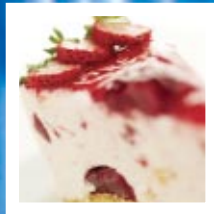
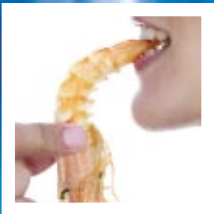




The Real Good
Food Company plc



THE REAL GOOD FOOD COMPANY PLC

PROSPECTUS



THIS DOCUMENT IS IMPORTANT. If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, accountant, solicitor or other independent professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action.

A copy of this document, which comprises a prospectus for the purposes of compliance with the Prospectus Rules has been filed with the Financial Services Authority in accordance with Rule 3.2 of the Prospectus Rules.

If you have sold or transferred your Ordinary Shares in the Company you should send this document along with the forms of proxy and the accompanying Offer Document at once to the purchaser or transferee or the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Application has been made for the whole of the Enlarged Issued Share Capital of the Company to be admitted to trading on the AIM Market of the London Stock Exchange ("AIM"). 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. The London Stock Exchange has not itself examined or approved the contents of this document. It is anticipated that trading in the Enlarged Issued Share Capital will commence shortly after the Wholly Unconditional Date which is expected to be 31 August 2005.

The Real Good Food Company plc

(Incorporated in England and Wales with registered number 4666282)

Proposed Offer for Napier Brown Foods Plc

Proposed waiver of rule 9 of the City Code

Admission to the AIM Market

and

Notice of Extraordinary General Meeting

NOMINATED ADVISER

Numis Securities Limited

SHARE CAPITAL

The following table shows the authorised and issued share capital of the Company at Admission assuming full exercise of the NBF options and warrants and full acceptance of the Offer.

Authorised		Issued and fully paid	
£	Number	£	Number
2,000,000	100,000,000	1,365,029	68,251,430

The Offer Shares will 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 the date of this document.

Numis Securities Limited, which is authorised and regulated by the Financial Services Authority, is acting as nominated adviser to The Real Good Food Company plc. Numis Securities Limited is not acting for anyone else and will not be responsible to anyone other than The Real Good Food Company plc for providing the protections afforded to customers of Numis Securities Limited or for providing advice in relation to the contents of this document or the Offer or the admission of the Enlarged Issued Share Capital to trading on AIM. In particular, Numis Securities Limited, as nominated adviser to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors.

This document contains forward-looking statements, which have been made after due and careful enquiry and are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These forward-looking statements are subject to, *inter alia*, the risk factors described in Part II of this document. The Directors believe that the expectations reflected in these statements are reasonable, but may be affected by a number of variables which could cause actual results or trends to differ materially, including, but not limited to: the Group's ability to obtain capital/additional finance; a reduction in demand by customers; the limitations of the Group's internal financial reporting controls; an increase in competition; an unexpected decline in turnover; legislative, fiscal and regulatory developments, including, but not limited to, changes in environmental and safety regulations; currency and interest rate fluctuations; the adoption of IFRS; and treatment of defined benefit pension schemes. Each forward-looking statement speaks only as of the date of the particular statement. Except as required by the rules of the UK Listing Authority, the London Stock Exchange or by law, the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Notice convening an Extraordinary General Meeting of The Real Good Food Company plc to be held at the offices of Numis Securities Limited, Cheapside House, 138 Cheapside, London EC2V 6LH on 30 August 2005 commencing at 10.00 a.m. is set out on pages 170 to 172 of this document. To be valid, the Form of Proxy for use at the EGM must be completed and returned so as to be received at the offices of the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event not later than 10.00 a.m. on 28 August 2005 being 48 hours before the time appointed for the holding of the meeting.

The completion and depositing of the Form of Proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting should you wish to do so.

The Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under any of the relevant securities laws of any state or district of the United States or of Canada, Australia, Japan or the Republic of Ireland or to or for the account or benefit of any United States, Canadian, Australian, Japanese or Irish person. Neither this document nor any copy of it may be sent to or taken into the United States, Canada, Australia or Japan or any other jurisdiction, nor may it be distributed to any U.S. person (within the meaning of Regulation S under the Securities Act).

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Expected timetable of principal events

Latest time and date for receipt of the Form of Proxy for the Extraordinary General Meeting	10.00 a.m. on 28 August 2005
Extraordinary General Meeting	10.00 a.m. on 30 August 2005
Dealings in the Enlarged Issued Share Capital anticipated to commence on AIM*	1 September 2005
Share certificates in respect of Offer Shares expected to be despatched by**	14 September 2005

* *This is an estimate based on dealings commencing shortly after the Wholly Unconditional Date which is expected to be 31 August 2005.*

** *This assumes the Wholly Unconditional Date is 31 August 2005. If this is later then the date of despatch will move but in any event must be within 14 days of the Wholly Unconditional Date.*

Part I

SUMMARY

THIS SUMMARY SHOULD ONLY BE READ AS AN INTRODUCTION TO THE FULL TEXT OF THIS DOCUMENT. YOU SHOULD READ ALL OF THIS DOCUMENT.

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

1. Introduction

The boards of NBF and RGFC announced on 27 July 2005 the terms of the Offer to acquire the entire issued and to be issued share capital of NBF for approximately £67.74 million (assuming full exercise of the NBF options and warrants), to be satisfied by the issue of up to approximately 49,995,406 new RGFC Shares and the assumption of NBF's existing debt and liabilities.

In aggregate, RGFC has received irrevocable undertakings to accept the Offer in respect of 20,897,380 NBF Shares, representing approximately 73.97 per cent. of NBF's existing issued ordinary share capital.

Under the AIM Rules, the Offer is subject to shareholder approval in view of its size. Conditional upon, amongst other things, Resolutions numbered 1, 3 and 7 set out in the attached EGM Notice being passed and the Offer becoming or being declared unconditional in all respects, the existing AIM trading facility will be cancelled and a new trading facility granted contemporaneously. It is anticipated that dealings on AIM in the Enlarged Issued Share Capital will commence shortly after the Wholly Unconditional Date, which is expected to be 31 August 2005.

Shareholder approval of the Offer is also necessary in order to obtain a waiver from the Panel dispensation from the requirement for NB. Ingredients and concert parties coming to hold more than 30 per cent. or less than 50 per cent. of the voting rights of the Company to make a mandatory offer for the Company pursuant to Rule 9 of the Code.

Shareholders are therefore being asked to vote in favour of Resolution 2 set out in the attached EGM Notice.

The Directors, who have been so advised by Numis Securities Limited, believe that both the terms of the Offer and the waiver of the Rule 9 obligation are fair and reasonable and in the best interests of the Company and the Shareholders. The Directors unanimously recommend that you vote in favour of the Resolutions as they have undertaken to do in respect of their aggregate shareholdings of 2,500,000 Existing Ordinary Shares, representing approximately 17.74 per cent. of the Existing Ordinary Shares.

RGFC has given assurances to the NBF Board that, upon the Offer becoming or being declared unconditional in all respects, the existing employment rights, including pension rights, of the management and employees of NBF will be fully safeguarded. Patrick Ridgwell, non-executive chairman, and Christopher Thomas, chief executive, will join the board of the Enlarged Group as non-executive deputy chairman and non-executive director, respectively.

NB. Ingredients and other members of the Concert Party have also given assurances to the RGFC Board, that, upon completion of the Proposals, the existing employment rights, including pension rights, of the management and employees of RGFC will be fully safeguarded.

2. Background and reasons for the Offer

RGFC was established to build, through acquisition and organic growth, a food group with a spread of activity across the retail, food services and industrial sectors of the food market.

It has also been the stated aim of the NBF Board to seek to diversify into other growth areas in the food industry away from NBF's traditional product base.

The Offer will provide the Enlarged Group with critical mass, reduce operational risk as it will dilute the exposure to reliance upon key customers or particular product ranges and enable both companies to achieve their stated strategic goals.

3. Information on RGFC and NBF

RGFC

Introduction

RGFC was established to build, through acquisition and organic growth, a food group focusing on the supply of a range of chilled, frozen and ambient products to food retailers, the food services market and industrial customers.

The Directors seek to integrate businesses acquired into existing group operations to achieve operational improvements, so that trading margins and profitability are enhanced and also to exploit cross selling opportunities within the Group's customer base.

Its current trading divisions are:

Haydens Bakeries ("Haydens Bakeries")

Haydens Bakeries supplies and produces high value bakery products and desserts with strong production skills in hand finishing, laminated yeasted dough products, and utilising quality fresh fruit in those products sold to grocery retail customers. The business operates from a 6,721m² factory in Devizes, Wiltshire and employs approximately 300 people.

Five Star Fish ("Five Star Fish")

Five Star Fish supplies value-added, prepared frozen fish to the food service sector. The business is based in Grimsby, Lincolnshire and delivers to 100 customers nationwide and employs approximately 200 people.

Seriously Scrumptious ("Seriously Scrumptious")

Seriously Scrumptious is engaged in high quality cake manufacturing and individual portion bakery products for the retail and food service sectors. These products are produced at the Devizes factory.

NBF

NBF is the holding company of a group of businesses which is focused on the supply of sugar, value-added sugar and nut products, dairy powders and sugar derived food products. NBF trades through its subsidiary, Napier Brown & Company which, in turn, operates the businesses of each of its subsidiaries, Garrett, Sefcol, James Budgett and Renshaw Scott, in two trading divisions the Ingredients and Renshaw divisions.

Napier Brown & Company, including the James Budgett business is the largest independent, non-refining, distributor of sugar in the UK. It also supplies sugar, dairy products, blends and associated ingredients to the food industry. Through its Renshaw division, it is a supplier of value-added sugar and nut products. The Renshaw Scott business is the UK's leading manufacturer of marzipans, for the retail and industrial sectors and also a manufacturer of ready to roll icings, baking chocolate and jam to the industrial sector.

The NBF Group's administrative headquarters is based in St Katharine's Dock on the edge of the City of London.

Napier Brown & Company's ingredients division operates from a freehold factory and rented warehouse space in Normanton, near Leeds, where it mills, sieves and packs brown and white sugars and provides a blending facility for the Group and its third party customers. In addition, the ingredients division operates a sales office in Thornbury.

The Renshaw division operates from factories in Liverpool, Carlisle, and Runcorn.

4. Financial information on RGFC

The selected historical financial information on RGFC set out below has been extracted without material adjustment from the Financial Information on RGFC set out in Section A(ii) of Part VI of this document.

	<i>16 months ended 31 December 2004 £000s</i>	<i>7 months ended 31 August 2003 £000s</i>
Turnover	44,608	3,723
Gross profit/operating income	12,782	873
Exceptional items and loss on disposal of discontinued operation (net of tax)	(1,712)	–
Goodwill amortisation and impairment	(666)	(6)
Net interest charge	(435)	(13)
Loss before taxation	(2,803)	(232)
Taxation	973	–
Loss attributable to shareholders	(1,830)	(232)
Total assets	34,506	7,431
Net current liabilities	(3,215)	(1,280)
Net debt	(9,007)	(512)
Shareholders' funds	<u>11,863</u>	<u>1,176</u>
Loss per ordinary share	(16.7p)	(7.4p)
Earnings/(Loss) per ordinary share before goodwill amortisation, impairment and exceptional items	5.0p	(7.2p)

5. Financial information on NBF

The financial history of the businesses forming the NBF Group can be summarised as follows:

	<i>Year ended 3 April 2005 £'000</i>	<i>Year ended 28 March 2004 £'000</i>	<i>Year ended 31 March 2003 £'000</i>
Turnover	269,985	194,255	185,397
Gross Profit	18,407	13,921	12,845
Gross Margin %	6.8%	7.2%	6.9%
Operating Profit [#]	5,951	657	4,757
Operating Margin %	2.2%	0.3%	2.6%

[#] after exceptional items and amortisation

The above financial history has been extracted without material adjustment from the Financial Information set out in Section B(ii) of Part VI of this document.

6. Principal Terms of the Offer

On behalf of RGFC, Numis has offered to acquire, subject to certain terms and conditions, the entire issued and to be issued ordinary share capital of NBF on the following basis:

for each NBF Share held

1.6236 New RGFC Shares

The Offer values each NBF Share at 220 pence, based on the Closing Price of 135.5 pence per RGFC Share on 26 July 2005, the last dealing date, prior to the announcement of the Offer, and values the whole of NBF's existing issued share capital at approximately £67.74 million.

Accepting NBF Shareholders will be issued with whole numbers of New RGFC Shares, with any fractional entitlements rounded down to the nearest whole New RGFC Share.

7. The Offer for Subscription

RGFC has raised approximately £5.1 million, before expenses, under the Offer for Subscription, which is conditional upon the Offer becoming or being declared unconditional in all respects. If the Offer lapses or is withdrawn the Offer for Subscription will lapse and any monies held in respect thereof will be returned to the proposed subscribers.

8. Dilution of Share Options

Based on an issue of a maximum of 49,995,406 new Ordinary Shares as consideration for the Acquisition and 4,162,558 new Ordinary Shares under the Offer for Subscription, the existing Shareholders' interests in the Company are expected to be diluted by approximately 79 per cent. immediately following Admission.

9. City Code

The Acquisition gives rise to certain considerations under the City Code as NB. Ingredients will come to hold more than 30 per cent. of the enlarged issued voting share capital of the Company.

Pursuant to Rule 9 of the City Code, any person who acquires shares which, when taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or more of the voting rights of a company subject to the City Code, is normally required to make a general offer to all shareholders in that company in cash to acquire the remaining shares in the company not already held by them at the highest price paid for any shares in the Company in the previous 12 months by the person required to make the offer or any person acting in concert with him.

Both Patrick Ridgwell and Anthony Ridgwell are directors of NB. Ingredients and are therefore deemed to be acting in concert with NB. Ingredients. Following completion of the Proposals, NB. Ingredients will hold a maximum of 34.5 per cent. and Patrick Ridgwell will hold a maximum of 0.3 per cent. of the Enlarged Issued Share Capital. The total maximum holding of the Concert Party will be 34.8 per cent. of the Enlarged Issued Share Capital.

The Panel has agreed however to waive the obligation to make a general offer that would otherwise arise on completion of the Proposals, subject to the approval of Shareholders, voting on a poll at the EGM. Accordingly, Resolution 2 is being proposed at the Extraordinary General Meeting and will be taken on a poll. To be passed, Resolution 2 will require the approval of a simple majority of votes cast on that poll. The Concert Party will not be entitled to vote on Resolution 2.

10. Directors

The Directors and the Proposed Directors of the Company and their respective functions (where appropriate) are as follows:

Directors	Pieter Willem Totté (<i>Non-executive Chairman</i>) (<i>Dutch</i>) John Frederick Gibson (<i>Chief Executive</i>) Lee Mark Camfield (<i>Finance Director</i>) Peter Cecil Salter (<i>Non-executive Director</i>) Richard Gradowski-Smith (<i>Non-executive Director</i>) James Campbell Mitchell (<i>Non-executive Director</i>)
Proposed Directors	Patrick George Ridgwell (<i>Proposed Non-executive Deputy Chairman</i>) Christopher Owen Thomas (<i>Proposed Non-executive Director</i>)

11. Risk Factors

The Directors consider the following risks to be the most significant for potential investors in the Company, but 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.

- the risk of loss of any of the Enlarged Group's key customers

- risks relating to price fluctuations in the raw materials used by the Company
- the risk of claims against the Company if there is any contamination of its products
- the risk that the Company's objectives are not achieved
- EU Regulation relating to the sugar industry
- risks relating to unforeseen difficulties in the integration of NBF into the Enlarged Group
- risks relating to falls in the stock market requiring an increase in the funding rate of the Napier Brown Retirement Plan
- risks relating to fluctuations of revenues, expenses and operating results
- changes in accounting principles may affect the Enlarged Group's financial results
- fluctuations in currency rates may cause fluctuations in the Enlarged Group's financial results
- the risk of possible volatility of share price following Admission of the New Ordinary Shares
- the risk of it being more difficult to sell shares by the Company being listed on AIM
- the risk of the Company's share price being subject to greater price fluctuations as it is less liquid than a larger company.

Part II

RISK FACTORS

The Enlarged Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below. In such cases, the market price of the Ordinary Shares may decline due to any of these risks and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Enlarged Group. The Directors consider the following risks to be the most significant for potential investors in the Company and are not set out in any particular order of priority.

A. RISKS RELATING TO THE BUSINESS OF THE GROUP

1. Key Customers

The Company is reliant on several key customers. It does not have written supply agreements with many of its customers and a customer may cease to order products from the Company at any time. Supply arrangements for individual products do get changed from time to time but the range of products offered, expertise in new product development and customer relationships give ample opportunity to mitigate such changes.

2. Raw materials

Several of the raw materials used by the Company are subject to price fluctuations. Adverse price movements could adversely affect margins on products sold. The Company typically purchases these items on forward contracts. Forward contracts typically give cover for some months ahead giving management time to react to price changes. In the event of a raw material price increase, management would seek to implement selling price increases.

3. Product Contamination

Product contamination could give rise to claims against the Company in excess of insurance cover and could seriously harm its reputation, leading to a significant loss of sales and withdrawal of customer contracts.

4. Strategy

Although the Company has a clearly defined strategy, there can be no guarantee that its objectives will be achieved.

5. EU Regulations

The European Commission has undertaken a review of regulations and laws affecting the sugar industry throughout Europe which may result in reductions in quotas and/or a reduction in current support prices. Should Completion take place the Company will closely monitor any proposed changes and intends where possible to take steps to mitigate any material adverse effects which may result from such changes to the regulatory environment. The UK sugar industry has historically been susceptible to investigations for anti-competitive behaviour due to its reliance on quotas and support prices and its highly regulated environment.

6. Integration

Unforeseen difficulties in the integration of NBF into the Enlarged Group may result in increased expense, loss of clients and a decline in profitability. For these reasons, RGFC may not realise all of the anticipated benefits of the Offer, either in a timely manner or at all. If that happens, and the Enlarged Group incurs significant costs, it could have a material adverse impact on the business of the Enlarged Group.

7. Napier Brown Retirement Plan

NBF is the principal employer under the Napier Brown Retirement Plan. NBF has made a provision for the future funding rate of this scheme in order to address the balance of the deficit assessed at the time of NBF's admission to AIM on the ongoing actuarial basis. Falls in the stock market or other investments in the portfolio may require an increase in the funding rate of this scheme. NBF has taken steps to reduce its exposure to this type of liability by closing the scheme to future benefit accrual and offering all the current members at the date of closure future pensions provision on a defined contribution basis.

B. GENERAL RISKS

1. Fluctuations of revenues, expenses and operating results

The Enlarged Group's revenues, expenses and operating results could vary significantly from period to period as a result of a variety of factors, some of which are outside the Enlarged Group's control. These factors include general economic conditions, conditions specific to the market, seasonal trends in revenues, capital expenditure and other costs and the introduction of new products by the Enlarged Group or its competitors. In response to a changing competitive environment, the Enlarged Group may elect from time to time to make certain pricing, service or marketing decisions that could have a material adverse effect on the Group's revenues, results of operations and financial condition.

2. Changes in accounting principles may affect the Group's financial results

Previously RGFC's financial statements were prepared in accordance with accounting principles and regulations generally accepted in the United Kingdom ("UK GAAP"). In compliance with the European Parliament and Council Regulation 1606/2002 on the application of International Financial Reporting Standards, or IFRS, adopted on 19 July 2002, the Enlarged Group will prepare its consolidated financial statements in accordance with IFRS for each financial year-end and for each six-monthly interim results period beginning on or after 1 January 2007. In preparation for this transition, the Group is reviewing its accounting policies to identify areas of divergence between IFRS and UK GAAP to the extent that this is possible given the ongoing finalisation by the regulatory authority of the definition of certain key reporting standards and endorsement process by the European Union. The end result of this process may affect the reporting of the Enlarged Group's financial results which may have an adverse effect on the market price of shares in the Company.

3. Currency rate risk

Fluctuations in exchange rates between currencies in which the Enlarged Group will operate relative to pounds sterling may cause fluctuations in its financial results. The Enlarged Group cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on its business, operating results or financial condition.

4. Possible volatility of share price

Following Admission, the market price of Ordinary Shares could be subject to significant fluctuations due to a change in sentiment in the stock market regarding the Ordinary Shares or securities similar to them or in response to various facts and events, including any regulatory changes affecting the Enlarged Group's operations, variations in the Enlarged Group's half yearly or yearly operating results and business developments of the Enlarged Group or its competitors. Further, the trading price of the Ordinary Shares may be subject to wide fluctuations in response to many factors, including those referred to in this Part II as well as variations in the operating results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, stock market fluctuations and general economic conditions or changes in political sentiment, each of which may adversely affect the market price of Ordinary Shares, regardless of the Enlarged Group's actual performance or conditions in its key markets.

5. AIM

AIM is not the Official List of the UK Listing Authority. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid.

6. Liquidity

The market for shares in smaller public companies is less liquid than for larger public companies. Consequently the Company's share price may be subject to greater fluctuation and the shares may be difficult to buy and sell.

Part III
LETTER FROM THE CHAIRMAN

The Real Good Food Company plc
(Incorporated in England and Wales with registered number 4666282)

5 August, 2005

To Shareholders and, for information purposes only, to the holders of warrants and options over Ordinary Shares and the holders of NBF Shares and the holders of warrants and options over NBF Shares

Dear Shareholder,

Offer for Napier Brown Foods plc
Proposed waiver of rule 9 of the City Code
Admission to AIM
and
Extraordinary General Meeting

1. Introduction and Background

The Company announced on 27 July 2005 the terms of the Offer to acquire the entire issued and to be issued share capital of NBF for approximately £67.74 million (assuming full exercise of the NBF options and warrants), to be satisfied by the issue of up to approximately 49,995,406 new RGFC Shares and the assumption of NBF's existing debts and liabilities.

It is a requirement of the AIM Rules that shareholders' consent is required for the Acquisition and that a prospectus is published in accordance with the Prospectus Rules published by the FSA from time to time. This document comprises such a prospectus.

2. Extraordinary General Meeting

The EGM Notice convening the EGM to be held at the offices of Numis Securities Limited, Cheapside House, 138 Cheapside, London EC2V 6LH at 10.00 a.m. on 30 August, 2005 is set out at the end of this document.

At the EGM, the following resolutions will be proposed:

- (1) an ordinary resolution to approve the Offer;
- (2) an ordinary resolution approving the Rule 9 waiver;
- (3) an ordinary resolution to authorise the Directors to allot equity securities in respect of (i) the NBF Offer; (ii) the CSOP and other options and warrants; and (iii) the Subscription;
- (4) an ordinary resolution to appoint Patrick George Ridgwell to the Board;
- (5) an ordinary resolution to appoint Christopher Owen Thomas to the Board;
- (6) an ordinary resolution to approve the New Plans and the New Warrant Instrument;
- (7) an ordinary resolution to increase the authorised share capital;
- (8) a special resolution to disapply pre-emption rights;
- (9) a special resolution to amend the borrowing powers in the Articles of Association; and
- (10) a special resolution to amend the level of directors' fees in the Articles of Association.

3. Irrevocable Undertakings in respect of the EGM

The Company has received irrevocable undertakings from certain Directors and Menton to vote in favour of the Resolutions in respect of an aggregate of 2,500,000 Existing Ordinary Shares, representing 17.74 per cent. of the Existing Ordinary Shares.

4. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use at the EGM. The Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 27 August, 2005. Completion and return of the Form of Proxy will not prevent shareholders from attending and voting at the EGM should they so wish.

5. Recommendation

The Directors, who have been so advised by Numis Securities Limited, believe that the terms of the Offer are fair and reasonable and in the best interests of the Company and the Shareholders and that the waiver of the Rule 9 obligations is fair and reasonable and in the best interests of the Shareholders as a whole. In providing advice to the Directors, Numis Securities Limited has taken into account their commercial assessments. The Directors unanimously recommend that you vote in favour of the Resolutions approving the Offer and approving the Rule 9 waiver as they have undertaken to do in respect of their aggregate shareholdings of 2,500,000 Existing Ordinary Shares, representing approximately 17.74 per cent. of the Existing Ordinary Shares.

Yours faithfully

Pieter W Totté
Non-executive Chairman

Part IV

PERSONS RESPONSIBLE AND ADVISERS

1. Persons Responsible

The Directors and the Proposed Directors, whose names appear below, and RGFC accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, the Proposed Directors and RGFC (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.

The reports contained in Parts VI, IX and X of this document have been included in this document, in the form and context in which they are included in accordance with PR 5.5.8, with the consent, which has not been withdrawn, of Horwath Clark Whitehill LLP and Horwath Clark Whitehill LLP accept responsibility for those reports. To the best of the knowledge and belief of Horwath Clark Whitehill LLP (who have taken all reasonable care to ensure that such is the case), the information contained in such reports is in accordance with the facts, and contains no omission likely to affect its import.

The Directors of NB. Ingredients and the other members of the Concert Party accept responsibility for the information relating to the Concert Party contained in this document. To the best of the knowledge and belief of the Directors of NB. Ingredients and the other members of the Concert Party (who have taken all reasonable care to ensure that such is the case) the information contained in this document relating to the Concert Party is in accordance with the facts and contains no omission likely to affect its import.

Numis have given and have not withdrawn their written consent to the inclusion in this document of references to their name in the form and context in which they appear.

In particular the letter contained in Part X of this document has been included in this document with the consent, which consent has not been withdrawn, of Numis and Numis accepts responsibility for such letter. Having taken all reasonable care to ensure that such is the case and to the best of the knowledge of Numis the information contained in such letter is in accordance with the facts and contains no omission likely to affect its import.

The above responsibility statements by Howarth Clark Whitehill LLP and Numis have been made in accordance with rule 5.5.8 of the Prospectus Rules.

2. Directors, Proposed Directors, Company Secretary and Advisers of the Company

Directors

Pieter Willem Totté (*Non-executive Chairman*) (*Dutch*)
John Frederick Gibson (*Chief Executive*)
Lee Mark Camfield (*Finance Director*)
Peter Cecil Salter (*Non-executive Director*)
Richard Gradowski-Smith (*Non-executive Director*)
James Campbell Mitchell (*Non-executive Director*)

Proposed Directors

Patrick George Ridgwell (*Proposed Non-executive Deputy
Chairman*)
Christopher Owen Thomas (*Proposed Non-executive Director*)
all of
Hopton Industrial Estate
London Road
Devizes
Wiltshire SN10 2EU

Secretary, Registered Office and telephone number	Lee Mark Camfield Hopton Industrial Estate London Road Devizes Wiltshire SN10 2EU 01380 727222
Nominated Adviser and Broker	Numis Securities Limited Cheapside House 138 Cheapside London EC2V 6LH
Auditors and Reporting Accountants	Horwath Clark Whitehill LLP (a member of ICAEW) 10 Palace Avenue Maidstone Kent ME15 6NF
Solicitors to the Company	Joelson Wilson & Co 70 New Cavendish Street London W1G 8AT
Solicitors to Numis	Rosenblatt 9-13 St Andrew Street London EC4A 3AF
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Bankers	The Royal Bank of Scotland Plc as agent for National Westminster Bank plc Corporate & Structured Finance Office Abbey Gardens 4 Abbey Street Reading RG1 3BA Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank International, London Branch) Thames Court One Queenhithe London EC4V 3RC
Financial Public Relations Advisers	Redleaf Communications 9-13 St Andrew Street London EC4A 3AF

Part V

INFORMATION ON RGFC, NBF AND THE OFFER

1. Introduction and Background

The Company announced on 27 July 2005 the terms of the Offer to acquire the entire issued and to be issued share capital of NBF for approximately £67.74 million, to be satisfied by the issue of up to approximately 49,995,406 new RGFC Shares and the assumption of NBF's existing debt and liabilities.

Under the AIM Rules, the Offer is subject to shareholder approval in view of its size. Conditional upon, amongst other things, Resolutions numbered 1, 3 and 7 being passed and the Offer becoming or being declared unconditional in all respects, the existing AIM trading facility will be cancelled and a new trading facility granted contemporaneously. It is anticipated that dealings on AIM in the Enlarged Issued Share Capital will commence shortly after the Wholly Unconditional Date which is expected to be 31 August 2005.

Shareholder approval of the Offer is also necessary in order to obtain a waiver from the Panel from the requirement for NB. Ingredients to make a mandatory offer for the Company pursuant to Rule 9 of the Code. Shareholders are therefore being asked to vote in favour of Resolution 2 set out in the attached EGM Notice.

On Completion, Patrick Ridgwell, the non-executive Chairman of NBF and Christopher Thomas, chief executive of NBF, will join the board of the Company as non-executive Deputy Chairman and non-executive director, respectively.

2. Information on RGFC

Introduction

RGFC was established to build, through acquisition and organic growth, a food group focussing on the supply of a range of chilled, frozen and ambient products to food retailers and the food services market.

The Directors believe that an opportunity exists to acquire companies or businesses which are considered to be non-core operations of larger food groups and private companies which require investment in management or infrastructure.

The Directors seek to integrate businesses acquired into existing group operations to achieve operational improvements, so that trading margins and profitability are enhanced and also to exploit cross selling opportunities within the Group's customer base.

RGFC was incorporated in February 2003 originally as an investment holding company to facilitate the acquisition of companies or businesses operating in the food sector which meet the Board's criteria and strategy. Following the hive up of the subsidiary companies, the company is now a trading company operating in the food sector.

Divisions

Haydens Bakeries

Haydens Bakeries supplies and produces high value bakery products and value desserts with strong production skills in hand finishing, laminating yeasted dough products, and utilising quality fresh fruit in those products sold to grocery retail customers.

Five Star Fish

Five Star Fish supplies value-added, prepared frozen fish to the food service sector. The business is based in Grimsby, Lincolnshire and delivers to 100 customers nationwide and employs approximately 200 people.

Seriously Scrumptious

Seriously Scrumptious is engaged in high quality cake manufacturing individual portion bakery products for the retail and food service sectors. Their products are now produced at the Devizes factory.

Strategy

Since inception, the Group has grown both organically and through the acquisition of mature, profitable businesses operating in areas of significant strategic opportunity for the Company. Investments in improving the quality of the assets have been made and management strengthened.

A number of acquisition/restructuring opportunities have been presented to the Company in 2004 and 2005. The Company continues to review these opportunities as part of our overall strategy to reach critical mass as a diversified food production business.

As stated on the annual report and accounts for 2004, the management team of RGFC will focus upon:

- identifying high quality management teams to complement the management of the acquired businesses;
- identifying purchasing, distribution and sales synergies across the Group;
- rationalising the product range and customer base to focus on profitability and cash generation;
- providing pro-active management by developing new markets; and
- strong financial controls.

The senior management team will be supported by experienced management within the business units.

3. Information on NBF

NBF is the holding company of a group of businesses which is focused on the supply of sugar, value-added sugar and nut products, dairy powders and sugar derived food products. NBF trades through its subsidiary, Napier Brown & Company which, in turn, operates the businesses of each of its subsidiaries, Garrett, Sefcol, James Budgett and Renshaw Scott, in two trading divisions the ingredients and Renshaw divisions.

Napier Brown & Company, including the James Budgett business is the largest independent, non-refining, distributor of sugar in the UK. It also supplies sugar, dairy products, blends and associated ingredients to the food industry. Through its Renshaw division, it is a supplier of value-added sugar and nut products. The Renshaw Scott business is the UK's leading manufacturer of marzipans, for the retail and industrial sectors and also a manufacturer of ready to roll icings, baking chocolate and jam to the industrial sector.

The NBF Group's administrative headquarters is based in St Katharine's Dock on the edge of the City of London.

Napier Brown & Company's ingredients division operates from a freehold factory and rented warehouse space in Normanton, near Leeds, where it mills, sieves and packs brown and white sugars and provides a blending facility for the Group and its third party customers. In addition, the ingredients division operates a sales office in Thornbury.

The Renshaw division operates from factories in Liverpool, Carlisle, and Runcorn.

History and Background

NBF was incorporated in July 2003, as a holding company, to acquire Napier Brown & Company, Garrett and Sefcol. It acquired these businesses simultaneously with admission to AIM on 18 December 2003 when it also raised £10 million through the issue of new shares. In July 2004 and September 2004 it announced the acquisitions of James Budgett and the business and assets of Renshaw Scott respectively. Through two internal reorganisations, in 2004 and 2005, the trade and assets of each of NBF's trading subsidiaries were transferred to Napier Brown & Company.

NBF now carries out all of its business from two trading divisions.

Products and Business of NBF

Ingredients Division

The ingredients division comprises the businesses of Napier Brown & Company, Garrett and James Budgett.

The Napier Brown & Company Business

Napier Brown & Company was incorporated in 1982 and is now the largest independent, non-refining distributor of sugar in the UK. It provides a comprehensive service to customers throughout the industrial, retail and food service sectors of the food industry and supplies a range of sugars, including packets, bulk bags and containers. Major customers include Tesco and Morrisons.

Napier Brown & Company sources sugar from the UK, EU countries and other parts of the world. Napier Brown & Company's ability to meet the requirements of its customers, both in terms of product offering and quality service, is key to its success, whether the demand is for cane or beet, white or brown, granulated, speciality or organic sugars.

Napier Brown & Company also supplies its customers with natural raw cane sugars imported direct from ACP countries such as Malawi, organic sugar from South America and a range of EU sourced sugars.

Industrial Products

Napier Brown & Company supplies the industrial sector with a range of sugar products, including granulated, caster, icing and other white and brown sugars, used in the manufacture of such items as biscuits, cakes, chocolate, soft drinks and cereals, in volumes ranging from 25 kilo bags to bulk road tankers.

Retail and Catering Products

Napier Brown & Company also supplies a range of sugars under the "Whitworth" brand to both the retail and the catering trade. Sugar products supplied include granulated, caster and icing sugar, together with speciality white and brown sugars in pack sizes from 500 grams to 5 kilos.

Napier Brown & Company supports developing countries through its range of "Fairtrade" products, under which a proportion of revenues is passed directly to the growers in developing countries.

The Garrett business

Napier Brown & Company supplies UK businesses with dairy powders, sugars, dextrose, glucose, stabilisers, emulsifiers, starches and fats which were previously supplied through Garrett. Garrett was incorporated in 1987 and its business was hived up into Napier Brown & Company in March 2004. The business supplies products in volumes from 25 kilo bags to bulk loads and supplies a range of products which are sourced worldwide. These can be supplied to customers in mixed loads to meet their requirements through the Normanton distribution depot.

In addition, the Garrett business provides blended products using its blending plant at Normanton.

The James Budgett business

James Budgett, a sugar merchant, packing and processing company which has been a supplier of sugar since 1857 became a wholly owned subsidiary of ED & F Man, a global merchant in agricultural products in 1980. In 1989, Irish Sugar Plc, a member of Greencore Group, bought a 33.33 per cent. interest in the company.

James Budgett was acquired by NBF in July 2004. The acquisition was referred by the Office of Fair Trading to the Competition Commission and the Competition Commission ruled in March 2005 that the acquisition did not substantially lessen competition in the UK industrial sugar market. Following this announcement NBF hived the James Budgett business into the ingredients division of Napier Brown & Company.

The James Budgett business sources sugar from the UK and imports refined sugars from other members of the European Union and raw cane sugars from the African, Caribbean and Pacific 'sugar protocol' countries.

It distributes sugar throughout the UK to manufacturers of food, soft drinks and animal foods and is now fully integrated into Napier Brown & Company.

The Renshaw Division

The Renshaw division now comprises the businesses of Sefcol and Renshaw Scott.

The Sefcol business

The Sefcol business is a supplier of value-added sugar and nut products, producing ingredients such as sugarpaste, marzipan, nut blends, caramel, fudges and mallows. Sefcol was incorporated in 1952 and was acquired by NB. Ingredients in 2000. The business was hived up into Napier Brown & Company in March 2004.

The Sefcol business manufactures sugar based toppings, fillings and cake coverings. It has a caramel plant, which manufactures various flavours, colours and viscosities of high boil caramels, for applications within the ice cream, bakery and confectionery sectors. These operations were recently transferred to Renshaw Scott's Liverpool factory. The Sefcol business also operates a nut factory which produces quality nut products using raw materials obtained from growers around the world and this will remain as a stand alone dedicated nut factory in Runcorn.

The Sefcol business' customers include Cadbury Schweppes and Thorntons.

The Renshaw Scott Business

Renshaw Scott is the UK's leading manufacturer of retail and industrial marzipans, ready to roll icings, baking chocolate and jam supplying the multiple retailers, major cake manufacturers and high street bakers and the sugar craft trade. The trade and assets of the business were acquired by Napier Brown & Company in September 2004 and has become the core of the Renshaw division.

Both the Renshaw and Scott businesses, which carry the Royal Warrant, were established more than 100 years ago and were brought together during the 1990's under the ownership of Hero AG and a period followed during which considerable investment was made on both manufacturing sites. Renshaw Scott employs 120 people at its 150,000 sq.ft. factory in Liverpool and a further 55 people at its 55,000 sq.ft. factory in Carlisle in Scotland. Production from the Runcorn site has now been transferred to the Liverpool factory.

NBF Management

Patrick George Ridgwell (*Non-executive Chairman of NBF and proposed Non-executive deputy Chairman of the Company*), aged 59, has extensive experience of the sugar industry and other food sectors, having acquired and developed a number of food businesses during his career. He joined Napier Brown & Company in 1964, became a director in 1969 and managing director in 1972, following its acquisition by his family interests in 1970. He is chairman of Napier Brown Holdings Limited which is controlled by his family interests and is the father of Anthony Ridgwell. He is also a director of NB. Ingredients and of Napier Brown Holdings Limited, which is the parent company of NB. Ingredients. He holds 26.4 per cent. of Napier Brown Holdings Limited.

Jeremy John Hamer (*Non-executive Director of NBF*) aged 53, is an FCA with over 20 years' experience in industry, eight of which were as managing director of J.F. Renshaw Limited. From 1997 until 2004 he worked in corporate finance as an associate of Elderstreet DrKC Limited. He is a non-executive director of a number of quoted and private companies.

Anthony Patrick Ridgwell (*Non-Executive Director of NBF*) aged 32, has been working within the Napier Brown group since he left university. He was appointed in January 2004 to represent the interests of the Ridgwell family. He is the son of Patrick Ridgwell. He is also a director of NB. Ingredients and of Napier Brown Holdings Limited, which is the parent company of NB. Ingredients. He deals with and manages investments made by Napier Brown Holdings Limited. He holds 4 per cent. of Napier Brown Holdings Limited.

Christopher Owen Thomas (*Chief Executive of NBF and proposed Non-executive Director of the Company*), aged 60, qualified as a chartered accountant with Harmood Banner, a predecessor firm of PricewaterhouseCoopers in 1969. In 1973, after working abroad, he joined Breakmate Limited, a vending business, which was admitted to the Unlisted Securities Market in 1984. Following a sale of the business he worked as a financial consultant. In 1992 he joined the NBF Group as group finance director. For the last thirteen years he has been directly involved with the day-to-day operations of the individual businesses within the NBF Group.

Simon Gregory Barrell (*Finance Director of NBF*), aged 46, qualified as a chartered accountant with Arthur Young in 1983. He then joined an accountancy practice in Nairobi, Kenya as a senior manager. On his return to the UK in 1987, he joined Binder Hamlyn. In 1994 he was appointed finance director of Napier Brown & Company, with additional responsibility for group finances and a significant involvement in the group's acquisition programme.

Financial History of NBF

The financial history of the businesses forming the NBF Group can be summarised as follows:

	<i>Year ended 3 April 2005 £'000</i>	<i>Year ended 28 March 2004 £'000</i>	<i>Year ended 31 March 2003 £'000</i>
Turnover	269,985	194,255	185,397
Gross Profit	18,407	13,921	12,845
<i>Gross Margin %</i>	<i>6.8%</i>	<i>7.2%</i>	<i>6.9%</i>
Operating Profit	5,951	667	4,757
<i>Operating Margin %</i>	<i>2.2%</i>	<i>0.3%</i>	<i>2.6%</i>

*after exceptional items and amortisation

The above financial history has been extracted without material adjustment from the Financial Information set out in Section B(ii) of Part VI of this document.

4. Current Trading of NBF

The following is extracted from the Chairman's statement which forms part of the audited results for the year ended 3 April 2005 as set out in Part B of Section VI of this document and as announced on 27 July 2005.

"It gives me great pleasure to present the group's first set of full year results for the 53 week period ended 3 April 2005.

We have had a busy year and, as I reported in the interim statement, much has been achieved.

The integration of the three companies purchased at the time of the flotation in to Napier Brown & Company ("NBC") was completed at the end of last year and therefore these results include a full year of trading as one company. The benefits of the integration are continuing to accrue as the businesses work more closely together selling a broader range of products across a larger customer base.

This was followed by the acquisition of James Budgett Sugars Limited ("JBS") on 7 July 2004 for £17.4 million. JBS has been a supplier of sugar in the UK since 1857 and its addition to the group expands our sugar operations. At the time of the interim report I reported that we had planned to integrate JBS into NBC immediately but this plan was delayed by the decision of the Office of Fair Trading to refer the merger to the Competition Commission. I am pleased to report that, in March 2005, the Competition Commission allowed us to continue with our acquisition of JBS. Following the announcement, we have within a very short space of time, closed all of JBS's operations and integrated them into the Ingredients division of NBC. As previously announced, the delay in integrating JBS has resulted in additional administrative costs of £0.6 million in the year under review.

On 2 September 2004, the Company acquired the trade and certain assets of Renshaw Scott Limited ("Renshaw"), which has two manufacturing sites, Liverpool and Carlisle. At the Liverpool site the company

manufactures icings and marzipan for the baking industry. These operations were very similar to those performed at our Runcorn production site and on 30 September 2004 we announced that the majority of the Runcorn site would be closed, leaving only nut production in a dedicated plant, while all manufacturing of icings and marzipan would be transferred to the Liverpool site. The transfer of the Runcorn business was in accordance with the Board's action plan and all production has now been transferred to the Liverpool site. The freehold manufacturing units at Runcorn, which previously housed those activities that have now been moved to the Liverpool site, is currently being actively marketed and a number of parties have shown interest. The Board have received an offer of £2.2 million for these units. As a result of bringing together the two businesses at the Liverpool site the Board expects significant production efficiencies to emerge over the coming 12-18 months.

The Carluke site manufactures baking chocolate and retail jams and remains a standalone production unit. Greater focus has been given to the site since our acquisition and I look forward to reporting increased levels of business from this site together with the launch of new product ranges in my next statement.

Following the acquisition of Renshaw we have formed two divisions within NBC, the Ingredients and Renshaw divisions, both of which work closely together. The creation of two divisions is for operational purposes only. We continue to have one business activity being the supply of sugar related products to the food industry.

I am delighted to propose a second interim dividend of 2 pence per share which will be payable on 31 August 2005, to those shareholders on the register on 5 August 2005. This will bring the total dividend payable for the year to 3 pence per share which is in line with our stated policy (based on the Company's normalised profit) at the time the Company was admitted to trading on AIM.

Trading Results

The trading results for the 53 week period ended 3 April 2005 were in line with management expectations showing a profit before exceptional items and taxation of £4.8 million (2004: £1.5 million). Exceptional items in the period, which related to costs of reorganising the business and closure of an acquired business, amounted to £1.7 million (2004: £0.4 million).

Operating profit before exceptional items, the additional JBS costs and amortisation for the 53 week period ended 3 April 2005 was £10.6 million (2004: £1.9 million) as follows:

	<i>2005</i>	<i>2004</i>
	<i>£'million</i>	<i>£'million</i>
Operating profit	5.9	1.1
Amortisation of goodwill	2.4	0.4
Exceptional items	1.7	0.4
JBS additional costs	0.6	–
	<u>10.6</u>	<u>1.9</u>

The comparative figures are for the period from 7 July 2003 and only include NBC's trading results for the period from 18 December 2003. The results for the 53 week period ended 3 April 2005 show a full year of NBC's trading together with two significant acquisitions. Consequently, the group has changed significantly in the last year and as such the Directors no longer consider it appropriate to include a pro forma profit and loss account.

The basic earnings per share for the year under review rose from 4.56 pence to 4.78 pence. Before taking into account amortisation of goodwill, the basic earnings per share was 13.74 pence (2004: 9.47 pence) and before goodwill amortisation and exceptional items basic earnings per share was 20.22 pence (2004: 13.95 pence).

