
SADDLEGREEN LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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SADDLEGREEN LIMITED

COMPANY INFORMATION

DIRECTOR	K T J Butt
COMPANY SECRETARY	S Farley
COMPANY NUMBER	4071628
REGISTERED OFFICE	Regus House Victory Way Admirals Park Crossways Dartford Kent DA2 6AG
AUDITORS	Barnes Roffe LLP Chartered Accountants and Registered Auditors 3 Brook Business Centre Cowley Mill Road Uxbridge Middlesex UB8 2FX

SADDLEGREEN LIMITED

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SADDLEGREEN LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The director presents his report and the financial statements for the year ended 31 December 2007.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

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

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company is an intermediate holding company of Perkins Foods Holdings Limited. The director does not foresee any change in the Company's activities in the future.

As part of the group reconstruction the company entered into an agreement to replace £86M of deep discounted bonds with intercompany debt.

RESULTS

The loss for the year, after taxation, amounted to £44,845,000 (2006 - loss £64,280,000).

DIRECTOR

The directors who served during the year were:

K T J Butt
P R Henson (resigned 31/12/2007)

SADDLEGREEN LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has financial assets in the form of investments in other companies and loans to and from fellow subsidiaries in the Perkins Foods group. These loans are Sterling and Euro denominated.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk and foreign exchange risk. These risks are monitored and controlled at a group level rather than at an individual company level.

Interest rate risk

The group's policy is to reduce exposure to movements in interest rates on external loans, but to leave inter-company loans unhedged.

Liquidity risk

As part of its debt refinancing in 2005, the group arranged a £10m revolving credit facility which is available to all major subsidiaries in the group, providing certain conditions are met. This provides some degree of protection in the event of unexpected cash movements and enables the group to maintain adequate cash reserves and satisfy its obligations as they fall due.

Foreign exchange risk

The group's policy is to reduce to movements in foreign exchange rates on external cashflows, but to leave intra-group cashflows unhedged.

DIRECTORS' AND OFFICERS' INDEMNITY INSURANCE

The company has taken out insurance to indemnify, against third party proceedings, the company director whilst serving on the board of the company and of any subsidiary, associate or joint venture. This cover together with that taken out by certain subsidiaries, where relevant, indemnifies all employees of the group who serve on the boards of all the subsidiaries, associates and joint ventures. These indemnity policies subsisted throughout the year and remain in place at the date of this report.

PROVISION OF INFORMATION TO AUDITORS

The director at the time when this Director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

SADDLEGREEN LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

AUDITORS

On the 14 August 2007, Ernst & Young LLP resigned as auditors and the directors appointed Barnes Roffe LLP to fill the vacancy arising. A resolution for the reappointment of Barnes Roffe LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on *26th January 2009* and signed on its behalf.


K T J Butt
Director

SADDLEGREEN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SADDLEGREEN LIMITED

We have audited the financial statements of Saddlegreen Limited for the year ended 31 December 2007, set out on pages 6 to 12. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

The director's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Director's report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the Director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SADDLEGREEN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SADDLEGREEN LIMITED

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's report is consistent with the financial statements.

BARNES ROFFE LLP

Chartered Accountants and Registered Auditors

3 Brook Business Centre

Cowley Mill Road

Uxbridge

Middlesex

UB8 2FX

Date: 29/1/09

Barnes Roffe LLP

SADDLEGREEN LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £000	2006 £000
EXCEPTIONAL ITEMS			
Exceptional items	4	<u>(44,845)</u>	<u>(69,655)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(44,845)	(69,655)
Interest receivable	3	<u>-</u>	<u>5,665</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(44,845)	(63,990)
Tax on loss on ordinary activities	5	<u>-</u>	<u>(290)</u>
LOSS FOR THE FINANCIAL YEAR	11	<u>(44,845)</u>	<u>(64,280)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2007 or 2006 other than those included in the Profit and loss account.

The notes on pages 8 to 12 form part of these financial statements.

SADDLEGREEN LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Note	£000	2007 £000	£000	2006 £000
FIXED ASSETS					
Fixed asset investments	6		4,619		4,619
CURRENT ASSETS					
Debtors	7	2,361		47,206	
CREDITORS: amounts falling due within one year	8	(86,959)		(889)	
NET CURRENT (LIABILITIES)/ASSETS			(84,598)		46,317
TOTAL ASSETS LESS CURRENT LIABILITIES			(79,979)		50,936
CREDITORS: amounts falling due after more than one year	9		(35,000)		(121,070)
NET LIABILITIES			(114,979)		(70,134)
CAPITAL AND RESERVES					
Called up share capital	10		4,619		4,619
Profit and loss account	11		(119,598)		(74,753)
SHAREHOLDERS' DEFICIT	12		(114,979)		(70,134)

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

26th January 2009

K T J Butt
K T J Butt
Director

The notes on pages 8 to 12 form part of these financial statements.

SADDLEGREEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

At the balance sheet date the company had net liabilities of £115.0 million (2006 - £70.1 million).

The company is dependent on the ongoing financial support of other group companies to enable it to continue operating and to meet its liabilities as they fall due.

Other group companies have agreed to provide sufficient funds to the company for these purposes; they have also agreed not to recall the amounts due by the company until all other creditors have been met.

On this basis, the director considers it appropriate to prepare the financial statements on the going concern basis.

The company has not produced consolidated financial statements under the exemptions set out in FRS2 and the Companies Act 1985, as the company is a wholly owned subsidiary. The results of the company have been fully consolidated within the financial statements of Perkins Foods Holdings Limited to 31 December 2007.

1.2 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment.

1.3 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.4 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

SADDLEGREEN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

1. ACCOUNTING POLICIES (continued)

1.5 CASH FLOW STATEMENT

The director has taken the advantage of the exemption in Financial Reporting Standard No.1 (revised) from including a cash flow statement in the financial statements on the ground that the company is wholly owned and its parent publishes consolidated financial statements.

2. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration (2006 - £NIL).

3. INTEREST RECEIVABLE

	2007	2006
	£000	£000
Interest receivable from group companies	-	5,665

Interest receivable has been waived for the year end 31 December 2007.

4. EXCEPTIONAL ITEMS

	2007	2006
	£000	£000
Provision for amounts owed by group undertakings	44,845	69,655

5. TAXATION

	2007	2006
	£000	£000
Adjustments in respect of prior periods	-	290
TAX ON LOSS ON ORDINARY ACTIVITIES	-	290

SADDLEGREEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

5. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2006 - the same as) the standard rate of corporation tax in the UK (30%) as set out below:

	2007 £000	2006 £000
Loss on ordinary activities before tax	(44,845)	(63,990)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	(13,454)	(19,197)
EFFECTS OF:		
Non-deductible provisions	13,454	20,897
Short-term timing differences	-	(1,410)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	-	290

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £000
COST OR VALUATION	
At 1 January 2007 and 31 December 2007	4,619

The subsidiary undertaking owned is Fifthdrive Limited, an investment holding company registered in the UK and is 100% owned by the company.

7. DEBTORS

	2007 £000	2006 £000
Amounts owed by group undertakings	2,361	47,206

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £000	2006 £000
Amounts owed to group undertakings	86,669	599
Corporation tax	290	290
	86,959	889

SADDLEGREEN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

**9. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2007	2006
	£000	£000
Loans	35,000	121,070
	<u> </u>	<u> </u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2007	2006
	£000	£000
Repayable by instalments	35,000	121,070
	<u> </u>	<u> </u>

The loan constituted £80.0m of deep discounted bonds which, until 22 April 2005, attracted a fixed interest of 10%, plus rolled up interest. The deep discount bonds are repayable in 2014.

All the company borrowings are secured by cross guarantees from various companies within the Perkins Foods Holdings Limited group and fixed and floating charges across specific assets within the group.

10. SHARE CAPITAL

	2007	2006
	£000	£000
AUTHORISED		
4,619,000 Ordinary shares of £1 each	4,619	4,619
	<u> </u>	<u> </u>
ALLOTTED, CALLED UP AND FULLY PAID		
4,618,501 Ordinary shares of £1 each	4,619	4,619
	<u> </u>	<u> </u>

11. RESERVES

	Profit and loss account £000
At 1 January 2007	(74,753)
Loss for the year	(44,845)
	<u> </u>
At 31 December 2007	(119,598)
	<u> </u>

SADDLEGREEN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2007	2006
	£000	£000
Opening shareholders' deficit	(70,134)	(5,854)
Loss for the year	(44,845)	(64,280)
	<hr/>	<hr/>
Closing shareholders' deficit	(114,979)	(70,134)
	<hr/>	<hr/>

13. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Perkins Foods Holdings Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the Perkins Foods Holdings Limited group.

14. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate parent undertaking is Perkins Foods Holdings Limited, which is registered in England. Copies of the group accounts which include the results of the company are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest and smallest groups of which this company is a member both have Perkins Foods Holdings Limited as their holding companies.

The controlling party of the group is K T J Butt, by virtue of his majority shareholding in Perkins Foods Holdings Limited.