962,855 created and issued under the B Loan Note Instrument
"Board" or "Directors"	the directors of the Company, whose names are set out on page 21 of this document (including, for the avoidance of doubt, the Proposed Director)
"Bonus Plan"	the bonus plan adopted by the Group, details of which are set out in paragraph 9.1 of Part V of this document
"Branston"	Branston Limited (a competitor of the Group)
"Clydesdale"	Clydesdale Bank plc

"Corporate Governance Code"	the UK corporate governance code published by the Financial Reporting Council from time to time
"Companies Acts"	every statute (including any orders, regulations or other subordinate legislation made under it) from time to time in force concerning companies so far as it applies to the Company;
"Company" or "Produce Investments"	Produce Investments plc
"Creation Autosportif"	Creation Autosportif Limited, a private limited company incorporated in England and Wales of which Michael Jankowski, director, owns 75.1 per cent. of the issued shares
"Credential Produce"	Credential Produce LLP, a limited liability partnership established in Scotland of which Barrie Clapham owns 95 per cent. of the membership interest and Derek Porter 1.5 per cent. of the membership interest
"CREST"	the relevant system (as defined in the Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations)
"Disclosure and Transparency Rules"	the Disclosure and Transparency Rules made by the Financial Services Authority pursuant to section 73A of the FSMA
"Euroclear"	Euroclear UK & Ireland Limited, a company incorporated in England and Wales
"Enlarged Ordinary Share Capital"	together, the Existing Ordinary Shares, the Additional Shares and the Placing Shares
"Executive Directors"	each of Angus Armstrong and Brian Macdonald
"Existing Ordinary Shares"	the 11,200,043 existing issued Ordinary Shares as at the date of publication of this document
"Financial Services Authority"	The Financial Services Authority of the United Kingdom
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"GAPL"	Greenvale AP Limited
"GPEL"	Greenvale Potato Exports Limited (in liquidation)
"Greenvale"	the trading subsidiaries of the Company
"Greenvale Pension Plan"	the Greenvale Produce Pension Plan
"Group"	the Company and its subsidiaries and "Group Company" should be interpreted accordingly
"HMRC"	Her Majesty's Revenue and Customs
"Investec"	Investec Bank plc
"London Stock Exchange" or "LSE"	London Stock Exchange plc
"Long-Term Incentive Plan" or "LTIP"	the Long-Term Incentive Plan, further details of which are set out in paragraph 9.2 of Part V of this document
"Nominations and Remunerations Committee"	the nominations and remuneration committee of the Board
"Official List"	the official list of the UK Listing Authority

"Ordinary Shares"	the ordinary shares of 1 penny each in the capital of the Company
"Placing"	the conditional placing of the Placing Shares by Investec at the Placing Price pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement dated 15 November 2010 between (1) the Company; (2) Investec and (3) the Directors relating to the Placing, further details of which are set out in paragraph 12.1 of Part V of this document
"Placing Price"	182 pence per Placing Share
"Placing Shares"	the 8,426,373 new Ordinary Shares which are the subject of the Placing
"Potato Council"	the Potato Council division of the Agriculture and Horticulture Development Board
"Proposed Director"	Sir David Charles Naish (who has been appointed a director of the Company conditional upon and with effect from Admission)
"Prospectus Rules"	the prospectus rules made by the Financial Services Authority pursuant to section 73A of the FSMA
"QV Foods"	QV Foods Limited (a competitor of the Group)
"Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended) and such other regulations made under Section 207 of the Companies Act 1989 as are applicable to Euroclear and/or the Euroclear service and from time to time in force
"Reorganisation"	the reorganisation of the Company's share capital completed on 15 October 2010 and comprising the Bonus Issue, the Additional Issue and the Consolidation (as such terms are defined in paragraph 3.10 of Part V of this document)
"Restrain"	a technology brought to market by the Group to utilise the natural gas, ethylene to delay sprouting in stored potatoes
"Shareholder"	a holder of Ordinary Shares
"Swancote"	Swancote Foods Limited
"Takeover Code"	the City Code on Takeover and Mergers
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UKLA" or "UK Listing Authority"	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
"Unapproved Scheme"	the Greenvale Group Unapproved Share Option Scheme 2010, details of which are set out in paragraph 7.8 of Part V of this document
"uncertificated" or "in uncertificated form"	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which, by virtue of the Regulations, may be transferred by means of CREST
"VAT"	UK value added tax

GLOSSARY

The following definitions apply in this document, unless the context otherwise requires:

Agronomy	the term used to describe the looking after of a crop, potatoes or otherwise (from a health perspective)
De-Cyst	a pesticide free ‘trap crop’ to prevent the spread of potato cyst eelworm (PCN) trademarked by the Group
food service	the segment of the potato market that relates to potatoes consumed outside of the home
free buy price	the market price for volumes supplied by growers that are not the subject of fixed price contracts
generic fresh potato volumes	non-organic own label potatoes, of a variety over which no one has any form of ownership right
lifted	the term commonly used when describing the harvesting of a potato crop
raw equivalent	a term commonly used when describing consumer ready product (for example frozen chips) in their raw, unprocessed, state
ware potatoes	a term commonly used to describe fresh potatoes destined for use within the domestic kitchen
waste streams	a term used to describe the element of fresh potatoes that are not suitable for the fresh market, retail or otherwise.