The gearing of the group at the year end was 168 per cent. This has continued at a high level in part due to the additional costs associated with the Competition Commission Inquiry and as stated in previous reports the Board had not expected any significant change in the levels of gearing by the year end.

In the period under review the business has generated an operating cash flow (before financing costs) of £8 million. The group continues to be cash generative and this along with further facilities available will enable the group to manage its debt and reduce gearing levels in the future.

Interest cover for the 53 week period ended 3 April 2005 was 2.9 times operating profit before amortisation of goodwill (2004: 4.8 times).

Hedging

Following a review of the previous hedging arrangements the company has taken steps to hedge its interest rate exposure on borrowings. During the period the company entered into two interest rate swaps, which cover £36 million of the groups borrowing.

Staff

I started my statement by saying it has been an exceptionally busy time for the group and how much has been achieved in the last year. It is a credit to our staff that so much has been achieved in such a short period and I would like to thank them for their efforts over the year.

Outlook

Current trading is in line with management expectations.

The group now has a 'clear run' ahead of it. The integration of all the acquisitions has been completed and a structure is now in place to enable the board to operate the group more efficiently. Consequently, the Board believes that we can now more readily take advantage of the production synergies and the cross selling opportunities offered by the enlarged group.

The Company announced on 27 June 2005 that the European Commission has announced its proposals for the reform of the EU sugar regime. In summary, the EU Commission proposes to reduce EU sugar production over a four year period, commencing in July 2006. Consequently, it is expected that EU prices will eventually be 39 per cent. lower than current pricing levels, which would bring them more into line with world market levels.

As a result of the changes, the Board expects that certain EU producers and refiners will cease to trade, while others have acknowledged that their profit margins will be reduced. Furthermore, these changes are expected to increase the amount of imported sugars from the developing world to compensate for the proposed reduction in EU sugar production.

The Company welcomes these proposed changes and the Board believes they will strengthen its position in the sugar market, particularly as the Company is not a sugar refiner and sources its sugars from a number of producers.

Earlier today, The Real Good Food Company plc ("RGFC") announced the terms of an all share recommended offer for the Company. As you will have read in the Company's AIM prospectus and my previous statements it was always the intention of the Company to seek to broaden its base into valued added areas within the food industry. This offer, given the trading activities of RGFC, will allow us to follow our stated strategy and enable shareholders to hold shares in a broader based food group.

If our shareholders decide to accept the offer, as I and my family interests have undertaken to do, I look forward to working closely with the management team of RGFC.

Shareholders will note that under the terms of the offer Christopher Thomas and I will remain actively involved at board level to oversee the integration of the two businesses and the development of the trading activities of the enlarged group."

5. Background to and reasons for the Offer

RGFC was established to build, through acquisition and organic growth, a food group with a spread of activity across the retail, food services and industrial sectors of the food market.

It has also been the stated aim of the NBF Board to seek to diversify into other growth areas in the food industry away from NBF's traditional product base.

The Offer will provide the Enlarged Group with critical mass, reduce operational risk as it will dilute the exposure to reliance upon key customers or particular product ranges and enable both companies to achieve their stated strategic goals.

RGFC has given assurances to the Board of NBF that, upon the Offer becoming or being declared unconditional in all respects, the existing employment rights, including pension rights, of the management and employees of the members of NBF will be fully safeguarded. Patrick Ridgwell, non-executive chairman, and Christopher Thomas, chief executive, will join the board of the Enlarged Group as non-executive deputy chairman and non-executive director, respectively.

6. Principal Terms of the Offer

The Offer

On behalf of RGFC, Numis has offered to acquire, subject to the conditions and on the terms set out in Part XIII, the entire issued and to be issued ordinary share capital of NBF on the following basis:

for each NBF Share held	1.6236 New RGFC Shares
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The Offer values each NBF Share at 220 pence, based on the Closing Price of 135.5 pence per RGFC Share on 26 July 2005, the last dealing day prior to announcement of the Offer, and values the whole of NBF's existing issued share capital at approximately £67.74 million.

On the same basis, the Offer represents:

- a premium of approximately 22.22 per cent. to the Closing Price of 180 pence per NBF Share on 7 March 2005 (the last Dealing Day before NBF's announcement that it was in talks regarding a possible offer for NBF);
- a premium of approximately 26.44 per cent. to the average Closing Price of 174 pence per NBF Share on 17 June 2005 (the last dealing day prior to the date on which RGFC announced that it was in discussions with NBF concerning a potential Offer for NBF);
- a premium of approximately 20.54 per cent. to the Closing Price of 182.5 pence per NBF Share on 26 July 2005 (the last closing date prior to the date the boards of NBF and RGFC announced the terms of the Offer); and
- a level in excess of any Closing Price per NBF Share since it joined AIM on 18 December 2003.

The Offer extends to all NBF Shares unconditionally allotted or issued and fully paid on the date of the Offer. The Offer also extends to any NBF Shares which are unconditionally allotted or issued and fully paid while the Offer remains open for acceptance (or by such earlier date as RGFC may, subject to the City Code or with the consent of the Panel, determine) and to any NBF Shares which are allotted or issued and fully paid pursuant to the (conditional or unconditional) exercise of rights granted under the NBF Share Option Schemes.

The NBF Shares will be acquired free from all liens, charges and encumbrances and together with all rights now and here-after attaching thereto including the right to receive and retain all dividends and other distribution declared, made or paid after 26 July, 2005 other than the right to receive and retain the final dividend of 2p per NBF Share payable on 31 August 2005.

Fractions of New RGFC Shares will not be issued to Accepting NBF Shareholders. Accepting NBF Shareholders will be issued with whole numbers of New RGFC Shares, with any fractional entitlements rounded down to the nearest whole New RGFC Share.

The Offer will remain open for at least 14 days after the announcement of the results of the EGM.

It is proposed that conditional upon completion of the Acquisition, NBF be re-registered as a private limited company and following a financial assistance whitewash of NBF, certain loan notes due to NB. Ingredients from NBF be assigned to RGFC (the "Loan Note Assignment"). Under the terms of the Loan Note Assignment, £6.5 million will be paid to NB. Ingredients as soon as practicable following the Offer becoming or being declared unconditional in all respects and the balance together with interest in tranches of at least £250,000 out of the proceeds of any equity fundraising or from the proceeds of exercise of options or warrants under the NBF Share Option Schemes or on 31 December 2006, if earlier.

Irrevocables

RGFC has received irrevocable undertakings from Patrick Ridgwell, non-executive Chairman, and NB Ingredients Limited, a company in which Patrick Ridgwell and Anthony Ridgwell are interested, to accept, or to procure the acceptance of, the Offer in respect of their entire beneficial holdings of 13,736,361 NBF Shares representing, in aggregate, approximately 48.62 per cent. of the existing issued share capital of NBF. Such undertakings will cease to be binding only if the Offer lapses or is withdrawn.

In addition, RGFC has received irrevocable undertakings from the NBF Independent Directors to accept, or to procure the acceptance of, the Offer in respect of their entire beneficial holdings of 209,092 NBF Shares, representing, in aggregate, approximately 0.74 per cent. of the existing issued share capital of NBF. Such undertakings will cease in the event of the announcement of a higher competing offer or if the Offer lapses or is withdrawn.

RGFC has also received irrevocable undertakings to accept the Offer from certain other shareholders in respect of their entire holdings of, in aggregate, 6,951,927 NBF Shares, representing approximately 24.61 per cent. of NBF's existing issued ordinary share capital. Further details are set out below:

<i>Shareholder</i>	<i>Number of NBF Shares</i>	<i>Per cent. of existing issued share capital of NBF</i>
Agman Holdings Limited*	2,790,697	9.88
Rathbone Nominees Limited	803,409	2.84
Rathbone Income and Growth Fund	272,727	0.97
Rathbone Smaller Companies Fund	363,637	1.28
Rathbone Special Situations Fund	454,545	1.61
Rathbone Spenser Fund	72,727	0.26
Citygate Nominees	923,635	3.27
Brewin Dolphin Securities Ltd.	644,890	2.28
JM Finn Nominees Limited	140,600	0.50
David Reynolds	153,485	0.54
Marcus Reynolds	149,985	0.53
P Reynolds	39,700	0.14
C Reynolds	32,000	0.11
Kate Reynolds	15,950	0.05
Charles and Kate Reynolds	3,940	0.01
Weighbridge Trust Limited as trustees of the Rowan Trust	90,000	0.32

The undertaking marked with an * relate to a beneficial holding of shares and will cease to be binding in the event of a higher or competing offer, or if the Offer lapses or is withdrawn. All other undertakings will cease to be binding only if the Offer lapses or is withdrawn.

Inducement fees

At the start of RGFC's negotiations with NBF regarding a possible offer for NBF, RGFC agreed to pay NBF an inducement fee of £200,000 in the event of the proposed offer lapsing or being withdrawn or not being financed, made or declared unconditional by a specified date, or if the RGFC Board did not recommend RGFC Shareholders to vote in favour of the proposed offer. The date originally specified has now passed and although it has not formally waived its rights, NBF has not sought to recover payment and it is expected that the inducement fee will not be payable if the Offer (as referred to in this document) is declared unconditional in all respects.

7. The Offer for Subscription

Pursuant to the terms of the Offer for Subscription, on the Rule 2.5 Announcement Date, aggregate subscription monies equal to £5,076,240 were committed to RGFC for New RGFC Shares at the Subscription Price. If the Offer is declared unconditional in all respects the New RGFC Shares will be issued on the Wholly Unconditional Date at the Subscription Price. If the Offer lapses or is withdrawn the Offer for Subscription will lapse and any monies held in respect thereof will be returned to the proposed subscribers.

8. Current Trading of the RGFC Group

Overall sales levels and operating profit across the RGFC Group are in line with our expectations for the first three months of 2005. Both of the RGFC Group's principal businesses, Haydens Bakeries and Five Star Fish, are trading well above the same period a year ago and their gross margins have improved in comparison with the same period in 2004. Seriously Scrumptious is trading in line with expectations.

On 27 May 2005, the Company announced the closure of its Coolfresh Sandwich business due to unsuccessful discussions in relation to a possible acquisition in this sector and the business having a negative cash effect on the Group. The production unit ceased substantive production in early June and vacated the site with effect from the end of July. The closure of this loss making business has had a positive effect on the financial and trading position in the current financial year.

A wide range of new product development activity is in place with the RGFC Group's major customers which the Board expect to give rise to a significant uplift in volumes in the second half of the year.*

Haydens Bakeries revenues for the first six months of the year are up 17 per cent. on last year with profits generated, versus losses in the first half of 2004. Product development programmes continues to deliver new listings and a major re-launch of their cream cake range has already been implemented for Waitrose in May. New customer listings have been secured with Budgens and plans are in place for new launches to new customers in the Autumn. Capital investment on the new frying line will increase capacity and efficiency at the end of the year. With the restructuring of the senior management team now virtually complete, the business has decided to integrate the Seriously Scrumptious commercial and operation functions into the spare capacity at the Haydens Bakeries site. As a consequence the Glastonbury site will close during the summer, with the company seeking to re-assign the lease.

Whilst the foodservice market remains slow, reflecting the downturn in consumer spending, Five Star Fish's commitment to product development and excellent customer service puts the business in a strong position to increase market share. Revenues for the first six months of the year are 13 per cent. up on the same period last year, which were the highest ever achieved, with a positive trend into higher added value product ranges and an increasingly broader customer base.

The Board believe that the underlying performance of its two principal business units, Haydens Bakeries and Five Star Fish, is strong and both are performing well in their respective market places.

** Note: This statement does not constitute a profit forecast nor should it be interpreted to mean that future earnings per RGFC Share following the Offer becoming or being declared unconditional in all respects will necessarily match or exceed historical earnings per RGFC Share.*

9. Selected Financial Information on RGFC

The selected historical financial information on RGFC set out below has been extracted without material adjustment from the Financial Information on RGFC set out in Section A(ii) of Part VI of this document. Shareholders should read the full contents of the Financial Information on RGFC in Section A(ii) of Part VI of this document and not rely solely upon the summarised information contained in this paragraph.

	<i>16 months ended 31 December 2004 £000s</i>	<i>7 months ended 31 August 2003 £000s</i>
Turnover	44,608	3,723
Gross profit/operating income	12,782	873
Exceptional items and loss on disposal of discontinued operation (net of tax)	(1,712)	–
Goodwill amortisation and impairment	(666)	(6)
Net interest charge	(435)	(13)
Loss before taxation	(2,803)	(232)
Taxation	973	–
Loss attributable to shareholders	(1,830)	(232)
Total assets	34,506	7,431
Net current liabilities	(3,215)	(1,280)
Net debt	(9,007)	(512)
Shareholders' funds	11,863	1,176
	<hr/>	<hr/>
Loss per ordinary share	(16.7p)	(7.4p)
Earnings/(Loss) per ordinary share before goodwill amortisation, impairment and exceptional items	5.0p	(7.2p)

10. Capitalisation and Indebtedness

Capitalisation and indebtedness

The following table sets out the unaudited capital and reserves and indebtedness of RGFC and its consolidated subsidiaries as at 31 December 2004 and 31 May 2005:

	<i>31 May 2005 £'000</i>	<i>31 December 2004 £'000</i>
Cash	2,288	1,420
Cash equivalents	–	–
Trading securities	–	–
	<hr/>	<hr/>
Liquidity	2,288	1,420
Current financial borrowings – Current bank debt	(3,097)	(4,986)
– Current portion of non-current debt	–	–
– Other financial debt	(3,939)	(4,395)
	<hr/>	<hr/>
Current financial debt	(7,036)	(9,381)
Net current financial indebtedness	(4,748)	(7,861)
Non-current financial borrowings – Non-current bank loans	(5,100)	(5,100)
– Bonds issued	–	–
– Other non-current loans	(1,000)	(1,000)
	<hr/>	<hr/>
Non-current financial indebtedness	(6,100)	(6,227)
Net financial indebtedness	(10,848)	(14,188)
	<hr/>	<hr/>

	<i>31 May</i> 2005 £'000	<i>31 December</i> 2004 £'000
Total current debt		
– Guaranteed	–	–
– Secured	(4,748)	(7,961)
– Unguaranteed/unsecured	–	–
Total current debt	<u>(4,748)</u>	<u>(7,961)</u>
Total non-current debt		
– Guaranteed	–	–
– Secured	(6,100)	(6,227)
– Unguaranteed/unsecured	–	–
Total non-current debt	<u>(6,100)</u>	<u>(6,227)</u>
Total indebtedness	<u>(10,848)</u>	<u>(14,188)</u>
Shareholders' equity		
Called up share capital	282	282
Share premium account	13,643	13,643
Other reserves	–	–
	<u>13,925</u>	<u>13,925</u>

Notes:

- (1) Source: 31 December 2004, audited financial statements; 31 May 2005, unaudited management accounts.
- (2) All of the Group's debt is secured in favour of the Royal Bank of Scotland plc which holds a mortgage debenture over the assets of the Group and an unlimited composite guarantee between RGFC, Five Star Fish Limited and Tom Darwood Limited. Invoice discounting facilities are secured on the underlying trade debtors. Hire purchase and finance lease facilities are secured on the underlying assets. Additionally, facilities are secured by life policies covering Lee Camfield, John Gibson (directors of RGFC) and Daniel Burton (director of Five Star Fish Limited).
- (3) At 31 December 2004 £4.081 million of current financial borrowings and £1 million of non-current financial borrowings relate to contingent consideration that will become payable on certain targets being met by the Company. At 31 May 2005 £2.901 million of current financial borrowings and £1 million of non-current financial borrowings relate to contingent consideration that will become payable on certain targets being met by the Company. The Group had no indirect liabilities.

11. Capital Resources

The following tables sets out the unaudited capital resources of RGFC and its consolidated subsidiaries as at 31 May 2005:

	<i>Notes</i>	<i>£'000</i>
Cash at hand and in bank		2,288
Bank overdraft		(1,810)
Bank loans due in less than one year		(1,287)
Bank loans due in more than one year		(5,100)
Invoice discounting facility		(3,575)
Deferred consideration		(1,000)
Finance leases		(364)
		<u>(10,848)</u>

Source: Unaudited management information

Cash outflow from operating activities in 2004 was £1.354 million compared to an inflow of £280,000 in 2003. Following the placing and open offer in May 2004 which raised £11.517 million (net of expenses) the Group agreed revised bank facilities with the Royal Bank of Scotland. The initial banking covenants set were not wholly applicable to the Group and it was unable to operate within them. The bank has revised the banking covenants and there have been no breaches since the revision.

Overall, the net debt balance increased £8.5 million during 2004. £8.4 million of the 2004 increase in net debt was in relation to bank finance received in respect of the acquisition of Five Star. Since 31 December 2004, the Group liquidity position has been reduced following the payment of £1.18 million deferred consideration for the acquisition of Five Star and difficult trading conditions for some divisions. Additional bank financing of £1.1 million has been received by the Group from the Royal Bank of Scotland since 31 December 2004. The Group has incurred abortive acquisition costs amounting to £0.3 million since 31 December 2004. There have been no other material cash inflows and outflows since 31 December 2004, other than those noted previously. Borrowing requirements throughout the year display no discernable seasonality.

The Group has a strong historic relationship with its current bankers, The Royal Bank of Scotland plc. All current banking and financing facilities used by the Group are provided by The Royal Bank of Scotland plc. Virtually all transactions undertaken by the Group are in sterling. The Group operates a small Euro account. No transactions are undertaken on a speculative basis. All current uncommitted balances are invested in short term financial instruments with The Royal Bank of Scotland plc.

The RGFC Group's financial instruments comprise cash, a term loan, an invoice discounting facility, revolving credit facility, overdraft and various items arising directly from its operations, such as trade debtors and creditors. The main purpose of these financial instruments is to finance the RGFC Group's operations. It is, and has been throughout the period under review, the RGFC Group's policy that no trading in financial instruments shall be undertaken.

Currency swaps, commodity contracts and financial forward contracts are not entered into by the RGFC Group.

The financial assets of the RGFC Group are surplus funds, which are offset against borrowings under the facility and there is no separate interest rate exposure.

Based upon unaudited management information, as at 31 May 2005 the RGFC Group had fixed rate financial liabilities of £364,000 and floating rate liabilities amounting to £12.772 million.

The trade and assets of all subsidiaries of the Group have been hived up to RGFC plc. As a result, there are no material legal or economic restrictions on the ability of subsidiaries to transfer cash up to the Company.

During the period from incorporation to 31 August 2003 no long term debt finance was utilised by RGFC. The introduction of long term debt finance for the acquisition of Five Star in 2004 increased the Company's gearing ratio to 0.51 at 31 December 2004. The level of interest cover of the Company has improved from (15.6) in 2003 to (1.3) in 2004.

Under its articles, RGFC is currently able to borrow the higher of four times its adjusted capital and reserves, plus £20 million. This currently limits borrowings to approximately £55 million. Resolution 9 set out in the EGM Notice therefore contains a resolution to increase these powers.

The individual businesses currently have available the following facilities:

RGFC

- £0.5 million overdraft facility repayable on demand
- Up to £4 million invoice discounting facility (85 per cent. of approved debtors advanced)
- £1.75 million term loan, repayable at £125,000 every six months until September 2011
- Fixed asset finance facility of up to £0.8 million repayable monthly until June 2010
- £5.5 million revolving credit facility, with £0.8 million six monthly repayments from March 2007

NBF

- £5.0 million overdraft facility repayable on demand

- Up to £17 million invoice discounting facility (85 per cent. of approved debtors advanced)
- £4 million property loan, repayable at £250,000 every six months until February 2009
- £6 million property loan, repayable at £750,000 starting in September 2009
- £18.5 million revolving credit facility, with £1.4 million six monthly repayments from December 2006
- £7 million equity bridge loan
- £9.3 million loan stock, (£6.5 million repayable in January 2006)

RGFC expects to continue to satisfy its funding requirements from its existing cash balances, cash generated within its businesses and from external debt.

RGFC has agreed new banking facilities with a syndicate between the Royal Bank of Scotland plc and Rabobank International for the Enlarged Group for an aggregate facility of £69,500,000 which represents an overall increase in facilities previously available to the RGFC Group and the NBF Group of approximately £2 million.

The new banking facilities agreed are as follows:

- £45 million term loan, repayable in six monthly installments from July 2006 until December 2012
- £20.5 million revolving credit facility secured on trade debtors and stock, repayable in December 2012
- £4.0 million overdraft facility repayable on demand

The Royal Bank of Scotland plc and Rabobank International have set the following banking covenants with which the Group must comply:

Senior Interest Cover 7.50 decreasing to 4.00

Senior Debt Cover 3.75 decreasing to 2.50

Total Service Cover 1:1

All covenants are to be measured on a quarterly basis.

12. Principal Investments

All previous acquisitions made by RGFC have been hived up into RGFC. As a result, RGFC has no principal investments to disclose.

13. Dilution of Ordinary Share Capital

Based on an issue of a maximum of 49,995,406 new Ordinary Shares as consideration for the Acquisition (assuming full acceptance of the Offer) and 4,162,558 new Ordinary Shares under the Offer for Subscription, existing Shareholders' interests in the Company are expected to be diluted by approximately 79 per cent. immediately following Admission.

14. Information concerning the New Ordinary Shares

14.1 Admission

Application will be made for the Enlarged Issued Share Capital to be admitted to AIM. It is expected that Admission will become effective, and that dealings in the Enlarged Issued Share Capital will commence shortly after the Wholly Unconditional Date, which is expected to be 31 August 2005.

Admission of the New Ordinary Shares is not being sought on any other stock exchange. The existing Ordinary Shares are to be traded on AIM and as referred to above an application will be made for the Enlarged Issued Share Capital to be admitted to AIM.

14.2 *Form and currency of the New Ordinary Shares*

The New Ordinary Shares to be issued pursuant to the Offer will, when issued, be in registered form and will be capable of being held in certificated and uncertificated form. The registrars of the Company are Capita Registrars.

Title to the certificated New Ordinary Shares will be evidenced by entry in the register of members of the Company and title to uncertificated New Ordinary Shares will be evidenced by entry in the operator register maintained by CRESTCo (which forms part of the register of members of the Company).

No share certificates will be issued in respect of the New Ordinary Shares in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation.

The New Ordinary Shares will be denominated in Pounds Sterling.

Each New Ordinary Share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise *pari passu* in all respects with each existing Ordinary Share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Ordinary Share, as set out in the Articles of Association of the Company.

14.3 *Expected dates of issue and settlement*

Definitive certificates in respect of the New Ordinary Shares are expected to be posted to those Shareholders who have elected to hold their New Ordinary Shares in certificated form by 14 September 2005. In respect of those persons who have elected to hold their New Ordinary Shares in uncertificated form, the New Ordinary Shares are expected to be credited to their stock accounts maintained in CREST on 1 September 2005.

The above dates assume the Wholly Unconditional Date is 31 August 2005. If this is later than the date of despatch and credit with more but in any event will be within 14 days of the Wholly Unconditional Date. These times and dates may be adjusted by agreement between the Company and Numis, in which event details of the new times and dates will be notified to a Regulatory Information Service and, where appropriate, to Shareholders.

14.4 *Description of restrictions on free transferability*

Save as set out below, the New Ordinary Shares will be freely transferable.

The Company may, under the Companies Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest and the extent of their interest in a particular holding of shares. When a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it, the Company can apply to the court for an order directing, among other things, that any transfer of the shares which are the subject of the statutory notice is void.

The Directors may also, without giving any reason and in their absolute discretion, refuse to register the transfer of any Ordinary Shares which are not fully paid.

The Directors may also decline to register any transfer unless (i) it is lodged with the Company accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require; or (ii) the transfer instrument is in respect of one class of share; or (iii) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four.

15. Mandatory bids, squeeze-out and sell-out rules relating to NBF ordinary shares

15.1 *Mandatory bid*

The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquiror and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquiror or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.

15.2 *Squeeze-out*

Under the Companies Act, if an offeror were to acquire 90 per cent. of the Ordinary Shares within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

15.3 *Sell-out*

The Companies Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

16. City Code

The Acquisition gives rise to certain considerations under the City Code since on completion of the Proposals the members of the Concert Party will between them own shares representing approximately 34.8 per cent. of the Company's enlarged issued voting capital. Brief details of the Panel, the City Code and the protections they afford to shareholders are described below.

The City Code has not and does not seek to have, the force of law. It has, however, been acknowledged by both the UK government and other UK regulatory authorities that those who seek to take advantage of the facilities of the securities markets in the UK should conduct themselves in matters relating to takeovers in accordance with high business standards and so according to the City Code.

The City Code is issued and administered by the Panel. The City Code applies to all takeovers and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the UK and to certain categories of private limited companies. RGFC is such a company and its shareholders are entitled to the protections afforded by the City Code.

Pursuant to Rule 9 of the City Code, any person who acquires shares which, when taken together with shares already held by him or shares held or acquired by persons acting in concert with him, carry 30 per cent. or

more of the voting rights of a company subject to the City Code, is normally required to make a general offer to all shareholders in that company in cash to acquire the remaining shares in the company not already held by them at the highest price paid for any shares in the Company in the previous 12 months by the person required to make the offer or any person acting in concert with him.

Where any person or persons acting in concert already hold more than 30 per cent., but not more than 50 per cent., of the voting rights of such a company, a general offer will be required if any further Shares are acquired.

Both Patrick Ridgwell and Anthony Ridgwell are directors of NB. Ingredients and are therefore deemed to be acting in concert with NB. Ingredients. Napier Brown Holdings is the parent company of NB. Ingredients Limited and is also deemed to be acting in concert with NB. Ingredients. Following completion of the Proposals, NB. Ingredients will hold a maximum of 34.5 per cent. and Patrick Ridgwell will hold a maximum of 0.3 per cent. of the Enlarged Issued Share Capital.

The Panel has agreed however to waive the obligation to make a general offer that would otherwise arise on completion of the Proposals, subject to the approval of Shareholders voting on a poll. Accordingly, Resolution 2 is being proposed at the Extraordinary General Meeting and will be taken on a poll. To be passed, Resolution 2 will require the approval of a simple majority of votes cast on that poll.

<i>Concert Party member</i>	<i>Number of shares</i>	<i>Minimum Percentage of Enlarged Issued Share Capital*</i>	<i>Maximum Percentage of Enlarged Issued Share Capital**</i>
NB. Ingredients	22,139,998	32.44%	34.53%
Patrick Ridgwell	162,356	0.24%	0.25%
Total Concert Part	22,302,354	32.68%	34.78%

* Assuming full acceptance under the Offer and exercise of NBF options and warrants.

** Assuming full acceptance under the Offer and no exercise of any NBF options or warrants.

Detail of the NBF Directors' share options and warrants are set out on page 71 of Part VI of this document.

Following completion of the Proposals, the Concert Party will hold more than 30 per cent., but less than 50 per cent. of the Enlarged Issued Share Capital. Accordingly, whilst they continue to be treated as acting in concert, none of the Concert Party may increase their aggregate holding without incurring any further obligation under Rule 9 of the Code to make a general offer.

None of Patrick Ridgwell, Anthony Ridgwell or NB. Ingredients has purchased Ordinary Shares in the 12 months preceding the date of this document. The Rule 9 Waiver will be invalid if purchases of Ordinary Shares are made by any of them in the period between the date of this document and the EGM.

17. Information on NB. Ingredients

NB. Ingredients is an investment holding company whose registered office is at c/o Napier Brown Holdings Ltd, International House, St Katherine's Way, London E1W 1XB. The directors of NB. Ingredients are Patrick Ridgwell and Anthony Ridgwell. NB. Ingredients is a wholly owned subsidiary of Napier Brown Holdings Limited, which is an investment holding company. The shareholders of Napier Brown Holdings Limited, and therefore the ultimate beneficial owners of NB. Ingredients, are Patrick Ridgwell (26.4 per cent.), Anthony Ridgwell (4 per cent.), a Ridgwell family trust (64.15 per cent.), of which Anthony Ridgwell and his family are the main beneficiaries, and a charitable trust, the Ridgwell Leukaemia Trust (4.72 per cent.), of which Patrick Ridgwell is a trustee. Napier Brown Holdings does not hold any shares in RGFC.

In December 2003 NBF was admitted to AIM as the holding company for Napier Brown & Company Limited, Garrett Ingredients Limited and Sefcol Ingredients Limited. These companies were acquired from NB. Ingredients in exchange for £15 million shares and £20 million in cash, with a further £15.8 million payable as deferred consideration.

For the year ended 28 March 2004, NB. Ingredients had a turnover of £7,683,000 (income from subsidiary undertakings) and profits before tax of £43,216,000, of which £35,533,000 represents the gain on the disposal of subsidiary companies. As at 28 March 2004, as shown in its last balance sheet, NB. Ingredients had net assets of £45,918,000.

NB. Ingredients holds 48.27 per cent. of the issued share capital of NBF and also holds £9.3 million of NBF loan notes. These loan notes were issued to NB. Ingredients at the time of the acquisition of the three companies referred to above, as part of the deferred consideration payable to NB. Ingredients. These loan notes were due to have been redeemed by NBF as to £6.5 million on 31 December 2005 and £2.8 million on 31 December 2006. RGFC has agreed to take an assignment of the loan notes plus interest as provided therein under the terms of an assignment agreement entered into between NB. Ingredients and RGFC (the "Loan Note Assignment"). Under the terms of the Loan Note Assignment, £6.5 million will be paid to NB. Ingredients as soon as practicable following the Offer becoming or being declared unconditional in all respects and the balance together with interest in tranches of at least £250,000 out of the proceeds of any equity fundraising or from the proceeds of exercise of options or warrants under the NBF Share Option Schemes or on 31 December 2006, if earlier.

Accordingly, Patrick Ridgwell and Anthony Ridgwell have not taken part in the deliberations of the Board of NBF when considering the Offer.

18. United Kingdom taxation of dividends

The Company is not currently required to, nor will it, withhold at source any amount in respect of UK tax from any dividend paid by the Company, whether in respect of Ordinary Shares or New Ordinary Shares.

19. Share Options

The Company has established an EMI Plan and a Non-approved Option Plan. On Admission, the Company will not be able to grant further options under the EMI Plan as the maximum gross assets threshold will have been exceeded. On Admission, outstanding options will amount to 1.17 per cent. of the Enlarged Issued Share Capital, as increased by the Ordinary Shares which may be issued pursuant to the exercise of such options.

It is intended that the holders of options under the NBF Share Option Schemes be given the opportunity to roll over or exchange their options and warrants upon Completion of the Offer, into the New CSOP, the New Non-approved Plan, the New SIP on the New Warrants as the case may be.

20. Extraordinary General Meeting

The EGM Notice convening the EGM to be held at the offices of Numis Securities Limited, Cheapside House, 138 Cheapside, London EC2V 6LH at 10.00 a.m. on 30 August 2005 is set out at the end of this document.

At the EGM, the following resolutions will be proposed:

- (1) an ordinary resolution to approve the Offer;
- (2) an ordinary resolution approving the Rule 9 waiver;
- (3) an ordinary resolution to authorise the Directors to allot equity securities in respect of (i) the NBF Offer; (ii) the CSOP and other options and warrants; (iii) the Subscription;
- (4) an ordinary resolution to appoint Patrick George Ridgwell to the Board;
- (5) an ordinary resolution to appoint Christopher Owen Thomas to the Board;
- (6) an ordinary resolution to approve the New Plans and the New Warrant Instrument;
- (7) an ordinary resolution to increase the authorised share capital;
- (8) a special resolution to disapply pre-emption rights;

- (9) a special resolution to amend the borrowing powers in the Articles of Association; and
- (10) a special resolution to amend the level of directors' fees in the Articles of Association.

21. Irrevocable Undertakings in respect of the EGM

The Company has received irrevocable undertakings from certain Directors and Menton to vote in favour of the Resolutions in respect of an aggregate of 2,500,000 Existing Ordinary Shares, representing 17.74 per cent. of the Existing Ordinary Shares.

22. Directors' Shareholdings

On Admission, the Directors will be interested in a total of 2,500,000 Ordinary Shares, representing 3.66 per cent. (assuming full exercise of the NBF options and warrants and full acceptance of the Offer) of the Enlarged Issued Share Capital, and options over a total of 550,786 Ordinary Shares, which, on a fully diluted basis, would represent 0.81 per cent. of the then enlarged ordinary share capital of the Company following exercise. Details of these holdings are set out in paragraph 3 of Part XI of this document.

23. CREST

CREST is a paperless settlement procedure and custody system enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument. The Company's Ordinary Shares were admitted to CREST on 26 September, 2003. Accordingly, settlement of transactions in the Enlarged Issued Share Capital following Admission may take place within the CREST System if the relevant shareholder so wishes.

24. Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use at the EGM. The Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and in any event not later than 10.00 a.m. on 28 August 2005. Completion and return of the Form of Proxy will not prevent shareholders from attending and voting at the EGM should they so wish.

Part VI

Section A i): Accountants' Report on Financial Information of The Real Good Food Company plc



Horwath Clark Whitehill LLP
Chartered Accountants
10 Palace Avenue, Maidstone
Kent ME15 6NF

The Directors
The Real Good Food Company plc
Hopton Industrial Estate
London Road
Devizes
Wiltshire, SN10 2EU

and

The Directors
Numis Securities Limited
Cheapside House
138 Cheapside
London
EC2V 6LH

5 August 2005

Dear Sirs

The Real Good Food Company plc (the “Company”) (together with its subsidiaries the “RGFC Group”)

We report on the financial information set out in Section A ii) in Part VI of this prospectus. This financial information has been prepared for inclusion in the prospectus of The Real Good Food Company plc dated 5 August 2005, issued in connection with the proposed offer for Napier Brown Foods plc and admission of the Company's enlarged share capital to the AIM market of the London Stock Exchange plc.

Basis of Preparation

The financial information set out in Section A ii) in Part VI of this prospectus, which has been prepared in accordance with applicable United Kingdom generally accepted accounting principles, is based on the audited financial statements of RGFC Group, for the period from incorporation on 13 February 2003 until 31 December 2004 (the 'Review Period'), adjustments were made to reflect the decision taken by the Board of the Company subsequent to signing the accounts for the period ended 31 December 2004 to close its Sandwich division. Whilst this decision was made after the period which would lead to the closure being treated as a discontinued operation under Financial Reporting Standard 3: Reporting performance, this treatment was considered necessary to enable the financial information to show a true and fair view.

Horwath Clark Whitehill, Chartered Accountants and Registered Auditors, audited the financial statements of the RGFC Group for the period ended 31 August 2003 and their audit report was unqualified. Horwath Clark Whitehill LLP, Chartered Accountants and Registered Auditors audited the financial statements of the RGFC Group for the sixteen months ended 31 December 2004 and their audit report was unqualified.

Responsibility

The financial statements, which form the basis of the financial information in this report, are the responsibility of the directors of RGFC who approved their issue.

The Directors of RGFC are responsible for the contents of the prospectus in which this report is included.

It is the Directors responsibility to compile the financial information set out in Section A ii) in Part VI of this prospectus from the financial statements, it is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by Horwath Clark Whitehill and Horwath Clark Whitehill LLP relating to the audit of the financial statements underlying the financial information. Our work also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out in Section A ii) in Part VI gives, for the purposes of the prospectus dated 5 August 2005, a true and fair view of the state of affairs of the RGFC Group as at the dates stated and of its results, cash flows and recognised gains and losses for the periods then ended.

Yours faithfully

Horwath Clark Whitehill LLP
Chartered Accountants

Section A ii) Financial Information on The Real Good Food Company plc

The financial information on The Real Good Food Company plc has been extracted from the published audited accounts of The Real Good Food Company plc. This information has been adjusted to reflect the decision taken by the Board of the The Real Good Food Company plc subsequent to signing the accounts for the period ended 31 December 2004 to close its Sandwich division. Whilst this decision was made after the period which would lead to the closure being treated as a discontinued operation under Financial Reporting Standard 3: Reporting performance, this treatment was considered necessary to enable the financial information to show a true and fair view. The financial information does not constitute statutory accounts within the meaning of section 240 of the Act. Horwath Clark Whitehill LLP, chartered accountants and registered auditors, have reported under section 235 of the Act on the statutory accounts of RGFC for the period ended 31 December 2004. Horwath Clark Whitehill, chartered accountants and registered auditors, have reported under section 235 of the Act on the statutory accounts of RGFC plc for the period ended 31 August 2003. Each report was unqualified and did not contain a statement under 237(2) or (3) of the Act.

PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the RGFC Group.

Basis of preparation of financial statements

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

Basis of Consolidation

The RGFC Group financial information consolidates the accounts of the Company and its subsidiary undertakings. The acquisition method of accounting has been adopted. Under this method the results of all the subsidiary undertakings are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

Discontinued Operations

Discontinued operations are regarded as any operation which has ceased since the date of the last audited accounts. In the financial information this relates to the sandwich division which ceased trading on 17 June 2005. This definition is not consistent with Financial Reporting Standard 3: Reporting Financial Performance, but has been adopted as the directors believe that it is appropriate to provide a true and fair view. If such a definition were not adopted all activities would be reported as continuing.

Goodwill

Purchased goodwill (both positive and negative, representing the excess or discount of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Goodwill is fully amortised by equal annual instalments over its estimated useful life. The estimated useful life is calculated separately for each acquisition, and for all of the acquisitions since incorporation of the Company has been estimated at 20 years.

Turnover

Turnover represents the amounts (excluding value added tax and trade discounts) derived from goods and services provided to third party customers during the period.

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

Pension Costs

The RGFC Group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the RGFC Group to the fund in respect of the period.

Fixed Assets, Depreciation and Impairment

Tangible fixed assets are stated at historical cost or fair value at the date of acquisition, less accumulated depreciation and impairment provisions.

Depreciation is provided to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land and buildings	2 per cent.
Short term leasehold land and buildings	Length of lease
Plant and equipment*	10 per cent.-20 per cent.
Motor vehicles	25 per cent.
Fixtures and fittings	10 per cent.-25 per cent.
Computer equipment	25 per cent.

Fixed assets in the course of construction are not depreciated until fully complete and in use.

*Tray and Dollies stock are capitalised and written off to the profit and loss account over 4 and 10 years respectively, these form part of plant and machinery.

Impairment reviews of fixed assets are undertaken if there are indications that the carrying values may not be recoverable or that the carrying values may be less than the asset's recoverable amount.

Leases

Where a lease is entered into which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible asset and is depreciated over its estimated useful life or the term of the lease. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are treated as operating leases and the rentals payable are charged on a straight line basis to the profit and loss account over the lease term.

Stocks and Work in Progress

Stocks and work in progress are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads. Net realisable value is based upon estimated selling price allowing for all further costs of completion and disposal.

Financial Instruments

The RGFC Group has taken advantage of the exemption available for short-term debtors and creditors from the narrative disclosures contained in FRS 13.

Cash and Liquid Resources

Cash for the purposes of the cash flow statement, comprises cash in hand, deposits repayable on demand and the invoice discounting facility.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into cash or are traded in an active market. Liquid resources comprise term deposits of less than one year.

Government Grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the 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 differences are taken into account in arriving at the operating profit.

Research and Development

Research and development expenditure is written off in the year in which it is incurred.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		<i>Continuing operations 7 months ended 31 August 2003 £'000s</i>	<i>Discontinued operations 7 months ended 31 August 2003 £'000s</i>	<i>Total 7 months ended 31 August 2003 £'000s</i>	<i>Continuing operations 16 months ended 31 December 2004 £'000s</i>	<i>Discontinued operations 16 months ended 31 December 2004 £'000s</i>	<i>Total 16 months ended 31 December 2004 £'000s</i>
TURNOVER	1	2,047	1,676	3,723	35,180	9,428	44,608
Cost of sales		(1,206)	(1,644)	(2,850)	(25,165)	(6,661)	(31,826)
GROSS PROFIT		841	32	873	10,015	2,767	12,782
Distribution costs		(73)	(9)	(82)	(1,017)	(2,168)	(3,185)
Administration expenses							
– amortisation of goodwill		1	(7)	(6)	(608)	(58)	(666)
– other		(927)	(77)	(1,004)	(7,927)	(1,714)	(9,641)
Other operating income		–	–	–	54	–	54
OPERATING PROFIT/(LOSS)	2	(158)	(61)	(219)	517	(1,173)	(656)
EXCEPTIONAL ITEMS	3						
Reorganisation costs		–	–	–	(307)	(133)	(440)
Loss arising on discontinuance of operations		–	–	–	–	(1,272)	(1,272)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(158)	(61)	(219)	210	(2,578)	(2,368)
Interest receivable	4			1			59
Interest payable	5			(14)			(494)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION				(232)			(2,803)
Taxation	8			–			973
LOSS FOR THE PERIOD	19			(232)			(1,830)
Basic profit/(loss) per share	9	(0.053)		(0.074)	0.060		(0.167)
Diluted profit/(loss) per share	9	(0.053)		(0.074)	0.059		(0.167)

There are no recognised gains and losses other than those reported in the profit and loss account.

CONSOLIDATED BALANCE SHEET

		<i>31 August</i>	<i>31 December</i>
		<i>2003</i>	<i>2004</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
Fixed assets			
Goodwill	10	798	15,498
Tangible assets	11	2,540	6,001
		<u>3,338</u>	<u>21,499</u>
Current assets			
Stock	12	489	4,218
Deferred Tax Asset	16	158	1,054
Debtors	13	2,892	6,315
Cash at bank		554	1,420
		<u>4,093</u>	<u>13,007</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(5,373)	(16,222)
Net current liabilities		<u>(1,280)</u>	<u>(3,215)</u>
Total assets less current liabilities		2,058	18,284
Creditors: amounts falling due within one year	15	(606)	(6,421)
Provisions for liabilities and charges	17	(276)	–
Net assets		<u>1,176</u>	<u>11,863</u>
Capital and reserves			
Called up share capital	18	79	282
Share premium	20	1,329	13,643
Profit and loss account	20	(232)	(2,062)
Shareholders' funds		<u>1,176</u>	<u>11,863</u>

CONSOLIDATED CASH FLOW STATEMENT

		<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Net cash inflow/(outflow) from operating activities	21	280	(1,354)
Returns on investments		(13)	(332)
Tax		–	(10)
Capital expenditure	24	(234)	(1,910)
Acquisitions and disposals	24	(1,518)	(15,966)
Net cash outflow before financing		(1,485)	(19,572)
Financing	24	1,408	17,127
Decrease in cash in the period		<u>(77)</u>	<u>(2,445)</u>
Reconciliation of Net Cash Flow to Net Debt			
Decrease in cash in the period		(77)	(2,445)
Cashflow from movement in liquid funds		–	(5,610)
Change in net debt		(77)	(8,055)
Loans and finance leases acquired with subsidiaries		(435)	(32)
New finance leases		–	(408)
Movement in net debt in the period		(512)	(8,495)
Net debt at start of period		–	(512)
Net debt at end of period		<u>(512)</u>	<u>(9,007)</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Segmental analysis

The directors identify three business sectors baking, sandwiches and fish processing. An analysis of turnover, profit before taxation and interest and net assets by business sector is presented below. Business sector data includes an allocation of corporate costs to the sector. There are no sales between business sectors.

	<i>7 months ended 31 August 2003 £'000s</i>	<i>16 months ended 31 December 2004 £'000s</i>
Turnover		
<i>Continuing activities:</i>		
Baking	2,047	19,385
Fish Processing	–	15,795
	<u>2,047</u>	<u>35,180</u>
<i>Discontinued activity:</i>		
Sandwiches	1,676	9,428
	<u>3,723</u>	<u>44,608</u>
Profit/(loss) on ordinary activities before interest and tax by business sector		
<i>Continuing activities:</i>		
Baking	(158)	(1,327)
Fish Processing	–	1,537
	<u>(158)</u>	<u>210</u>
<i>Discontinued activity:</i>		
Sandwiches	(61)	(2,578)
Loss on ordinary activities before taxation	(219)	(2,368)
Net interest paid	(13)	(435)
Taxation	–	(973)
Earnings	<u>(232)</u>	<u>(1,830)</u>
Net assets by business sector		
Baking	1,388	3,395
Sandwiches	1,207	415
Fish Processing	–	22,277
	<u>2,595</u>	<u>26,087</u>
Unallocated liabilities	(307)	(36)
Deferred consideration	(600)	(5,181)
Net debt	(512)	(9,007)
RGFC Group net assets	<u>1,176</u>	<u>11,863</u>
An analysis of turnover by geographical areas is:		
United Kingdom	3,723	43,627
Europe	–	981
	<u>3,723</u>	<u>44,608</u>

In the opinion of the directors a geographical analysis of profit before tax could be seriously prejudicial to the interests of the RGFC Group.

2 Operating loss

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Operating loss is stated after charging/(crediting):		
Auditors remuneration – audit	45	45
– taxation	10	20
– corporate finance	–	11
– financial advice	–	11
Depreciation of tangible fixed assets – owned	187	890
– financed	2	49
Amortisation of intangible assets	6	559
Income from government grants	–	(18)
Hire of plant and machinery	5	652
Rentals under operating leases – land and buildings	140	463
Rentals under operating leases – other assets	13	72
	<u> </u>	<u> </u>

Fees of £133,000 (2003: £80,000) were paid to the auditors in connection with acquisitions in the period and have been capitalised. In addition fees of £35,547 (2003: £20,000) were paid to the auditors in connection with the issue of shares and were written off to the share premium account.

3 Exceptional Item

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Exceptional costs*:		
Reorganisation costs	–	427
Loss arising on closure of sandwich division	–	1,272
Loss on disposal	–	13
	<u> </u>	<u> </u>
	–	1,712
Other exceptional costs**:		
Abortive acquisition costs	–	107
	<u> </u>	<u> </u>

*During the period ended 31 December 2004, the Company incurred costs in respect of a reorganisation and a loss on disposal. In accordance with FRS3 'Reporting Financial Performance' these have been classified as exceptional items after operating loss and before interest. These costs were allowed for taxation purposes which resulted in a reduction of the overall tax charge of £128,000.

**These costs relate to abortive acquisition costs which due to their size and nature are considered by the directors to be exceptional. However, they do not fall into the category of 'super exceptional' items as defined by FRS3 'Reporting Financial Performance' which must be shown separately on the face of the profit and loss account and have therefore been included within administrative expenses.

4 Interest Receivable

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Bank interest receivable	1	59
	<u> </u>	<u> </u>

5 Interest Payable and Similar Charges

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Bank Loans and Overdrafts	5	267
Other Loans	9	227
	<u>14</u>	<u>494</u>

6 Directors' emoluments

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Fees	8	98
Executive Salaries and Benefits	51	319
Directors' emolument	<u>59</u>	<u>417</u>

The emoluments of the directors for the Review Period were as follows:

	<i>Fees £'000</i>	<i>Salary £'000</i>	<i>Benefits £'000</i>	<i>Pension £'000</i>	<i>Total £'000</i>
7 months ended 31 August 2004					
J F Gibson	–	50	–	1	51
P W Totté	–	–	–	–	–
J C Mitchell	8	–	–	–	8
	<u>8</u>	<u>50</u>	<u>–</u>	<u>1</u>	<u>59</u>
16 months ended 31 December 2004					
J F Gibson	–	185	17	–	202
P W Totté*	40	–	–	–	40
L Camfield	–	67	5	10	82
J C Mitchell	32	35	–	–	67
P Salter	12	–	–	–	12
R Gradowski-Smith	14	–	–	–	14
	<u>98</u>	<u>287</u>	<u>22</u>	<u>10</u>	<u>417</u>

(*) Fees in relation to P W Totté are paid to Menton Investments Limited

Directors' interests in share options

	<i>Number of options at 31 December 2004</i>	<i>Number of options at 1 September 2003</i>	<i>Exercise Price</i>	<i>Earliest Exercise Date</i>	<i>Exercise Expiry Date</i>
J F Gibson	253,204	–	110.00p	Sept 2005	Sept 2013
P W Totté	126,702	–	110.00p	Sept 2005	Sept 2013
L Camfield	70,000	–	136.50p	June 2006	June 2014
J C Mitchell	50,680	–	110.00p	Sept 2005	Sept 2013
P Salter	25,000	–	136.50p	June 2006	June 2014
R Gradowski-Smith	25,000	–	136.50p	June 2006	June 2014

Options over 550,786 shares (2003: nil) were granted to Directors during the period. Options have been granted to Directors, whose performance and potential contribution were judged to be important to the operations of the RGFC Group, as incentives to maximise their performance and contribution.

The mid-market price of the ordinary shares on 31 December 2004 was 182p and the range during the sixteen month period was 113p to 182p.

During the period retirement benefits were accruing to 1 (2003: 1) director in respect of purchase pension schemes.

No additional options have been issued to Directors since 31 December 2004.

7 Staff Numbers and Costs

The aggregate payroll costs were:

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Wages and salaries	1,074	12,402
Social security costs	85	1,155
Other pension costs	11	167
	<u>1,170</u>	<u>13,724</u>

The average monthly number of persons employed by the RGFC Group (including Directors) during the period, analysed by category, was as follows:

Production	316	598
Selling and distribution	83	84
Directors and administration	40	23
	<u>439</u>	<u>705</u>

8 Taxation

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Current Tax		
UK Corporation Tax at 30%	–	54
Deferred Tax		
Origination and reversal of timing differences	–	(1,027)
UK corporation tax charge on profits of the period	<u>–</u>	<u>(973)</u>
The UK corporation tax is made up as follows:		
Loss on ordinary activities before tax	<u>(232)</u>	<u>(2,803)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK at 30%	(70)	(841)
<i>Effects of:</i>		
Net expenses not deductible for corporation tax purposes	61	9
Ineligible depreciation	14	86
Ineligible impairment of goodwill	–	241
Loss on disposal of ineligible assets	–	437
Differences in fixed asset transfer value	31	(464)
Capital allowances for the period in excess of depreciation	9	518
Other short term timing differences	1	34
Marginal relief	–	(16)
Consolidation adjustments	(31)	(515)
Income not taxable for tax purposes	–	(28)
Utilisation of tax losses	(121)	–
Unrelieved tax losses and other deductions arising in the period	<u>106</u>	<u>593</u>
Total current tax	<u>–</u>	<u>54</u>

9 Profit/(Loss) per Share

The calculation of the basic loss per share is based on a loss on ordinary activities after taxation of £1,830,000 (2003 – £232,000 loss), and on the weighted average number of ordinary shares in issue during the period of 10,964,662 (2003- 3,152,713).

Diluted earnings per share are based on a loss on ordinary activities after taxation of £1,830,000 (2003 – £232,000 loss). The dilution effect is calculated on the full exercise of options and warrants compared with the average mid-market price over the period for which they were outstanding. The resulting number of shares on which diluted earnings have been calculated is 11,039,906 (2003 – 3,154,963).

Where the effect of exercise of the options and warrants would be anti-dilutive no restatement taking account of full dilution of earnings per share has been applied and as a result the basic and fully diluted earnings per share are identical.

In determining the earnings per share of continuing activities where practical interest and taxation charges have been allocated directly to the operation on which the charge or income arose, however where these balances could not be directly allocated they have been apportioned based upon the proportion of profit generated by the continuing activity.

10 Goodwill

	<i>Goodwill</i> £'000	<i>Negative</i> <i>Goodwill</i> £'000	<i>Total</i> £'000
Cost:			
At incorporation	–	–	–
Purchased	1,243	(439)	804
At 31 August 2003	<u>1,243</u>	<u>(439)</u>	<u>804</u>
At 1 September 2003	1,243	(439)	804
Retrospective adjustment*	(2)	(29)	(31)
Purchased	16,096	–	16,096
At 31 December 2004	<u>17,337</u>	<u>(468)</u>	<u>16,869</u>
Amortisation:			
At incorporation	–	–	–
Up to 31 August 2003	(10)	4	(6)
At 31 August 2003	<u>(10)</u>	<u>4</u>	<u>(6)</u>
At 1 September 2003	(10)	4	(6)
Up to 31 December 2004	(590)	31	(559)
Impairment provision	(806)	–	(806)
At 31 December 2004	<u>(1,406)</u>	<u>35</u>	<u>(1,371)</u>
Net book value:			
At 31 December 2004	<u>15,931</u>	<u>(433)</u>	<u>15,498</u>
At 31 August 2003	<u>1,233</u>	<u>(435)</u>	<u>798</u>

*A retrospective adjustment in accordance with FRS 7 'Fair values in acquisition accounting' was made in relation to the fair value of the consideration paid. An adjustment in respect of amortisation was made accordingly, as directed by FRS 7, which has been recognised in the profit and loss account in the period ended 31 March 2004.

11 Tangible fixed assets

	<i>Freehold Land and buildings £'000</i>	<i>Leasehold Land and buildings £'000</i>	<i>Plant and machinery £'000</i>	<i>Motor vehicles £'000</i>	<i>Furniture, fittings and equipment £'000</i>	<i>Assets in Progress £'000</i>	<i>Total £'000</i>
Cost:							
At incorporation	–	–	–	–	–	–	–
Additions	–	2	216	3	–	–	221
Acquired with subsidiary	–	1,621	3,735	148	59	–	5,563
At 31 August 2003	–	1,623	3,951	151	59	–	5,784
Additions	28	338	1,230	–	326	420	2,342
Acquired with subsidiary	2,608	–	1,567	121	–	–	4,296
Disposals	–	–	–	(109)	–	–	(109)
Reclassifications	–	–	(163)	321	71	(229)	–
At 31 December 2004	<u>2,636</u>	<u>1,961</u>	<u>6,585</u>	<u>484</u>	<u>456</u>	<u>191</u>	<u>12,313</u>
Depreciation:							
At incorporation	–	–	–	–	–	–	–
Charge	–	42	135	10	2	–	189
Acquired with subsidiary	–	609	2,300	99	46	–	3,054
At 31 August 2003	–	651	2,435	109	48	–	3,243
Charge	–	196	571	42	130	–	939
Acquired with subsidiary	607	–	1,179	53	–	–	1,839
Disposals	–	–	–	(86)	–	–	(86)
Reclassifications	–	–	(233)	60	173	–	–
Impairment	–	72	230	–	65	10	377
At 31 December 2004	<u>607</u>	<u>919</u>	<u>4,182</u>	<u>178</u>	<u>416</u>	<u>10</u>	<u>6,312</u>
Net book value:							
At 31 December 2004	<u>2,029</u>	<u>1,042</u>	<u>2,403</u>	<u>306</u>	<u>40</u>	<u>181</u>	<u>6,001</u>
At 31 August 2003	<u>–</u>	<u>972</u>	<u>1,516</u>	<u>42</u>	<u>10</u>	<u>–</u>	<u>2,540</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<i>31 August 2003 £'000</i>	<i>31 December 2004 £'000</i>
Plant and Machinery	–	593
Motor Vehicles	26	50
	<u>26</u>	<u>643</u>

12 Stocks

	<i>31 August</i>	<i>31 December</i>
	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Raw materials	432	1,564
Work in progress	19	548
Finished goods and goods held for resale	38	2,106
	<u>489</u>	<u>4,218</u>

13 Debtors

	<i>31 August</i>	<i>31 December</i>
	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Trade debtors	1,881	5,252
Other debtors	507	467
Prepayments and accrued income	504	596
	<u>2,892</u>	<u>6,315</u>

14 Creditors: Amounts falling due within one year

	<i>31 August</i>	<i>31 December</i>
	<i>2003</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>
Bank loans and overdrafts	400	1,639
Amounts due under finance leases and hire purchase	10	214
Trade creditors	2,940	4,966
Other taxes and social security costs	267	346
Corporation Tax	–	373
Other creditors	1,043	7,959
Accruals	713	725
	<u>5,373</u>	<u>16,222</u>

The bank loans and overdraft are secured by a mortgage debenture incorporating a fixed and floating charge over the assets of the Company. Additionally the facilities are secured by life policies covering Lee Camfield and John Gibson (directors of RGFC) and Daniel Burton a senior manager of the fish processing division.

Hire purchase and finance lease creditors are secured upon the underlying assets.

Included within creditors is an amount of £3,346,562 (2003- £633,818) in relation to the balance on the RGFC Group's invoice discounting facilities. This is secured upon the underlying trade debtors.

Included within other creditors is deferred consideration of £4,081,000 (2003: £Nil) in respect of the acquisition of Five Star Fish Limited. This will become payable if certain targets are met by the fish processing division. In the directors' opinion these targets will be met by the fish processing division. In the directors' opinion these targets will be met and a full provision has therefore been made.

Included in other creditors is £100,000 (2003: £Nil) of deferred consideration in respect of the acquisition of Eurofoods plc and Cool Fresh Distribution Limited.

15 Creditors: amounts falling due in more than one year

	<i>31 August</i> 2003 £'000	<i>31 December</i> 2004 £'000
Bank loans and overdrafts	–	5,100
Amounts due under finance leases and hire purchase	6	127
Other creditors	600	1,194
	<u>606</u>	<u>6,421</u>

Included within other creditors falling due in more than one year is deferred consideration of £1,000,000 (2003: £Nil) in respect of the acquisition of Five Star Fish Limited. This will become payable if certain targets are met by the fish processing division. In the director's opinion those targets will be met and a full provision has therefore been made.

	<i>31 August</i> 2003 £'000	<i>31 December</i> 2004 £'000
1 – 2 years	600	1,408
2 – 5 years	6	4,388
Over 5 years	–	625
	<u>606</u>	<u>6,421</u>

16 Deferred taxation asset

	<i>31 August</i> 2003 £'000	<i>31 December</i> 2004 £'000
At start of period	–	158
Acquired in the period	158	(131)
Profit and Loss account credit	–	1,027
	<u>158</u>	<u>1,054</u>

The deferred tax provision comprises:

	<i>31 August</i> 2003 £'000	<i>31 December</i> 2004 £'000
Excess of capital allowances over depreciation charged	(65)	405
Tax Losses	222	612
Short term timing differences	1	37
	<u>158</u>	<u>1,054</u>

The deferred tax asset has been recognised on the basis that the directors believe that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted on the basis of the RGFC Group's forecasts and strategy.

17 Provision

	<i>31 August 2003 £'000</i>	<i>31 December 2004 £'000</i>
At start of period	–	276
Additions	276	–
Released during the year	–	(276)
	<u>276</u>	<u>–</u>

Included in provisions is £nil (2003 – £173,174) relating to an onerous lease commitment on a building no longer used by the RGFC Group. Also included in provisions is £nil (2003 – £103,000) relating to an onerous trading contract entered into by the RGFC Group during the period ended 31 August 2003 which completed during the period ended 31 December 2004.

18 Share capital

	<i>31 August 2003 £'000</i>	<i>31 December 2004 £'000</i>
Authorised:		
20,000,000 ordinary shares of £0.02 (2003: 100,000 ordinary shares of £1 each)*	<u>100</u>	<u>400</u>
Allotted, called up and fully paid:		
79,180 ordinary shares of £1 each	79	–
14,093,467 ordinary shares of £0.02 each	<u>–</u>	<u>282</u>

During the Review Period the Company made the following issues of ordinary shares:

<i>Date of issue</i>	<i>Ordinary Shares issued</i>	<i>Nominal value per share</i>	<i>Total Nominal Value £'000</i>	<i>Total Consideration £'000</i>
24 March 2003	50,000	£1	50	50
16 June 2003	26,180	£1	26	1,309
29 July 2003	3,000	£1	3	150
10 September 2003	4,000	£1	4	200
29 September 2003	1,090,909	£0.02p	22	1,200
15 January 2004	6,218,840	£0.02p	124	8,395
20 January 2004	1,188,567	£0.02p	24	1,605
13 May 2004	695,410	£0.02p	14	1,000
28 September 2004	740,741	£0.02p	15	1,000

(*) On 29 September 2003 the Company's issued ordinary share capital of 83,180 ordinary shares was split into 4,159,000 ordinary shares of 2 pence each.

19 Reconciliation of movement in shareholders' funds

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Opening shareholders' funds	–	1,176
Retained loss for the period	(232)	(1,830)
Shares issued	1,509	13,400
Share issue expenses	(101)	(883)
Closing shareholders' funds	<u>1,176</u>	<u>11,863</u>

20 Shareholders' Funds

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At incorporation	–	–	–	–
Premium on shares issued (nominal value £79,180)	79	1,430	–	1,509
Share issue	–	(101)	–	(101)
Retained loss for the period	–	–	(232)	(232)
Balance at 31 August 2003	<u>79</u>	<u>1,329</u>	<u>(232)</u>	<u>1,176</u>
Premium on shares issued (nominal value £202,689)	203	13,197	–	13,400
Share issue expenses	–	(883)	–	(883)
Retained loss for the period	–	–	(1,830)	(1,830)
Balance at 31 December 2004	<u>282</u>	<u>13,643</u>	<u>(2,062)</u>	<u>11,863</u>

21 Reconciliation of operating loss to net cash flow from operating activities

	<i>7 months ended 31 August 2003 £'000</i>	<i>16 months ended 31 December 2004 £'000</i>
Operating loss	(219)	(656)
Amortisation of goodwill	6	559
Depreciation	189	939
Bad debts	–	125
Profit on disposal of assets	–	(13)
Exceptional items	–	(427)
Increase in stock	(7)	(1,073)
Increase in debtors	(454)	(349)
Increase/(decrease) in creditors	765	(459)
Net cash inflow/(outflow) from operating activities	<u>280</u>	<u>(1,354)</u>

22 Operating Leases and Other commitments

The RGFC Group had £3,000 (2003: £Nil) of capital expenditure commitments contracted but not provided for, and £104,871 (2003: £Nil) which were authorised but not contracted.

The RGFC Group had annual commitments under non-cancellable operating leases as follows:

	<i>31 August 2003</i>		<i>31 December 2004</i>	
	<i>Land and Buildings</i>	<i>Other</i>	<i>Land and Buildings</i>	<i>Other</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Expiry date				
Within one year	–	24	73	13
Between 2 – 5 years	28	–	194	200
More than 5 years	287	–	52	–
	<u>315</u>	<u>24</u>	<u>319</u>	<u>213</u>

23 Pensions

The RGFC Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the RGFC Group in an independently administered fund. The pension cost charge represents contributions payable by the RGFC Group. Contributions paid to the scheme during the period amounted to £166,657 (2003 – £11,457). At the period end contributions of £32,556 (2003 – £9,095) were owed by the RGFC Group to the scheme.

24 Gross Cash Flows

	<i>7 months ended</i>	<i>16 months ended</i>
	<i>31 August 2003</i>	<i>31 December 2004</i>
	<i>£'000</i>	<i>£'000</i>
Capital expenditure		
Purchase of intangible asset	(13)	–
Purchase of tangible fixed assets	(221)	(1,934)
Sale of tangible fixed assets	–	24
	<u>(234)</u>	<u>(1,910)</u>
Acquisitions and disposals		
Cash paid for acquisitions	400	13,719
Acquisition costs	579	950
Less amounts accrued not paid during the period	–	(91)
Deferred consideration paid	–	600
Net cash acquired with subsidiary	539	788
	<u>1,518</u>	<u>15,966</u>
Financing		
Issue of ordinary share capital	1,509	12,400
Expenses paid in connection with share issues	(101)	(883)
Debt due beyond a year	–	–
New secured loan	–	6,100
Repayment of secured loan	–	(375)
Capital element of finance leases	–	(115)
	<u>1,408</u>	<u>17,127</u>

25 Analysis of Net Debt

	<i>Acquisition (excl. cash</i>		<i>Cash 1 September</i>		<i>Acquisition (excl. cash</i>		<i>Non-cash 31 December</i>	
	<i>On incorporation</i>	<i>and overdrafts)</i>	<i>Flows</i>	<i>2003</i>	<i>Flows</i>	<i>and overdrafts)</i>	<i>movements</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and in hand	–	–	555	555	865	–	–	1,420
Overdraft	–	–	(417)	(417)	(597)	–	–	(1,014)
Invoice discounting	–	(419)	(215)	(634)	(2,713)	–	–	(3,347)
	–	(419)	(77)	(496)	(2,445)	–	–	(2,941)
Bank Loan	–	–	–	–	(5,725)	–	–	(5,725)
Hire Purchase	–	(16)	–	(16)	115	(32)	(408)	(341)
	–	(16)	–	(16)	(5,610)	(32)	(408)	(6,066)
	–	(435)	(77)	(512)	(8,055)	(32)	(408)	(9,007)

26 Cash flow relating to exceptional items

The operating cash outflows include an outflow of £427,000 (2003: £Nil) relating to costs incurred in the course of the fundamental reorganisation.

27 Major Non- Cash transactions

- (a) During the period the RGFC Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of £408,331 (2003: £Nil).
- (b) Part of the consideration for the purchase of the subsidiary undertakings that occurred during the period comprised of both shares and deferred consideration. Further details of the acquisitions are set out below.

28 Acquisitions

During the Review Period RGFC made the following acquisitions, all of which were accounted for using the acquisition method of accounting:

	<i>Date of acquisition</i>	<i>Business Segment</i>
Haydens Bakeries Limited	1 July 2003	Baking
Eurofoods plc	1 July 2003	Sandwiches
Cool Fresh Distribution Limited	1 July 2003	Sandwiches
Cakes.co.uk Limited	1 July 2003	Baking
Five Star Fish Limited	13 May 2004	Fish Processing

The turnover, operating profit/(loss) and taxation charge for these acquisitions from their previous year end to the date of acquisition and for the period ended in which the acquisition occurred was as follows:

	<i>Turnover</i>	<i>Operating Profit/(loss)</i>	<i>Taxation Charge</i>	<i>Full periods Profit/(loss) after tax</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Haydens Bakeries Limited	1,978	(65)	–	(132)
Eurofoods plc and Cool Fresh Distribution Limited	2,894	(82)	–	(170)
Cakes.co.uk Limited	384	(266)	–	(318)
Five Star Fish Limited	9,270	756	320	1,295 ^(*)

(*) This amount excludes profit arising on the hive up of the trade to RGFC.

The fair values acquired, adjustments from book value and consideration given for these acquisitions were as follows:

	<i>Period ended 31 August 2003</i>			<i>Period ended 31 December 2004</i>		
	<i>Book values</i>	<i>Fair value adjustment</i>	<i>Fair values</i>	<i>Book values</i>	<i>Fair value adjustment</i>	<i>Fair values</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Fixed Assets						
Tangible	2,616	(107)	2,509	1,703	755	2,458
Investments	–	–	–	1,367	(1,367)	–
Current Assets						
Debtors	2,596	–	2,596	3,566	(365)	3,201
Stock and work in progress	481	–	481	2,655	–	2,655
Cash at bank and in hand	–	–	–	14	–	14
Creditors due within one year	<u>(5,136)</u>	<u>338</u>	<u>(4,798)</u>	<u>(4,038)</u>	<u>365</u>	<u>(3,673)</u>
Total assets/(liabilities)	557	231	788	5,267	(612)	4,655
Negative Goodwill			(439)			–
Goodwill			1,230			16,096
			<u>1,579</u>			<u>20,751</u>
Satisfied by:						
Cash			850			13,719
Issue of shares			–			1,000
Deferred consideration			150			5,082
Acquisition costs			579			950
			<u>1,579</u>			<u>20,751</u>

Deferred consideration of £5,082,000 will become payable if certain targets are met by the fish processing division. In the directors' opinion these targets will be met by the fish processing division and full provision has been made.

The acquisitions made the following contributions to and utilisations of RGFC Group cashflows.

	<i>Period ended 31 August 2003 £'000</i>	<i>Period ended 31 December 2004 £'000</i>
Net cash inflow from operating activities	2,811	2,018
Returns on investment and servicing of finance	(34)	(125)
Capital expenditure and financial investment	(29)	(59)
Taxation	8	(10)
Financing	(128)	14
Increase in cash	<u>2,628</u>	<u>1,838</u>
Analysis of net outflow of cash in respect of the purchase of subsidiary undertakings:		
Overdraft acquired	539	803
Cash consideration	400	13,719
Acquisition costs	579	950
Net cash outflow	<u>1,518</u>	<u>15,472</u>

29 Related Party Transactions

Transactions between the Company and its wholly owned subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and all other related parties are disclosed below.

On 31 December 2004 the trade assets of Five Star Fish Limited and Tom Darwood Limited were hived up into the Company.

On 31 August 2003 the trade and assets of Hayden's Bakeries Limited, Eurofoods plc, Coolfresh Distribution Limited and Cakes.co.uk Limited were hived up into the Company.

The percentage of turnover attributable to related party transactions is immaterial to these financial statements.

Five Star Fish Limited, a subsidiary, trades with Seasurf Limited. The partner of JS Fenty, a director of Five Star Fish Limited, owns 50 per cent. of Seasurf Limited and is a director of Seasurf Limited but does not control Seasurf Limited. In the period ended 31 December 2004 Five Star Fish Limited purchased £689,170 (2003: £Nil) of fish from Seasurf Limited at cost, and £5,793 (2003: £Nil) on an arms length basis. At 31 December 2004 Seasurf owed the Company £Nil (2003: £Nil). Management fees of £35,000 (2003: £Nil) were charged by Five Star Fish Limited to Seasurf Limited.

During the period ended 31 December 2004 rent and management charges of £11,396 (2003: £Nil) were recharged to Lafone Corporate Services Limited. P C Salter is a director of both the Company and Lafone Corporate Services Limited. In addition J F Gibson, a director of the Company is Company Secretary of Lafone Corporate Services Limited. The above transaction was on normal commercial terms.

Fees totalling £Nil (2003 :£50,000) were paid to Midicorp Corporate Finance Limited a company in which Pieter Totté was a director until 1 November 2003.

At 31 December 2004 the parents of Lee Camfield, a director, held 1,000 (2003: Nil) shares in the Company.

30 Financial Assets and Liabilities

The RGFC Group's financial instruments comprise cash, a term loan, an invoice discounting facility, revolving credit facility, overdraft and various items arising directly from its operations, such as trade debtors and creditors. The main purpose of these financial instruments is to finance the RGFC Group's operations. It is, and has been throughout the period under review, the RGFC Group's policy that no trading in financial instruments shall be undertaken.

The main risks from the RGFC Group's financial instruments are interest rate risk and liquidity risk. The board reviews and agrees policies, which have remained substantially unchanged for the period under review, for managing these risks. The policies are summarised below.

The RGFC Group has taken advantage of the exemption available for short-term debtors and creditors from the narrative disclosures contained in FRS 13.

The financial liabilities of the RGFC Group are as follows:

	<i>Period ended 31 August 2003</i>			<i>Period ended 31 December 2004</i>		
	<i>Total Floating rate £'000</i>	<i>Fixed rate £'000</i>	<i>Total £'000</i>	<i>Total Floating rate £'000</i>	<i>Fixed rate £'000</i>	<i>Total £'000</i>
Repayable by instalment:						
Within one year	–	10	10	625	230	855
Between 1 and 2 years	–	6	6	250	120	370
Between 2 and 5 years	–	–	–	4,266	–	4,266
Over five years	–	–	–	584	–	584
Repayable other than by instalment:						
Invoice discounting facility	634	–	634	3,347	–	3,347
Overdraft facility	1,051	–	1,051	1,014	–	1,014
	<u>1,685</u>	<u>16</u>	<u>1,701</u>	<u>10,086</u>	<u>350</u>	<u>10,436</u>

The term loan bears interest 2 per cent. over base rate and is repayable by 30 September 2011 in equal quarterly instalments of £125,000.

The revolving credit facility bears interest at 2.25 per cent. over base rate and is reducing by 31 March 2010 in equal six monthly instalments of £786,000. The maximum facility is £5,500,000. At the 31 December 2004 the amount outstanding in respect of the facility was £3,975,000 (2003: £Nil).

The fixed interest rate liabilities relate to amounts payable under hire purchase agreements. The weighted average interest rate of these liabilities was 7.63 per cent. (2003: 9.11 per cent.) and the weighted average period for which the interest rates are fixed was 20 months (2003: 15 months).

At 31 December 2004 the RGFC Group had a book overdraft of £1,013,825 (2003: £1,051,292) (actual overdraft £652,322 (2003: £Nil)) with a right of set off against the business account which had a balance at 31 December 2004 of £380,535 (2003: £Nil) giving an actual net overdraft of £267,787 (2003: £Nil). The overdraft facility bears interest at 1.75 per cent. over base rate. The maximum net overdraft facility is £500,000.

The RGFC Group's maximum invoice discounting facility is £4,000,000. The book value of the facility at the year end was £3,347,000 (2003: £633,818) (actual balance on facility £3,701,981 (2003: £915,217)). The facility bears interest at 1.75 per cent. over base rate.

Currency swaps, commodity contracts and financial forward contracts are not entered into by the RGFC Group.

Interest rate swaps are adopted by the RGFC Group. At 31 December 2004 the amount of interest rate swaps entered into was £3,750,000 at 5.67 per cent. (2003: £Nil)

The financial assets of the RGFC Group are surplus funds, which are offset against borrowings under the facility, and there is no separate interest rate exposure.

31 Post balance sheet events

In May 2005 the Board of RGFC reviewed the prospects of the Sandwich Division following an aborted acquisition. As a result of this review it was decided that the Sandwich Division would be closed. The financial Information has been adjusted to reflect this decision.

Section B i): Accountants' Report on Financial Information of Napier Brown Foods plc



Horwath Clark Whitehill LLP
Chartered Accountants
10 Palace Avenue, Maidstone
Kent ME15 6NF

The Directors
The Real Good Food Company plc
Hopton Industrial Estate
London Road
Devizes
Wiltshire, SN10 2EU

and

The Directors
Numis Securities Limited
Cheapside House
138 Cheapside
London
EC2V 6LH

5 August 2005

Dear Sirs

Napier Brown Foods plc (the “Company”) (together with its subsidiaries the “NBF Group”)

We report on the financial information set out in Section B ii) in Part VI of this prospectus. This financial information has been prepared for inclusion in the prospectus of The Real Good Food Company plc dated 5 August 2005, issued in connection with the proposed offer for Napier Brown Foods plc and admission of the enlarged share capital to the AIM market of the London Stock Exchange plc.

Basis of Preparation

The financial information set out in Section B ii) in Part VI of this prospectus, which has been prepared in accordance with applicable United Kingdom generally accepted accounting principles, is based on the audited financial statements of Napier Brown & Company Limited, Garrett Ingredients Limited and Sefcol Ingredients Limited, for the three accounting periods ended 3 April 2005 and NBF for the period from incorporation on 8 July 2003 until 3 April 2005 (the ‘Review Period’). The financial information has been prepared on a consolidated basis assuming that NBF and the Initial Subsidiaries had existed as a separate level entity or sub group throughout the Review Period. The financial information consolidates the profit and loss accounts, balance sheets, cash flow statements and supporting notes contained in the statutory accounts referred to above, after making such adjustments as we considered necessary. This treatment was considered necessary to enable the financial information to show a true and fair view.

Deloitte and Touche LLP, chartered accountants and registered auditors, have issued unqualified audit opinions under section 235 of the Act on the statutory accounts of the subsidiaries of the NBF Group for the two accounting periods ended 28 March 2004 and on the statutory accounts of NBF for the two accounting periods ended 3 April 2005.

Responsibility

The financial statements, which form the basis of the financial information in this report, are the responsibility of the directors who approved their issue.

The directors of RGFC plc are responsible for the contents of the prospectus in which this report is included.

It is the Directors responsibility to compile the financial information set out in Section B ii) in Part VI of this prospectus from the financial statements, it is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by Deloitte and Touche LLP relating to the audit of the financial statements underlying the financial information. Our work also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and of whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information set out in Section B ii) in Part VI gives, for the purposes of the prospectus dated 5 August 2005, a true and fair view of the state of affairs of the NBF Group as at the dates stated and of its results, cash flows and recognised gains and losses for the periods then ended.

Yours faithfully

Horwath Clark Whitehill LLP
Chartered Accountants

Section B ii) Financial Information on Napier Brown Foods plc

The financial information on Napier Brown Foods plc has been extracted from the published audited accounts of Napier Brown & Company Limited, Garrett Ingredients Limited, Sefcol Ingredients Limited, Borlands & Sclanders Whitworth Sugars Limited and Napier Brown Foods plc for the Review Period. The financial information has been prepared on a consolidated basis assuming that NBF and the Initial Subsidiaries had existed as a separate level entity or sub group throughout the Review Period. The financial information consolidates the profit and loss accounts, balance sheets, cash flow statements and supporting notes contained in the statutory accounts referred to above, after making such adjustments as we considered necessary.

The financial information does not constitute statutory accounts within the meaning of section 240 of the Act. The financial statements of Napier Brown & Company Limited, Garrett Ingredients Limited and Sefcol Ingredients Limited for the accounting periods ended 31 March 2003 and 28 March 2004 were audited by Deloitte & Touche LLP, chartered accountants and registered auditors. Deloitte and Touche LLP, chartered accountants and registered auditors, have reported under section 235 of the Act on the statutory accounts of NBF plc for the two accounting periods ended 3 April 2005. Each report was unqualified and did not contain a statement under 237(2) or (3) of the Act.

The directors of The Real Good Food Company plc are responsible for the contents of the prospectus in which this report is included.

PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the NBF Group.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Basis of consolidation

The financial information has been prepared on a consolidated basis assuming that NBF and the Initial Subsidiaries had existed as a separate level entity or sub group throughout the Review Period. The results of subsidiaries acquired or sold are consolidated for the full Review Period, with pre acquisition reserves being eliminated via a single line in both the profit and loss account for the period in which the initial acquisition occurred and the reserves note for that period.

Intangible Assets – Goodwill

Goodwill arising on the acquisition of a subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

Tangible Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, excluding freehold land and long leasehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings	10 – 50 years
Leasehold buildings	Over the period of the lease.
Plant, machinery and commercial vehicles	5 – 10 years
Computers, fixtures, fittings, tools and equipment	2 – 10 years
Motor vehicles	3 – 4 years

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the NBF Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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.

Turnover

Turnover represents amounts receivable for goods provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

Pension costs

For defined benefit schemes the amounts charged to the profit and loss account is the estimated regular cost to the company of providing benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable earnings. Variations from regular cost, arising from periodic actuarial valuations, are allocated to the profit and loss account over the remaining service lives of current employees on the basis of a constant percentage of current and future pensionable earnings.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on

which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Finance costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Convertible debt is reported as a liability unless conversion actually occurs. No gain or loss is recognised on conversion.

Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

Derivative financial instruments

The NBF Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The NBF Group does not hold or issue derivative financial instruments for speculative purposes.

For a forward exchange contract to be treated as a hedge, the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the NBF Group's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account, or as adjustments to the carrying amount of fixed assets, only when the hedged transaction is itself been in the NBF Group's financial statements.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		<i>Year ended</i> <i>31 March</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>28 March</i> <i>2004</i> <i>£'000</i>	<i>Year ended</i> <i>3 April</i> <i>2005</i> <i>£'000</i>
TURNOVER		185,397	194,255	269,985
Cost of sales		(172,552)	(180,334)	(251,578)
GROSS PROFIT		12,845	13,921	18,407
Operating expenses		(7,593)	(7,073)	(10,077)
Amortisation of goodwill		(23)	(440)	(2,379)
Exceptional items	5	(472)	(5,752)	–
OPERATING PROFIT	4	4,757	656	5,951
Interest receivable and similar items	2	214	164	376
Interest payable	3	(54)	(295)	(3,211)
PROFIT ON ORDINARY				
ACTIVITIES BEFORE TAXATION		4,917	525	3,116
Taxation	8	(1,495)	(311)	(1,847)
PROFIT ON ORDINARY ACTIVITIES				
AFTER TAXATION		3,422	214	1,269
Elimination of pre acquisition loss		–	185	–
Dividends		(700)	–	(847)
PROFIT FOR THE PERIOD	20	2,722	399	422
Basic profit per share	9	N/a	4.56p	4.78p
Diluted profit per share	9	N/a	3.42p	5.00p

There are no recognised gains and losses other than those reported in the profit and loss account.

CONSOLIDATED BALANCE SHEETS

	<i>Notes</i>	<i>31 March 2003 £'000</i>	<i>28 March 2004 £'000</i>	<i>3 April 2005 £'000</i>
Fixed assets				
Intangible assets	10	11	33,305	52,833
Tangible assets	11	12,523	9,499	15,032
Investments		—	—	—
		<u>12,534</u>	<u>41,804</u>	<u>67,865</u>
Current assets				
Stocks	13	6,459	5,917	8,856
Debtors	14	21,519	19,972	29,312
Cash at bank and in hand		468	784	2,973
		<u>28,446</u>	<u>26,673</u>	<u>41,141</u>
Creditors: amounts falling due within one year	16	<u>(12,272)</u>	<u>(20,250)</u>	<u>(45,029)</u>
Net current assets/(liabilities)		<u>16,174</u>	<u>6,423</u>	<u>(3,888)</u>
Total assets less current liabilities		<u>28,708</u>	<u>48,227</u>	<u>63,977</u>
Creditors: amounts falling due after more than one year	17	(11,007)	(21,274)	(29,974)
Provisions for liabilities and charges		(438)	(2,000)	(1,825)
Net assets		<u>17,263</u>	<u>24,953</u>	<u>32,178</u>
Capital and reserves				
Called up share capital	19	—	11,414	14,124
Share Premium		—	4,958	5,849
Merger reserve	20	—	8,182	11,384
Profit and loss account	20	17,263	399	821
Shareholders' funds	20	<u>17,263</u>	<u>24,953</u>	<u>32,178</u>

CONSOLIDATED CASH FLOW STATEMENTS

		<i>Year ended</i> <i>31 March</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>28 March</i> <i>2004</i> <i>£'000</i>	<i>Year ended</i> <i>3 April</i> <i>2005</i> <i>£'000</i>
	<i>Notes</i>			
Reconciliation of operating loss to net cash flow from operating activities				
Operating profit		4,757	656	5,951
Depreciation		1,429	1,263	1,399
Impairment		–	2,053	–
Amortisation		23	440	2,379
Correction of accounting error		–	658	–
Loss/(profit) on disposal of fixed assets		49	(17)	(8)
(Increase)/decrease in stock		761	542	1,297
(Increase)/decrease in debtors		1,883	(4,888)	2,626
Increase/(decrease) in creditors		439	1,493	(5,635)
Net cash inflow from operating activities		<u>9,341</u>	<u>2,200</u>	<u>8,009</u>
Cash Flow Statement				
Net cash inflow from operating activities		9,341	2,200	8,009
Returns on investments and servicing of finance	21	160	(131)	(1,933)
Taxation	21	(1,158)	(1,237)	(2,114)
Acquisitions of Initial Subsidiaries	21	–	(20,219)	(28,994)
Capital expenditure	21	(252)	(274)	(413)
		<u>8,091</u>	<u>(19,661)</u>	<u>(25,445)</u>
Equity dividends paid		(700)	–	(282)
		<u>7,391</u>	<u>(19,661)</u>	<u>(25,727)</u>
Financing	21	827	8,919	14,647
(Decrease)/increase in cash in the period		<u>8,218</u>	<u>(10,742)</u>	<u>(11,080)</u>
(Decrease)/increase in cash in the period		8,218	(10,742)	(11,080)
Cash inflow/(outflow) from increase/(decrease) in debt		(827)	3,215	(15,700)
		<u>7,391</u>	<u>(7,527)</u>	<u>(26,780)</u>
Issue of convertible debt		–	(15,774)	–
Movement in net debt		7,391	(23,301)	(26,780)
Net funds at start of period		(11,367)	(3,976)	(27,277)
Net funds at end of period	22	<u>(3,976)</u>	<u>(27,277)</u>	<u>(54,057)</u>

NOTES TO THE FINANCIAL STATEMENTS
1 Segment Information

The directors consider all turnover to relate to one class of business.

Turnover originates wholly in the UK. In addition, destination of turnover is the UK. Turnover, operating profit, profit before tax and net assets all relate to the UK only.

2 Interest Receivable

	<i>Year ended</i> <i>31 March</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>28 March</i> <i>2004</i> <i>£'000</i>	<i>Year ended</i> <i>3 April</i> <i>2005</i> <i>£'000</i>
Investment income	214	164	376

3 Interest Payable and Similar Charges

	<i>Year ended</i> <i>31 March</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>28 March</i> <i>2004</i> <i>£'000</i>	<i>Year ended</i> <i>3 April</i> <i>2005</i> <i>£'000</i>
Bank loans and overdrafts	54	295	2,636
Loan notes	–	–	575
	<u>54</u>	<u>295</u>	<u>3,211</u>

4 Profit on ordinary activities before taxation

The operating profit is stated after charging/(crediting):

	<i>Year ended</i> <i>31 March</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>28 March</i> <i>2004</i> <i>£'000</i>	<i>Year ended</i> <i>3 April</i> <i>2005</i> <i>£'000</i>
Other operating leases	354	347	313
Depreciation –owned assets	1,411	1,227	1,381
Depreciation –held under finance lease	18	36	18
Amortisation of purchased goodwill	23	440	2,379
Auditors' remuneration – audit services	40	80	75
– non-audit services	13	25	183
Management charges	780	763	–
Government grants	(21)	(21)	(21)
(Profit) / Loss on disposal of fixed assets	49	(17)	(8)
Exceptional items	<u>472</u>	<u>5,752</u>	<u>–</u>

5 Exceptional items

	<i>Year ended</i> <i>31 March</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>28 March</i> <i>2004</i> <i>£'000</i>	<i>Year ended</i> <i>3 April</i> <i>2005</i> <i>£'000</i>
Special pension contribution	–	2,500	–
Impairment in value of assets	–	2,053	–
Correction of accounting inaccuracies in prior periods	–	658	–
Lease termination	33	–	–
Loss on disposal and closure of factory	250	–	–
Restructuring costs	189	541	–
	<u>472</u>	<u>5,752</u>	<u>–</u>

Restructuring costs in the year ended 28 March 2004 include £389,000 in respect of the integration of the Initial Subsidiaries under the banner of NBF & Company Limited.

6 Staff Costs

The aggregate payroll costs were:

	<i>Year ended</i> <i>31 March</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>28 March</i> <i>2004</i> <i>£'000</i>	<i>Year ended</i> <i>3 April</i> <i>2005</i> <i>£'000</i>
Wages and salaries	6,163	5,658	8,290
Social security costs	531	537	892
Other pension costs	405	2,905	436
Other employee costs	17	19	–
Redundancy costs	189	147	–
	<u>7,305</u>	<u>9,266</u>	<u>9,618</u>

The average monthly number of employees
(including executive directors) was:

Administration	63	57	102
Production and distribution	247	222	340
	<u>310</u>	<u>279</u>	<u>442</u>

7 Directors' remuneration, interests and transactions

Directors' remuneration of the Company's directors was as follows:

	<i>Fees</i>	<i>Salary</i>	<i>Benefits</i>	<i>Pension</i>	<i>Year ended</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>31 March</i>
					<i>2003</i>
					<i>£'000</i>
Executive					
C O Thomas	–	–	–	–	–
S G Barrell	–	123	1	18	142
Non- executive					
P G Ridgwell	–	–	–	–	–
A P Ridgwell	–	–	–	–	–
J J Hamer	–	–	–	–	–
	<u>–</u>	<u>123</u>	<u>1</u>	<u>18</u>	<u>142</u>
	<i>Fees</i>	<i>Salary</i>	<i>Benefits</i>	<i>Pension</i>	<i>Year ended</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>28 March</i>
					<i>2004</i>
					<i>£'000</i>
Executive					
C O Thomas	–	76	6	9	91
S G Barrell	–	121	1	18	140
Non- executive					
P G Ridgwell	–	–	–	–	–
A P Ridgwell	2	–	–	–	2
J J Hamer	10	–	–	–	10
	<u>12</u>	<u>197</u>	<u>7</u>	<u>27</u>	<u>243</u>
	<i>Fees</i>	<i>Salary</i>	<i>Benefits</i>	<i>Pension</i>	<i>Year ended</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>3 April</i>
					<i>2005</i>
					<i>£'000</i>
Executive					
C O Thomas	–	282	4	34	320
S G Barrell	–	135	1	11	147
Non- executive					
P G Ridgwell	–	30	–	–	30
A P Ridgwell	–	12	–	–	12
J J Hamer	20	–	–	–	20
	<u>20</u>	<u>459</u>	<u>5</u>	<u>45</u>	<u>529</u>

Directors' interests

The directors who held office at 3 April 2005 had the following interests in the shares and debentures of NBF Group undertakings:

	<i>Name of NBF Group undertaking and description of shares or debentures</i>	<i>31 March 2003</i>		<i>29 March 2004</i>		<i>3 April 2005</i>	
		<i>Beneficial</i>	<i>Non-beneficial</i>	<i>Beneficial</i>	<i>Non-beneficial</i>	<i>Beneficial</i>	<i>Non-beneficial</i>
P G Ridgwell	NBF	100,000	13,636,363	100,000	13,636,363	100,000	13,636,363
C O Thomas	NBF	100,002	–	100,102	–	100,102	–
S G Barrell	NBF	100,000	–	101,183	–	101,190	–
A P Ridgwell	NBF	–	13,636,363	–	13,636,363	–	13,636,363
J J Hamer	NBF	9,090	–	9,090	–	9,090	–

Mr P G Ridgwell and Mr A P Ridgwell have non-beneficial interests in 13,636,363 of these Ordinary Shares, which are held by NB. Ingredients Limited, a wholly owned subsidiary of Napier Brown Holdings Limited.

The issued share capital of Napier Brown Holdings Limited is held as to 26.41 per cent by Mr P G Ridgwell, as to 4.72 per cent by Mr A P Ridgwell and as to 68.7 per cent by two trusts (of which Mr P G Ridgwell, Mr A P Ridgwell and Mrs J A Ridgwell are trustees).

Directors' share options and warrants

	<i>Granted</i>	<i>Exercise price</i>	<i>Exercise period</i>
Approved share option			
C O Thomas	27,272	£1.10	2006 – 2013
S G Barrell	27,272	£1.10	2006 – 2013
Non-approved share option			
C O Thomas	200,000	£1.10	2006 – 2013
S G Barrell	90,909	£1.10	2006 – 2013
Warrants			
C O Thomas	227,273	£1.10	2006 – 2013
S G Barrell	68,273	£1.10	2006 – 2013
J J Hamer	50,000	£1.387	2007 – 2014

Directors' transactions

Mr C O Thomas is a director of Nextus Recruitment Limited, from which the Company obtained supplies amounting to £11,553 during the period ended 3 April 2005 (2004: £9,102). He is also a director of Solway Foods Limited, for which the Company invoiced services amounting to £9,300 for the period ended 28 March 2004.

Mr P G Ridgwell and Mr A P Ridgwell have the controlling interest in Napier Brown Holdings Limited, from which the Company was invoiced for services amounting to £30,919 during the period ended 3 April 2005 (2004: £8,750). Also the Company invoiced services to Napier Brown Holdings Limited amounting to £102,829 during the period ended 3 April 2005 (2004: £18,750).

Mr J J Hamer is a director of Glisten plc and Inter Link Foods plc. Glisten plc and its subsidiaries purchased £1,392,392 of products from the NBF Group in the period ended 3 April 2005 (2004: £374,000). The outstanding balance due to the NBF Group at 3 April 2005 was £117,265 (2004: £79,000). Inter Link Foods plc and its subsidiaries purchased £342,237 (2004: £413,000), of products from the NBF Group in the period ended 3 April 2005. The outstanding balance due to the NBF Group at 3 April 2005 was £673 (2004: £139,000).

8 Tax on profit on ordinary activities

The tax charge comprises:

	<i>Year ended 31 March 2003 £'000</i>	<i>Year ended 28 March 2004 £'000</i>	<i>Year ended 3 April 2005 £'000</i>
UK current year taxation:			
– Corporation tax at 30% (prior years: 30%)	1,446	1,371	1,189
– UK adjustments to prior years	(19)	–	21
Current tax charge	<u>1,427</u>	<u>1,371</u>	<u>1,210</u>
Deferred tax at 30% (prior years: 30%)	68	(1,060)	637
Deferred tax charge	<u>68</u>	<u>(1,060)</u>	<u>637</u>
Total tax charge	<u>1,495</u>	<u>311</u>	<u>1,847</u>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	<i>Year ended 31 March 2003 £'000</i>	<i>Year ended 28 March 2004 £'000</i>	<i>Year ended 3 April 2005 £'000</i>
Profit on ordinary activities before tax	<u>4,917</u>	<u>526</u>	<u>3,116</u>
Tax on profit on ordinary activities at standard			
UK corporation tax of 30% (prior years: 30%)	1,475	158	935
Expenses not deductible for tax purposes	44	45	726
Capital allowances in excess of depreciation	(73)	(140)	(232)
Impairment of fixed assets	–	616	–
Goodwill arising on consolidation	–	129	–
Adjustments to tax charge in respect of previous periods	(19)	–	21
Short term timing differences	–	563	(240)
Current tax charge for year	<u>1,427</u>	<u>1,371</u>	<u>1,210</u>

The NBF Group earns its profits primarily in the UK. Therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30 per cent.

The NBF Groups planned level of capital investment is expected to remain at similar levels to the current year. Therefore, it expects to be able to claim capital allowances in excess of depreciation in future years, at a similar level to the current year.

Deferred tax

Deferred Tax asset/(liability) comprised:

	<i>31 March 2003 £'000</i>	<i>28 March 2004 £'000</i>	<i>3 April 2005 £'000</i>
Accelerated capital allowances	(601)	(103)	(286)
Short term timing differences	163	1,325	1,039
Deferred Tax balance	<u>(438)</u>	<u>1,222</u>	<u>753</u>

9 Earnings per share

Earnings per share is calculated on the basis of profit since acquisition of the Initial Subsidiaries of £401,000 divided by the weighted average number of shares in issue for the period since acquisition of the Initial Subsidiaries to 3 April 2005 of 26,548,367 (weighted over the period since incorporation). The diluted earnings per share is calculated on the assumption all options and warrants granted were exercised and all convertible loan notes are converted. This would give rise to a total weighted average number of ordinary shares in issue for the period of 32,125,281. As no shares in the Company were in issue prior to 8 July 2003 earnings per share has not been disclosed for earlier periods.

A more realistic measure for basic earnings per share is arrived at by using the profit after taxation before goodwill amortisation of £3,648,000 divided by the relevant weighted average number of shares.

	<i>Year ended</i> <i>28 March 2004</i>		<i>Year ended</i> <i>3 April 2005</i>	
	<i>£'000</i>		<i>£'000</i>	
	<i>Basic</i>	<i>Diluted</i>	<i>Basic</i>	<i>Diluted</i>
Profit for the financial year before goodwill amortisation	828	828	3,648	3,986
Profit for the financial year	399	399	1,269	1,607
	<i>Basic earnings per share</i>	<i>Diluted earnings per share</i>	<i>Basic earnings per share</i>	<i>Diluted earnings per share</i>
Earnings per share before goodwill amortisation	9.47p	7.12p	13.74p	12.41p
Basic and diluted earnings per share	4.56p	3.42p	4.78p	5.00p
		<i>Number of shares</i>		<i>Number of shares</i>
Weighted average number of shares:				
For basic earnings per share		8,746,799		26,548,367
Exercise of warrants		46,634		418,647
Exercise of share options		99,659		185,661
Convertible loan notes		2,740,015		4,972,605
		<u>11,633,107</u>		<u>32,125,281</u>

10 Intangible assets

	<i>Purchased Goodwill £'000</i>
Cost:	
At 1 April 2002	373
Additions	—
At 31 March 2003	373
Additions	32,734
At 28 March 2004	33,107
Additions	22,780
Additional costs in respect of previous acquisitions	127
At 3 April 2005	<u>56,014</u>
Amortisation:	
At 1 April 2002	339
For period	23
At 31 March 2003	362
For period	440
At 28 March 2004	802
For period	2,379
At 3 April 2005	<u>3,181</u>
Net book value:	
31 March 2003	<u>11</u>
28 March 2004	<u>32,305</u>
3 April 2005	<u>52,833</u>

11 Tangible fixed assets

	<i>Freehold and long leasehold property £'000</i>	<i>Plant and Machinery £'000</i>	<i>Motor Vehicles £'000</i>	<i>Computer Equipment £'000</i>	<i>Total £'000</i>
Cost:					
1 April 2002	7,001	10,601	762	2,534	20,898
Additions	12	605	–	198	815
Disposals	–	(1,089)	(454)	(155)	(1,698)
31 March 2003	7,013	10,117	308	2,577	20,015
Additions	21	802	18	129	970
Disposals	(828)	(301)	(94)	(40)	(1,263)
28 March 2004	6,206	10,618	232	2,666	19,722
Additions	–	490	–	136	626
Acquisitions	4,246	2,967	85	430	7,729
Disposals	–	(1,005)	(195)	(366)	(1,566)
3 April 2005	10,452	13,070	122	2,866	26,510
Depreciation:					
1 April 2002	535	5,314	339	961	7,149
Provision for the year	119	888	94	328	1,429
Disposals	–	(724)	(258)	(104)	(1,086)
31 March 2003	654	5,478	175	1,185	7,492
Provision for the year	108	703	68	384	1,263
Disposals	(175)	(301)	(71)	(38)	(585)
Impairment provision	–	1,964	–	89	2,053
28 March 2004	587	7,844	172	1,620	10,223
Provision for the year	162	875	44	318	1,399
Acquisition	–	770	43	404	1,217
Disposals	–	(841)	(155)	(365)	(1,361)
3 April 2005	750	8,648	104	1,977	11,478
Net book value:					
31 March 2003	6,359	4,639	133	1,392	12,523
28 March 2004	5,619	2,774	60	1,046	9,499
3 April 2005	9,703	4,422	18	889	15,032

Leased assets included above:

	<i>Freehold and long leasehold property £'000</i>	<i>Plant and Machinery £'000</i>	<i>Motor Vehicles £'000</i>	<i>Computer Equipment £'000</i>	<i>Total £'000</i>
Net book value:					
31 March 2003	–	–	53	–	53
28 March 2004	–	–	–	30	30
3 April 2005	–	–	–	–	–

12 Acquisition of Initial Subsidiaries

On 18 December 2003 the company acquired 100 per cent. of the issued share capital of the Initial Subsidiaries for consideration comprising the issue of 13,636,363 ordinary shares of £0.5 each in the company, cash of £20.0 million, a loan note in the amount of £6.5 million, a first convertible loan note in the amount of £6.5 million, a second convertible loan note in the amount of £2.78 million. The deferred consideration is an estimate based on the directors expectations. After an adjustment to the consideration, the fair value of the total consideration was £50.3 million (before costs).

The following table sets out the book values and the provisional fair value of the identifiable assets and liabilities acquired by the NBF Group:

	<i>Total book value and fair value to group £'000</i>
Fixed Assets	
Tangible	9,537
Current Assets	
Stocks	6,860
Debtors	18,185
Cash	691
Total Assets	<u>35,273</u>
Creditors	
Bank loans and overdraft	(2,080)
Creditors	<u>(14,934)</u>
Provisions for liabilities and charges	
Total liabilities	(17,014)
Net assets	18,259
Goodwill	32,734
	<u>50,993</u>
<i>Satisfied by:</i>	
Shares issued	15,000
Cash paid	20,000
Deferred consideration	15,774
Consideration adjustment	(460)
Consideration before costs	<u>50,314</u>
Costs	679
	<u>50,993</u>

13 Acquisition of Subsidiaries

On 7 July 2004 the company acquired 100 per cent. of the issued share capital of James Budgett Sugars Limited for consideration of £17.4 million, comprising the issue of 4,186,046 ordinary shares at 126.5p (a premium of 76.5p per share) in the company, cash of £11.6 million, and deferred consideration in the amount of £0.5 million.

On 2 September 2004 Napier Brown & Company Limited acquired the trade and assets of Renshaw Scott Limited, for a consideration of £18.5 million comprising the issue of 1,145,868 ordinary shares at 123p (a premium of 73p per share) in the company and cash of £17.0 million.

After an acquisition adjustment to the consideration, the fair value of the total consideration was £38.9 million (before costs).

The following table sets out the book values and the provisional fair value of the identifiable assets and liabilities acquired by the NBF Group:

	<i>Book value</i>	<i>Revaluation</i>	<i>Fair value</i>
	<i>£'000</i>	<i>£'000</i>	<i>to group</i>
			<i>£'000</i>
Fixed Assets			
Tangible	6,512	–	6,512
Current Assets			
Stocks	4,500	(264)	4,236
Debtors	12,258	–	12,258
Cash	1,947	–	1,947
Total Assets	<u>25,217</u>	<u>(264)</u>	<u>24,953</u>
Creditors			
Creditors	(8,795)	(335)	(9,130)
Total liabilities	<u>(8,795)</u>	<u>(335)</u>	<u>(9,130)</u>
Net assets	<u>16,422</u>	<u>(599)</u>	<u>15,823</u>
Goodwill			<u>22,780</u>
			<u>38,603</u>
<i>Satisfied by:</i>			
Shares issued			6,705
Cash paid			28,473
Deferred consideration			500
Consideration before costs			<u>35,678</u>
Costs			2,925
			<u>38,603</u>
Net cash outflows in respect of the acquisitions comprised:			<i>£'000</i>
Cash consideration			28,473
Cash at bank and in hand acquired			(1,947)
Costs			2,925
			<u>29,451</u>

The acquired subsidiary James Budgett Sugars Limited earned a profit after taxation of £3,296,000 in the 17 month period from 1 November 2003 to 3 April 2005 (year ended 31 October 2003 – £3,330,000) of which £2,458,000 arose in the period from 1 November 2003 to 7 July 2004.

The summarised profit and loss account for the period to acquisition for James Budgett Sugars Limited, shown on the basis of the accounting policies of the acquired subsidiaries prior to the acquisition, are as follows:

	<i>James Budgett Sugars Limited Pre-acquisition profit £'000</i>
Turnover	73,917
Cost of Sales	70,345
Gross Profit	<u>3,572</u>
Administrative expenses (net)	1,100
Operating profit	<u>2,472</u>
Finance income	45
Profit on ordinary activities before tax	<u>2,517</u>
Tax on profit on ordinary activities	959
Profit on ordinary activities after taxation	<u><u>1,558</u></u>

There were no recognised gains and losses other than shown in the profit and loss account above.

The trade and assets acquired from Renshaw Scott Limited were part of another business, no detail on profit and loss below gross profit is available. The turnover and cost of sales for the period 1 January 2004 to 2 September 2004 were £15,622,000 and £10,110,000 and the gross margin was £5,512,000.

14 Stocks

	<i>31 March 2003 £'000</i>	<i>28 March 2004 £'000</i>	<i>3 April 2005 £'000</i>
Raw materials and consumables	944	957	2,140
Work in progress	208	123	993
Finished goods and goods for resale	5,307	4,837	5,723
	<u>6,459</u>	<u>5,917</u>	<u>8,856</u>

There is no material difference between the balance sheet value of stocks and their replacement costs.

15 Debtors

	<i>31 March 2003 £'000</i>	<i>28 March 2004 £'000</i>	<i>3 April 2005 £'000</i>
Trade debtors	13,123	15,512	24,716
Amount due from group undertakings	7,022	–	–
Other debtors	803	2,290	2,165
Deferred tax asset	–	1,222	753
Prepayments and accrued income	571	948	1,678
	<u>21,519</u>	<u>19,972</u>	<u>29,312</u>

16 Creditors: amounts falling due within one year

	<i>31 March</i>	<i>28 March</i>	<i>3 April</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Bank loans and overdrafts	416	277	14,056
Loan notes in respect of deferred consideration	–	6,500	13,000
Finance lease obligations	20	10	–
Trade creditors	9,847	10,982	13,643
Amounts due to group undertakings	22	–	–
Corporation tax	1,093	1,229	931
Other taxes and social security	177	140	521
Other creditors	4	–	1,166
Accruals and deferred income	693	1,112	1,712
	<u>12,272</u>	<u>20,250</u>	<u>45,029</u>

The company has granted a floating charge on its assets to secure bank overdrafts.

17 Creditors: amounts falling due after more than one year

	<i>31 March</i>	<i>28 March</i>	<i>3 April</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Convertible debt</i>			
First convertible unsecured loan stock December 2005	–	6,500	–
Second convertible unsecured loan stock December 2006	–	2,774	2,774
<i>Other creditors</i>			
Bank Loans	–	12,000	26,700
Loans with group undertakings	10,997	–	–
Deferred consideration	–	–	500
Amounts due under finance leases	10	–	–
	<u>11,007</u>	<u>21,274</u>	<u>29,974</u>

During the period ended 3 April 2005 the Company secured a term loan of £10 million (2004: £10 million, 2003: £Nil) and a revolving credit facility of up to £18.5 million (2004: £18.5 million, 2003: £Nil). At 3 April 2005 £27.2 million was drawn down against these facilities (2004: £12 million, 2003: £Nil).

Repayments on the term loan will occur over an eight year period, with the first two quarterly instalments of £250,000 commencing in September 2005 and thereafter increasing to £750,000 from September 2007. Interest is charged at 1.5 per cent. over LIBOR commencing in September 2005.

Repayments on the acquisition term loan will be in one instalment on September 2012. Interest is charged at 2.5 per cent. over LIBOR and an exit fee on repayment of the loan of 3 per cent. which accrues monthly commencing in September 2004.

The revolving credit facility of £18.5 million is repayable in quarterly instalments of £1.4 million with the first repayment due on 1 September 2006. Interest is charged at 1.75 per cent. over LIBOR.

The bank loans are secured by way of a legal mortgage on all freehold and leasehold properties of the Company and certain subsidiary undertakings and by a fixed charge on all fixed assets of the Company and certain subsidiary undertakings.

The Company has issued two unsecured convertible loan notes to the vendors of the Initial Subsidiaries in respect of the deferred consideration.

The first convertible loan note is for £6.5 million. Interest is charged at 0.5 per cent. over LIBOR from the date of issue of the loan note on 30 July 2004. The loan note is repayable on 31 December 2005. The loan note is convertible into fully paid ordinary shares of the company, at the option of the holder, after the redemption date should the company not have satisfied the loan note. The redemption can only take place up to six months after the redemption date. Conversion to ordinary shares will be calculated by reference to the middle market quotation of the company's shares for the five business days prior to conversion. The loan note also allows for partial redemption in cash at the redemption date.

The second convertible loan note is for £2.774 million and is repayable on 31 December 2006. The loan note has been issued on the same terms as the first convertible loan note.

The loans from parent undertaking include £Nil (2004: £Nil, 2003: £10,997,000) which had no specific repayment terms and were interest free. A further loan from parent undertaking of £Nil (2004: £Nil, 2003: £200,000) attracted interest at 2 per cent. above bank base rates and was repayable at £25,000 per month. Both of these loans were repaid on acquisition of the Initial Subsidiaries.

Borrowings are repayable as follows:

	<i>31 March</i> 2003 £'000	<i>28 March</i> 2004 £'000	<i>3 April</i> 2005 £'000
<i>Convertible debt</i>			
Within one year	–	6,500	–
Between one and two years	–	6,500	2,774
Between two and five years	–	2,774	–
	<hr/>	<hr/>	<hr/>
	–	15,774	2,774
<i>Bank loans</i>			
Between one and two years	–	400	1,900
Between two and five years	–	9,800	12,400
After more than five years	–	1,800	12,400
	<hr/>	<hr/>	<hr/>
	–	12,000	26,700
<i>Deferred consideration</i>			
Between two and five years	–	–	500
<i>Total Borrowings including finance leases</i>			
Within one year	220	6,510	–
Between one and two years	10	6,900	4,674
Between two and five years	–	12,574	12,900
After more than five years	10,997	1,800	12,400
	<hr/>	<hr/>	<hr/>
	11,227	27,784	29,974

18 Derivatives and other financial instruments

The NBF Group's principle financial instrument at 3 April 2005 comprises variable rate loans. The main purpose of these financial instruments is to finance the NBF Group's acquisitions and to enable the settlement of ongoing liabilities.

The NBF Group's borrowing at the beginning and end of the period and details of the interest rate cost are disclosed in note 17. On 28 January 2004 the NBF Group entered into two interest rate swap transactions. The first interest rate swap is effective from 17 February 2004 and has a fixed LIBOR rate of 5.15 per cent. on £8,000,000 of the loan. The second interest rate swap is effective from 18 December 2004 and has a fixed LIBOR rate of 5.26 per cent. on £4,000,000 of the loan. These two interest rate swaps were closed on 13 August 2004 when the NBF Group entered into new hedging arrangements following the increase in banking facilities.

The new arrangements were to cap £16.6m of the debt at an interest rate of 6.45 per cent. The debt capped of £16.6m reduces over the period of the arrangement as follows:

	<i>£'000</i>
13 May 2005	13,625
13 May 2006	11,300
13 May 2007	7,225
13 May 2008	4,150
13 May 2009	1,575

The arrangement runs to 13 August 2009.

The second arrangement is a £20 million Double Trigger Interest Rate Swap, which runs to 13 August 2009. The triggers are based on LIBOR and are set at 4 per cent. and 6 per cent. Should either of these triggers be broken the NBF Group would pay interest at 6.45 per cent. on £20 million for the remainder of the agreement.

The numerical disclosures in this note deal with financial assets and financial liabilities as defined in Financial Reporting Standard 13 "Derivatives and other financial instruments: Disclosures" ("FRS 13"). For this purpose non-equity shares issued by the Company are dealt with in the disclosures in the same way as the NBF Group's financial liabilities but separately disclosed. Certain financial assets such as investments in subsidiary and associated companies are also excluded from the scope of these disclosures.

As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures, other than currency disclosures.

The NBF Group has no financial assets (2004: £784,000, 2003: £468,000) which are part of the financing arrangements of the NBF Group.

At 3 April 2005, the NBF Group had 100 per cent. of its variable rate debt covered by swap instruments, in earlier periods variable rate debt was due to the parent undertaking and no swap instruments were used to cover these amounts. After taking into account interest rate swaps and forward foreign currency contracts entered into by the NBF Group, the interest rate profile of the NBF Group's financial liabilities at 3 April 2005 was as follows:

<i>Currency</i>	<i>Total</i> <i>£'000</i>	<i>Floating</i> <i>rate</i> <i>£'000</i>	<i>Fixed</i> <i>rate</i> <i>£'000</i>
Sterling			
Finance leases	30	–	30
Parent company loans	11,197	200	10,997
31 March 2003	<u>11,227</u>	<u>200</u>	<u>11,027</u>
Sterling			
Finance leases	10		10
Bank loan	12,000	–	12,000
Convertible debt	15,774	15,774	–
28 March 2004	<u>27,784</u>	<u>15,774</u>	<u>12,010</u>
Sterling			
Bank loans	27,200	–	27,200
Convertible debt	9,274	9,274	–
3 April 2005	<u>36,474</u>	<u>9,274</u>	<u>27,200</u>

As at 3 April 2005 the weighted average interest rate on the NBF Group's sterling fixed rate financial liabilities is approximately 6.11 per cent. (2004:5.18 per cent., 2003:0 per cent.) and the weighted average period for which the rate is fixed is 8 years (2004:8 years, 2003:permanently). All of these fixed rate financial liabilities have a maturity date of 2011.

The table below shows the NBF Group's currency exposure: in other words, those transactional exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the NBF Group that are not denominated in sterling. These exposures were as follows:

	<i>Net foreign currency monetary</i> <i>assets/(liabilities)</i>		
	<i>US Dollar</i> <i>£'000</i>	<i>Euro</i> <i>£'000</i>	<i>Total</i> <i>£'000</i>
Sterling			
31 March 2003	<u>–</u>	<u>2,288</u>	<u>2,288</u>
28 March 2004	<u>(34)</u>	<u>1,724</u>	<u>1,690</u>
3 April 2005	<u>(97)</u>	<u>2,840</u>	<u>2,743</u>

At all period ends during the Review Period the NBF Group also held various forward contracts that the NBF Group had taken out to hedge expected foreign currency transactions.

Maturity of financial liabilities

The maturity profile of the NBF Group's financial liabilities is as shown in note 17.

Borrowing facilities

The NBF Group had undrawn committed borrowing facilities of £5 million at 3 April 2005, in respect of which all conditions precedent had been met as follows:

- £5.0 million Revolving Credit Facility which becomes available in January 2006.
- £3.3 million Revolving Credit Facility which becomes available on repayment of the first loan note in respect of deferred consideration. This amount was drawn down on 8 April 2005.

These facilities expire in more than two years time.

Fair values

At 3 April 2005 the NBF Group had no outstanding foreign currency options (2004 – options to buy £1,303,811 and £910,060 with a fair value of £4,641).

The fair value of the interest rate hedging at 3 April 2005 was £231,000 (2004 – Nil).

Gains and losses on hedges

There are no unrecognised gains and losses arising on hedges during the period.

19 Called Up Share capital

	<i>31 March</i> <i>2003</i> <i>£'000</i>	<i>28 March</i> <i>2004</i> <i>£'000</i>	<i>3 April</i> <i>2005</i> <i>£'000</i>
Authorised			
40,000,000 ordinary shares of 50p each	–	20,000	20,000
	<hr/>	<hr/>	<hr/>
Allotted, called up and fully paid			
28,248,095 ordinary shares of 50p each	–	11,413	14,124
	<hr/>	<hr/>	<hr/>

During the period the Company allotted and issued the following shares:

- On 8 July 2003, 2 ordinary £1 shares for cash
- On 12 November 2003, these shares were redesignated as 4 ordinary 50p shares.
- On 12 November 2003, 99,996 ordinary 50p shares were issued for cash.
- On 18 December 2003, 13,636,363 ordinary 50p shares with a nominal value of £6,818,182 were issued as part of the consideration for the acquisition of the Initial Subsidiaries.
- On 18 December 2003, 9,090,909 ordinary 50p shares were allotted and issued by way of a placement to assist in the financing of the acquisition of the Initial Subsidiaries. These shares were issued for cash at a premium of 60p.
- On 7 July 2004, 4,186,046 ordinary 50p shares at a premium of 76.5p were issued as part of the consideration for the acquisition of James Budgett Sugars Limited.
- On 2 September 2004, 1,145,868 ordinary 50p shares at a premium of 73p were issued as part of the consideration for the acquisition of the trade and assets of Renshaw Scott Limited.
- On 5 January 2005 – warrants over 16,182 shares were exercised at a price of £1.10 per share.
- On 27 January 2005 – approved and unapproved options over 72,727 shares were exercised at £1.10 per share.

Options were granted during the years ended 3 April 2005 and 28 March 2004 under the approved and unapproved share option schemes to subscribe for ordinary shares of the Company as follows:

	<i>Number of shares</i>	<i>Subscription price per share</i>	<i>Exercise Period</i>
Share option scheme			
Approved share option scheme	218,176	£1.10	2006 – 2013
Unapproved share option scheme	509,093	£1.10	2006 – 2013
28 March 2004 share options	<u>727,269</u>		
Approved share option scheme	190,904	£1.10	2006 – 2012
Approved share option scheme	21,660	£1.385	2007 – 2013
Approved share option scheme	41,847	£1.439	2007 – 2013
Unapproved share option scheme	463,638	£1.10	2006 – 2012
Unapproved share option scheme	82,080	£1.462	2007 – 2013
3 April 2005 share options	<u>800,129</u>		

No options were granted in earlier years.

Warrants were issued during the years ended 3 April 2005 and 28 March 2004 to subscribe for the ordinary shares of the Company as follows:

	<i>Number of shares under warrant</i>	<i>Subscription price per warrant</i>	<i>Exercise Period</i>
28 March 2004	<u>1,554,195</u>	£1.10	2003 – 2013
	1,538,013	£1.10	2004 – 2013
	50,000	£1.387	2004 – 2013
	156,862	£1.275	2004 – 2013
3 April 2005	<u>1,744,875</u>		

No warrants were issued in earlier years.

20 Reconciliation of movements in shareholders' funds

	<i>Share Capital £'000</i>	<i>Share Premium Account £'000</i>	<i>Merger Reserve £'000</i>	<i>Profit and Loss Account £'000</i>	<i>Total Shareholders Funds £'000</i>
Balance at 1 April 2002	–	–	–	14,541	14,541
Retained profit for the year	–	–	–	2,722	2,722
Balance at 31 March 2003	–	–	–	17,263	17,263
Removal of pre acquisition funds	–	–	–	(17,263)	(17,263)
Share issue on acquisition of Initial Subsidiaries	11,414	4,958	8,182	–	24,554
Retained profit for the year	–	–	–	399	399
Balance at 28 March 2004	11,414	4,958	8,182	399	24,953
Share issues	2,710	891	3,202	–	6,803
Retained profit for the year	–	–	–	422	422
Balance at 3 April 2005	<u>14,124</u>	<u>5,849</u>	<u>11,384</u>	<u>821</u>	<u>32,178</u>

21 Analysis of Cash Flows

	<i>Year ended</i> <i>31 March</i> <i>2003</i> <i>£'000</i>	<i>Year ended</i> <i>28 March</i> <i>2004</i> <i>£'000</i>	<i>Year ended</i> <i>3 April</i> <i>2005</i> <i>£'000</i>
Returns on investments and servicing of finance			
Interest received	214	164	376
Interest paid	(54)	(295)	(2,309)
	<u>160</u>	<u>(131)</u>	<u>(1,933)</u>
Taxation			
Corporation tax paid	<u>(1,158)</u>	<u>(1,237)</u>	<u>(2,114)</u>
Capital expenditure			
Proceeds from disposal of fixed assets	563	695	212
Payments to acquire tangible fixed assets	(815)	(969)	(625)
	<u>(252)</u>	<u>(274)</u>	<u>(413)</u>
Acquisition of Initial Subsidiaries			
Payment to shareholders of the Initial Subsidiaries on acquisition	–	(19,540)	–
Purchase of subsidiary undertakings	–	–	(28,141)
Expenses of acquisition	–	(679)	(2,800)
Net cash acquired with subsidiary undertakings	–	–	1,947
	<u>–</u>	<u>(20,219)</u>	<u>(28,994)</u>
Financing			
Issue of Ordinary Shares	–	10,000	98
Expenses of share issue	–	(446)	–
Net contribution from the shareholders of the Initial Subsidiaries prior to acquisition	–	2,579	–
Loans advanced	1,150	803	14,549
Loans repaid	(300)	(3,997)	–
Capital element of hire purchase contract repayments	(23)	(20)	–
	<u>827</u>	<u>8,919</u>	<u>14,647</u>

22 Analysis of Changes in Net Debt

	<i>1 April 2002 £'000</i>	<i>Cash Flows £'000</i>	<i>31 March 2003 £'000</i>	<i>Cash Flows £'000</i>	<i>28 March 2004 £'000</i>	<i>Cash Flows £'000</i>	<i>3 April 2005 £'000</i>
Cash at bank and in hand	401	67	468	316	784	2,189	2,973
Bank overdraft	(1,045)	629	(416)	139	(277)	(13,779)	(14,056)
	(644)	696	52	455	507	(11,590)	(11,083)
Hire Purchase agreements	(53)	23	(30)	20	(10)	10	–
Loans from parent undertaking	(10,348)	(850)	(11,198)	11,198	–	–	–
Short term balances with parent undertaking	(322)	7,522	7,200	(7,200)	–	–	–
Deferred consideration	–	–	–	–	–	(500)	(500)
Bank loan	–	–	–	(12,000)	(12,000)	(14,700)	(26,700)
Convertible debt	–	–	–	(15,774)	(15,774)	–	(15,774)
	(10,722)	6,695	(4,027)	(23,757)	(27,784)	(15,190)	(42,974)
	(11,367)	7,391	(3,976)	(23,301)	(27,277)	(26,780)	(54,057)

23 Financial commitments

	<i>31 March 2003</i>			<i>28 March 2004</i>		
	<i>Land and Buildings £'000</i>	<i>Other £'000</i>	<i>Total £'000</i>	<i>Land and Buildings £'000</i>	<i>Other £'000</i>	<i>Total £'000</i>
Expiring within one year	–	–	–	–	–	–
Expiring in two to five years	90	44	134	257	43	300
Expiring after five years	–	185	185	–	–	–
	90	229	319	257	43	300

	<i>3 April 2005</i>		
	<i>Land and Buildings £'000</i>	<i>Other £'000</i>	<i>Total £'000</i>
Expiring within one year	–	–	–
Expiring in two to five years	248	34	282
Expiring after five years	230	–	230
	478	34	512

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

24 Pension arrangements

The NBF Group operates a number of pension schemes in the United Kingdom. The major scheme is the Napier Brown Retirement Benefits Plan which Napier Brown Foods plc took over at the time of the acquisition of the Initial Subsidiaries. The assets of the scheme are held separately from those of the NBF Group companies in independently administered funds. The plan was closed to new members from 1 June 2000.

The NBF Group sponsors the Napier Brown Retirement Benefits Plan which is a defined benefit arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 1 April 2003 and updated on an approximate basis to 3 April 2005.

The full actuarial valuation as at 1 April 2003 showed that the market value of the scheme's assets was £10,084,000. The actuarial value for the scheme's assets at 1 April 2003 represented 66 per cent. of the benefits that had accrued to members, after allowing for expected future increases in earnings. As at 3 April 2005 the total assets represented 95 per cent. of the total liabilities on the accounting basis.

The contributions made by the employer over the financial period have been £175,000 (2004: £2,885,432, 2003: £340,401), equivalent to 20.5 per cent. of pensionable pay up to November 2003 and 13.4 per cent. of pensionable pay thereafter. The scheme ceased accrual of benefits from 5 April 2004.

The transitional arrangements of the new accounting standard FRS 17 require disclosure of assets and liabilities as at 3 April 2005 calculated in accordance with the requirements of FRS 17. They also require disclosure of the items which would appear in the profit and loss account and in the statement of total recognised gains and losses were the full requirements of FRS 17 in place. For the purpose of these financial statements, all of these figures are illustrative only and do not impact on the actual 3 April 2005 balance sheet or on this period's performance statements.

The actuarial valuation described above has been updated at 3 April 2005 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

Assumptions

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	<i>31 March</i> <i>2003</i> %	<i>28 March</i> <i>2004</i> %	<i>3 April</i> <i>2005</i> %
Rate of increase in salaries	3.25%	—	—
Rate of increase in pensions in payment	3.00%	3.00%	3.00%
Discount rate	5.60%	5.60%	5.50%
Inflation assumption	2.50%	2.80%	2.80%
Revaluation rate for deferred pensions	2.50%	2.80%	2.80%

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at each balance sheet date were:

	<i>31 March 2003</i>		<i>28 March 2004</i>		<i>3 April 2005</i>	
	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>	<i>%</i>	<i>£'000</i>
Equities	9.00%	7,009	8.50%	9,290	8.50%	10,001
Bonds	5.00%	2,170	5.00%	3,254	5.00%	3,615
Property	3.00%	905	4.30%	560	4.30%	574
		<u>10,084</u>		<u>13,104</u>		<u>14,190</u>
Present value of scheme liabilities		<u>(16,170)</u>		<u>(14,443)</u>		<u>(15,021)</u>
Deficit in the scheme		(6,086)		(1,339)		(831)
Related deferred tax asset		<u>1,826</u>		<u>402</u>		<u>279</u>
Net pension liability		<u>(4,260)</u>		<u>(937)</u>		<u>(552)</u>

The scheme is a closed scheme and therefore under the projected unit method the current service cost would be expected to increase as the members of the scheme approach retirement.

Analysis of the amount that would have been charged to operating profit under FRS 17:

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>28 March</i>	<i>3 April</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Current service cost	(173)	(184)	–
Employee contribution	88	66	–
Loss on settlements and curtailments	<u>(85)</u>	<u>(119)</u>	<u>–</u>

Analysis of the amount that would have been credited to net finance charges:

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>28 March</i>	<i>3 April</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Expected return on pension scheme assets	780	775	963
Interest on pension scheme liabilities	<u>(872)</u>	<u>(896)</u>	<u>(896)</u>
	<u>(92)</u>	<u>(121)</u>	<u>169</u>

Analysis of the actuarial loss that would have been recognised in the statement of recognised gains and losses:

	<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>31 March</i>	<i>28 March</i>	<i>3 April</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Actual return less expected return on pension scheme assets	(2,970)	1,016	495
Experience gains and losses arising on the scheme liabilities	169	2,203	(110)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(685)</u>	<u>(1,171)</u>	<u>(221)</u>
	<u>(3,486)</u>	<u>2,048</u>	<u>164</u>

<i>Movement of scheme deficit during the year</i>	<i>Year ended</i>	<i>Year ended</i>
	<i>28 March</i>	<i>3 April</i>
	<i>2004</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>
Opening deficit	(6,086)	(1,339)
Current service cost	(184)	–
Contributions	2,885	175
Gain on curtailment	119	–
Net Finance charge	(121)	169
Actuarial gain	2,048	164
Closing deficit	<u>(1,339)</u>	<u>(831)</u>

History of experience gains and losses:

	<i>Year</i>	<i>Year</i>	<i>Year</i>
	<i>ended</i>	<i>ended</i>	<i>ended</i>
	<i>31 March</i>	<i>28 March</i>	<i>3 April</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	(789)	1,016	495
Percentage of the present value of scheme assets	(6.00%)	7.75%	3.00%
Experience gains and losses on scheme liabilities:			
Amount (£'000)	185	2,203	(110)
Percentage of the present value of scheme liabilities	1.00%	15.25%	(1.00%)
Total actuarial gain recognised in the statement of total recognised gains and losses:			
Amount (£'000)	(604)	2,048	164
Percentage of the present value of scheme liabilities	(4.00%)	14.18%	1.00%

25 Contingent Liabilities

There were no contingent liabilities at 3 April 2005 (2004: £Nil, 2003: £Nil).

26 Subsequent events

On 8 April 2005 the Company repaid a loan note amounting to £6.5 million to NB. Ingredients Limited.

27 Controlling party

Mr P G Ridgwell and Mr A P Ridgwell, directors of the company, and members of their close family, control the company as a result of controlling NB. Ingredients Limited who hold 48.7 per cent. of the issued share capital of the company at 3 April 2005.

Part VII

OPERATING AND FINANCIAL REVIEW

Section A: The Real Good Food Company plc

RGFC

RGFC was established to build, through acquisition and organic growth, a food group focusing on the supply of a range of chilled, frozen and ambient products to food retailers and food services market.

RGFC was incorporated in February 2003 originally as an investment holding company to facilitate the acquisition of companies or businesses operating in the food sector which meet the Board's criteria and strategy. Following the hive up of the subsidiary companies, the company is now a trading company operating in the food sector.

The financial information in this Part VII has been extracted without material adjustment from the Financial Information included in Section Ai) of this prospectus for the periods ended 31 August 2003 and 31 December 2004. The financial information has been prepared in accordance with UK GAAP. Investors should read the whole of this document and not just rely on the key or summarised information below.

		2003 £'000	2004 £'000
Operating income	Continuing	2,047	35,180
	Discontinued	1,676	9,248
Operating profit/(loss)	Continuing	(158)	517
	Discontinued	(61)	(1,173)
Profit/(loss) on ordinary activities before interest and tax	Continuing	(158)	210
	Discontinued	(61)	(2,578)
EBITDA	Headline	(24)	842
	Statutory	(24)	(870)
Net debt		500	9,007
Earnings/(loss) per share		(16.7p)	(7.4p)
Gross profit margin		23.4%	28.7%
Interest cover		(15.6)	(1.3)
Debt/equity		–	0.51
Net debt/EBITDA	Headline	(20.8)	10.7
	Statutory	(20.8)	(10.4)

Note: Headline figures are shown prior to exceptional costs incurred during 2004.

No long term debt was in place at 31 August 2003.

Haydens

On 1 July 2003, the Company completed the acquisition of Hayden's for a maximum total cash consideration of £1 million. The initial consideration was £850,000 payable as to £400,000 on completion, £450,000 deferred consideration payable in three equal instalments of £150,000 in six monthly intervals following completion, and a further payment of up to £50,000, calculated as to 7.5 per cent. of the turnover for the year following completion in excess of £10.5 million, which was paid following the determination of the turnover for that year.

The division produces a range of chilled and ambient baked cakes and dessert products from its premises in Devizes, Wiltshire.

Its principal products include croissants, doughnuts, danish pastries, morning goods, chilled cream cakes and family dessert products. This division also has a particular expertise in laminated and hand finished products. A large proportion of the items supplied by this division are categorised as “premium” products and form part of the high quality end of the range offered to retailers.

In early 2004 Haydens moved into profitability. This turnaround has been effected within a year of the acquisition of Haydens. Prior to the acquisition, Haydens had been loss-making for the previous four years.

At the end of 2003 and in the early part of 2004, the business experienced a number of problems arising from the introduction of new products for Marks & Spencer. This programme of activity stretched the capabilities of the existing operations team, consequently the structure of the operations management team was reviewed and a new Operations Director appointed. This re-assessment of management has continued throughout 2004 and a number of senior appointments have been made. Most recently, Tony Harris, formerly Chief Executive of Elisabeth the Chef, has been appointed Interim Managing Director.

Whilst Waitrose remains the largest customer, accounting for over 85 per cent. of sales, Marks and Spencer have placed a meaningful level of business with Haydens as a result of its unique position in the production of fried, laminated dough products. Sales to Waitrose have grown significantly as a consequence of the launch of new products, growth in existing lines and the commencement in the supply to new Waitrose stores, purchased from Morrisons. More recently in early 2005, Haydens has commenced trading with Budgens on a relatively small scale. Active new product development programmes are in place with Marks & Spencer and Waitrose with an expected uplift in volume in the second half of 2005.

Investments in new equipment designed to increase productivity, but not affect the high quality, hand finished nature of the product have been made in a number of areas. A new laminating plant producing up to 500kg of pastry per hour for danishes, croissants and Yum Yums was commissioned in April 2004. Pie manufacturing has been improved by purchasing a Comas line, commissioned in December 2004, and a purpose-built Croissant moulder was acquired for a range of new products at the end of 2004. The total cost of those investments was in excess of £1 million.

In addition, a further £450,000 has been spent since the acquisition of Haydens on other smaller projects, including flow wrapping and Crumble manufacture. Further investments in an automated frying line and weighing machines, for better raw material control, are planned for 2005. Total capital expenditure is forecast to be in excess of £750,000 during 2005. The combined impact of these capital projects will be to provide the business with increased capacity and efficiency in the key segments of our product portfolio.

During 2005, some 40 new products will be launched with Haydens’ major customers, which are expected to contribute up to 40 per cent. of Hayden’s projected incremental sales growth.

Net margins have improved during the first half, up six percentage points on the same period last year, and the Directors expect this trend to continue through 2005 and beyond. Whilst margins have not yet reached the target level, the Directors have every reason to believe that, with higher sales and better raw material controls, this will be the case by the end of 2005.

Haydens revenues continue to show growth over the prior year and are 17 per cent. up for the first six months of the year. Materials and direct labour initiatives continue to deliver improvements and gross margins are up over 5 percentage points on the prior year. Inventory levels reflect the incremental sales and continue to provide 1.5 weeks stock cover.

Five Star Fish

Five Star Fish was acquired by RGFC in May 2004 having been purchased on an “Earn-out” basis, the second year of which commences at the start of 2005.

The Directors are delighted to confirm that during 2004, Five Star Fish achieved both the EBIT and working capital targets and has proven to be a highly successful addition to the RGFC Group.

Pro forma 2004 sales were up 10 per cent. on the prior year and exceeded expectations with growth in added-value products more than compensating for reduced sales in lower margin products. Sales to all key customers grew year on year and a number of new end-user customers came on stream.

Net margins of 12.9 per cent. remained at historic levels and were consistent with the forecasts made at the point of acquisition.

Capital expenditure has been minimal since acquisition, although, discussions are currently underway to add to the unit's ability to batter/bread, fry and freeze in line.

Sourcing of high quality raw material is a key aspect to the efficient running of the plant. During 2004, Five Star Fish has strengthened its worldwide sourcing arrangements and has put in place a number of "Partnership" relationships with suppliers in all the key producing areas. Around 10 per cent. of Five Star Fish's supply is purchased fresh from UK boats but is not envisaged that this figure will grow substantially.

To meet the requirements of over 100 customers purchasing 450 lines, Five Star Fish produces "to stock" and consequently holds a substantial level of raw material and finished product stocks. To meet increased sales in the early months of 2005, stocks grew at the end of 2004.

The senior management team remained unchanged during 2004, however, at the end of January 2005 as expected Roy Matthews, a long term Director of Five Star Fish, left the Company on reaching retirement age. It is our expectation that the current Five Star Fish management will remain in place for some time to come.

Five Star Fish is well set for further growth in volume and, having adjusted selling prices to reflect the higher raw material costs incurred in 2004, net margins are expected to remain at previous year levels. Whilst the factory is operating at higher levels of throughput, there is ample capacity for further growth.

There are a number of small to medium sized companies competing with Five Star Fish which the Directors believe will be likely to exit the sector in the shorter term. The Directors believe that Five Star Fish is in an ideal position to take advantage of any sector restructuring to further widen the customer base or increase its range.

Whilst the foodservice market remains slow, reflecting the downturn in consumer spending, Five Star's commitment to product development and excellent customer service puts the business in a strong position to increase market share. Revenue for the first six months of the year is up 12 per cent on the same period last year. Improved labour utilisation has aided a one percentage point improvement in gross margins, whilst stocks continue to be well managed with 6.5-8 weeks stock cover at any one time.

Eurofoods/Cool Fresh

On 1 July 2003, the Company completed the acquisitions of Eurofoods and Cool Fresh for a total cash consideration of £3 in addition to which the Company agreed to assume the net liabilities of both Eurofoods and Cool Fresh up to a combined maximum liability of £750,000.

This division supplied a range of pre-packed sandwiches and related products to petrol station forecourt stores, other convenience stores and coffee shops, using Cool Fresh's own distribution fleet. It operated from a leased production facility in Essex.

As indicated at the time of the Company's Interim Results, following the exit from the Food Service Centre supply arrangement at the end of 2003, Cool Fresh experienced a very difficult trading performance over the following months. In addition, the arrival of a major new customer in the spring of 2004, gave rise to a number of operating issues at the site. Efficiencies and yields suffered and poor control of this launch resulted in a number of the management team at Rayleigh leaving Cool Fresh.

At the time of the announcement of the Company's preliminary results, the Company indicated that discussions had taken place with a number of other suppliers in the food service sector of the sandwich market with a view to creating a division capable of achieving sales of up to £30 million in the next two years. During the latter part of 2004 and early part of 2005 the Company has restructured its Cool Fresh

business after the withdrawal from the Caffè Nero trade, enabling the business to focus upon developing a robust platform for future growth. In the spring of 2005, detailed discussions were entered into to acquire a competitor, which were taken to an advanced stage. However, unfortunately these discussions have ultimately proven to be unsuccessful.

The Board has reviewed the current business prospects of the stand-alone Cool Fresh operating division and believes the unit would continue to operate at a loss in the short-term and prove to have a negative cash effect on the larger group. Consequently, the Company announced that the Rayleigh site will be closed during June 2005.

Seriously Scrumptious

On 2 July 2003 the Company completed the acquisition of Cakes.co.uk for a consideration of £2 plus the repayment of directors' loans totalling £94,500 and associated management fees of £17,625.

Seriously Scrumptious achieved BRC higher-level accreditation in April 2004 and has developed a number of good customer relationships as a consequence. In recent months, additional sales have been made to Waitrose and Selfridges and trading has recommenced with Q.V.C.

Whilst retaining a presence in the high quality, high value celebration sector, management, is concentrating development on the "snacking" and convenience sectors of the quality cake market. These sectors are highly fragmented presenting Seriously Scrumptious with a significant opportunity to provide a high quality offering on a direct basis to customers buying centrally.

Development is also underway to produce a range of chilled individual cakes and desserts specifically designed for the foodservice sector.

Whilst sales and margins have been disappointing to date, the unit now has a focus and its prospects are much stronger. The former owner of the business left at the end of 2004. In March 2005 the Company announced its decision to relocate the Seriously Scrumptious production facility to its Devizes plant.

PEOPLE

Our people are our most important resource and the Directors continue to place great emphasis on training, development and retention. Since incorporation considerable improvements to the Company's training and development activities have been made.

The Directors and senior management consult regularly with the workforce through joint consultative committees and information on the performance of the unit is also provided. Staff retention is a vital aspect of quality food manufacturing in order to maintain the skills base. Remuneration reflects this and there are many examples of career progression through the Company's businesses.

Senior managers receive incentive packages contained in annual bonus and share options.

TREASURY MANAGEMENT

The Group has a strong relationship with its chosen bankers, The Royal Bank of Scotland. All banking and financing facilities used by the Group are provided by The Royal Bank of Scotland. Virtually all transactions undertaken by the Group are in sterling. The Group operates a small Euro account. No transactions are undertaken on a speculative basis. All uncommitted balances are invested in short term financial instruments with The Royal Bank of Scotland. The group liquidity position has been reduced following the payment of deferred consideration for the acquisition of Five Star and difficult trading conditions for some divisions.

ENVIRONMENTAL

The Company takes account of all applicable environmental legislation.

The Company has a policy of only sourcing raw material fish stocks from sustainable fisheries and does not buy fish from fisheries under pressure of low stocks.

The Company has been successful in switching the majority of its North Sea cod suppliers to Pacific cod, which are officially classed as 'not vulnerable' (IUCN status).

In addition, there is an ongoing programme of new product development to use non vulnerable species, such as Pollock and Hake.

SOCIAL AND COMMUNITY

The Company regards health and safety issues as vitally important to its continued success. Health and safety managers have been appointed at all of the Group's key sites who conduct on and off site training programmes.

The major overseas suppliers used by the Company have confirmed that they have in place adequate policies concerning fair pay for work, no child labour and employee recreational facilities.

CONTRACTUAL RELATIONSHIPS

The Company has an informal arrangement with Waitrose who currently account for approximately 32 per cent of Group turnover. Whilst no formal contract is in place, Haydens has been trading with Waitrose since the late 1970s.

Various other purchase and supply arrangements are in place throughout the Group but these are regarded to be in the ordinary course of business.

RECEIPTS AND PAYMENTS TO SHAREHOLDERS

Since incorporation RGFC has completed four acquisitions, raising £14.9 million through ten share issues, and raised up to a maximum of £12 million of debt finance.

When the Company deems that adequate cash flow is available it will pay an appropriate dividend to shareholders.

No dividends have been paid by the Company since incorporation.

Section B: Napier Brown Foods plc

NBF

NBF plc was formed in July 2003 to acquire three trading companies from a subsidiary of Napier Brown Holdings Limited. These were Napier Brown & Company Limited, Garrett Ingredients Limited and Sefcol Ingredients Limited, and they were acquired for an initial consideration of £35 million and deferred consideration of £15.8 million. These acquisitions were completed on 18 December 2003, the day on which NBF's shares commenced trading on the Alternative Investment Market.

The business of NBF is focused on the supply of sugar, value-added sugar and nut products, dairy powders and sugar derived food products.

NBF's administrative headquarters are based in St Katharine's Dock on the edge of the City of London. At the date of acquisition the three companies operated as follows:

- Napier Brown & Company Limited, from a freehold factory and rented warehouse space in Normanton, near Leeds, where it mills, sieves and packs brown and white sugars and provides a blending facility for the NBF Group and its customers.
- Sefcol Ingredients Limited from Runcorn, Cheshire, where it manufactures its range of products from two freehold factories with associated warehousing.
- Garrett Ingredients Limited from a sales office in Thornbury, near Bristol.

When NBF acquired the subsidiary companies, they were each managed by their own individual teams. In March 2004 the three businesses were merged into one within Napier Brown & Company Limited. This has enabled simplification of control and decision making and provided NBF with a solid base for future expansion.

A major reason for becoming a public company was to be able to use NBF's shares and increased borrowing power to build an integrated business within the UK market supplying a range of food products to the manufacturing food services and retail sectors. The current competitive marketplace, largely driven by retailers, is having the effect of squeezing the supplier base. NBF intends to use this situation to grow the business through strategic acquisitions and joint ventures and where possible bring consolidation to enable reduction of the cost base.

To this end since flotation NBF has undertaken the following acquisitions:

James Budgett

On 7 July 2004 NBF acquired James Budgett Sugars Limited ("JBS") for approximately £17.4 million payable as to £12.1 million in cash of which £500,000 is deferred until the second anniversary of completion, with the balance satisfied by the issue of 4,186,046 new ordinary shares. The JBS acquisition is a significant step forward in NBF's strategy of acquiring complementary companies and has fully integrated the administrative functions of JBS within its existing structure.

Through this acquisition NBF were delighted to welcome ED&F Man as a shareholder. Also as part of this agreement Napier Brown Foods and ED&F Man (the world's largest sugar brokers) have agreed to work together to take full advantage of any changes in the sugar regime which may affect the UK market.

This purchase has strengthened NBF's position in the UK sugar market. NBF is now the largest independent sugar merchant in the UK and the Directors believe that NBF is well positioned to take advantage of the proposed changes to the sugar regime. The expected reduction in the EU sugar support price for sugar will mainly affect the inefficient sugar refiners within Europe and open up the market to cheaper sugar imports.

As an independent merchant NBF will have a wider choice of supply and will be able to continue to choose the most suitable and cost efficient product for customers.

Renshaw

On 2 September 2004, NBF acquired the trade and certain assets of Renshaw Scott Limited, which has two manufacturing sites, Liverpool and Carluke. At Liverpool the business manufactures icings and marzipan for the baking industry. These operations are very similar to those performed at the Runcorn production site and on 30 September 2004 it was announced that the majority of the Runcorn site would close, leaving only nut production in a dedicated plant, while all manufacturing of icings and marzipans will transfer to Liverpool. The other site at Carluke manufactures baking chocolate and retail jams and will remain as a stand alone production unit.

Following the acquisition of Renshaw NBF has formed two divisions, the Ingredients and Renshaw divisions, both of which work closely together. These divisions are for operational purposes as NBF has only one business activity of supplying products to the food industry.

Ingredients Division

The ingredients division comprises the businesses of Napier Brown & Company, Garrett and James Budgett.

Napier Brown & Company Business

Napier Brown & Company was incorporated in 1982 and is now the largest independent, non-refining distributor of sugar in the UK. It provides a comprehensive service to customers throughout the industrial, retail and catering sectors of the food industry and supplies them with a range of sugars, including packets, bags and bulk. Major customers include Tesco and Morrisons.

Napier Brown & Company sources sugar from the UK, EU countries and other parts of the world. Napier Brown & Company's ability to meet the requirements of the UK market, both in terms of product offering and quality service, is key to its success, whether the demand is for cane or beet, white or brown, granulated, speciality or organic sugars.

Napier Brown & Company also supplies its customers with natural raw cane sugars imported direct from ACP countries such as Malawi, organic sugar from South America and a range of EU sourced sugars.

Industrial Products

Napier Brown & Company supplies the industrial sector with a range of sugar products, including granulated, caster, icing and other white and brown sugars, used in the manufacture of such items as biscuits, cakes, chocolate, soft drinks and cereals, in volumes ranging from 25 kilo bags to bulk road tankers.

Retail and Catering Products

Napier Brown & Company also supplies a range of sugars under the "Whitworth" brand to both the retail and the catering trade. Sugar products supplied to the retail trade include granulated, caster and icing sugar, together with speciality white and brown sugars in pack sizes from 500 grams to 5 kilos.

Napier Brown & Company supports developing countries through its range of "Fairtrade" products, under which a proportion of revenues is passed directly to the growers in developing countries.

The Garrett business

Napier Brown & Company supplies UK businesses with dairy powders, sugars, dextrose, glucose, stabilisers, emulsifiers, starches and fats which were previously supplied through Garrett. Garrett was incorporated in 1987 and its business was hived up into Napier Brown & Company in March 2004. The business supplies products in volumes from 25 kilo bags to bulk loads and supplies a range of products which are sourced worldwide. These can be supplied to customers in mixed loads to meet their requirements. In addition, the Garrett business provides blended products using its blending plant at Normanton.

The James Budgett business

James Budgett, a sugar merchant, packing and processing company which has been a supplier of sugar since 1857 became a wholly owned subsidiary of ED&F Mann, a global merchant in agricultural products in 1980. In 1989, Irish Sugar Plc, a member of Greencore Group, bought a 33.33 per cent. interest in the company.

James Budgett was acquired by NBF in July 2004. The acquisition was referred by the Office of Fair Trading to the Competition Commission and the Competition Commission ruled in March 2005 that the acquisition did not substantially lessen competition in the UK industrial sugar market. Following this announcement NBF hived the James Budgett business into the ingredients division of Napier Brown & Company. The James Budgett business sources sugar from the UK and imports refined sugars from other members of the European Union and raw cane sugars from the African, Caribbean and Pacific ‘sugar protocol’ countries. It distributes sugar throughout the UK to manufacturers of food, soft drinks, and animal foods.

The Renshaw Division

The Renshaw division comprises the businesses of Sefcol and Renshaw Scott.

The Sefcol business

The Sefcol business is a supplier of value-added sugar and nut products, producing ingredients such as sugarpaste, marzipan, nut blends, caramel, fudges and mallows. Sefcol was incorporated in 1952 and was acquired by NB. Ingredients Limited in 2000. The business was hived up into Napier Brown & Company in March 2004.

The Sefcol business manufactures sugar based toppings, fillings and cake coverings. It has a caramel plant, which manufactures various flavours, colours and viscosities of high boil caramels, for applications within the ice cream, bakery and confectionery sectors. These operations have been transferred to Renshaw Scott’s Liverpool factory. The Sefcol business also operates a nut factory which produces quality nut products using raw materials obtained from growers around the world and this will remain as a stand alone dedicated nut factory in Runcorn.

The Sefcol business’ customers include Cadbury Schweppes and Thorntons.

The Renshaw Scott Business

Renshaw Scott is the UK’s leading manufacturer of retail and industrial marzipans, ready to roll icings, baking chocolate and jam supplying the multiple retailers, major cake manufacturers and high street bakers and the sugar craft trade. The trade and assets of the business were acquired by Napier Brown & Company in September 2004 and has become the core of the Renshaw division.

Both the Renshaw and Scott businesses, which carry the Royal Warrant, were established more than 100 years ago and were brought together during the 1990s under the ownership of Hero AG and a period followed during which considerable investment was made on both manufacturing sites. Renshaw employs 120 people at its 150,000 sq.ft. factory in Liverpool and a further 55 people at its 55,000 sq.ft. factory in Carlisle in Scotland. Production from the Runcorn site has now been transferred to the Liverpool factory.

PEOPLE

The NBF Group employs 453 people. The NBF Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the NBF Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The NBF Group also places great emphasis on the development of staff through assessing individual training needs.

TREASURY MANAGEMENT

The Royal Bank of Scotland provides all banking facilities. The NBF Group transacts its business mainly in sterling and Euro. Where the transactions are in Euro the NBF Group hedges the position with the bank.

The NBF Group hedges its interest rate exposure with The Royal Bank of Scotland. The NBF Group monitors its hedging arrangements on a regular basis. The NBF Group's level of debt reflects the acquisitions that have been made since incorporation.

ENVIRONMENTAL

NBF has complied with all relevant Environmental Legislation.

CONTRACTUAL RELATIONSHIPS

The majority of the sugar business is conducted in annual contracts that are regarded to be in the normal course of business.

NBF entered into a supply agreement with Supercook to supply Supercook branded products for a period of five years commencing on 2 September 2004.

TRANSACTIONS WITH SHAREHOLDERS

Since incorporation NBF has raised £10m through an initial share issue, issued £15million of shares to satisfy the acquisition of the original companies and has issued a further £6.7m of shares in respect of acquisitions since flotation.

NBF has paid a dividend of 1p per share paid on 28 January 2005 and is proposing to pay a further dividend of 2p per share on 31 August 2005.

Section C: Enlarged Group

FUTURE

Since inception, the Group has grown both organically and through the acquisition of mature, profitable businesses operating in areas of significant strategic opportunity for the Company. Investments in improving the quality of our assets have been made and management strengthened.

A number of acquisition/restructuring opportunities have been presented to the Company in 2004 and 2005. The Company continues to review these opportunities as part of our overall strategy to reach critical mass as a diversified food production business.

The management team of RGFC will focus upon:

- identifying high quality management teams to complement the management of the acquired businesses;
- identifying purchasing, distribution and sales synergies across the Group;
- rationalising the product range and customer base to focus on profitability and cash generation;
- providing pro-active management by developing new niche markets; and
- strong financial controls.

The senior management team will be supported by experienced management within the business units.

Following the acquisition of NBF, the EU sugar regime will form an integral part of the future of the Group. The EU Sugar Regime will continue to be in operation until 30 June 2006. A review of the EU Sugar Regime began in the autumn of 2003, the potential impact of which is considered elsewhere in this document.

TARGETS

The Directors have identified the following performance indicators and targets for each of the divisions in the Group:

Divisional turnover

	<i>6 months ended</i> <i>30 June</i> <i>2004</i> <i>Actual</i> <i>£'000</i>	<i>6 months ended</i> <i>31 December</i> <i>2004</i> <i>Actual</i> <i>£'000</i>	<i>Year ended</i> <i>31 December</i> <i>2004</i> <i>Actual</i> <i>£'000</i>
Head office	48	643	691
Cakes.co.uk	271	568	839
Haydens	6,474	7,474	13,948
Eurofoods	3,459	3,464	6,923
Five Star	9,544*	11,486	21,030*
NBF	95,418	167,753	263,171

Source: Unaudited Management information

* Pro forma due to mid year acquisition

Divisional turnover has been taken from the Group management accounts which form the basis of the statutory audited accounts. Pro forma figures have been used for Five Star to give a more comparable 2004 statistic due to the mid year acquisition.

Return on capital employed (“ROCE”)

	<i>6 months ended</i>	<i>6 months ended</i>	<i>Year ended</i>
	<i>30 June</i>	<i>31 December</i>	<i>31 December</i>
	<i>2004</i>	<i>2004</i>	<i>2004</i>
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
Group	(10.9%)	0.5%	(9.4%)
NBF	4.2%	6.6%	9.4%

Source: Unaudited Management information

The ROCE calculated above shows the percentage return from the capital employed in generating that return. The return has been defined as profit after tax and before exceptional items and dividends for each period. The capital employed has been defined as the net assets at the period end.

Part VIII

PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

Set out below is an unaudited pro forma statement of the combined net assets of the Enlarged Group based on the net assets of the Company as at 31 December 2004 contained in the Financial Information set out in Section Aii) of Part VI of this prospectus, which have been adjusted to show the effect of the acquisition of NBF together with the Offer for Subscription and raising of additional debt finance as if they had occurred on 31 December 2004. It should be noted that NBF figures are stated at 3 April 2005.

The pro forma financial information has been prepared for illustrative purposes only. Because of its nature, the pro forma financial information addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position or results. may not give a true picture of the financial position of the Enlarged Group.

	<i>Adjustments</i>					<i>Group adjusted Pro forma net assets £'000</i>
	<i>Note 1 RGFC as at 31 December 2004 £'000</i>	<i>Note 2 NBF as at 3 April 2005 £'000</i>	<i>Note 3 Debt Finance £'000</i>	<i>Note 4 Offer for Subscription £'000</i>	<i>Notes 5 and 6 Proposed Pro forma adjustments £'000</i>	
Fixed assets						
Intangible assets	15,498	52,833			38,720	107,051
Tangible assets	6,001	15,032				21,033
	<u>21,499</u>	<u>67,865</u>			<u>38,720</u>	<u>128,084</u>
Current assets						
Stocks	4,218	8,856				13,074
Deferred tax assets	1,054	–				1,054
Debtors	6,315	29,312				35,627
Cash at bank	1,420	2,973	7,000	4,229	(13,069)	2,553
	<u>13,007</u>	<u>41,141</u>	<u>7,000</u>	<u>4,229</u>	<u>(13,069)</u>	<u>52,308</u>
Creditors: amounts falling due within one year	(16,222)	(46,854)	(7,000)		13,000	(57,076)
Net current assets/(liabilities)	<u>(3,215)</u>	<u>(5,713)</u>	<u>(7,000)</u>	<u>4,229</u>	<u>(69)</u>	<u>(4,768)</u>
Total assets less current liabilities	18,284	62,152		4,229	38,651	123,316
Creditors: amounts falling due in more than one year	(6,421)	(29,974)			(3,300)	(39,695)
Provisions for liabilities and charges	–	–				–
Accruals and deferred income	–	–				–
Net assets	<u>11,863</u>	<u>32,178</u>	<u>–</u>	<u>4,229</u>	<u>35,351</u>	<u>83,621</u>

Notes:

1. The net assets of the Company at 31 December 2004 have been extracted without material adjustment from the balance sheet shown in the Financial Information set out in Section Aii) of Part VI of this document.
2. The net assets of NBF at 3 April 2005 have been extracted without material adjustment from the balance sheet shown in the Financial Information set out in Section Bii) of Part VI of this document.
3. Adjustments have been made to show the effect of converting the current invoice discounting facility of NBF amounting to £17,000,000 (of which £9,631,232 was drawn down at 3 April 2005) into a reduced invoice discounting facility of £10,000,000 and a revolving credit facility of £7,000,000.
4. Adjustments have been made to show the effect of the Offer for Subscription to take place relating to the Offer.

	<i>No of shares issued</i>	<i>Issue Price</i>	<i>Equity raised £'000</i>
Shares issued	4,162,558	121.95	5,100
Less issue expenses			(871)
Net Equity			<u>4,229</u>

5. Adjustments have been made to show the effect of the acquisition of NBF as follows:

- (i) The maximum consideration of £68,898,000 payable for the acquisition of NBF is made up as follows:–

	<i>£'000</i>
Initial share issue	67,529
Professional fees	1,369
	<u>68,898</u>

- (ii) Balance sheet adjustments that arose as a direct consequence of the acquisition were as follows:

	<i>£'000</i>
Net assets at 3 April 2005	32,178
Less intangible assets acquired	(52,833)
Accrued professional fees**	(2,000)
Adjusted net liabilities of NBF	<u>(22,655)</u>

** These relate to NBF professional fees to be paid by NBF.

- (iii) The goodwill arising on the acquisition of NBF that has been assumed in the pro forma, has been calculated as follows:

	<i>£'000</i>
Consideration payable	68,898
Adjusted separable net liabilities	22,655
	<u>91,553</u>
Positive goodwill arising	(52,833)
Less intangible assets acquired	<u>38,720</u>
Pro forma adjustment required	<u>38,720</u>

6. The adjustments to pro forma cash can be summarised as follows:

	<i>£'000</i>
Loan note repaid	6,500
Additional Bank financing	(3,300)
Cash element of loan note repaid	<u>3,200</u>
	<i>£'000</i>
Accrued professional fees in NBF	(2,000)
Acquisition costs associated with NBF	(1,369)
Repayment of loan note	(6,500)
Cash element of loan note repaid on 8 April 2005	(3,200)
	<u>(13,069)</u>

The NBF loan note amounting to £6,500,000 due for repayment in January 2006 will be repaid from the revolving credit facility at completion.

7. No adjustments have been made to reflect the trading results of RGFC since the date to which its Accountants' Report was made up.
8. No adjustments have been made to reflect the trading results of NBF since the date to which its Accountants' Report was made up.

Part IX

ACCOUNTANTS' REPORT ON THE PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP



Horwath Clark Whitehill LLP
Chartered Accountants
10 Palace Avenue, Maidstone
Kent ME15 6NF

The Directors
The Real Good Food Company plc
Hopton Industrial Estate
London Road
Devizes
Wiltshire, SN10 2EU

and

The Directors
Numis Securities Limited
Cheapside House
138 Cheapside
London
EC2V 6LH

5 August 2005

Dear Sirs

**The Real Good Food Company plc (the “Company”) (together with its subsidiaries the
“RGFC Group”)**

We report on the unaudited pro forma combined net asset statement (“the pro forma financial information”) set out in Part VIII of the prospectus of The Real Good Food Company plc dated 5 August 2005 (the “Prospectus”) issued by The Real Good Food Company plc. The pro forma information has been prepared for illustrative purposes only to provide information about how the proposed acquisition of NBF and the Placing might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the Directors of RGFC to prepare the pro forma financial information in accordance with Annex I item 20.2 of the Prospectus Rules.

It is our responsibility to form an opinion, as required by Annex II item 7 of the Prospectus Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information, including the published financial statements of RGFC, beyond that owed to those to whom our reports were addressed by us at the dates of issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/9 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the

Auditing Practices Board in the United Kingdom. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors of RGFC.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of RGFC.

Yours faithfully

Horwath Clark Whitehill LLP
Chartered Accountants

Part X

PROFIT FORECAST OF RGFC

1. Forecast

RGFC's trading statement announced on 27 May 2005 stated that: "On the basis of trading in the year to date (excluding one-off reorganisation costs and taking advantage of an associated tax benefit) the Directors consider that the Group is developing well and is at the present time inline to meet market earnings expectations for the year." (the "Profit Forecast")

This statement constitutes a profit forecast for the purpose of the City Code.

Consistent with these statements and on the basis of the assumptions set out below, the Directors of RGFC have reviewed the forecast profit of RGFC for the year to 31 December 2005 in comparison with market earnings expectations.

2. Bases and Assumptions

RGFC's current financial year ends on 31 December 2005. On 27 May 2005 RGFC plc released its trading update. This stated that on the basis of trading in the year to date (excluding one-off reorganisation costs and taking advantage of an associated tax benefit) the Directors consider that the Group was developing well and at that time was in line to meet market earnings expectations for the year. At that time the market expectation was normalised profit after tax, excluding exceptional items and goodwill amortisation, would be approximately £2.5 million. This figure comprised profit before tax, excluding exceptional items of £1.9 million and goodwill amortisation of £1.6 million, of approximately £3.0 million with a respective tax charge of £0.5 million. This had no effect on the market expectation set out above and the Company is still in line to meet such expectations.

In the trading update the Group announced that following an unsuccessful acquisition it had reviewed the business prospects of the Coolfresh division and believed that the unit would continue to operate at a loss in the short term and prove to have a negative cash effect on the Group. Consequently the Group announced that the division would be closed in June 2005.

Bases

The forecast has been prepared using the accounting policies normally adopted by RGFC. The forecast is based upon:

- (a) the results shown by the unaudited management accounts for the 5 months ended 31 May 2005; and
- (b) management's forecast for the 7 months ending 31 December 2005.

Assumptions

The forecast has been prepared on the basis of the following assumptions, all of which are factors outside the control or influence of the Directors:

- (a) there will be no major disruption to the business of RGFC by reason of industrial disputes, business failures, natural disasters or acts of terrorism;
- (b) there will be no significant changes in legislation or government or regulatory policy which will affect RGFC;
- (c) there will be no material changes in interest, inflation or exchange rates; and
- (d) there will be no significant change in the prevailing economic conditions in the markets or locations in which RGFC operates.

Letter from Horwath Clark Whitehill LLP



The Directors
The Real Good Food Company plc
Hopton Industrial Estate
London Road
Devizes
Wiltshire SN10 2EU

and

The Directors
Numis Securities Limited
Cheapside House
138 Cheapside
London EC2V 6LH

5 August 2005

Dear Sirs

The Real Good Food Company plc

We have reviewed the basis of compilation and the accounting policies for the Profit Forecast of The Real Good Food Company plc (the “Company”) and its subsidiary undertakings (together the “Group”) for the year ending 31 December 2005, as set out and defined in this document on page 105 and for which the directors of the Company (the “Directors”) are solely responsible. For completeness we set this out below: “On the basis of trading in the year to date (excluding one-off reorganisation costs and taking advantage of an associated tax benefit) the Directors consider that the Group is developing well and is at the present time in line to meet market earnings expectations for the year.” At that time the market expectation for the year was normalised profit after tax, excluding exceptional items and goodwill amortisation, of approximately £2.5 million.

The Profit Forecast of the Group includes the results shown by the unaudited management accounts of the Group for the five months ended 31 May 2005 and management’s forecast for the seven months ending 31 December 2005.

We conducted our work in accordance with the Statements of Investment Circular Standards issued by the Auditing Practices Board of the United Kingdom.

In our opinion, the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used for the Profit Forecast is consistent with the accounting policies of the Group.

Yours faithfully

Horwath Clark Whitehill LLP

Letter from Numis

Numis Securities Limited
Cheapside Huse
138 Cheapside
London EC2V 6LH

Registered in England and Wales
No 2285918
Authorised and regulated by
Financial Services Authority

The Directors
The Real Good Food Company plc
Hopton Industrial Estate
London Road
Devizes
Wiltshire SN10 2EU

5 August 2005

Dear Sirs

Report in connection with the offer by RGFC for NBF

We refer to the statement regarding meeting market earnings expectations for the year ending 31 December 2005 of RGFC set out and defined on page 105 of this document of today's date. At that time the market expectation for the year was normalised profit after tax, excluding exceptional items and goodwill amortisation, of approximately £2.5 million.

We have discussed the Profit Forecast, together with the bases and assumptions upon which it has been made (as set out on page 105 of this document), with you and Horwath Clark Whitehill LLP, RGFC's statutory auditors, and have considered the letter of today's date addressed to you and to us from them regarding the accounting policies adopted and basis of calculation for the Profit Forecast. We have relied on the accuracy and completeness of all the financial and other information provided by RGFC, or otherwise discussed with us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

On the basis of these discussions and having regard to the letter from Horwath Clark Whitehill LLP we consider that the Profit Forecast, for which the directors of RGFC are solely responsible, has been made with due care and consideration.

Yours faithfully

Numis Securities Limited

Part XI

DIRECTORS AND EMPLOYEES AND CORPORATE GOVERNANCE

1. Directors and Proposed Directors

The Directors and Proposed Directors of the Company and their respective functions are as follows:

Pieter Willem Totté (*Non-executive Chairman*) (*Dutch*)*#†

John Frederick Gibson (*Chief Executive*)#

Lee Mark Camfield (*Finance Director*)

Peter Cecil Salter (*Non-executive Director*)* † ††

Richard Gradowski-Smith (*Non-executive Director*)* ††

James Campbell Mitchell (*Non-executive Director*)* ††#

Patrick George Ridgwell (*Proposed Deputy Non-executive Chairman*)*

Christopher Owen Thomas (*Proposed Non-executive Director*)*

all of Hopton Industrial Estate, London Road, Devizes, Wiltshire SN10 2EU

* Non-Executive Directors

† Member of Audit Committee

†† Member of Remuneration Committee

Founder members

2. Relevant expertise and experience of Directors and Proposed Directors

Pieter Totté (*Non-executive Chairman*), aged 55, has considerable knowledge of the food sector and has acted as a corporate finance adviser in a large number of transactions within the food industry over the last 20 years and more recently has been retained as an adviser to various companies operating in the food sector including Glisten Plc, Finsbury Food Group Plc and Napier Brown Foods Plc.

Patrick Ridgwell (*Non-executive Chairman of NBF and proposed Non-executive Deputy Chairman of the Company*), aged 59, has extensive experience of the sugar industry and other food sectors, having acquired and developed a number of food businesses during his career. He joined Napier Brown & Company in 1964, becoming a director in 1969 and managing director in 1972, following its acquisition by his family interests in 1970. He is chairman of Napier Brown Holdings which is controlled by his family interests.

John Gibson (*Chief Executive*), aged 53, has spent his entire working life in the food industry. He has been employed in both sales and operational roles for a number of the UK's leading food producers including Grand Metropolitan, Unigate Plc (renamed Uniq Plc) and Muller UK Limited. Since 1998 he has worked as chief executive officer or chief operating officer for a number of smaller unquoted and publicly quoted companies including Elizabeth the Chef Limited and S Daniels Plc, several of which have been in turnaround situations. Some of these companies have been engaged in acquisitive expansion programmes. Additionally in his early career John spent a period based in Brussels employed by the European Commission.

Lee Camfield (*Finance Director*), aged 37, qualified as a management accountant in 1991. He has held a number of financial appointments with food manufacturing companies including Coca-Cola & Schweppes Beverages Limited, The Cheese Company Limited, H.J. Heinz Limited and more recently Golden West Foods Limited. Positions held have included group financial controller, finance controller, and business planning and development manager. During his time at the Cheese Company, the business was acquired by Glandia plc.

Peter Salter (*Non-executive Director*), aged 56, was until 1998 a partner in Horwath Clark Whitehill, Chartered Accountants, initially as a specialist tax partner and latterly as Chief Executive of the firm. He then spent some five years in international corporate consultancy where he was involved in a number of mergers and acquisitions, fund raising and other advisory work. He has wide experience of working with financial institutions and companies and heads the Company's Audit and Remuneration Committees.

Richard Gradowski-Smith (*Non-executive Director*), age 39, has gained a wealth of experience at a senior management level within the hospitality industry. He has been involved in brands such as TGI Fridays, Pret a Manger as well as successfully establishing the Seattle Coffee Company which was acquired by Starbucks Coffee. Richard is currently an executive director of Welcome Break.

James Campbell Mitchell (*Non-executive Director*), aged 56, was formerly managing director of Eurofoods and Nicholas & Harris Limited (the former holding company of Eurofoods). He has over 30 years of experience in the food sector during which time he has established trading links with many of the major retailers. He has a strong management background with companies who specialise in the manufacture of high quality cakes, prestige bakery goods and allied products and is recognised as one of the leading developers of the quality celebration cake market in the UK.

Christopher Thomas (*Chief Executive of NBF and proposed Non-executive Director of the Company*), aged 60, qualified as a chartered accountant with Harmood Banner, a predecessor firm of PricewaterhouseCoopers in 1969. In 1973, after working abroad, he joined Breakmate Limited, a vending business, which was admitted to the Unlisted Securities Market in 1984. Following a sale of the business he worked as a financial consultant. In 1992 he joined the NBF Group as group finance director. For the last thirteen years he has been directly involved with the day-to-day operations of the individual businesses within the NBF Group.

3. Interests of Directors, Proposed Directors and others

3.1 The interests of the Directors and the Proposed Directors and their immediate families and of persons connected with them within the meaning of section 346 of the Act in the share capital of the Company as at the date of this document (which have been notified to the Company pursuant to section 324 of the Act and which are required to be entered in the Register of Directors' interests maintained under the provisions of section 325 of the Act or could, with reasonable diligence, be ascertained by the Directors and the Proposed Directors) and as they are expected to be immediately following completion of the Acquisition are as follows:

Name	At Present		At Admission		Share Options
	Number of Existing Ordinary Shares	Percentage of Existing Ordinary Shares	Number of Ordinary Shares	Percentage of Enlarged Issued Share Capital**	
Pieter Willem Totté*	1,750,000	12.42	1,750,000	2.56	126,702
John Frederick Gibson	625,000	4.43	625,000	0.92	253,404
James Campbell Mitchell	125,000	0.89	125,000	0.18	50,680
Lee Mark Camfield	Nil	Nil	Nil	Nil	70,000
Richard Gradowski-Smith	Nil	Nil	Nil	Nil	25,000
Peter Cecil Salter	Nil	Nil	Nil	Nil	25,000
Patrick George Ridgwell***	Nil	Nil	22,302,354	32.68	Nil
Christopher Owen Thomas	Nil	Nil	162,363	0.24	737,998

* these shares are held by Menton, which is wholly owned by the Tulip Trust, a discretionary trust, of which Pieter Totté and certain members of his family are discretionary beneficiaries.

** assuming full exercise of the NBF options and warrants and full acceptance under the Offer.

*** includes shares held by NB. Ingredients, whose ultimate beneficiaries are Patrick Ridgwell and his family.

3.2 Save as disclosed in paragraph 3.1 of this Part XI, no Director nor any member of their respective immediate families, nor any person connected with them, within the meaning of Section 346 of the Act, is interested in any share capital of the Company.

3.3 No loan or guarantee has been granted or provided by the Group to any Director or any person connected with them and no loans are outstanding from the Group to any of the Directors. Following completion of the Acquisition loan notes will be due to NBF Ingredients in which Patrick Ridgwell has a non-beneficial interest.

3.4 The Directors and Proposed Directors, whose names appear on page 108 of this document, have been appointed to the offices and employments set out against their respective names. The agreements summarised below are each between the respective Director and the Company and, save as disclosed below, there are no service contracts between any of the directors of RGFC or any member of the RGFC Group which (a) do not expire or cannot be terminated by the Company concerned within the next twelve months, (b) provide for benefits upon termination of employment and no such contract has been entered into or amended within six months before the date of this prospectus:

- (a) service agreement entered into by the Company and John Gibson dated 19 September 2003 as amended by a letter of variation dated 4 August 2005 and a Deed of Amendment dated 8 April 2004. Mr Gibson's annual salary will, following completion of the acquisition of the issued and to be issued share capital of NBF by RGFC ("Completion") be £200,000. The service agreement refers to discretionary bonuses of up to 50 per cent. of Mr Gibson's annual salary which is subject to determination by the Remuneration Committee and achievement of Group targets. The service agreement is terminable by either party giving not less than 12 months' written notice to the other. The service agreement provides that Mr Gibson will devote his whole time and attention to his duties under the service agreement. The service agreement also contains post termination restrictive covenants by which Mr Gibson covenants that he will not for up to 12 months following termination of his employment (such period depending on, and being reduced by, any time spent by him on 'garden leave'), inter alia, compete with the Company, or in competition with the Company do business with any person who has done business with the Company as a supplier or customer in the 12 months preceding the termination of his employment or solicit from the Company any employees in senior management capacity with whom he has had dealings during the course of his employment.
- (b) consultancy agreement entered into by James Campbell Mitchell dated 19 September 2003. The consultancy agreement provides for annual fees of up to £30,000 in respect of Mr Mitchell's consultancy services to the Company and £30,000 in respect of his services as a non-executive director of the Company. The consultancy agreement commenced on 24 September 2003 and is terminable by either party giving the other party not less than 6 months' written notice of termination. The consultancy agreement provides that Mr Mitchell will spend up to 20 per cent. of his working time (i.e. one working day each week) acting as a consultant to the Company and 20 per cent. of his working time (i.e. one working day each week) as a non-executive director of the Company. The consultancy agreement does not contain any post termination restrictive covenants.
- (c) letter of appointment dated 19 September 2003 between the Company and Pieter Totté. Under the terms of the letter of appointment Mr Totté has agreed to act as non-executive Chairman of the Company, for which Menton receives a fee which will, following Completion, be £40,000 per annum. These fees are exclusive of VAT. The Company has agreed to reimburse Menton for expenses reasonably incurred by Mr Totté on Company business. The letter of appointment is terminable upon 6 months' written notice and does not contain any post termination restrictive covenants. Menton has entered into an agreement with the Company in respect of Mr Totté's non-executive directorship. The agreement is dated 19 September 2003 and is amended by a letter of variation dated 4 August 2005. The agreement is terminable upon 6 months' written notice.

Menton has entered into a second agreement with the Company, which is in respect of advisory consultancy services. This consultancy agreement is effective upon Completion taking place and is terminable upon 12 months' written notice. The fees under this consultancy agreement are £5,000 per month.

- (d) service agreement entered into by the Company and Lee Camfield dated May 2004 as amended by a letter of variation dated 4 August 2005. Mr Camfield is the Finance Director and Company Secretary of the Company. Mr Camfield's annual salary will, following Completion, be £125,000 and he is entitled to bonuses of up to 25 per cent. of his salary at the Remuneration Committee's discretion. The agreement is terminable by either party giving not less than 6 months' notice to the other party. Mr Camfield is subject to restrictive covenants preventing him from dealing with

RGFC suppliers, customers or clients, soliciting senior Company management or competing with the business carried on by the Company for a period of 12 months following the termination of his employment.

- (e) letter of appointment from the Company to Peter Salter dated May 2004 as amended by a letter of variation dated 2 August 2005. Under the terms of the letter of appointment Mr Salter has agreed to act as a non-executive director of the Company. The appointment is for an initial term of three years terminable by either party giving not less than 6 months' notice to the other party. Mr Salter is committed to attending at least 10 monthly board meetings of the Company, at least one annual meeting of non-executive directors of the Company, the AGM and meetings of any committees of the Company to which he is appointed. His time commitment is 12 days per annum plus time for committee duties. Mr Salter's fee following Completion, will be £30,000 per annum in respect of the non-executive directorship, £5,000 per annum while Mr Salter is Chairman of the Audit Committee and £5,000 per annum while he is Chairman of the Remuneration Committee, payable in equal monthly instalments.
- (f) letter of appointment from the Company to Richard Gradowski-Smith dated May 2004 as amended by a letter of variation dated 2 August 2005. Under the terms of the letter of appointment Mr Gradowski-Smith has agreed to act as a non-executive director of the Company. The appointment is for an initial term of three years terminable by either party giving not less than 6 months' notice to the other party. Mr Gradowski-Smith is committed to attending at least 10 monthly board meetings of the Company, at least one annual meeting of non-executive directors of the Company, the AGM and meetings of any committees of the Company to which he is appointed. His time commitment is 12 days per annum plus time for committee duties. Mr Gradowski-Smith's fee following Completion will be £30,000 per annum payable in equal monthly instalments.
- (g) letter of appointment from the Company to Patrick Ridgwell to be entered into conditional upon Completion. Under the terms of the letter of appointment Mr Ridgwell has agreed to act as a non-executive deputy chairman of the Company. The appointment is for an initial term of two years terminable by either party giving not less than 6 months' to the other party. Mr Ridgwell is committed to attending at least 10 monthly board meetings of the Company, at least one annual meeting of non-executive directors of the Company, the AGM and meetings of any committees of the Company to which he is appointed. Mr Ridgwell's fee will be £30,000 per annum payable in equal monthly instalments.
- (h) consultancy agreement with Patrick Ridgwell to be entered into conditional upon Completion. The consultancy will commence on 1 September 2005 and continue for 12 months, after which it may continue subject to both parties agreeing. The consultancy is terminable upon 3 months' written notice. Mr Ridgwell's daily fee is £1,875 and he will provide services for an average of 2 days per month.
- (i) letter of appointment from the Company to Christopher Thomas to be entered into conditional upon Completion. Under the terms of the letter of appointment Mr Thomas has agreed to act as a non-executive director of the Company. The appointment is for an initial term of two years terminable by either party giving not less than 6 months' to the other party. Mr Thomas is committed to attending at least 10 monthly board meetings of the Company, at least one annual meeting of non-executive directors of the Company, the AGM and meetings of any committees of the Company to which he is appointed. Mr Thomas' fee will be £30,000 per annum payable in equal quarterly instalments.
- (j) consultancy agreement with Christopher Thomas to be entered into conditional upon Completion. The consultancy will commence on 1 September 2005 and continue for 10 months. Mr Thomas' fee under the consultancy is £1,200 per day during the first 4 months and £1,500 per day for the remainder of the term. During the first 4 months of the consultancy Mr Thomas will provide services for an average of 3.5 days per week, then during the next 3 months of the consultancy he

will provide services for an average of 2 days per week and during the final 3 months of the consultancy he will provide his services for an average of 1 day per week.

- 3.5 The aggregate emoluments (including benefits in kind and pension contributions) for the 16 month period ended 31 December 2004 were £417,000 and it is estimated, assuming Admission, that the aggregate emoluments of the Directors as employees or in respect of their services to the Group (including benefits in kind and pension contributions) for the period ending 31 December 2005, will amount to £576,000 under the arrangements in force at the date hereof.

Save as disclosed above and in the document none of the Directors and the Proposed Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.

- 3.7 The Directorships held by each of the Directors and the Proposed Directors over the five years preceding the date of this document other than in relation to RGFC are as follows:

<i>Director</i>	<i>Current</i>	<i>Past</i>
Pieter Totté	Tom Darwood Limited Hill Station Public Limited Company International Aqua Farms Limited Cakes.co.uk Limited Five Star Fish Limited Go Sandwich Limited Cool Fresh Distribution Limited Eurofoods Plc Hayden's Bakeries Limited Hill Station Ice Cream Limited Aquabella Group plc	Ingredients Holdings Limited Ingredients Group Plc Ingredients Limited Midicorp Corporate Finance Limited Rodney Fitch & Co Limited E-Novation (UK) Ltd M-Two Group Holdings Limited
John Gibson	Cakes.co.uk Limited Cool Fresh Distribution Limited Eurofoods Plc Hayden's Bakeries Limited Five Star Fish Limited Go Sandwich Limited Tom Darwood Limited	Elizabeth the Chef Limited Elizabeth the Chef (Holdings) Limited ETC (Packaging) Limited Broadheath Food Limited
James Campbell Mitchell	Campbell Mitchell Associates Limited Cool Fresh Distribution Limited Eurofoods Plc Snookies Limited Upper Crust Products Limited Mitchell Stewarts Limited	Memory Lane Cakes Limited
Peter Salter	Lafone Corporate Services Limited International Aqua Farms Limited Aquabella Group Plc Hill Station Public Limited Company Hill Station Ice Cream Limited	ITH Mouchel Roberts Limited Impower Consulting Limited Pioneer Technology Solutions Limited Itelehosting Technologies Limited
Lee Camfield	None	None
Richard Gradowski-Smith	None	Ingredients Holdings Limited Ingredients Group Plc

<i>Director</i>	<i>Current</i>	<i>Past</i>
Patrick Ridgwell	Lymington (123) Limited General Sugar Traders Limited Whitworths Sugars Limited Napier Brown & Company Limited Commodity Producers & Packers Limited A De Schaap Limited S.K.L. Sugar Limited Napier Brown Holdings Limited Stapehill Enterprises Limited NB. Ingredients Limited NB. Chilled Limited NB. Fruit Limited Sefcol Ingredients Limited Garrett Ingredients Limited Borlands & Sclanders Limited The Standardized Foods Products Company Limited Napier Brown Foods Plc NB. Food Technology Limited	The Glisten Confectionery Company Limited Chartnatural Limited Nutti-Bite Limited Jester Food Products Limited Solway Foods Holdings Limited Solway Foods Limited
Christopher Thomas	Accountancy Next Limited Advanced Sweeteners Limited Aladdin Videos Limited Borlands & Sclanders Limited Boxtra Foods Limited Dextra Limited Elia (Jersey) Limited Garrett Ingredients Limited Gaywood Sugars Limited JF Renshaw Limited James Budgett Sugars Limited La Cuisinere (Cookery & Tableware) Limited Lymington (123) Limited (in administration) (formerly Express Products Limited) Napier Brown & Company Limited Napier Brown Foods Plc Napier Brown Holdings Limited Next Employment Limited Nextus Recruitment Limited Renshaw Scott Limited Sefcol Ingredients Limited Sherlock Investments plc Solway Foods Limited The Standardized Food Products Company Limited Whitworths Sugars Limited	A De Schaap Limited Commodity Producers & Packers Limited General Sugar Traders Limited La Cuisinere Trading Limited MAAS International Limited NB. Chilled Limited NB. Food Technology Limited NB. Fruit Limited NB. Ingredients Limited Novus Foods Holdings Limited Novus Foods Limited Park Mansions Management Company (Knightsbridge) Limited SKL Sugar Limited Solway Foods Holdings Limited The Salad Company Limited

On 4 May 2001, administrative receivers were appointed to Ingredients Limited following the withdrawal by the group's nominated adviser of its support to the proposed flotation on AIM. At that time the deficiency as regards creditors was £9.3 million. Mr Totté was a non-executive director and Mr Gradowski-Smith was a director of Ingredients Limited at the time the receivers were appointed and

Mr Totté provided a guarantee to Ingredients Limited's bankers in consideration for them funding the costs of management and realisation of the company's assets during the administration period.

Administration of Express Products Limited

On 29 November 2001, administrators were appointed to Express Products Limited. At that time, the estimated deficiency for all creditors was £13.3 million. The business was subsequently sold to the management.

Patrick Ridgwell and Christopher Thomas were directors of Express Products Limited at the time the administrators were appointed.

The largest creditor of Express Products Limited at that time was NB. Chilled Limited, a wholly owned subsidiary of Napier Brown Holdings. Amounts due to NB. Chilled Limited were approximately £13 million, of which it subsequently received £3.2 million from the transfer of the property, at a valuation, from Express Products Limited.

Patrick Ridgwell and Christopher Thomas were also directors of Napier Brown Holdings and NB. Chilled Limited at the time the administrators were appointed to Express Products Limited.

Competition Proceedings

On 4 May 1992 proceedings were initiated against Napier Brown & Company, British Sugar plc, Tate & Lyle plc and James Budgett by the UK Competition Commission ("the Commission"); on 12 June 1992, the Commission sent a Statement of Objections to Napier Brown & Company, British Sugar, Tate & Lyle and James Budgett and certain other continental European sugar producers; and on 18 August 1995, following written replies and submissions, the Commission issued a revised Statement of Objections to all the parties referred to above.

On 26 October 1998 having considered the various submissions and the information made available at the hearings, the Commission ruled that Napier Brown & Company had infringed Article 85(1) of the EC Treaty "by participating in an agreement and/or concerted practice the object of which was to restrict competition by the coordination of the parties' pricing policy on the market for industrial sugar" and ordered Napier Brown & Company to pay a fine of €1.8 million.

Napier Brown & Company subsequently appealed to the Court of First Instance contesting the Commission's finding, on the basis, which it still maintains, that the "concerted practice" complained of arose as a direct result of a Decision which the Commission had adopted against British Sugar requiring British Sugar to address the pricing issue.

On 12 July 2001 the Court of First Instance issued a judgement rejecting the appeal and the fine of €1.8 million was paid in full.

Patrick Ridgwell and Christopher Thomas are currently directors of Napier Brown & Company and Patrick Ridgwell was a director at the time of its initial application to the Commission in December 1985.

- 3.8 None of the Directors and Proposed Directors (with the exception of Peter Salter who was a partner in Adrian Nash Associates until 2005) are partners in a partnership nor have been partners in any partnerships in the five years preceding the date of this document.
- 3.9 No Director or Proposed Directors has any unspent convictions relating to indictable offences, any convictions in relation to fraudulent offences, has been bankrupt or has made or been the subject of any individual voluntary arrangement.
- 3.10 Save as disclosed in paragraph 3.7 above, none of the Directors has been a Director of any company at the time of its receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors and none of the Directors and Prospective Directors has been a partner of any partnership at the time of its compulsory liquidation, administration or partnership voluntary

arrangement or the receivership of any assets of such partnership nor have any of their assets been subject to receivership at the time of ownership.

3.11 None of the Directors and Proposed Directors has been criticised or had any sanctions imposed on him by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a Director of a company or from acting in the management, administrative, supervisory capacity or conduct of the affairs of any company.

3.12 Dealings for value in relevant securities during the disclosure period:

<i>Name</i>	<i>Nature of Transaction</i>	<i>Date</i>	<i>Number of NBF Shares</i>	<i>Price (p)</i>
Simon Barrell	Dividend reinvestment under the NBF SIP	31/1/2005	7	163.875

3.13 As at the day prior to the date of this document, the Company is aware of the following persons, in addition to those disclosed in paragraph 3.1 of this Part XI above, who, at the date of this document and following Admission, directly or indirectly, hold or will hold an interest in three per cent. or more of the ordinary share capital of the Company or exercise or could exercise control over the Company none of which have special voting rights.

<i>Shareholder</i>	<i>At Present</i>		<i>At Admission*</i>	
	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of Existing Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of Enlarged Issued Share Capital</i>
NB. Ingredients Limited	Nil	Nil	22,139,998	32.44%
Agman Holdings Limited	Nil	Nil	4,530,975	6.64%
Citygate Nominees Limited	Nil	Nil	3,440,951	5.04%
Rathbone Investment Management Limited	Nil	Nil	3,378,264	4.95%
F&C Asset Management	2,201,810	15.62%	2,201,810	3.23%
Menton Investments	1,750,000	12.42%	not notifiable	not notifiable
Universities Superannuation Scheme	1,055,611	7.49%	not notifiable	not notifiable
Unicorn Asset Management	811,460	5.76%	not notifiable	not notifiable
Brewin Dolphin Securities Limited	778,790	5.53%	not notifiable	not notifiable
Singer & Friedlander	680,580	4.83%	not notifiable	not notifiable
JF Gibson	625,000	4.43%	not notifiable	not notifiable
JS Fenty	593,880	4.37%	not notifiable	not notifiable
Societe Generale Investment Management	615,929	4.21%	not notifiable	not notifiable
JM Finn & Co	479,692	3.40%	not notifiable	not notifiable

*assuming full acceptance under the Offer and exercise of NBF options and warrants.

3.14 The Company is not aware of any person who will, directly or indirectly, exercise control over the Company.

3.15 None of the Directors have any conflicts or potential conflicts of interest between their duties owed to the Company and their own private interests.

4. EMI and Non-approved Share Option Plans and Five Star Option Plan

4.1 Pursuant to the resolution of the Company passed on 17 September 2003, the Company approved the use of three forms of share option contracts (“the Share Option Plans”) and authorised the Directors to allot further options in substantially the same form as the Share Option Plans. The terms of reference of the Remuneration Committee provide that the Remuneration Committee shall be designated to operate the Share Option Plans, and allows the grant of options under the Share Option Plans to employees or consultants (including full-time and non-executive Directors) of the Company or any subsidiary to acquire (by subscription or purchase) Ordinary Shares.

The Share Option Plans provide for the grant of options as either:

- (i) a Non-approved share option to an individual; or
- (ii) a Non-approved share option to a corporate entity; or
- (iii) an EMI Option.

The EMI Plan complies with the requirements of Schedule 5 to ITEPA and each EMI Option granted will be notified to the Inland Revenue within 92 days of grant enclosing a duly certified notification form. The Non-approved Plan is not designed for Inland Revenue approval and is intended primarily for executives or consultants who have, or are to be granted, options in excess of the individual limit permitted under the EMI Plan or do not fall within the requirements of Schedule 5 of ITEPA.

The Share Option Plans are subject to the following restrictions or terms either set out in the individual share option contracts or in the terms of reference of the Remuneration Committee:

(a) Option limits

The terms of reference of the Remuneration Committee provide that the aggregate number of Ordinary Shares which might fall to be issued under the Share Option Plans after Admission may not exceed 10 per cent. of the issued ordinary share capital of the Company from time to time.

(b) Individual limits

No option may be granted to an individual under an EMI Plan if, as a result, the aggregate market value as at the respective dates of grant of Ordinary Shares which might fall to be acquired by him upon the exercise of options under the EMI Plans, or under any other share option scheme (not being a savings-related share option scheme) established by the Company or any subsidiary and approved by the Inland Revenue would exceed £100,000 or such other limit as may apply from time to time under Schedule 5 to ITEPA.

(c) Grant of options

No payment is required for the grant of options.

(d) Exercise price

The exercise price per Ordinary Share is the greater of (a) its market value at the date of grant, and (b) its nominal amount.

The option price may be adjusted in the event of a rights issue, capitalisation issue or upon consolidation, sub-division or reduction of the Company's share capital, subject to the written certificate of the auditors that such adjustment is fair and reasonable.

(e) When options may be exercised

In normal circumstances an option may only be exercised between the second and tenth anniversaries of the date of grant providing that any performance condition subject to which it is granted has been satisfied.

Options will normally lapse on cessation of employment (where there is no good reason for termination) except at the absolute discretion of the Remuneration Committee which may allow the option holder to exercise his option on a once and for all basis during a period not exceeding 3 months following cessation of employment. However, options will become exercisable for a period of 12 months on the death of an option holder or for a period of 3 months on his ceasing to be an employee of the Group for a good reason.

Rights of exercise will, subject to the satisfaction of any applicable performance conditions, also arise on a person obtaining control of the Company or upon a members voluntary winding up of the Company.

(f) Voting, dividend, transfer and other rights

Until options are exercised, option holders will have no voting rights in respect of the Ordinary Shares comprised in their options. Ordinary Shares issued pursuant to the Share Option Plans will

rank *pari passu* in all respects with the Ordinary Shares already then in issue, except that they will not rank for any dividend or other distribution paid or made by reference to a record date falling prior to the date of exercise of the option, nor for any dividend to be paid before the date of exercise of such option.

Options are not transferable.

On a change of control of the Company pursuant to a general offer or otherwise, rights to exercise options may, with the consent of the company acquiring control of the Company, be released in consideration of the grant of equivalent options over the shares of the acquiring company or a company controlling it. Rights are equivalent if, broadly speaking, on the date of exchange of options, the aggregate market value of the relevant shares under both the old and new options and the aggregate exercise price of the old and new options are equal.

(g) Administration and amendment

Options once granted cannot be altered to the advantage of option holders, without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Options, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or for the Company or for members of the Group);

The subsisting rights of option holders may not be adversely altered without their consent.

- 4.2 Pursuant to a resolution of the Company passed on 13 May 2004 the Company approved the grant of options under the Five Star Option Plan. The Five Star Option Plan is not designed for Inland Revenue approval and formed part of the consideration for the acquisition of the Five Star Group.

The Five Star Option Plan is subject to the following restrictions or terms:

(a) Option Limits

The aggregate number of Ordinary Shares which can be issued under the Five Star Option Plan is 465,925 Ordinary Shares.

(b) Grant of options

No payment is required for the grant of the Five Star Options.

(c) Exercise Price

The exercise price per Ordinary Share is 143.8 pence.

The option price may be adjusted in the event of a rights issue, capitalisation issue or upon consolidation, sub-division or reduction of the Company's share capital, subject to the written certificate of the auditors that such adjustment is fair and reasonable.

(d) When options may be exercised

In normal circumstances an option may only be exercised between the second and tenth anniversaries of the date of grant providing that any performance condition subject to which it is granted has been satisfied.

Options will not lapse on cessation of employment. Options will become exercisable for a period of 12 months on the death of an option holder.

Rights of exercise will, subject to the satisfaction of any applicable performance conditions, also arise on a person obtaining control of the Company or upon a members voluntary winding up of the Company.

(e) Voting, dividend, transfer and other rights

Until options are exercised, option holders will have no voting rights in respect of the Ordinary Shares comprised in their options. Ordinary Shares issued pursuant to the Five Star Option Plan will rank *pari passu* in all respects with the Ordinary Shares already then in issue, except that they will not rank for any dividend or other distribution paid or made by reference to a record date

falling prior to the date of exercise of the option, nor for any dividend to be paid before the date of exercise of such option.

(f) Options are not transferable

On a change of control of the Company pursuant to a general offer or otherwise, rights to exercise options may, with the consent of the company acquiring control of the Company, be released in consideration of the grant of equivalent options over the shares of the acquiring company or a company controlling it. Rights are equivalent if, broadly speaking, on the date of exchange of options, the aggregate market value of the relevant shares under both the old and new options and the aggregate exercise price of the old and new options are equal.

(g) Administration and amendment

Options once granted cannot be altered to the advantage of option holders, without the prior approval of shareholders in general meeting (except for minor amendments to benefit the administration of the Five Star Options, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or for the Company or for members of the Group).

The subsisting rights of option holders may not be adversely altered without their consent.

4.3 The Company will create or establish a New Warrant Instrument, a New Unapproved Share Option Scheme and a New Share Incentive Plan, the details of which are set out below, to facilitate the roll over or exchange of Warrants and options in NBF following the Offer becoming wholly unconditional. The maximum number of Ordinary Shares (assuming a RGFC share price of 135.5 pence) over which warrants will be created is 2,832,957.

(a) New Warrants will be issued subject to and with the benefit of the terms and conditions which are contained in the New Warrant Instrument to be constituted by the Company on the date of the EGM the principal terms of which are summarised below.

(i) *Subscription rights and procedures*

- (a) A Warrantholder has the right to subscribe in cash at a price to be determined on posting of the offer, such that the aggregate subscription price of the New Warrants will be equal to the aggregate subscription price of the NBF Warrants, for one Ordinary Share for each New Warrant held by it (“Subscription Rights”) at any time within the period commencing on the date of the constitution of the Warrant Instrument and ending on the 10th anniversary of Admission (“Final Exercise Date”).
- (b) Subscription Rights are not exercisable in respect of a fraction of an Ordinary Share.
- (c) Once lodged, a notice of exercise will not be revocable except with the consent of the Company. Compliance must also be made with any statutory requirements for the time being applicable.
- (d) Ordinary Shares allotted pursuant to the exercise of the Subscription Rights will rank for all dividends or other distributions declared after the date of allotment of such shares but will not rank for any dividends or other distributions declared, made or paid on Ordinary Shares if the record date for such dividends or other distribution is prior to the relevant date of exercise of the New Warrants in respect of the shares arising.
- (e) Any Subscription Rights not exercised prior to the Final Exercise Date will lapse.
- (f) Prior to the end of the Subscription Period the Company shall not without the prior sanction of an Extraordinary Resolution (and otherwise than on terms including consequential adjustment of Subscription Rights and subject to such conditions as may be approved or stipulated in or by the terms of such Extraordinary Resolution):

- (i) modify the rights attached to any of its Ordinary Shares whether issued or unissued in any way which has a material adverse effect on the rights of the Warrantheolders or the abilities of such persons to enjoy such rights; or
- (ii) amend any provision of its Memorandum of Association or of the Articles of Association (or pass any special resolution, whether by way of temporary or permanent relaxation or disapplication of any provision of its Memorandum of Association or of the Articles of Association, having a like or similar effect) which has a materially adverse effect on the rights of the Warrantheolders.

(ii) ***Adjustment of Subscription Rights***

Upon any allotment of fully paid Ordinary Shares by way of capitalisation of profits or reserves (other than by way of Ordinary Shares paid up out of distributable reserves in lieu of a cash dividend) to holders of the Ordinary Shares on the register on a date (or by reference to a record date) before the Final Exercise Date or upon any sub-division or consolidation of the Ordinary Shares on or before such date, the number and/or nominal amount of Ordinary Shares to be subscribed on any exercise of Subscription Rights subsequent to the record date for such capitalisation, sub-division or consolidation will be increased or, as the case may be, reduced in due proportion and the subscription price will be increased or, as the case may be, reduced in due proportion and the subscription price will be deemed adjusted accordingly with effect from the record date for such capitalisation, sub-division or consolidation.

(iii) ***Market dealings***

Provided that at the time of issue of Ordinary Shares pursuant to the exercise of New Warrants, the Ordinary Shares, or any of them, are quoted on the Official List or are traded on AIM or permission has been granted for dealings in them on any other recognised investment exchange in any part of the world, the Company will not later than 14 days after the issue of such Ordinary Shares apply to such body for quotation, admission or permission to deal for or in such Ordinary Shares, as the case may be, and will use its reasonable endeavours to secure such permission or quotation.

(iv) ***Transfers***

Each New Warrant will be registered and, subject to any applicable fiscal or other laws or regulations, is freely transferable but no transfer may be made in circumstances where a transfer of Ordinary Shares would not be permitted and, unless otherwise determined by Extraordinary Resolution, New Warrants may only be transferred in whole units and not fractions of a unit. When a Warrantheolder transfers part only of his holding of the New Warrants, the old certificate will be cancelled and a new certificate for the balance of such New Warrants issued without charge.

Except as ordered by a court of competent jurisdiction or required by law, the registered holders of the New Warrants will be treated as the absolute owners of those New Warrants for all purposes notwithstanding any notice of ownership or other interest in them and the Company will not be bound to recognise any other claim or interest in any of the New Warrants.

(v) ***Takeovers***

If at any time an offer or invitation is made by the Company to the holders of the Ordinary Shares for the purchase by the Company of any of its Ordinary Shares, the Company shall simultaneously give notice thereof to each Warrantheolder who shall be entitled, at any time whilst such offer or invitation is open for acceptance, to exercise its Subscription Rights under the New Warrant to the extent that such rights have not been exercised or lapsed prior to such record date so as to take effect as if it had exercised its rights immediately prior to the record date of such offer or invitation.

If at any time an offer is made to all holders of Ordinary Shares (or all holders of Ordinary Shares other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the issued share capital of the Company and the Company becomes aware that as a result of such offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall:

- (a) give notice to each Warrantholder and each Warrantholder shall be entitled, at any time whilst such offer is open for acceptance, to exercise its Subscription Rights under the New Warrant to the extent that such rights have not lapsed or been exercised prior to the record date of such offer exercise date so as to take effect as if it had exercised its rights immediately prior to the record date of such offer and, if the Warrantholder so elects (in its sole discretion), such exercise shall be conditional upon such offer becoming unconditional in all respects; and
- (b) use all reasonable endeavours to procure that a similar offer is made to Warrantholders as if all outstanding Subscription Rights had been exercised immediately before the record date for that offer,

and for the avoidance of doubt, publication of a scheme of arrangement under the Act providing for the acquisition by any person or the whole or any part of the issued share capital of the Company shall be deemed to be the making of an offer for the purposes of this paragraph (v).

(vi) ***Winding up***

If an order is made or an effective resolution is passed on or before the Final Exercise Date for the voluntary winding up of the Company and there are surplus funds available for distribution, each Warrantholder will be entitled for the purpose of ascertaining his rights in the winding up to be treated as if he had immediately before the date of the passing of the resolution fully exercised his rights to acquire Ordinary Shares pursuant to his New Warrants.

(vii) ***Meetings of Warrantholders***

A meeting of Warrantholders shall in addition to all other powers (but without prejudice to any powers conferred on any other person by the New Warrant Instrument) have the following powers exercisable by Extraordinary Resolution, namely:

- (a) power to sanction any compromise or arrangement proposed to be made between the Company and the Warrantholders or any of them;
- (b) power to sanction any proposal by the Company for the modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Warrantholders against the Company;
- (c) power to sanction any proposal by the Company for the exchange or substitution for the New Warrants of, or the conversion of the New Warrants into share, stock, bonds, debentures, debenture stock or other obligations or securities of the Company, or any other body corporate formed or to be formed;
- (d) power to assent to any modification of the conditions and/or the provision contained in the New Warrant Instrument which shall be proposed by the Company;
- (e) power to authorise any person to concur in and execute and to do all such documents, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolutions;

- (f) power to discharge or exonerate any person from any liability in respect of any act or omission for which such person may have become responsible under the New Warrant Instrument or the conditions therein;
- (g) power to give authority, direction or sanction which under the provision of the New Warrant Instrument is required to be given by Extraordinary Resolution; and
- (h) power to appoint any persons (whether Warrantholders or not) as a committee or committees to represent the interests of the Warrantholders and to confer upon such committee any powers or discretions which the Warrantholders could themselves exercise by Extraordinary Resolution.

An Extraordinary Resolution shall be binding upon all Warrantholders, whether present or not present at such meeting and each of the Warrantholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence that the circumstances of such resolution justified the passing thereof. The expression "Extraordinary Resolution" means a resolution passed at a meeting of the Warrantholders duly convened and held and carried by a majority consisting of not less than 75 per cent. of the votes cast upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on a poll. A resolution in writing signed by all the Warrantholders who are for the time being entitled to receive notice of meetings shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting duly convened and held in accordance with the provisions hereof. Such resolution in writing may be contained in one document or in several documents in like form each signed by one or more of the Warrantholders.

(viii) ***Lost or destroyed certificates***

If a certificate for a New Warrant is mutilated, defaced, lost, stolen or destroyed it will be replaced at the registered office of the Company for the time being at the expense of the Company and on such terms as to evidence and indemnity as the Company may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

(ix) ***Other provisions***

So long as any Subscription Rights remain exercisable the Company will keep available for issue sufficient authorised but unissued share capital to satisfy in full all subscription rights remaining exercisable.

So long as any Subscription Rights remain exercisable the Company will send to the Warrantholders a copy of every document sent to the holders of its Ordinary Shares at the same time as it is sent to such holders and the Warrantholders shall have the right to attend and speak but not to vote at any general meeting of the Ordinary Shareholders at which any business is to be moved which has any effect (actually or reasonably foreseeable) on the value of the New Warrants or the rights attaching thereto or the enjoyment thereof.

(b) ***New Unapproved Share Option Scheme***

The New Unapproved Share Option Scheme is not designed for Inland Revenue approval. Save as set out below, the provisions of the CSOP set out at (d) below and the New Unapproved Share Option Scheme are in all material respects the same except that all references to IHM Revenue & Customs approval will not apply to the New Unapproved Share Option Scheme.

(i) ***Eligible Employees***

Non-executive directors, consultants and other officers of the Company and Participating Companies will also be eligible to participate in the New Unapproved Share Option Scheme.

(ii) *Individual limited*

No individual may be granted options in any ten year period with an aggregate exercise price in excess of four times remuneration. This limit will also take account of options granted by the Company under the New CSOP or any other discretionary share scheme.

(iii) *Exercise of options*

When options granted under the New Unapproved Share Option Scheme are exercised, the Company will account through the PAYE system for the income tax and national insurance contributions due on the option gain. Participants will be required to authorise the Company to sell sufficient option shares to meet this PAYE liability. Options may be exercised between the first and tenth anniversaries of the date on which the option was granted.

(c) *New SIP*

- (i) The Company is introducing an Inland Revenue approved SIP that provides tax advantageous opportunities for employee share ownership. It will be open to all employees once they have been with the Company for 12 months and is a very positive measure in promoting and encouraging employee share ownership within the Group and improving future performance. Application has been made to the Inland Revenue for approval under Schedule 2 to the ITEPA.

The New SIP includes the establishment of a trust. The trustees' responsibilities are outsourced to professional corporate trustees, Capita IRG Trustees Limited. Admission of the New SIP will be administered by Capita IRG Trustees Limited with reporting responsibility to the Remuneration Committee.

(ii) *Operation of the New SIP*

The New SIP rules have been drafted to provide the Group with a plan that is flexible and can be tailored according to the changing needs of the business. The New SIP, in accordance with Schedule 2 to the ITEPA provides for the use of each of the following types of shares:

- (i) free shares;
- (ii) partnership shares;
- (iii) matching shares; and
- (iv) dividend shares.

(iii) *Free Shares*

The Company is initially proposing to award around £100 of free shares to each eligible employee on the introduction of the New SIP. These free shares will be held in trust for a holding period of three years. Thereafter employees awarded with these shares who remain with the Company following the holding period will receive these shares. There is a facility within the plan rules for future awards of free shares with or without the requirement to satisfy performance criteria.

Where free shares are offered there are requirements to ensure that they are provided to all employees on the same terms.

The maximum annual limit on the award of free shares to each employee is £3,000.

(iv) *Partnership Shares*

The employee will have a facility to save between £10 and £125 per month out of pre-tax salary to purchase shares in the Company. These shares are referred to as Partnership Shares. These shares will not be subject to an accumulation period and will be purchased by the

trustees on a monthly basis and held in trust for the employees for a specified period to maximise the favourable tax and national insurance treatment.

(v) *Matching Shares*

There is also a facility within the rules for the Company to offer in the future a number of matching shares up to a ratio of 2:1 for each partnership share acquired by the employee should the Group wish to do so. Where such matching shares are offered they will be held in trust for a holding period of 5 years.

(vi) *Dividend Shares*

The plan provides for dividend reinvestment of free, partnership and matching shares held by the trustees to acquire further shares for employees.

(vii) *Acquisition price*

The acquisition price for partnership, matching and dividend shares shall be determined consistently with that for the New CSOP.

5. New CSOP

The Company will also create and establish a CSOP, which will be for the granting of new options only and will not be related to the rollover of NBF CSOP Options in any way. Application has been made to HM Revenue & Customs and approval of the CSOP under Schedule 4 to the ITEPA. The CSOP will be adopted by the Company once it is approved by HM Revenue & Customs.

- (i) Administration of the CSOP will be administered by the Remuneration Committee whose decision in any dispute will be final.
- (ii) *Grant of options*
 - (a) Options may be granted over new shares by the Company or over existing shares by the trustee of any employee share ownership trust established by the Company.
 - (b) Options may be granted to employees and full-time directors of the Company or any of its subsidiaries or joint venture companies selected at the absolute discretion of the Board. A director is “full-time” if he or she is required to devote at least 25 hours per week to his or her duties.
 - (c) The first grant of options may be made within 6 weeks of formal approval of the CSOP by HM Revenue & Customs. Thereafter, options may be granted within 6 weeks following:
 - (i) the Company’s preliminary announcement of its full year results; or
 - (ii) the announcement of its interim results; or
 - (iii) the issue of a prospectus or listing particulars by the Company; or
 - (iv) the announcement of amendments to the relevant legislation (to the extent that such grant does not fall within a prohibited period as defined in the share dealing code adopted by the Company); or
 - (v) the approval of any amendment to the CSOP by HM Revenue & Customs; or
 - (vi) in such exceptional circumstances as, in the opinion of the Committee, justify the making of grants outside those periods.
 - (d) No option shall be granted more than ten years after approval of the CSOP by HM Revenue & Customs.

(iii) *Acquisition price*

The acquisition price will be no less than the average of the middle market quotations of a share for the five dealing days immediately preceding the date of grant or the market value of a share on the business day immediately preceding the date of grant as determined by the Company's auditors in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed in advance for the relevant purpose with HM Revenue & Customs Share Valuation Division, or, if greater (and the shares are to be subscribed or acquired out of treasury), the nominal value of a share.

(iv) *Individual limit*

An option may not be granted to an individual under the CSOP if or to the extent that it would cause the total exercise price of shares under the option to that individual under the CSOP and any other HM Revenue & Customs-approved discretionary share option scheme established by the Company to exceed £30,000 or such higher limit as may be imposed by statute.

(v) *Overall limits*

No options shall be granted on any date if such grant would result in the number of shares under option granted under the CSOP and any other scheme adopted by the Company exceeding 10 per cent. of the issued share capital of the Company, subject to adjustment as set out in paragraph (vi) below. No account will be taken of options granted prior to Admission.

(vi) *Variation of share capital*

The exercise price of and the number of shares subject to an option may be adjusted, subject to HM Revenue & Customs approval, to reflect capitalisation or rights issues or reductions, sub-divisions or consolidations of the share capital of the Company in such manner as the Remuneration Committee shall determine and the auditors of the Company shall confirm as being fair and reasonable.

(vii) *Exercise of options*

- (a) Subject to the following sub-paragraphs, an option will only be exercisable by an individual who remains in employment with the Group and may only be exercised between the third and tenth anniversaries of the date on which the option was granted.
- (b) (Early exercise of an option will be permitted if an individual's employment terminates by reason of death, injury, ill-health, disability, pregnancy, retirement (though not within two years of grant) or redundancy or in any other circumstances in which the Remuneration Committee exercises its discretion in the option-holder's favour.
- (c) In the event of a take-over of the Company, options may be exercised prior to or within 6 months thereafter. Alternatively, with the concurrence of the acquiring company, option-holders may exchange their options for equivalent options to acquire shares in the acquiring company or its parent company.
- (d) If a resolution is passed for the voluntary winding-up of the Company, options may be exercised within six months of the passing of such resolution.
- (e) The exercise of options may be dependent upon the achievement of appropriate performance conditions set by the Remuneration Committee when the options are granted.

(vii) *Voting, dividend, transfer and other rights*

- (a) Until options are exercised, option-holders have no voting or dividend rights in respect of the shares covered by their options.
- (b) Shares issued and allotted under the CSOP following the exercise of an option will rank *pari passu* in all respects with the then existing shares of the same class of the Company with the exception of rights attaching by reference to a record date on or before the date of allotment. While the Ordinary Shares are admitted on AIM, the Company will apply to the London Stock

Exchange for such shares to be listed on AIM. In the case of the transfer of existing shares, the transferee will not acquire any rights attaching to such shares by reference to a record date prior to the date of transfer.

- (c) Options are non-transferable.
- (d) Benefits received under the CSOP will not affect the pension entitlement of any participant.

(ix) *Amendments*

- (a) The CSOP may not be amended to the advantage of participants without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the New CSOP and other amendments to take account of legislative changes, or to obtain or maintain favourable tax or regulatory treatment for participants, the Company or other members of the Group. Amendments which adversely affect participants will require the consent of the requisite majority of participants with the same exceptions as above.
- (b) Unless the Board decides that the New CSOP should cease to be Inland Revenue-approved, no amendment to the New CSOP shall take effect until it has been approved by the Inland Revenue.

6. Corporate Governance

The Directors, insofar as is possible given the Company's size and the constitution of the Board, comply with the main provisions of the Combined Code.

The Directors acknowledge the importance of the guidelines set out in the Combined Code and apply them as appropriate to a company of the size and nature of RGFC.

The Company has appointed Peter Salter, Richard Gradowski-Smith and James Campbell Mitchell as non-executive directors and has established Audit and Remuneration Committees, with formally delegated duties and responsibilities, with each committee comprising at least two non-executive directors.

The Audit Committee receives and reviews reports from management and the Company's auditors relating to the annual and interim accounts and the accounting and internal control systems of the Company. The Audit Committee has unrestricted access to the Company's auditors.

The Remuneration Committee reviews the scale and structure of the executive Directors' remuneration and the terms of their service contracts. The remuneration and terms and conditions of appointment of the non-executive Directors is set by the Board. The Remuneration Committee also administers the Share Option Plans and will administer the New Plans.

The Company has adopted a code for directors' dealings appropriate for a company the shares of which are admitted to trading on AIM and takes all reasonable steps to ensure compliance by the Directors and any relevant employees. The form of this code is substantially the same as the model code previously appended to the AIM Rules.

Part XII

ADDITIONAL INFORMATION

1 The Company

- 1.1 The Company was incorporated on 13 February 2003 in England and Wales under the Act as a public company limited by shares with registered number 4666282.
- 1.2 On 1 April 2003, a certificate was issued pursuant to section 117 of the Act entitling the Company to commence to do business and to borrow.
- 1.3 The Company's main activity is that of a food manufacturer, processor and supplier.
- 1.4 The Company, which is the ultimate parent company of the Group, has the following subsidiary undertakings all of which are wholly owned:

<i>Company Name</i>	<i>Registered Number</i>	<i>Activity</i>	<i>Date of incorporation</i>	<i>Issued share capital (£)</i>
Cakes.co.uk Limited	4350726	Dormant	10.01.2002	100
Cool Fresh Distribution Limited	3015300	Dormant	27.01.1995	10,000
Eurofoods Plc	2060981	Dormant	02.10.1986	310,000
Five Star Fish Limited	1940180	Dormant	19.08.1985	11,112
Haydens Bakeries Limited	4666282	Dormant	13.02.2003	4,052,659
Tom Darwood Limited	1804421	Dormant	29.03.1984	5,000
Go Sandwich Limited	4974299	Dormant	24.11.2003	1

- 1.5 The registered office of the Company and each of the above subsidiaries is at Hopton Industrial Estate, London Road, Devizes, Wiltshire, SN10 2EU. Save in respect of Eurofoods Plc the subsidiaries listed above are all private limited companies and are incorporated in England and Wales.
- 1.6 Following Completion of the Acquisition, the following additional companies (which are registered in England and Wales unless otherwise stated) will form part of the Enlarged Group:

<i>Company Name</i>	<i>Registered Number</i>	<i>Activity</i>	<i>Date of incorporation</i>	<i>Issued share capital (£)</i>
NBF	4824736	Holding company	08.09.2003	14,124,037
Napier Brown & Company Limited	1665672	Processing, packing and distributing sugar	02.09.1982	50,000
Garrett Ingredients Limited	2156440	Dormant	21.08.1987	100
Sefcol Ingredients Limited	510669	Dormant	18.08.1952	2,948
The Standardized Food Products Company Limited	239888	Dormant	28.05.1929	47,000
Whitworths Sugars Limited	01639103	Dormant	11.06.1982	2
Borlands & Sclanders Limited	SC011667	Dormant	24.03.1921	74,235
J F Renshaw Limited	5122268	Dormant	07.05.2004	1,000
Renshaw Scott Limited	5072615	Dormant	15.03.2004	1,000
James Budgett Sugars Limited	1472422	Dormant	11.01.1980	250,000
Bextra Foods Limited	187092	Dormant	15.01.1923	11,113
Gaywood Sugars Limited	2312241	Dormant	02.11.1988	200,000
Bextra Limited	2857211	Dormant	28.09.1993	3,100,000
Advanced Sweeteners Limited	1235500	Dormant	27.11.1975	2,000
Treelinks (Ireland) Limited	NI026218	Dormant (registered in Northern Ireland)		

- 1.7 The liability of the members of the Company is limited.

2 Share capital

2.1 The authorised and issued (assuming full exercise of the NBF options and warrants and full acceptance of the Offer) share capital of the Company at the date of this document and at Admission is as follows:

	<i>Authorised</i>		<i>Issued Fully Paid</i>	
	<i>Number of Ordinary Shares</i>	<i>£</i>	<i>Number of Ordinary Shares</i>	<i>£</i>
Current	20,000,000	400,000	14,093,467	281,869
At Admission	75,000,000	1,500,000	68,251,430	1,365,029

2.2 The following changes have occurred in the share capital of the Company since incorporation:

- (a) the authorised share capital of the Company was increased to £100,000 on 27 May 2003 by the creation of 50,000 ordinary shares of £1.00 each ranking *pari passu* with the then existing ordinary shares of the Company.
 - (b) each ordinary share of £1.00 each in the capital of the Company (both issued and unissued) was sub-divided into 50 ordinary shares of 2 pence each on 17 September 2003 and the authorised share capital of the Company was increased from £100,000 to £160,000 by the creation of 3,000,000 additional Ordinary Shares.
 - (c) the authorised share capital of the Company was increased to £400,000 by the creation of 12,000,000 Ordinary Shares on 14 January 2004.
- 2.3 Menton subscribed for 49,998 ordinary shares of £1.00 each partly paid as to 25p on each share on 24 March 2003 and then on 27 May 2003 transferred 12,500 shares to John Gibson and 2,500 shares to James Campbell Mitchell. All these shares were paid up in full by each of the relevant shareholders on 25 September 2003.
- 2.4 An information memorandum was issued on 2 June 2003 to a limited number of persons who warranted that they came within one of the exemptions to section 21 of the FSMA as contained within the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001.
- On 16 June 2003 a total of 26,180 ordinary shares of £1 each in the capital of the Company were issued for cash at £50 per share and on 29 July 2003 a further 3,000 ordinary shares of £1 each in the capital of the Company were issued for cash at £50 per share and on 10 September 2003 a further 4000 ordinary shares of £1 each in the capital of the Company were issued for cash at £50 per share.
- 2.5 On 2 September 2003 the Company granted Warrants in favour of J M Finn to subscribe for up to 1,615 ordinary shares of £1 each in the capital of the Company at an exercise price of £50 per share (which is now equivalent to 80,750 Existing Ordinary Shares exercisable at a price of 100 pence per share). Further details of the Warrants are set out in paragraph 4.6 of this Part XII.
- 2.6 On 15 September 2003, the Company granted Warrants in favour of J M Finn to subscribe for up to 700 ordinary shares of £1.00 each at an exercise price of £50 per share (which is now equivalent to 35,000 Existing Ordinary Shares exercisable at a price of 100 pence per share). Further details of the Warrants are set out in paragraph 4.6 of this Part XII.
- 2.7 On 26 September 2003, the Company issued and allotted 1,090,909 Ordinary Shares pursuant to the terms of the placing and admission document issued by the Company on 25 September 2003 in connection with its admission to AIM.
- 2.8 On 15 January 2004 the Company issued and allotted a further 7,407,407 Ordinary Shares pursuant to the terms of the circular issued to shareholders of the Company on 22 December 2003.
- 2.9 On 14 May 2004, the Company issued and allotted 695,410 Ordinary Shares pursuant to the terms of the acquisition of Five Star.

- 2.10 On 28 September 2004, the Company issued and allotted 741,740 Ordinary Shares for cash at 135 pence per share.
- 2.11 On 30 June 2005, the Company's AGM took place at which it has resolved *inter alia* that:
- (a) the Directors be authorised to allot relevant securities up to a maximum nominal amount of £93,156;
 - (b) pre-emptive rights be disapplied in respect of the allotment of equity securities for cash up to an aggregate nominal value not exceeding £71,289.
- 2.12 Upon completion of the Acquisition and passing of the Resolutions the Company will allot and issue up to 54,157,963 Ordinary Shares for cash at 2 pence per share.
- 2.13 The Board has granted share options over such number of Ordinary Shares at such price per Ordinary Share under such Share Option Plans as are set out below:

<i>Type of Option</i>	<i>Date Granted</i>	<i>Date exercisable</i>	<i>Option Price</i>	<i>Number Outstanding</i>
EMI	17 September 2003	Between 26 September 2005 and September 2013	110 pence	90,909
	18 June 2004	Between June 2006 and June 2014	136.5 pence	160,000
Non-approved	17 September 2003	Between 26 September 2005 and September 2013	110 pence	339,877
	18 June 2004	Between June 2006 and June 2014	136.5 pence	50,000
Five Star	14 May 2004	Between May 2006 and May 2014	143.8 pence	465,924

- 2.14 Save as disclosed in this paragraph 2, no share capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option. Options have been granted to employees, consultants or officers of RGFC or as part of consideration for the sale of Five Star to the Vendors of Five Star.
- 2.15 Except as disclosed in this document, since the date of incorporation of the Company:
- (a) no share capital of the Company has been issued or has been proposed to be issued, fully or partly paid, either for cash or for consideration other than cash; and
 - (b) no commission, discount, brokerage or other special term has been granted by the Company, or is now proposed in connection with the issue or sale of any of its share capital.
- 2.16 The Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company.
- 2.17 None of the Existing Ordinary Shares have been sold or are available in whole or in part to the public in conjunction with an application for the Enlarged Issued Share Capital to be admitted to AIM.
- 2.18 The Offer shares will be credited as fully paid on allotment, of which that amount have the nominal value of 2 pence will be credited as fully paid by way of premium.
- 2.19 Conditional upon the approval of the Resolutions the Directors will be authorised to allot 54,157,963 of these Ordinary Shares (representing approximately 79.4 per cent. of the Enlarged Issued Share Capital).
- 2.20 The Offer Shares will be Ordinary Shares with a nominal value of 2 pence each and will be created under the Companies Act.
- 2.21 Save as disclosed in the Summary, Part V, Part VI and this Part XII none of (1) NB. Ingredients, the directors of NB. Ingredients, their immediate families and connected persons (within the meaning of

section 346 of the Act), (2) persons acting concert with NB. Ingredients, (3) RGFC, the RGFC directors and their immediate families and connected persons (within the meaning of section 346 of the Act), (4) Associates of RGFC, the pension funds of RGFC or RGFC's Associates, any employment benefit trusts of RGFC or RGFC's Associates, connected advisers of RGFC or RGFC's Associates (other than exempt principal traders but including persons controlling, controlled by or under the same control as such connected advisers) or (5) persons whose investments are managed on a discretionary basis by fund managers (other than exempt fund managers) connected with RGFC, owns or controls, or in the case of the directors of NB. Ingredients or the RGFC directors, is interest in, any relevant securities in RGFC, NBF or NB. Ingredients, nor has any such party dealt for value therein for the period until 4 August 2005 (which is the last dealing day prior to the date of this document) from 8 March 2004.

For the purposes of this paragraph "Associate" shall mean in respect of a company, its parent, subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status).

- 2.22 Save for the irrevocable undertakings referred to in paragraph 6 of Part V, neither NB Ingredients, nor any person acting in concert with it, nor RGFC nor any of its associates has any arrangement in relation to relevant securities. For these purposes "arrangement" includes any indemnity or option agreement and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.

3 Memorandum and Articles of Association

3.1 Memorandum of Association

The Memorandum of Association of the Company provides that the Company's principal object is to carry on business as a general commercial company.

3.2 Articles of Association

In this paragraph 3.2, references to "Statutes" are references to the Act and every other Act for the time being in force concerning companies and affecting the Company. The Articles of Association of the Company (the "Articles") contain provisions, *inter alia*, to the following effect.

(a) Voting rights

Subject to any special rights or restrictions as to voting attached by or in accordance with the Articles to any shares or class of shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy or (being a corporation) by a duly authorised representative shall have one vote for every share of which he is the holder.

(b) Transfer of shares

The Board may, subject to the Statutes, and without assigning any reason for its actions refuse to register any transfer of any share which is not fully paid. The Board may also refuse to register a transfer:

- (1) in the case of shares in certificated form, if it is not lodged duly stamped at the registered office of the Company;
- (2) if it is not in respect of one class of share only;
- (3) if it is not in favour of 4 or less transferees.

(c) Dividends

- (1) The Company may by ordinary resolution declare dividends but no such dividends shall exceed the sum recommended by the Board.

- (2) Subject to the Statutes, the Board may pay interim dividends if it appears to the Board that they are justified by the financial position of the Company. The Board may pay interim dividends on shares which confer deferred or non-preferred rights to dividends as well as on shares which confer preferential or special rights to dividends, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- (3) The Board may deduct from any dividend all sums of money presently payable to the Company by the member on account of calls or otherwise in respect of shares of the Company.
- (4) No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- (5) Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall unless the Board otherwise resolves, be forfeited and revert to the Company.
- (6) A general meeting declaring a dividend may, upon due recommendation of the Board, by ordinary resolution direct that it shall be satisfied wholly or partly by distribution of assets and, in particular, paid up shares or debentures of any other company.
- (7) All dividends and interest shall belong and be paid to those members whose names shall be on the register of members at the date on which such dividend is declared or interest be payable respectively or such other date as the Company by ordinary resolution or the Board may determine.

(d) Distribution of Assets on a winding-up

If the Company shall be wound-up, the liquidator may, with the sanction of a special resolution of the Company and subject to the Statutes, divide among the members in kind the whole or any part of the assets of the Company, but no member shall be compelled to accept any assets upon which there is a liability.

If the Company commences liquidation the liquidator can, with the authority of a special resolution passed by the Shareholders and any other sanction required by the Companies Acts, divide among the Shareholders the whole or any part of the assets of the Company. This applies whether the assets consist of property of one kind or of different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between the Shareholders. The liquidator can transfer any part of the assets to trustees upon such trust for the benefit of the Shareholders as the liquidator, acting under that resolution, decides. However, no Shareholder may be compelled to accept any shares or other property under this provision which carry a liability.

(e) Capitalisation of Profits

- (1) Upon a recommendation of the Board, the Company may pass an ordinary resolution to the effect that it is desirable to capitalise any part of the undivided profits of the Company not required if paying any preferential dividend or all or any part of any sum standing to the credit of any reserve or fund.
- (2) The Board may appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures, credited as fully paid to those members.

(f) Alteration of capital

- (1) Subject to the Statutes, variation of any of the rights attached to any class of shares may be varied with the written consent of the holders of at least $\frac{3}{4}$ of nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.
- (2) The Company may by ordinary resolution increase its share capital by new shares of such amount as the resolution prescribes, consolidate and divide all or any of its share capital into shares of larger amount than the existing shares, subject to the Statutes sub-divide its shares into shares of smaller amounts, and cancel any shares which have not been taken or agreed to be taken and diminish the amount of its share capital by the amount of the shares so cancelled.
- (3) Subject to the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account or other undistributable reserve in any manner.
- (4) The Articles do not contain any provisions relating to conversion of the Ordinary Shares.

(g) Purchase of Own Shares

Subject to the Statutes and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its shares.

(h) Directors

- (1) Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two but there shall be no maximum limit.
- (2) Each of the Directors shall be paid a fee for their services at such rate as may be determined from time to time by the Board provided that the aggregate of such fees shall not exceed £40,000 per annum or such higher amount as the Company may by ordinary resolution determine.
- (3) The Directors may be paid all travelling, hotel and other expenses properly incurred by them in the conduct of the Company's business.
- (4) Any Director who is appointed to any executive office or who serves on any committee or who devotes special attention to the business of the Company shall receive such remuneration or extra remuneration by way of salary, commission, participation in profits or otherwise as the Board or any committee authorised by the Board may determine.
- (5) At every annual general meeting one third of the Directors who are subject to retirement by rotation (or, if their number is not 3, then the number nearest but not greater than one third, shall retire from office by rotation).
- (6) No person shall be disqualified from being appointed a Director, and no Director shall be required to vacate his office, by reason only of the fact that he has attained the age of 70 years or any other age nor shall it be necessary by reason of his age to give special notice under the Statutes of any resolution.

(i) Directors interests

A Director shall not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning any matter in which he has to his knowledge an interest which is material and if he shall do so, his vote shall not be counted. A Director shall be entitled to vote on and be counted in the quorum in respect of any resolution concerning any of the following matters:

- (1) the giving to him of a guarantee, security or indemnity in respect of any money lent or obligations incurred by him for the benefit of the Company or any of its subsidiary undertakings;
- (2) the giving by the Company of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company for which he himself has assumed responsibility;

- (3) his subscribing or agreeing to subscribe for or purchasing or agreeing to purchase any shares or other securities of the Company;
- (4) any contract concerning any company not being a company in which a director owns 1 per cent. or more in which he is interested whether as an officer, shareholder, creditor or otherwise;
- (5) any arrangement for the benefit of the employees of the Company under which he benefits in a similar manner to the employees and which does not accord to any Director as such any privilege or advantage not according to the employees to whom the arrangement relates;
- (6) any contract concerning any insurance which the Company is empowered to purchase or maintain for or for the benefit of any Director.

(j) Borrowing powers

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Statutes, to issue debentures and other securities whether outright or as collateral security, for any debt liability or obligation of the Company or any third party. The aggregate principal amount from time to time outstanding on all borrowings of the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to the greater of 4 times the Adjusted Capital and Reserves and £20,000,000.

(k) General Meetings

The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The Directors can call an extraordinary general meeting at any time.

At least 21 clear days' written notice must be given for every annual general meeting and for any other meeting to pass a special resolution or to pass a resolution appointing a person as a Director. For all other general meetings, not less than 14 day's written notice must be given. The notice for any general meeting must state: (i) where the meeting is to be held; (ii) the date and time of the meeting; and (iii) the general nature of the business of the meeting. All members who are entitled to receive notice under the Articles must be given notice.

Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.

Each Director can attend and speak at any general meeting. The Chairman can also allow anyone to attend and speak where he considers that this will help the business of the meeting.

4 Market Quotations

4.1 *RGFC Shares*

The following table shows the middle market quotations for RGFC Shares, as derived from the alternative investment market section of the Daily Official List, on the first dealing day in each of the six months from 1 March to 1 August 2005 inclusive and on 4 August 2005 (being the last dealing day prior to the date of publication of this document):

<i>Date</i>	<i>Closing Price RGFC Shares</i>
1 March	159.5p
1 April	149.5p
1 May	143.5p
1 June	138.0p
1 July	137.5p
1 August	120.0p
4 August	117.5p

5 Material Contracts

5.1 *Material Contracts in relation to RGFC*

Set out below are summaries of:

- (i) those material contracts, other than those entered into in the ordinary course of business, which the Company or any member of the Group is a party, for the two years immediately preceding the date of this document: and
 - (ii) all other contracts (not being entered into in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as of the date of this document.
- (a) An agreement between the Company (1) and Xuelin Black (“XB”) and Rita Hraiz (“RH”) (2) (“the Cakes Agreement”) was entered into on 8 May 2003 which was completed on 2 July 2003. By virtue of the Cakes Agreement the Company agreed to acquire the entire issued share capital of Cakes.co.uk trading as Seriously Scrumptious from its then current shareholders (“XB”) and (“RH”) for a total consideration of £2 and also agreed to repay to XB the director’s loans she had invested in the Company, being a total sum of £94,500 together with the management and secretarial fees rendered by Abacus Investments Limited up to a total of £15,000 plus VAT.

The Cakes Agreement provides the Company with full warranty and indemnity protection in respect of Cakes.co.uk. The warranties are not limited either in value or in time.

By virtue of the Cakes Agreement each of XB and RH has agreed for a period of three years following completion that they shall not either directly or indirectly compete against Cakes.co.uk in the UK, Channel Islands, the Isle of Man or the Republic of Ireland.

- (b) An agreement (“the CF Agreement”) was entered into between the Company (1) and Upper Crust (2) on 22 May 2003 and was completed on 1 July 2003. The Company agreed to acquire the entire issued share capital of CFD from Upper Crust for a total consideration of £1 together with the assumption of net current liabilities as referred to below.

By virtue of the CF Agreement Upper Crust agreed that in relation to any intercompany indebtedness owed by CFD and Eurofoods to Upper Crust at completion repayment would not be enforced until CFD has calculated its profit before tax figure (“PBT”) for the first financial year after completion. Once this calculation had been established Upper Crust would ensure that any indebtedness above the assumed net liability position (referred to above) would be written off. In addition Upper Crust and the Company agreed that once the combined profit before tax figure of CFD and Eurofoods has been estimated the Company would procure the payment to Upper Crust of a sum equivalent to 50 per cent. of such PBT figure by way of an additional debt payment.

On 9 December 2004 the Company entered into a settlement agreement with Upper Crust pursuant to which Upper Crust waived any claims under the CF Agreement and the EF Agreement (as defined below) in consideration for the waiver by the Company of any claims under the CF Agreement and the EF Agreement the payment of £130,000 (payable by the Company) and thereby satisfied any entitlement Upper Crust might have had to deferred consideration or to any post completion adjustments under the CF Agreement or the EF Agreement.

- (c) An agreement (“the EF Agreement”) was entered into between the Company (1) and Upper Crust (2) on 22 May 2003 and was completed on 1 July 2003. By virtue of the EF Agreement, the Company conditionally agreed to acquire the entire issued share capital of Eurofoods from Upper Crust for a total consideration of £2.

Please refer to the CF Agreement summary paragraph 5.1(b) above for details of the consideration payable in respect of both Eurofoods and CFD.

Please refer to the settlement agreement summary set out in paragraph 5.1(b) above in relation to the settlement of any claims under the EF Agreement.

- (d) The Company entered into and completed an agreement on 1 July 2003 with RHM Overseas Limited (“RHM”) in relation to the acquisition of the entire issued share capital of Haydens (the “Haydens Acquisition Agreement”).

The total consideration payable was up to a maximum of £1,000,000 of which £400,000 was paid on completion (£124,000 directly to RHM and £276,000 to Haydens in respect of the settlement of intercompany indebtedness) and a further £450,000 was paid into escrow out of which three instalments of £150,000 were to be paid to RHM, at six monthly intervals from completion with the final payment being payable 18 months after completion.

Warranty and indemnity protection was obtained in the Haydens Acquisition Agreement and the cap on RHM’s liability was the total consideration payable. RHM agreed or agreed to procure that each of its group companies would not compete with Haydens Bakeries in connection with its business with Waitrose for a period of three years from completion other than in respect of specific business carried on by certain RHM group companies as identified in the Haydens Acquisition Agreement.

In January 2004 the Company paid to RHM the total sum £376,014 (obtaining a discount for early payment) in respect of the deferred consideration in full and final settlement of the total deferred consideration figure of £450,000.

- (e) With effect from 31 August 2003 the Company acquired all of the assets of Haydens, Cakes.co.uk, Eurofoods and CFD (“the Subsidiary Companies”) by virtue of four separate hive up agreements.
- (f) On 2 September 2003 a Deed of Warrant Grant was entered into between the Company (1) and J M Finn (2) (“the Warrant Agreement”). Pursuant to the Warrant Agreement, the Company granted a warrant to J M Finn to subscribe in cash for up to 1,615 ordinary shares of £1 each in the capital of the Company, exercisable at a price of £50 per share (which is now equivalent to 80,750 Ordinary Shares exercisable at a price of 100 pence per share). The warrant is exercisable in whole or part at any time and from time to time up to the sixth anniversary of the date of the Warrant Agreement, and to the extent unexercised then lapses.

The Warrant Agreement provides that in the event of any rights issue or other issue of shares or in the event of a further issue of shares by way of capitalisation, reserves or profits or any subdivision or consolidation in the ordinary share capital of the Company, the nominal amount and the number of shares subject to the Warrant Agreement will be adjusted by the Board to take account of such event. The Warrant Agreement is only assignable in whole, save that assignments in part may be effected in favour of up to a maximum of two employees of J M Finn, but not otherwise.

If an offer is made to the holders of shares in the capital of the Company to acquire the whole or any part of the issued share capital of the Company, then the Company is under an obligation to give notice to J M Finn and J M Finn will be entitled to exercise its subscription rights so as to take effect as if it had exercised its rights immediately prior to the record date of such offer.

On 15 September 2003 a second Deed of Warrant was entered into between the Company (1) and J M Finn (2) on the same terms as above, save that the warrant is in respect of 700 Ordinary Shares of £1 each (which is now equivalent to 35,000 Existing Ordinary Shares exercisable at a price of 100 pence per share) and can only be assigned to a person or corporation who is approved by the Company.

- (g) A lock-in and orderly market undertaking dated 24 September 2003 granted in favour of the Company, J M Finn and John East & Partners by Menton. Pursuant to the terms of this undertaking, Menton undertook (subject to certain limited exceptions including disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of the Company), not to dispose of the Existing Ordinary Shares held by each of it or persons connected with it (or any interest therein) at any time prior to 26 September 2004 nor for a period of 12 months thereafter without the prior written consent of J M Finn, such consent not to be

unreasonably withheld or delayed, and then only on an orderly market basis through J M Finn or any other broker for the time being to the Company.

- (h) A Placing Agreement dated 25 September 2003 between the Company (1) the Directors (2) John East & Partners (3) and J M Finn (4) pursuant to which;
 - (i) John East & Partners agreed to act as nominated adviser to the Company; and
 - (ii) J M Finn agreed to use reasonable endeavours to procure subscribers for the 1,090,909 placing shares issued by the Company at 110p per share.

The agreement contained indemnities and warranties from the Company and warranties from the Directors in favour of John East & Partners and J M Finn.

The Directors, on behalf of themselves, their families and others deemed to be connected with them, undertook not to dispose of any Ordinary Shares, save in the event of an intervening court order, a takeover becoming or being declared unconditional, or as regards an individual, in the event of the death of an individual, and save also pursuant to a sale to meet any liability incurred under the agreement until 29 September 2004 and for a further period of 12 months on an orderly market basis through J M Finn or the successor to the position of nominated broker to the Company from time to time, except with the prior written consent of John East & Partners and J M Finn, which consent shall not be unreasonably withheld or delayed.

- (i) A Placing Agreement dated 22 December 2003 between the Company (1) and the partners of J M Finn (2) pursuant to which J M Finn agreed to use reasonable endeavours to procure subscribers for the 7,407,407 placing shares issued by the Company at 135 pence per share.

The agreement contained indemnities and warranties from the Company in favour of J M Finn.

- (j) On 19 April 2004 the Company entered into the Five Star Agreement in relation to the acquisition of the entire issued share capital of Five Star.

The initial aggregate consideration was £16,600,000. The sum of £14,608,114 was paid to the Five Star vendors on completion of the Five Star Agreement and was satisfied by the transfer of £13,608,114 in cash and the issue of 695,410 Consideration Shares; the Company also assumed bank borrowing liabilities of £787,611. In addition, the vendors under the Five Star Agreement and the directors of Five Star were granted 465,925 Five Star Options under the Five Star Option Plan.

The vendors under the Five Star Agreement have also received a further payment, as a deferred working capital adjustment, of £1,086,000.

The vendors under the Five Star Agreement have become entitled to deferred consideration of £3,000,000, to be satisfied in cash and based on the adjusted profit before interest of the Five Star business ("EBIT"). In respect of this amount and the working capital adjustment referred to above the Company has paid the sum of £1,180,000.

Where EBIT for the year ending 31 December 2005 exceeds the previous years EBIT, then a further payment will be due to the vendors under the Five Star Agreement equal to 6 times the amount by which EBIT for the year ending 31 December 2005 exceeds £3,333,333 (up to a maximum of £1,000,000).

The Five Star Agreement also contained a tax covenant to cover tax liabilities of the Target Group. A retention amount equal to £4,060,000 was on completion of the Five Star Agreement deposited in an escrow account to cover certain liabilities of the vendors arising under the Five Star Agreement, of which £703,368 has now been released to the vendors.

Two hive up agreements were entered into on 9 February 2005 by virtue of which, with effect from 31 December 2004, the Company acquired all of the assets of Five Star and Tom Darwood.

- (k) The Company has received applications to subscribe for 4,162,558 new Ordinary Shares at 121.95 pence per Ordinary Share (representing a discount of 10 per cent. to the closing price on the day before the Offer was announced) where Numis declare the Offer unconditional in all respects.
- (l) The Company entered into a Credit Agreement dated 13 May 2004 (“the Credit Agreement”) with the Royal Bank of Scotland plc (as agent for National Westminster Bank plc) relating to a revolving credit facility of up to £5,500,000 and a term loan of up to £2,000,000 (together the “Facilities”). The term loan became repayable as from 30 September 2004 in tranches of £125,000 every six months until 24 September 2011.
- (m) The Company also has two invoice discounting facilities with the Royal Bank of Scotland Commercial Services Limited (“RBSCS”). The total cap on these facilities is £4,000,000. In practice £2,000,000 is applied by RBSCS against the debtors of the Haydens Bakeries and Cool Fresh divisions of the Company and £2,000,000 against the debtors of the Five Star Fish.

A working capital facility of up to £500,000 is also available to the Company under an overdraft facility letter dated 13 May 2004 between the National Westminster Bank plc and the Company.

These facilities are secured by virtue of debentures, legal charges and cross guarantees in favour of the National Westminster Bank plc and RBSCS.

- (n) The Company has entered into a New Credit Agreement with, *inter alia*, Royal Bank of Scotland plc and Rabobank International (as arrangers) and National Westminster Bank plc and Rabobank International (as original lenders) for an aggregate facility of £69,500,000 for the Enlarged Group consisting of:
 - (i) a term loan of £45,000,000 which is repayable in six monthly instalments (which increase annually) commencing on 30 June 2005 for a period of 7 years from the date of the New Credit Agreement;
 - (ii) a revolving credit facility of up to £20,500,000 which is limited by reference to 75 per cent. of the debtors and 25 per cent. of the Stock of the Enlarged Group and reduces by £2,600,000 per annum from 31 December 2009 until the final repayment date being 7 years from the date of the New Credit Agreement;
 - (iii) a working capital facility of £4,000,000 repayable on demand;

the facilities are to be secured by virtue of debentures, legal charges, cross guarantees and assignments of key man policies in favour of the lenders. On drawdown of these new facilities the current facility agreements with both RGFC and NBF will be terminated. The interest rate applicable to the new facilities shall be 2.00 per cent. above LIBOR (being the British Bankers Association Interest Settlement Rate shown on the appropriate Telerate screen). Commitment fees of 0.75 per cent. are payable by the Company in respect of any available but undrawn new facilities. Such commitment fee would accrue from the date on which any part of the new facilities are draw down by the Company.

5.2 Set out below are summaries of:

- (i) those material contracts, other than those entered into in the ordinary course of business, which NBF or any member of the NBF group is a party, for the two years immediately preceding the date of this document: and
 - (ii) all other contracts (not being entered into in the ordinary course of business) entered into by any member of the NBF group which contains any provision under which any member of the NBF group has any obligation or entitlement which is material to the NBF group as of the date of this document.
- (a) A Placing Agreement dated 16 December 2003 between NBF (1) the NBF Directors (2) John East & Partners (3) and J M Finn (4) pursuant to which:

- (i) John East & Partners agreed to act as nominated adviser to NBF; and
- (ii) J M Finn agreed to use reasonable endeavours to procure subscribers for the 9,090,909 placing shares proposed to be issued by NBF at 110 pence per share.

The Placing Agreement contained indemnities and warranties from NBF and warranties from the NBF Directors in favour of John East & Partners and J M Finn.

The NBF Directors, on behalf of themselves, their families and others deemed to be connected with them, undertook not to dispose of any ordinary shares of NBF, save in the event of an intervening court order, a takeover becoming or being declared unconditional, or as regards an individual, in the event of the death of an individual and save also pursuant to a sale to meet any liability incurred under the Placing Agreement, for a period of 12 months following Admission except with the prior written consent of John East & Partners and J M Finn and for a further period of 12 months, except with the prior written consent of John East & Partners and J M Finn which consent shall not be unreasonably withheld or delayed and then only through J M Finn or the successor to the position of broker to NBF from time to time. Fees were paid under the Placing Agreement as follows: £125,000 was paid to John East and Partners; £278,669.11 was paid to JM Finn (being 3 per cent. of total fees raised) together with a further payment of £35,000; and 456,545 warrants in NBF were issued to JM Finn at a price of £1.10 per share.

- (b) A lock-in and orderly market undertaking dated 16 December 2003 granted in favour of the NBF, John East & Partners and J M Finn by NB. Ingredients. Pursuant to the terms of this undertaking, NB. Ingredients undertook (subject to certain limited exceptions including disposals by way of acceptance of a recommended takeover offer for the entire issued share capital of NBF), not to dispose of the ordinary shares held by it in NBF or persons connected with it (or any interest therein) for a period of 12 months following Admission nor for a period of 12 months thereafter without the prior written consent of John East & Partners and J M Finn, such consent not to be unreasonably withheld or delayed, and then only on an orderly market basis through J M Finn or any other broker for the time being to NBF.
- (c) On 12 December 2003 NBF entered into an agreement with NB. Ingredients, the trustees of a settlement know as RGST made pursuant to a deed of appointment dated 11 September 1998 between Patrick Ridgwell and his wife (“RGST”) and Napier Brown Holdings (“the Acquisition Agreement”) pursuant to which NBF acquired the entire issued share capitals of Napier Brown & Company, Sefcol and Garrett.

The initial consideration payable pursuant to the Acquisition Agreement of £35 million was satisfied as to £15 million by the issue of 13,636,363 ordinary shares of NBF to NB. Ingredients with the balance of £20 million paid in cash.

Further deferred consideration, of £15,774,000 was satisfied by the issue by NBF of a £6,500,000 loan note, a £6,500,000 first convertible loan note and £2,774,000 second convertible loan note to NB. Ingredients.

The convertible loan notes issued in respect of the deferred consideration bear interest on the principal sums at a rate of LIBOR plus 0.5 per cent. Interest is paid and compounded on the relevant redemption dates contained in the loan notes. The loan note holders have the right to convert their convertible loan notes into ordinary shares in NBF at the prevailing market price (ranking *pari passu* with the then existing ordinary shares) by extraordinary resolution on the failure of NBF to pay any principal or interest within 15 days of the due date or to extend the relevant due date for a period of six months. In the event that NBF has sufficient available cash it shall on any due date make a partial payment to the holders and the conversion or extension right shall only apply to the residual amount which has not been paid.

NB. Ingredients agreed that it shall not and will procure that no member of the Retained Group (as defined in the Acquisition Agreement) (i.e. the companies which were not acquired by NBF and are under the control of Napier Brown Holdings) shall for a period of three years after the

completion date indirectly or directly carry on or be concerned or engaged in any way with any business which competes in either the UK, the Channel Islands, Australasia, US or Europe with (a) the Core Business (as defined in the Acquisition Agreement) and (b) the Non-Core Business (as defined in the Acquisition Agreement) save that the acquisition of a company or business up to 10 per cent. of whose turnover shall or may be competitive with any Non-Core Business shall subject to prior notification to NBF be permitted. In addition, NB. Ingredients also agreed for a period of three years from completion not to solicit any business from customers of any member of the NBF Group or entice away from the NBF Group any officer, consultant or senior managerial employee; there is also a general prohibition on the use of confidential information by NB. Ingredients or any member of the Retained Group; Deeds of restrictive covenant were entered into by each of Patrick George Ridgwell and Anthony Patrick Ridgwell in the same terms as outlined above.

The obligations of NB. Ingredients were guaranteed by the trustees of RGST, limited to the assets in the trust and by Napier Brown Holdings (without limitation) and the trustees of RGST also undertook that in the event of becoming aware of being notified of a warranty claim they will ensure that sufficient funds are retained in order to satisfy such a claim.

Warranty protection was obtained from NB. Ingredients. The total liability of NB. Ingredients for breach of warranty under the Acquisition Agreement is limited to the total consideration payable pursuant to the Acquisition Agreement (up to a maximum of £60 million). Warranty claims may be brought against NB. Ingredients in the event that the aggregate value of such warranty claims is equal to or exceeds £150,000 and in such event the whole amount may be claimed. The time period in which NBF may bring a claim is 2 and a half years from completion for a warranty claim and 7 years from completion for a tax warranty claim. NBF has brought a warranty claim for £460,594 that has been settled by NB. Ingredients.

Indemnity protection was obtained in respect of a group reorganisation which took place prior to the Acquisition Agreement being entered into, the Normanton site (as referred to below), a repayment of a loan by NB. Chilled Limited, failure by Garrett to obtain consent from the landlord to alterations at the Thornbury site and in relation to any potential breach of the restrictive Covenants at Runcorn.

NB. Ingredients instructed environmental consultants to evaluate environmental risks at the factory site at Normanton and also on a nearby site used for product storage. The intrusive investigations carried out by the environmental consultants included soil and groundwater sampling and analysis, workspace air monitoring, analysis of concrete samples from the factory and warehouse floor and also analysis and assessment of drinking water quality. Based upon the completed tests and checks the environmental consultants did not identify any current appreciable environmental risk to site operations or site occupants. However the reports have identified some contaminants in soil and groundwater at the factory site at Normanton. These contaminants did not arise from the activities of NB. Ingredients or the NBF Group. The relevant reports were addressed to both NB. Ingredients NBF and as such both parties can rely upon the findings of the reports.

The Acquisition Agreement also contained a deed of tax covenant to cover any tax liability of the NBF Group companies post-completion which has not been provided for and no de minimis applies. NBF has claimed £634,333 in respect of tax warranties that have been settled.

- (d) An agreement (“the JBS Agreement”) was entered into between NBF (1), ED&F Man Holdings Limited (“ED&F Man”) (2) and Greencore Group plc (“Greencore”) (3) on 7 July 2004. NBF agreed to acquire the entire issued share capital of James Budgett.

The total consideration payable on completion was £12,100,000 (“Cash Consideration”) and the allotment and issue of 4,186,046 ordinary shares in the capital of NBF. Of the Cash Consideration, £11,600,000 was paid on completion and £500,000 is to be paid on the second anniversary of completion.

In addition, the JBS Agreement provided for a completion accounts procedure to determine the net asset value of the NBF Group as at 30 June 2004. Following finalisation of the completion accounts, a payment of £123,000 was paid by the sellers to NBF.

Warranty and indemnity protection was obtained from the sellers. The parties to the JBS Agreement also entered into a tax deed with James Budgett on 4 July 2004.

No warranty claim can be brought unless the sellers are notified of a claim within 24 months of completion. The liability of ED&F Man under the warranties and tax deed was capped at the lesser of (1) £11,666,665 and (2) £8,066,500 plus the value of the consideration shares held by ED&F Man immediately prior to a claim being made, including any amounts realised on a prior disposal of consideration shares. The liability of Greencore under the warranties and tax deed was capped at the lesser of (1) £5,833,335 and (2) £4,033,500 plus the value of the consideration shares held by ED&F Man immediately prior to a claim being made, including any amounts realised on a prior disposal of consideration shares.

NBF provided certain warranties relating to its share capital, its capacity to enter into the JBS Agreement and its solvent status. The aggregate liability of NBF was capped at £5,400,000 and no warranty claim can be brought against NBF unless NBF is notified of a claim within 24 months of completion.

The sellers undertook not to compete with the activities of the NBF Group and not to solicit the business of any customers of the NBF Group, in each case for a period of 3 years from completion.

A sale and purchase agreement was entered into on 1 April 2005, by virtue of which NBF acquired the Renshaw business.

- (e) An agreement (“the RS Agreement”) was entered into between NBF (1), Napier Brown & Company (2), Renshaw Scott Unlimited (“Renshaw”) (3) and Hero AG (4) on 2 September 2004. NBF agreed to acquire as a going concern the business and certain business assets of Renshaw for a total consideration of £18,496,750. The consideration was satisfied by the payment of £16,996,750 in cash and the allotment of 1,145,868 shares in the capital of NBF to Renshaw.

Warranty and indemnity protection was obtained in the RS Agreement and the cap on Renshaw’s liability was the total consideration payable. No warranty claim can be brought unless Renshaw is notified of a claim on or before 31 August 2006.

NBF guaranteed the performance by Napier Brown & Company of its obligations under the RS agreement. In addition, Hero AG guaranteed the performance of the obligations of Renshaw under the RS agreement.

A sale and purchase agreement was entered into on 26 March 2004 pursuant to which NBF acquired the Renshaw business.

- (f) The members of the NBF Group have entered into several agreements with The Royal Bank of Scotland plc (“RBS”) and The Royal Bank of Scotland Commercial Services Limited (“RBSCS”) including:
- (i) Credit Agreement dated 15 December 2003 as amended pursuant to an amendment agreement dated 19 May 2004 and as amended and restated pursuant to an amendment and restatement agreement dated 7 July 2004 and an amendment and restatement agreement dated 2 September 2004 between NBF and RBS relating to a revolving credit facility of £18,500,000, a term loan of £7,000,000, a property term loan of £10,000,000 and a working capital facility of £5,000,000 (together the “Facilities”). The term loan becomes repayable as from September 2005 in tranches of £200,000 or £750,000 every 6 months thereafter until March 2013. The Facilities become repayable upon a change of control, a sale (as defined) or upon a refinancing. The Credit Agreement requires NBF to provide warranties *inter alia* relating to litigation, events of default, insurances, environmental

matters and intellectual property each of which shall be deemed repeated on every draw down of funds. NBF has agreed to adhere to a series of financial covenants. NBF has agreed, *inter alia*, that it will not without the consent of RBS, incur capital expenditure which is 25 per cent. in excess of budget, dispose of assets other than in the ordinary course of business or where below an annual threshold of £250,000, declare or pay dividends other than in accordance with the Articles of Association and subject to such declaration or payment not triggering an event of default at the time or for a period of 6 months thereafter, make any material changes to the Memorandum and/or Articles of Association. The events of default include non-payment under the Facilities, misrepresentation, insolvency, cessation of employment of Christopher Thomas or Simon Barrell without replacement within 180 days of such cessation, loss of key customers or material adverse effect.

Interest payable on the term loan is 2.5 per cent. above LIBOR. Interest payable on the property term loan is 1.5 per cent. above LIBOR. Interest payable on the revolving credit facility is 1.75 per cent. above LIBOR. Interest payable on the working capital facility is 1.5 per cent. above the base rate of RBS.

A commitment fee of £263,750 was payable at the time the Acquisition Agreement was entered into. A commitment fee of £210,000 was payable at the time the JBS Agreement was entered into. A commitment fee of £400,000 was payable at the time the RS Agreement was entered into.

- (ii) Debenture dated 15 December 2003 between NBF and RBS securing all NBF's liabilities to RBS by means *inter alia* of a legal mortgage over the NBF's freehold and leasehold property, fixed charge over fixtures and fittings, plant and machinery, intellectual property, stocks and shares together with a floating charge over all the undertaking and all property assets and rights of NBF.
- (iii) Debenture dated 15 December 2003 between Napier Brown & Company and RBS securing all Napier Brown & Company's liabilities to RBS by means *inter alia* of a legal mortgage over its freehold and leasehold property, fixed charge over fixtures and fittings, plant and machinery, intellectual property, stocks and shares together with a floating charge over all the undertaking and all property assets and rights of Napier Brown & Company.
- (iv) Unlimited Inter Company Composite Guarantee dated 15 December 2003 in favour of RBS from NBF, Garrett and Napier Brown & Company, jointly and severally guaranteeing the discharge of each company's liabilities to RBS.
- (v) Debenture dated 15 December 2003 between Garrett and RBS securing all Garrett's liabilities to RBS by means *inter alia* of a legal mortgage over its freehold and leasehold property, fixed charge over fixtures and fittings, plant and machinery, intellectual property, stocks and shares, together with a floating charge over all the undertaking and all property assets and rights of Garrett.
- (vi) Legal Charge dated 15 December 2003 between Napier Brown & Company and RBS in respect of Napier Brown & Company's freehold property in Normanton.
- (vii) Legal Charge dated 15 December 2003 between Garrett and RBS in respect of Garrett's leasehold property at Thornbury.
- (viii) Invoice discounting agreement dated 7 July 2004 between James Budgett and RBSCS creating invoice discounting arrangements for a minimum period of 12 months.
- (ix) Deed of Priority dated 7 July 2004 between James Budgett, RBS and RBSCS regulating the priority arrangements between RBS and RBSCS.

- (x) Debenture dated 7 July 2004, between Bextra Limited and RBS securing all Bextra Limited's liabilities to RBS by means *inter alia* of a legal mortgage over its freehold and leasehold property, fixed charge over fixtures and fittings, plant and machinery, intellectual property, stocks and shares, together with a floating charge over all the undertaking and all property assets and rights of Bextra Limited.
- (xi) Debenture dated 7 July 2004, between James Budgett Sugars Limited and RBS securing all James Budgett's liabilities to RBS by means *inter alia* of a legal mortgage over its freehold and leasehold property, fixed charge over fixtures and fittings, plant and machinery, intellectual property, stocks and shares, together with a floating charge over all the undertaking and all property assets and rights of James Budgett.
- (xii) Guarantee and indemnity dated 7 July 2004 in favour of RBSCS from NBF guaranteeing the discharge of liabilities of James Budgett to RBSCS.
- (xiii) Fixed and floating charges dated 7 July 2004 between James Budgett and RBSCS securing all James Budgett's liabilities to RBSCS by means of fixed and floating charges over its assets and undertaking.
- (xiv) Invoice discounting agreement dated 2 September 2004 between Napier Brown & Company and RBSCS creating invoice discounting arrangements for a minimum period of 12 months.
- (xv) Deed of Priority dated 2 September 2004 between RBSCS, RBS and Napier Brown & Company regulating the priority arrangements between RBS and RBSCS.
- (xvi) Legal Charge dated 2 September 2004 between Napier Brown & Company and RBS in respect of Napier Brown & Company's freehold and leasehold properties in Liverpool.
- (xvii) Standard security dated 2 September 2004 between Napier Brown & Company and RBS in respect of Napier Brown & Company's property at Carluke.
- (xviii) Guarantee and indemnity dated 2 September 2004 in favour of RBSCS from NBF guaranteeing the discharge of the liabilities of Napier Brown & Company to RBSCS.
- (xix) Fixed and floating charge dated 2 September 2004 between Napier Brown & Company and RBSCS securing all Napier Brown & Company's liabilities to RBSCS by means of fixed and floating charge over its assets and undertaking.
- (xx) Legal Charge dated 21 October 2004 between Napier Brown & Company and RBS in respect of Napier & Company's freehold properties in Runcorn.

6 Taxation

(a) *UK Taxation of Dividends*

The following information is based upon the laws and practice currently in force in the UK and may not apply to persons who do not hold their Ordinary Shares as investments.

Under current UK tax legislation, no tax is now withheld from dividends paid by the Company, Advance Corporation Tax ("ACT") was abolished from 6 April 1999.

UK resident individual shareholder are treated as having received income of an amount equal to the sum of the dividend and its associated tax credit, the rate of tax credit for dividends paid from 6 April 1999 being 10 per cent. of the sum of the dividend and the tax credit (i.e. the tax credit will be one ninth of the dividend). The tax credit will effectively satisfy a UK resident individual shareholder's lower and basic rate (but not higher rate) income tax liability in respect of the dividend. UK resident individual shareholders who are subject to tax at the higher rate will have to account for additional tax. The special rate of tax set for higher rate taxpayers who receive dividends is 32.5 per cent. After taking account of the 10 per cent. tax credit, such a taxpayer would have to account for additional tax of 22.5 per cent.

In determining what tax rates apply to a UK resident individual shareholder, dividend income is treated as his top slice of income.

Prior to 6 April 1999, in appropriate cases, individuals and charities were able to reclaim all or part of the tax credit attaching to a dividend in cash from the Inland Revenue. From 6 April 1999 they are no longer able to do so. Over a transitional period to 2003/04, charities (but not individuals) will be able to claim a compensatory payment calculated as a percentage payment of their dividend income.

A UK resident (for tax purposes) corporate shareholder will generally not be liable to UK corporation tax on any dividend received from another UK resident corporate and will be entitled for tax purposes to treat any such dividend and the related tax credit as franked investment income.

A UK pension fund, as defined in Section 231A Income and Corporation Taxes 1988, is restricted from claiming a repayment of the tax credit.

Shareholders not resident in the UK are generally not taxed in the UK on dividends received by them (unless exceptionally, the investment is managed by a UK investment manager acting, broadly, on arm's length terms). By virtue of double taxation agreements between the UK and other countries, some overseas shareholders are able to claim payment of all or part of the tax credits carried by the dividends they receive from UK companies. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

(b) *Stamp duty and stamp duty reserve tax*

No charge to stamp duty or stamp duty reserve tax ("SRDT") will arise on the registration of applications for Ordinary Shares under the Placing. Transfers of or sale of Ordinary Shares will be subject to *ad valorem* stamp duty (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given rounded up to the next £5.00). An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form within two months of the day on which such agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given). However, if within six years of the date of the agreement, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on the instrument, any liability to SDRT will be cancelled or repaid.

The above is a summary of certain aspects of current law and practice in the UK. A Shareholder who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

7 Working capital

In the opinion of the Company, taking into account the bank and other facilities to be made available to it the working capital available to the Group is sufficient for its present requirements, that is for at least the 12 months following the date of this document.

8 Significant Change

There has been no significant or material change in the financial or trading position of the Group since 31 December 2004, the date to which the Accountants' Report in Section A of Part VI of this prospectus is made up, save as disclosed in this prospectus in respect of the closure of the loss-making Cool Fresh business at Part V paragraph 8.

There has been no material change in the financial or trading position of NBF since 3 April 2005, the date to which the last audited financial statements of NBF were prepared.

9 Litigation

There is not currently nor has there in the last 12 months been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which have had or may have a significant effect on the financial position or profitability of the Company or the Group and, so far as the Company is aware, there are no such governmental, legal or arbitration proceedings pending or threatened against the Company or the Group.

10 General

10.1 The accounting reference date of the Company is 31 December.

10.2 The total costs and expenses payable by the Company in connection with the Proposals (including professional fees, commissions, the costs of printing and the fees payable to the registrars and Numis Securities Limited are estimated to amount to approximately £5.3 million (including estimated irrecoverable VAT).

10.3 The Directors believe that there are no trademarks, patents, licences or contracts relating to intellectual property which are of fundamental importance to the Enlarged Group's business or profitability.

10.4 No person (other than professional advisers referred to in this document and trade suppliers) has received, directly or indirectly, from the Company within 12 months preceding the date of this document or entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more, calculated by reference to the issue price, or any other benefit with a value of £10,000 or more at the date of Admission.

10.5 Each of the Directors is, or may be deemed to be, a promoter of the Company.

10.6 The financial information for the relevant accounting period set out in the Accountants' report in Part VI concerning the Company and NBF does not constitute statutory accounts of the Company within the meaning of section 240 of the Act.

10.7 There are no arrangements under which future dividends are waived or are agreed to be waived.

10.8 None of the Directors nor any member of the respective Family has a Related Financial Product.

10.9 There is no further information which the Company reasonably considers is necessary to provide a full understanding of the assets, liabilities, financial position, profits and losses and aspects of the Company and the Ordinary Shares or the rights attaching thereto or other matter contained in this document.

10.10 There is no agreement, arrangement or understanding whereby the beneficial ownership of securities acquired under the offer will be transferred to any other person.

10.11 Save as disclosed in part III, part V and this Part XII of this document, there are no agreements, arrangements or undertakings having connection with or dependence upon the proposed transaction.

10.12 The following make markets in the shares of RGFC: Numis Securities, KBC Peel Hunt and Winterflood Securities.

11 Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays and public holidays excepted) at the offices of Joelson Wilson & Co., 70 New Cavendish Street, London W1G 8AT until one month from the date on which the Enlarged Issued Share Capital is admitted to trading on AIM.

- (a) the Memorandum and Articles of Association of the Company and NB. Ingredients;
- (b) the reports from the Reporting Accountants set out in Part VI and Part VII of this document;

- (c) the service contracts, letters of appointment and services agreements referred to in paragraph 3 of Part XII;
- (d) the Share Option Plans and the New Plans referred to in paragraphs 4 and 5 of Part XI;
- (e) the material contracts referred to in paragraph 5 of Part XII for the Company and NB. Ingredients;
- (f) the consent letters referred to in paragraph 1 of Part IV; and
- (g) the Offer Document;
- (h) the last 2 years published audited consolidated accounts for the Company and NBF;
- (i) all irrevocable commitments referred to in paragraphs 6 of Part V;
- (j) the reports and written consents from the auditors and financial advisers in respect of the Profit Forecast referred to in Part X;
- (k) the report from the auditors in respect of the pro forma statement of net assets, as set out in Part IX; and
- (l) letter containing details of the inducement fee referred to in paragraph 6 of Part V.

Copies of this document are available to the public, free of charge, at the offices of Numis Securities Limited, Cheapside House, 138 Cheapside, London EC2V 6LH, during normal business hours on any weekday (Saturdays and public holidays excepted) from the date of this document until one month from the date on which the Enlarged Issued Share Capital is admitted to trading on AIM.

5 August 2005

PART XIII

Conditions and further terms of the Offer

Section A: Conditions of the Offer

The Offer will comply with the applicable rules and regulations of the Code, will be governed by English law and will be subject to the jurisdiction of the Courts of England and Wales. The Offer will be subject to the terms and conditions to be set out in this document and accompanying Form of Acceptance and will be subject to the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by no later than the first closing date, which will be 21 days after the posting of this document (or such later time(s) and/or date(s) as RGFC may, subject to the rules of the Code, decide) in respect of not less than 90 per cent. in nominal value (or such lesser percentage as RGFC may decide) of the NBF Shares to which the Offer relates, provided that this condition shall not be satisfied unless RGFC and/or its wholly-owned subsidiaries shall have acquired or agreed to acquire, whether pursuant to the Offer or otherwise, NBF Shares carrying, in aggregate, more than 50 per cent. of the voting rights normally exercisable at general meetings of NBF, including for this purpose (to the extent, if any, required by the Panel) any such voting rights attaching to any NBF Shares which are unconditionally allotted or issued fully paid (or credited as fully paid) before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any subscription or conversion rights or otherwise. For the purposes of this condition:
 - (i) the expression “NBF Shares to which the Offer relates” shall be construed in accordance with sections 428-430F (inclusive) of the Act; and
 - (ii) NBF Shares which have been unconditionally allotted but not issued shall be deemed to carry the voting rights which they will carry on issue;
- (b) without limitation to condition (d) below, RGFC not having discovered or otherwise become aware prior to the date when the Offer would otherwise have become or been declared unconditional that the Office of Fair Trading intends, or is reasonably likely, to refer the proposed acquisition of NBF by RGFC, or any matters arising therefrom, to the Competition Commission pursuant to section 33 of the Enterprise Act 2002;
- (c) save as disclosed in NBF’s annual report and accounts for the year ended 28 March 2004, the preliminary results of NBF for the 53 week period ended 3 April 2005 announced on 27 July 2005, or as publicly announced by NBF by the delivery of an announcement to a Regulatory Information Service prior to 26 July 2005, or as fairly disclosed in writing to RGFC or its financial or professional advisers prior to 26 July 2005, (such public announcements, disclosures or information being referred to in these terms and conditions as being “revealed”), there being no provision of any agreement, authorisation, arrangement, franchise, consent, lease, licence, permit or other instrument to which any member of the NBF Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which as a result of the Offer or the proposed acquisition by RGFC of any shares in, or control of, NBF or otherwise, is reasonably likely to result (in each case to an extent which is material in the context of the NBF Group taken as a whole) in:
 - (i) any monies borrowed by, or any other indebtedness, actual or contingent, of or any grant available to, any such member being or becoming repayable or capable of being declared repayable immediately or earlier than its stated maturity date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn, prohibited or inhibited or becoming capable of being withdrawn, prohibited or inhibited;
 - (ii) any such agreement, authorisation, arrangement, franchise, consent, lease, licence, permit or other instrument or the rights, liabilities, obligations or interests of any such member thereunder being or becoming capable of being terminated or adversely modified or affected;

- (iii) the business of any such member in or with any other person, firm, company or body (or any arrangements relating to such business) being terminated, modified or adversely affected;
- (iv) any material assets or material interests of any such member being or falling to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any such member otherwise than in the ordinary course of business;
- (v) the creation of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such security (whenever created, arising or having arisen) becoming enforceable or being enforced;
- (vi) the financial or trading position or profits of any member of the Wider NBF Group being prejudiced or adversely affected;
- (vii) the creation of any material liabilities (actual or contingent) (other than in the ordinary course of business) by any member of the Wider NBF Group;
- (viii) any such member ceasing to be able to carry on business under any name under which it presently does;

and no event having occurred which, under any provisions of any such arrangement, franchise, consent, lease, licence, permit or other instrument, would result in any of the events or circumstances which are referred to in paragraph (i) to (viii) of this condition (c) in any case to an extent which is or would be material in the context of the Wider NBF Group taken as a whole;

- (d) no government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body or authority (including, without limitation, any national anti-trust or merger control authority), court, trade agency, institution or any other similar body or person whatsoever in any jurisdiction (each a “Third Party” and all collectively “Third Parties”) having instituted or implemented or threatened, or having decided to institute, implement or threaten, any action, proceeding, suit, investigation, enquiry or reference or having made, proposed or enacted any statute, regulation, order or decision or taken any other steps which is reasonably likely to (in each case to an extent which is material in the context of the Wider NBF Group or the Wider RGFC Group, as the case may be, in each case taken as a whole):
 - (i) make the Offer or its implementation or the Acquisition or the proposed acquisition by RGFC of all or any NBF Shares, or the acquisition or proposed acquisition of other securities in, or control of, NBF by RGFC, void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, restrain, restrict, prohibit, challenge, frustrate, delay or interfere with the same, or impose additional material conditions or obligations with respect thereto, or otherwise require material amendment to the terms of the Offer or any such acquisition (including, without limitation, taking any steps which would entitle the NBF Board to require RGFC to dispose of all or some of its NBF Shares or restrict the ability of RGFC to exercise voting rights in respect of some or all of such NBF Shares);
 - (ii) require, prevent or delay the divestiture, or alter the terms envisaged for any proposed divestiture, by any member of the Wider RGFC Group or any member of the Wider NBF Group of all of any material portion of their respective businesses, assets or properties or impose any limitation on the ability of any of them to conduct their respective businesses or to own any of their respective assets or property to an extent which is material in the context of the Wider RGFC or the Wider NBF Group taken as a whole, respectively;
 - (iii) impose any material limitation on, or result in a delay in, the ability of any member of the Wider RGFC Group to acquire or hold or exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities (or the equivalent) in any member of the Wider NBF Group or to exercise management control over any such member;

- (iv) otherwise materially and adversely affect in any respect any or all of the businesses, assets or profits of any member of the Wider RGFC Group or any member of the Wider NBF Group respectively;
- (v) result in any member of the Wider NBF Group ceasing to be able to carry on business or impose any limitation on the ability of any member of the Wider RGFC Group or any member of the Wider NBF Group to integrate or co-ordinate its business, or any part of it, with the business of any member of the Wider NBF Group or the Wider RGFC Group to an extent that is material in the context of the Wider RGFC Group or the Wider NBF Group;
- (vi) save pursuant to the Offer or Part XIII A of the Act, require any member of the Wider RGFC Group or of the Wider NBF Group to offer to acquire any shares or other securities) in any member of the Wider NBF Group owned by any third party;

and all applicable waiting and other time periods during which any such Third Party could take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference under the laws of any relevant jurisdiction or enact any such statute, regulation, order or decision or take any steps having expired, lapsed or been terminated;

- (e) all authorisations, orders, recognitions, grants, determinations, consents, licences, confirmations, clearances, certificates, permissions and approvals (each an “Authorisation”) which are necessary in any relevant jurisdiction for or in respect of the Offer or the proposed acquisition of any shares or other securities in, or control of, NBF or any other member of the Wider NBF Group by any member of the Wider RGFC Group or the carrying on by any member of the Wider NBF Group of its business having been obtained, in terms and in a form reasonably satisfactory to RGFC from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider NBF Group has entered into contractual arrangements, in each case where the absence of such Authorisation from such a person might have a material adverse effect on the Wider NBF Group (taken as a whole) and all such Authorisations remaining in full force and effect and there being no notice or intimation of any intention to revoke, withdraw, withhold, suspend, restrict, modify, amend or not to renew any of the same;
- (f) all notifications and filings which are necessary having been made, all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate) and all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with in each case in connection with the Offer or the Acquisition or the proposed acquisition of any shares or other securities in, or control of, NBF or any other member of the Wider NBF Group by any member of the Wider RGFC Group where, in each case, the absence of such compliance might have a material and adverse effect on the business of any member of the Wider NBF Group;
- (g) save as revealed, no member of the Wider NBF Group having:
 - (i) (save as between NBF and wholly-owned subsidiaries of NBF, or for options granted or on the exercise of rights to subscribe for NBF Shares pursuant to the exercise of options granted or the exercise of rights under the NBF Share Option Scheme prior to the date hereof) issued, agreed to issue, authorised or proposed the issue or grant of additional shares of any class, or securities convertible into, or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities or redeemed, purchased or reduced or announced any proposal to redeem, purchase or reduce any part of its share capital;
 - (ii) recommended, declared, paid or made or proposed to declare, pay or make any bonus, dividend or other distribution whether payable in cash or otherwise, other than to NBF or wholly-owned subsidiaries of NBF;
 - (iii) (save as between NBF and wholly-owned subsidiaries of NBF) merged with or demerged any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any

security interest over any assets or any rights, title or interest in any asset (including shares and trade investments), or authorised or proposed or announced any intention to propose any merger, demerger, acquisition, disposal, transfer, mortgage or charge or the creation of any security interest over the same (other than in the ordinary course of business and being material in the context of the Wider NBF Group taken as a whole);

- (iv) (save as between NBF and wholly-owned subsidiaries of NBF, or for options granted or on the exercise of rights to subscribe for NBF Shares pursuant to the exercise of options granted or the exercise of rights under the NBF Share Option Scheme prior to the date hereof) authorised or proposed, or announced any intention to propose, any change in its share or loan capital including the purchase of any of its own shares;
- (v) issued, authorised or proposed the issue of or made any change in or to any debentures or incurred or increased any indebtedness or become subject to a liability (actual or contingent) which in any case is outside the ordinary course of business and material in the context of the Wider NBF Group taken as a whole;
- (vi) entered into, implemented, effected, varied, authorised or proposed any contract, reconstruction, amalgamation, scheme, commitment, merger, demerger or other transaction or arrangement or waived or compromised any claim in respect of itself or another member of the Wider NBF Group, in each case otherwise than in the ordinary course of business, which in any case is material in the context of the Wider NBF Group taken as a whole;
- (vii) proposed any voluntary winding up;
- (viii) terminated or varied the terms of any agreement between any member of the Wider NBF Group and any other person in a manner which is likely to have a material adverse effect on the position of the Wider NBF Group;
- (ix) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the Wider NBF Group which, taken as a whole, are material in the context of the Wider NBF Group taken as a whole;
- (x) entered into, varied, or authorised any agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
 - A. is of a long term, onerous or unusual nature or magnitude or which is or could involve an obligation of such nature or magnitude; or
 - B. is other than in the ordinary course of business;and which in any such case is material in the context of the Wider NBF Group taken as a whole;
- (xi) entered into or changed the terms of any contract, agreement or arrangement with any director or senior executive of any member of the Wider NBF Group in any material respect;
- (xii) taken any corporate action or had any legal proceedings instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, trustee, administrator, administrative receiver or similar officer of all or any material part of its assets and revenues or any analogous or equivalent steps or proceedings in or under the laws of any jurisdiction having occurred or there having been appointed any analogous person in any jurisdiction which in any case is material in the context of the Wider NBF Group taken as a whole;
- (xiii) been unable, or admitted in writing that it is unable, to pay its debts generally or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business in any case which is or would be material in the context of the Wider NBF Group taken as a whole;

- (xiv) made any alteration to its memorandum and articles of association which is material in the context of the Offer;
 - (xv) entered into any agreement, contract, commitment or arrangement which consents to or results in the restriction of the scope of the business of any member of the Wider NBF Group or any member of the Wider RGFC Group which, in any such case, is material in the context of the Wider NBF Group or the Wider RGFC Group taken as a whole, respectively;
 - (xvi) entered into any agreement, contract, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) to enter into any agreement, contract, commitment or arrangement or proposed or announced any intention to effect any of the transactions, matters or events referred to in this condition (g) which is material in the context of the Wider NBF Group taken as a whole;
 - (xvii)(other than in the ordinary course of business) waived or compromised any claim which is material in the context of the Wider NBF Group taken as a whole;
- (h) save as revealed and only to the extent material in any case in the context of the Wider NBF Group taken as a whole:
- (i) no material adverse change or deterioration having occurred in the business, assets, financial or trading position or profits of any member of the Wider NBF Group;
 - (ii) no claim being made, and no circumstances having arisen which might lead to a claim being made, under the insurance of any member of the Wider NBF Group which might have a material adverse effect on the Wider NBF Group;
 - (iii) no litigation, arbitration proceedings, prosecution or other legal proceedings or investigation having been instituted, announced, implemented or threatened by or against or remaining outstanding against any member of the Wider NBF Group or to which any member of the Wider NBF Group is or may become a party (whether as plaintiff, defendant or otherwise);
 - (iv) no contingent or other liability of any member of the Wider NBF Group having arisen or become apparent or increased which in any such case might reasonably be expected materially and adversely to affect any member of the Wider NBF Group;
 - (v) (other than as a result of the Offer) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider NBF Group which in any such case is material and adverse in the context of the Wider NBF Group taken as a whole;
- (i) save as revealed, RGFC not having discovered:
- (i) that any financial or business or other information publicly announced at any time by or on behalf of any member of the Wider NBF Group is misleading or contains a misrepresentation of any fact or omits to state a fact necessary to make the information contained therein not misleading (and which was not subsequently corrected before the date of publication of this document by disclosure either publicly or otherwise fairly in writing to RGFC) in each case to an extent that the effect of the inaccuracy or misrepresentation of fact or omission is to overstate the assets or understate the liabilities of the NBF Group to an extent which is material in the context of the Wider NBF Group as a whole;
 - (ii) that any member of the Wider NBF Group and any partnership, company or other entity in which any member of the Wider NBF Group has a significant interest is subject to any liability (contingent or otherwise) which has not been publicly announced and which is material in the context of the Wider NBF Group taken as a whole; and
- any information which affects the import of any information which has been revealed to an extent which is material and adverse in the context of the Wider NBF Group taken as a whole.

- (j) the passing at the EGM of the resolution necessary to implement the Offer.
- (k) the Admission becoming effective.

RGFC reserves the right to waive, in whole or in part, all or any of the above conditions apart from conditions (a) and (b). If RGFC is required by the Panel to make an offer for NBF Shares under the provisions of Rule 9 of the Code, RGFC may make such alterations to the above conditions, including condition (a), as are necessary to comply with the provisions of that Rule.

The Offer will lapse unless the conditions set out above (other than condition (a)) are fulfilled or (if capable of waiver) waived by RGFC no later than 21 days after whichever is the later of the First Closing Date or the date on which the Offer becomes or is declared unconditional as to acceptances, or such later date as the Panel may agree. RGFC shall be under no obligation to waive or treat as satisfied any of the conditions (c) to (i) by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that on such earlier date there are no circumstances indicating that any of such conditions may not be capable of fulfilment.

The Offer will lapse if the Acquisition is referred to the Competition Commission before the First Closing Date or the date on which the Offer becomes or is declared unconditional as to acceptances whichever is the later. In such circumstances, the Offer will cease to be capable of further acceptances and persons accepting the Offer and RGFC shall thereupon cease to be bound by acceptances delivered on or before the date on which the Offer so lapses.

Section B: Further terms of the Offer

Except when the context otherwise requires, references in Parts 2 and 3 of this Appendix 1 and in the Form of Acceptance: (i) to the “**Offer**” shall mean, separately, the Offer and any revision, variation or renewal thereof or extension thereto; (ii) to the “**Offer becoming unconditional**” shall include references to the Offer being declared unconditional; (iii) to the “**Offer becoming or being declared unconditional**” shall be construed as references to the acceptance condition becoming or being declared satisfied, whether or not any other condition thereof remains to be fulfilled; and (iv) to the “**acceptance condition**” shall mean the condition set out in paragraph (a) of Part 1 of this Appendix 1.

1. Acceptance period

- 1.1 The Offer will initially be open for acceptance until 1.00 p.m. on the First Closing Date. Although no revision is envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 days (or such lesser period as may be permitted by the Panel) from the date of the posting of any revised offer document to NBF Shareholders. Except with the consent of the Panel, no revision of the Offer may be made after 20 September 2005, or if later, the date falling 14 days prior to the last date on which the Offer can become unconditional.
- 1.2 The Offer, whether revised or not, shall not (except with the consent of the Panel) be capable of becoming unconditional after midnight on 4 October 2005 (or any earlier time and/or date beyond which RGFC has stated that the Offer will not be extended and in respect of which it has previously become unconditional, provided that RGFC reserves the right, with the permission of the Panel, to extend the Offer to a later time(s) and/or date(s).

Except with the consent of the Panel, RGFC may not, for the purpose of determining whether the acceptance condition has been satisfied, take into account acceptances received, or purchases of NBF Shares made, after 1.00 p.m. on 4 October 2005 (or any earlier time and/or date beyond which RGFC has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) and/or such later time(s) and/or date(s) as RGFC may, with the permission of the Panel, decide. For the purposes of the acceptance condition, if the Offer is extended beyond midnight on 4 October 2005, acceptances received by the Receiving Agent after 1.00 p.m. on the relevant date may (except where the Code otherwise permits) only be taken into account with the consent of the Panel.

- 1.3 If the Offer becomes unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and it is stated by or on behalf of RGFC that the Offer will remain open until further notice, then not less than 14 days’ notice will be given prior to the closing of the Offer to those NBF Shareholders who have not accepted the Offer.
- 1.4 If a competitive situation arises after a “no increase” or “no extension” statement has been given by or on behalf of RGFC in relation to the Offer (in each case determined by the Panel), RGFC may, if it specifically reserved the right to do so at the time such statement was made or otherwise with the consent of the Panel, withdraw such statement and be free to revise or extend the Offer if it compiles with the requirements of the Code and, in particular, if:
 - (A) it announces such withdrawal as soon as possible and, in any event, within four business days after the announcement of the competing offer and it gives notice to NBF Shareholders to that effect in writing as soon as practicable thereafter or, in the case of NBF Shareholders with registered addresses outside the United Kingdom or whom RGFC knows to be nominees, custodians or trustees holding NBF Shares for such persons, by announcement in the United Kingdom; and
 - (B) any NBF Shareholders who accepted the Offer after the date of the “no extension” and/or “no increase” statement are given a right of withdrawal in accordance with paragraph 3.3 of this Part 2.

RGFC may choose not to be bound by the terms of a “no increase” or “no extension” statement if, having reserved the right to do so at the time such statement is made, it posts an increased or improved

offer which is recommended for acceptance by the board of NBF or in other circumstances permitted by the Panel.

2. Announcements

2.1 By 8.00 a.m. (London time) on the business day (“the relevant day”) following the day on which the Offer is due to expire or becomes unconditional or is revised or extended or such later time or date as the Panel may agree, RGFC will make an appropriate announcement and simultaneously inform the London Stock Exchange of the position. Such announcement will also state (unless otherwise permitted by the Panel) the total number of NBF Shares and rights over such NBF Shares (as nearly as practicable):

- (A) for which acceptances of the Offer have been received;
- (B) acquired or agreed to be acquired by or on behalf of RGFC or any persons deemed to be acting in concert with it for the purposes of the Offer during the Offer Period;
- (C) held prior to the Offer Period by or on behalf of RGFC or any person acting in concert with it for the purposes of the Offer; and
- (D) for which acceptances of the Offer have been received from any person deemed to be acting in concert with RGFC for the purposes of the Code in relation to the Offer;

and will specify the percentage of NBF Shares represented by each of these figures. Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced not later than 8.00 a.m. (London time) on the relevant day (or such later time and/or date as the Panel may agree) and the announcement will state the next expiry date (unless the Offer is then unconditional in which event the announcement may instead state that the Offer will remain open until further notice). In computing the number of NBF Shares represented by acceptances and/or purchasers, there may be included or excluded for announcement purposes, at the discretion of RGFC, subject to paragraph 5.13 of this Part 2, acceptances and purchases not complete in all respects, or which are subject to verification.

2.2 In this Appendix 1, references to the making of an announcement by RGFC include the release of an announcement to the press by public relations, consultants or by Numis Securities Limited on its behalf and the delivery by hand or telephone or facsimile or telex transmission or other electronic transmission of an announcement to the London Stock Exchange or a Regulatory Information Service. An announcement made otherwise than to the London Stock Exchange or a Regulatory Information Service will be notified simultaneously to a Regulatory Information Service.

3. Rights of withdrawal

3.1 If RGFC, having announced the Offer to be unconditional, fails to comply by 3.30 p.m. (London time) on the relevant day (or such later time and/or date as the Panel may agree) with any of the other requirements specified in paragraph 2.1 of this Part 2, an accepting NBF Shareholder may (unless the Panel otherwise agrees) immediately thereafter withdraw his acceptance in respect of the Offer by written notice signed by such accepting NBF Shareholder (or his agent duly appointed in writing, evidence of whose appointment in a form reasonably satisfactory to RGFC is produced with the notice) given, by post or (during normal business hours only) by hand to Capita Registrars Plc, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TV on behalf of RGFC. Subject to paragraph 1.2 of this Part 2, this right of withdrawal may be terminated not less than eight days after the relevant day by RGFC confirming, if that be the case, that the Offer is still unconditional, and complying with the other requirements specified in paragraph 2.1 of this Part 2. If any such confirmation is given, the first period of 14 days referred to in paragraph 1.3 of this Part 2 will run from the date of such confirmation and compliance.

3.2 If by 1.00 p.m. on 20 September 2005 (or such later time and/or date as the Panel may agree) the Offer has not become unconditional, an accepting NBF Shareholder may withdraw his acceptance in respect

of the Offer by written notice received by the Receiving Agent on behalf of RGFC, at either of the addresses referred to in paragraph 3.1 of this Part 2, before the earlier of:

(A) the time that the Offer becomes unconditional; and

(B) the final time for lodgment of acceptances which can be taken into account in accordance with paragraph 1.2 above.

- 3.3 If a “no increase” statement or a “no extension” statement (in each case as construed by the Panel) has been withdrawn in accordance with paragraph 1.4 of this Part 2, any NBF Shareholder who has accepted the Offer after the date of such statement may withdraw his acceptance thereafter in the manner referred to in paragraph 3.1 of this Part 2 not later than the eighth day after the date of posting of written notice of the withdrawal of such statement to the relevant NBF Shareholders.
- 3.4 In this paragraph 3 “written notice” (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant NBF Shareholder(s) or his or her agent(s), duly appointed in writing (evidence of whose appointment in a form satisfactory to RGFC is produced with the notice). Telex, facsimile, e-mail or other electronic transmission or copies will not be sufficient. No notice which is postmarked in, or otherwise appears to RGFC or its agents to have been sent from, the United States, Canada, Australia, the Republic of Ireland or Japan will be treated as valid.
- 3.5 Except as provided in this paragraph 3, acceptances of the Offer shall be irrevocable.

4. Revision of the Offer

- 4.1 Although no such revision is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms or conditions or in the value or form of the consideration offered) and such revision represents on the date on which such revision is announced (on such basis as Numis Securities Limited may reasonably consider appropriate) an improvement (or no diminution) in the value of the consideration under the Offer as so revised compared with the consideration previously offered, the benefit of the revised Offer will, subject as provided in this paragraph 4 and in paragraph 5, be made available to NBF Shareholders who have accepted the Offer in its original or any previously revised acceptance and shall, subject as aforesaid, constitute the separate irrevocable appointment of RGFC and/or Numis Securities Limited and/or any director of RGFC and/or any director of Numis Securities Limited as his attorney and agent with authority to accept any such revised Offer on behalf of the previous acceptor and to execute on behalf of and in the name of such previous acceptor all such further documents (if any) as may be required to give effect to such acceptances.
- 4.2 Although no such revision is envisaged and notwithstanding paragraph 4.1, if any revised Offer provides for NBF Shareholders who accept it to elect for (or accept) alternative forms of consideration (including, without limitation, consideration either in cash or in shares or other securities of RGFC or any combination thereof) the acceptance by or on behalf of a previous acceptor of the Offer and/or an election by or on behalf of a previous acceptor under any alternative (in each case in its original or any previously revised form(s)) shall, subject as provided in paragraphs 4.3 and 4.4, constitute separate irrevocable authorities to RGFC, and/or Numis Securities Limited and/or any director of RGFC and/or any director of Numis Securities Limited as his attorney and/or agent and/or any director of RGFC and/or any director of Numis Securities Limited as his attorney and/or agent to make elections for and/or accept alternative forms of consideration on his behalf as such attorney and/or agent in his absolute discretion thinks fit and to take such steps as are necessary to give effect to such acceptances and/or elections.
- 4.3 Any acceptance or election pursuant to the authorities conferred by paragraphs 4.1 and 4.2 shall be conditional on RGFC or Numis Securities Limited or a director of RGFC or a director of Numis Securities Limited exercising the authority conferred by those paragraphs so as to ensure that, to the extent available under the terms of the revised Offer, all such steps are taken on behalf of such previous acceptor so as to ensure that he receives not less than he would have received in cash as a result of his

acceptance of the Offer in the form in which it was originally accepted or elected for by him or on his behalf.

- 4.4 The deemed acceptances and elections referred to in paragraphs 4.1 and 4.2 shall not apply and the powers of attorney and agency conferred by those paragraphs shall be ineffective to the extent that a previous acceptor shall lodge, within 14 days of the posting of the document pursuant to which a revised Offer referred to in paragraphs 4.1 and 4.2 is made available to NBF Shareholders, a form in which he validly elects (to the extent possible) to receive the consideration receivable by him under the revised Offer in some other manner than that set out in his original acceptance.
- 4.5 The powers of attorney and authority conferred by this paragraph 4 and any acceptance of a revised Offer pursuant to any of the foregoing shall be irrevocable unless and until the previous acceptor becomes entitled to withdraw his acceptance under paragraph 3 of this Part 2 and duly does so.
- 4.6 RGFC reserves the right to treat an executed Form of Acceptance relating to the Offer (in its original or in any previously revised form(s)) which is received after the announcement or issue of the Offer in any revised form and/or additional or varied arrangements as a valid acceptance in respect of the revised Offer and/or (where applicable) a valid election in relation to any of the forms of consideration referred to in paragraphs 4.1 and 4.2, as the case may be, and such acceptance shall constitute an authority and request in the form of paragraph 4.1 and 4.2 *mutatis mutandis* on behalf of the relevant NBF Shareholders.

5. General

- 5.1 Except with the consent of the Panel, the Offer will lapse unless all the conditions relating to the Offer have been fulfilled or (if capable of waiver) waived or, where appropriate, have been determined by RGFC in its reasonable opinion to be or remain satisfied, by the later of (i) midnight on 4 October 2005; (ii) midnight on the date which is 21 days after the date on which the Offer becomes unconditional; and (iii) such date as RGFC may, with the consent of the Panel, decide. If the Offer lapses for any reason, the Offer will cease to be capable of further acceptance and RGFC, NBF Shareholders and Numis Securities Limited will cease to be bound by prior acceptances.
- 5.2 The Offer will lapse if the Acquisition is referred to the Competition Commission before 3.30 p.m. (London time) on the First Closing Date or the date when the Offer becomes unconditional, whichever is the later.
- 5.3 If sufficient acceptances are received, RGFC intends to apply the provisions of sections 428 to 430F of the Act to acquire compulsorily any outstanding NBF Shares and to apply for the cancellation of NBF's admission to trading on AIM.
- 5.4 All communications, notices, share certificates, documents of title, other documents and remittances to be delivered by or sent to or from NBF Shareholders (or their designated agents) will be delivered or sent at their own risk.
- 5.5 The expression "Offer Period" when used in this document means, in relation to the Offer, the period commencing on 8 March 2005 and ending at whichever of the following times shall be the latest:
 - (A) 1.00 p.m. on the First Closing Date;
 - (B) the time at which the Offer lapses; and
 - (C) the time at which the Offer becomes unconditional.
- 5.6 All references in this document and in the Form of Acceptance to the First Closing Date shall (except in paragraph 5.5(A) of this Part 2 of Appendix 1 of this document and where the context otherwise requires), if the expiry date of the Offer is extended, be deemed to refer to the expiry date of the Offer as so extended.

- 5.7 Except with the consent of the Panel, settlement of the consideration to which any NBF Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which RGFC may otherwise be, or claim to be, entitled as against such NBF Shareholders and will be posted or settled not later than 14 days after the date on which the Offer becomes unconditional in all respects or 14 days after receipt of a valid and complete acceptance, whichever is the later. No consideration will be sent to an address in the United States, Canada, Australia, the Republic of Ireland or Japan.
- 5.8 The instructions, terms, authorities and provisions contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document shall have the same meanings when used in the Form of Acceptance, unless the context otherwise requires.
- 5.9 The Offer and all contracts arising from acceptances thereof and the Form of Acceptance and all actions taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with English law. Execution by or on behalf of a NBF Shareholder of a Form of Acceptance constitutes his submission, in relation to all matters arising out of or in connection with the Offer or the Form of Acceptance, to the jurisdiction of the courts of England and his agreement that nothing shall limit the right of RGFC or Numis Securities Limited to bring any action, suit or proceeding arising out of or in connection with the Offer or the Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction.
- 5.10 The Offer is made by means of this document on 5 August 2005 and is capable of acceptance from that time. The Offer is made by means of this document and an advertisement to be placed in The Times promptly following the date of this document.
- 5.11 Any omission to dispatch this document or any notice required to be dispatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person.
- 5.12 Without prejudice to any other provision in this Part 2 of Appendix 1, RGFC and Numis Securities Limited reserve the right to treat acceptances of the Offer as valid if received by or on behalf of them at any place or places otherwise than as stated herein or in the Form of Acceptance.
- 5.13 Notwithstanding the right reserved by RGFC to treat Forms of Acceptance as valid even though not entirely in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title or not accompanied by the relevant transfer to escrow, except as otherwise agreed by the Panel:
- (A) an acceptance of the Offer will only be counted towards fulfilling the acceptance condition if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
 - (B) a purchase of NBF Shares by RGFC or its wholly owned subsidiaries or its nominee(s) (and, if RGFC is required to make an offer or offers under Rule 9 of the City Code, by a person acting in concert with RGFC for the purpose of such offer or its nominee(s)) will only be counted towards fulfilling the acceptance condition if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it; and
 - (C) the Offer will not become unconditional until the Receiving Agent issues a certificate to RGFC and/or Numis Securities Limited stating the number of acceptances which have been received and the number of NBF Shares otherwise acquired (whether before or during the Offer Period) which comply with the provisions of this paragraph 5.13. Copies of such certificate will be sent to the Panel and Numis Securities Limited as soon as possible after it is issued.
- 5.14 If the Offer does not become unconditional in all respects or lapses,
- (A) the Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or such other methods as may be approved by the Panel) within 14 days of the Offer lapsing,

at the risk of the NBF Shareholder concerned, to the person or agent whose name and address is set out in Box 4 of if applicable Box 5, of the Form of Acceptance, or, if no address is set out, the first-named holder at his registered address outside the United States, Canada, Australia, the Republic of Ireland or Japan; and

- (B) the Receiving Agent will, immediately after the lapsing of the Offer (or within such longer time as the Panel may permit, not exceeding 14 days of the lapsing of the Offer) give instructions to CRESTCo to transfer all NBF Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Offer to the original available balances of the NBF Shareholders concerned.
- 5.15 No acknowledgement of receipt of any Forms of Acceptance, remittances, share certificate(s) and/or other document(s) of title will be given.
- 5.16 All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix 1 or in the Form of Acceptance are given by way of security for the performance of the obligations of the NBF Shareholder concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 except in the circumstances when the donor of such power of attorney or authority is entitled to withdraw his acceptance in accordance with paragraph 3 above and duly does so or except as specified in paragraph 4.4 above.
- 5.17 The Offer extends to those persons not resident in the United Kingdom to whom this document, the Form of Acceptance and any related documents may not be dispatched or by whom any such documents may not be received. Any such persons may collect copies of those documents from Numis Securities Limited at Cheapside House, 138 Cheapside, London EC2V 6LH, or from the Receiving Agent at its address given in paragraph 3.1 above. RGFC and Numis Securities Limited reserve the right to notify any matter, including the making of the Offer, to all or any NBF Shareholders with registered address(es) outside the United Kingdom or whom RGFC knows to be nominees, trustees or custodians for such persons, by announcement or by paid advertisement in a newspaper published and circulated in the United Kingdom, in which event such notice shall be deemed to have been sufficiently given, notwithstanding any failure by any such NBF Shareholders to receive such notice, and all references in this document to notice in writing (except in paragraph 3.4 above) shall be construed accordingly.
- 5.18 All references in this document to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date hereof).
- 5.19 If RGFC is required by the Panel to make an offer for NBF Shares under the provisions of Rule 9 of the Code, RGFC may make such alterations to the conditions of the Offer as are necessary to comply with the provisions of that Rule.
- 5.20 In relation to any acceptance of the Offer in respect of a holding of NBF Shares which are in CREST, RGFC reserves the right to make such alterations, additions or modifications to the terms of the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided such alteration, addition or modification is consistent with the requirements of the Code or is otherwise made with the consent of the Panel.

6. Overseas Shareholders

- 6.1 The making of the Offer to Overseas Shareholders or in jurisdictions outside the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities. Any Overseas Shareholder will also be responsible for any payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction by whomsoever payable and RGFC and Numis Securities Limited shall be entitled to be fully indemnified and held harmless by

such Overseas Shareholder for any such issue, transfer or other taxes as such person may be required to pay.

- 6.2 In particular, the Offer is not being made, directly or indirectly, in or into the United States, Canada, Australia, the Republic of Ireland or Japan, or by use of the mails of, or by any means of instrumentality of inter-state or foreign commerce of, or any facilities of a national securities exchange of, the United States, Canada, Australia, the Republic of Ireland or Japan. This includes, but is not limited to, post, facsimile transmission, telex and telephone. The Offer cannot be accepted by any such use, means of instrumentality from within the United States, Canada, Australia, the Republic of Ireland or Japan. Accordingly, copies of this document, the Form of Acceptance and any related offering documents are not being, directly or indirectly, mailed or otherwise distributed or sent in or into the United States, Canada, Australia, the Republic of Ireland or Japan, including to NBF Shareholders with registered addresses in the United States, Canada, Australia, the Republic of Ireland or Japan or to persons whom RGFC knows to be nominees, trustees or custodians holding NBF Shares for such persons. Persons receiving such documents (including without limitation, custodians, nominees and trustees) should not, directly or indirectly, distribute or send them in, into or from the United States, Canada, Australia, the Republic of Ireland or Japan or use such mails or any such means or instrumentality or facility in connection with the Offer and doing so will invalidate any related purported acceptance of the Offer even if mailed from outside the United States, Canada, Australia, the Republic of Ireland or Japan. Persons wishing to accept the Offer should not use such mails or any such means, instrumentality or facility for any purpose directly or indirectly related to acceptance of the Offer. Envelopes containing Forms of Acceptance must not be postmarked in the United States, Canada, Australia, the Republic of Ireland or Japan or otherwise dispatched from the United States, Canada, Australia, the Republic of Ireland or Japan and all acceptors must provide addresses outside the United States, Canada, Australia, the Republic of Ireland or Japan for the remittance of any cash, return of Forms of Acceptance, share certificate(s) and/or other document(s) of title.
- 6.3 If, in connection with the making of the Offer, notwithstanding the restrictions described above, any person who (including without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance of any related offering documents in, into or from the United States, Canada, Australia, the Republic of Ireland or Japan or uses the mails of, or any means of instrumentality (including without limitation, facsimile transmission, telex and telephones) of inter-state or foreign commerce of, or any facilities of a national securities exchange of, the United States, Canada, Australia, the Republic of Ireland or Japan in connection with such forwarding, such person should:
- (A) inform the recipient of such fact;
 - (B) explain to the recipient that such action will invalidate any purported acceptance by the recipient; and
 - (C) draw the attention of the recipient to this paragraph 6.
- 6.4 A NBF Shareholder will be deemed not to have accepted the Offer if:
- (A) he puts “No” in Box 6 of the Form of Acceptance and thereby does not give the representations and warranties set out in paragraphs 1.2 and 1.3 of Part 3 of this Appendix 1; or
 - (B) he completes Box 4 of the Form of Acceptance with an address in the United States, Canada, Australia, the Republic of Ireland or Japan or has a registered address in the United States, Canada, Australia, the Republic of Ireland or Japan and in either case he does not insert in Box 5 of the Form of Acceptance the name and address of a person outside the United States, Canada, Australia, the Republic of Ireland or Japan to whom he wishes the consideration to which he is entitled under the Offer to be sent, subject to this paragraph 6 and applicable laws; or
 - (C) he inserts in Box 5 of the Form of Acceptance the name and address and/or telephone number of a person or agent in the United States, Canada, Australia, the Republic of Ireland or Japan to whom he wishes the consideration to which he is entitled under the Offer to be sent or a telephone

number in the United States, Canada, Australia, the Republic of Ireland or Japan in the event of queries; or

- (D) any Form of Acceptance received from him is received in an envelope postmarked in, or which otherwise appears to RGFC or its agents to have been sent from the United States, Canada, Australia, the Republic of Ireland or Japan.

RGFC reserves the right, in its absolute discretion, to investigate, in relation to any acceptance, whether the representations or warranties referred to in paragraphs 1.2 and 1.3 of Part 3 of this Appendix 1 were given truthfully by such NBF Shareholder and, if such investigation is undertaken and as a result RGFC determines that such representation and warranty was not so given, such acceptance shall not be valid.

- 6.5 The provisions of this paragraph 6 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific NBF Shareholders or on a general basis by RGFC in its absolute discretion.

Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position you should consult your professional adviser in the relevant territory.

Section C: Form of Acceptance

1. Each NBF Shareholder by whom, or on whose behalf, a Form of Acceptance is executed, irrevocably undertakes, represents, warrants and agrees to and with RGFC and Numis Securities Limited (so as to bind him, his personal representatives, heirs, successors and assigns) to the following effect:

1.1 that, subject to paragraphs 3 and 6 of Part 2 of Appendix 1, the execution of a Form of Acceptance shall constitute:

- (A) an acceptance or deemed acceptance of the Offer in respect of the number of NBF Shares inserted, or deemed to be inserted, in Box 1; and
- (B) if Box 1 is left blank or a greater number than such NBF Shareholder's registered holding appears in Box 1, an acceptance by the NBF Shareholder of the Offer in respect of the total number of NBF Shares registered in his, her or its name in each case;
- (C) an authority to RGFC or Numis Securities Limited or either of their agents to execute any further documents and give any further assurances which may be required in connection with any of the foregoing and an undertaking to execute any further documents and give any further assurances which may be required to enable RGFC to obtain the full benefit of this Part 3 and/or to perfect any of the authorities expressed to be given hereunder;

in each case on and subject to the terms and conditions set out in this document and the Form of Acceptance;

1.2 that, unless "No" is inserted or deemed to be inserted in Box 6 of the Form of Acceptance, such shareholder is not a person located in the United States, Canada, Australia, the Republic of Ireland or Japan and is not acting on behalf of a person located in the United States, Canada, Australia, the Republic of Ireland or Japan;

1.3 (A) that such NBF Shareholder has not received or sent copies or originals of this document, the Form of Acceptance, or any related offering documents in, into or from the United States, Canada, Australia, the Republic of Ireland or Japan and has not otherwise utilised in connection with the Offer, directly or indirectly, the United States mails or any means or instrumentality (including, without limitation, the post, facsimile transmission, telex, e-mail and telephone) of United States interstate or foreign commerce or any facilities of a United States national securities exchange, and the Form of Acceptance has not been mailed or otherwise sent in, into or from the United States, Canada, Australia, the Republic of Ireland, or Japan and such NBF Shareholder is accepting the Offer from outside the United States, Canada, Australia, the Republic of Ireland and Japan; and

(B) that he is the beneficial holder of the NBF Shares tendered in the Offer or, if he is not the beneficial holder of such NBF Shares, either (i) he has sole investment discretion with respect to such NBF Shares or (ii) he is not holding such NBF Shares for the account or benefit of a person located in the United States, Canada, Australia, the Republic of Ireland or Japan;

1.4 that the NBF Shares in respect of which the Offer is accepted or deemed to be accepted are transferred fully paid and free from all liens, charges, equitable interest, encumbrances, rights of pre-emption and other third party rights or interests and together with all rights attaching thereto on or after the announcement date, including the right to receive and retain all dividends and other distributions, if any, declared, made or paid after the date of announcement of the Offer;

1.5 that the execution of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting NBF Shareholder not having validly withdrawn his acceptance, the irrevocable appointment of each of RGFC and Numis Securities Limited or any of their respective directors and/or agents as such NBF Shareholder's attorney and/or agent and an irrevocable instruction to the attorney and/or agent to complete and execute all or any form(s) of transfer and/or other document(s) at the discretion of

the attorney and/or agent in relation to the NBF Shares referred to in paragraph 1.1 of this Part 3 in favour of RGFC or such other person or persons as RGFC or its agents may direct and to deliver such form(s) of transfer and/or other document(s) at the discretion of the attorney and/or agent together with the certificate(s) and/or other document(s) of title relating to such NBF Shares for registration within six months of the Offer becoming unconditional in all respects and to complete, execute and do all such other documents, acts and things as may in the opinion of the attorney and/or agent be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in RGFC or its nominee(s) the NBF Shares as aforesaid;

- 1.6 that the execution of the Form of Acceptance constitutes the irrevocable appointment of the Receiving Agent as such NBF Shareholder's attorney and/or agent and an irrevocable instruction and authority to the attorney and/or agent, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting NBF Shareholder not having validly withdrawn his acceptance:
- (A) to transfer to itself (or to such other person or persons as RGFC or its agents may direct) by means of CREST all or any of the Relevant NBF Shares (but not exceeding the number of NBF Shares in respect of which the Offer is accepted or deemed to be accepted); and
 - (B) if the Offer does not become unconditional in all respects, to give instructions to CRESTCo, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all Relevant NBF Shares to the original available balance of the accepting NBF Shareholder.

For these purposes, "Relevant NBF Shares" means NBF Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in paragraph 14 of the letter from Numis Securities Limited contained in Part 2 of this document and where the transfer(s) to escrow are or were made in respect of NBF Shares held under the same member account ID and participant ID as the member account ID and participant ID relating to the Form of Acceptance concerned (but irrespective of whether or not any Form of Acceptance reference number, or a Form of Acceptance reference number corresponding to that appearing on the Form of Acceptance concerned, was included in the TTE instruction concerned);

- 1.7 that he will take (or procure to be taken) the action set out in paragraph 14 of the letter from Numis Securities Limited contained in Part 2 of this document to transfer all NBF Shares in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn held by him in uncertificated form to an escrow balance as soon as possible and in any event so that the transfer to escrow settles within six months of the Offer becoming unconditional in all respects;
- 1.8 that if, for any reason, any NBF Shares in respect of which a transfer to an escrow balance has been effected in accordance with paragraph 14 of the letter from Numis Securities Limited contained in Part 2 of this document are converted to certificated form, he will (without prejudice to paragraph 1.6 of this Part 3) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such NBF Shares as so converted to the Receiving Agent at the address referred to in paragraph 14 of the letter from Numis Securities Limited contained in Part 2 of this document or to RGFC at its registered office or as RGFC or its agents may direct;
- 1.9 that the execution of the Form of Acceptance constitutes, subject to the Offer becoming unconditional in all respects and to an accepting NBF Shareholder not having validly withdrawn his acceptance, separate irrevocable authorities and requests:
- (A) to NBF or its agents to procure the registration of the transfer of the NBF Shares pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to RGFC or as it may direct;

- (B) if the NBF Shares are in certificated form or if either of the provisos to paragraph 1.9(C) apply, to RGFC or its agents or to Numis Securities Limited or its agents to procure the despatch by post (or by such other method as may be approved by the Panel) of a definitive certificate to which an accepting NBF is entitled at the risk of such shareholder, to the person or agent whose name and address outside the United States, Canada, Australia, the Republic of Ireland and Japan is set out in Box 4 and/or Box 5 or, if no such address is set out, to the first-named holder at his registered address outside the United States, Canada, Australia, the Republic of Ireland and Japan;
 - (C) if the NBF Shares concerned are in uncertificated form, to RGFC or its agents to procure that CRESTCo is instructed to credit the appropriate stock account in CREST of the NBF shareholders entitlement to which an accepting NBF becomes entitled pursuant to his acceptance of the Offer;
 - (D) to RGFC or its agents to record and act upon any instructions (unless and until revoked) with regard to notices or dividend mandates which have been recorded in the records of NBF in respect of such NBF's holding(s) of NBF Shares to which such Form of Acceptance relates;
- 1.10 that the execution of the Form of Acceptance constitutes a separate authority to RGFC and Numis Securities Limited and any director of RGFC or Numis Securities Limited and/or their respective agents within the terms of paragraph 4 of Part 2 of this Appendix 1;
- 1.11 that, subject to the Offer becoming unconditional in all respects (or in such other circumstances as RGFC may request and the Panel may permit) and pending registration, the execution of a Form of Acceptance in respect of the NBF Shares comprised or deemed to be comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
- (A) entitles RGFC or its agents to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of NBF or of any class of its shareholders) attaching to any such NBF Shares;
 - (B) constitutes an authority to NBF or its agents from such NBF to send any notice, warrant, document or other communication which may be required to be sent to him as a member of NBF (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such NBF Shares into certificated form) to RGFC at its registered office;
 - (C) constitutes the irrevocable appointment of any director of RGFC or Numis Securities Limited to sign such documents and do things as may in the opinion of such attorney seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the NBF Shares held by such NBF, including, without limitation, to sign any consent to short notice of a general meeting on his behalf and/or to attend and/or execute a form of proxy in respect of such NBF Shares appointing any person nominated by RGFC to attend general meetings and separate class meetings of NBF or its members (or any of them) and any adjournment thereof and to exercise the votes attaching to such NBF Shares on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding conditions of the Offer; and
 - (D) constitutes the agreement of such NBF not to exercise any of such rights without the consent of RGFC and the irrevocable undertaking of such NBF not to appoint a proxy or representative to attend any such general meeting or separate class meeting provided that this authority will cease to be valid, if the acceptance is validly withdrawn in accordance with paragraph 3 of Part 2 of this Appendix 1;
- 1.12 that he will deliver to Capita Registrars Plc at the address referred to in paragraph 3.1 of Part 2 of this Appendix 1, his share certificate(s) and/or other document(s) of title in respect of all NBF Shares referred to in paragraph 1.1 of this Part 3 which are in certificated form, or an indemnity acceptable to RGFC in lieu thereof, as soon as possible and in any event within six months of the Offer becoming or being declared unconditional in all respects and will execute any further

documents, do such acts and give further assurances that may reasonably be required in connection with his acceptance of the Offer in respect of the NBF Shares so referred to;

- 1.13 that, if he accepts the Offer and does not validly withdraw such acceptance, he will do all such acts and things as shall be necessary or expedient to vest in RGFC or its nominee(s) or such other persons as it may decide the NBF Shares referred to in paragraph 1.1 above and all such acts and things as may be necessary or expedient to enable the Receiving Agent to perform its functions as escrow agent for the purposes of the Offer;
 - 1.14 that he agrees to ratify each and every act which may be done or effected by RGFC or Numis Securities Limited or any director of RGFC or any director of Numis Securities Limited or their respective agents or NBF or its agents, as the case may be, in the exercise of any of its or his powers and/or authorities hereunder;
 - 1.15 that the deemed acceptances, elections and authorities referred to in such paragraph shall, subject to the rights of withdrawal set out in paragraph 3 of Part 2 of this Appendix 1, be irrevocable;
 - 1.16 that the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the courts of England;
 - 1.17 that he does not expect Numis Securities Limited to have any duties or responsibilities towards him comparable or similar to those imposed by the Financial Services Authority's rules requiring best execution and suitability and that in respect of the Offer, he is not and will not be a customer of Numis Securities Limited;
 - 1.18 that if any provision of Part 2 of this Appendix 1 or this Part 3, shall be unenforceable or invalid or shall not operate so as to afford RGFC or Numis Securities Limited and/or their respective directors and agents the full benefit of the powers of attorney and authorities expressed to be given therein, he shall with all practicable speed do all such acts and things and execute all such documents that may reasonably be required or desirable to enable RGFC and/or Numis Securities Limited and/or any director and/or agent of either of them to secure the full benefits of Part 2 and this Part 3; and
 - 1.19 that, on execution, the Form of Acceptance shall take effect as a deed.
2. References in this Part 3 to a NBF Shareholder shall include references to the person or persons executing a Form of Acceptance and, in the event of more than one person executing a Form of Acceptance, the provisions of this Part 3 shall apply to them jointly and to each of them.

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

“Accepting NBF Shareholders”	NBF Shareholders who validly accept the Offer
“ACP”	the African, Caribbean, Pacific Agreement under which European Union member states agree to buy sugar which the African, Caribbean and Pacific signatory states agree to sell, in agreed quantities and at agreed prices
“Acquisition”	the acquisition of all or part of the issued or to be issued ordinary share capital of NBF by RGFC by means of the Offer
“Act” or “Companies Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the Enlarged Issued Share Capital to trading on AIM in accordance with the AIM Rules
“AIM”	the AIM Market operated by the London Stock Exchange
“AIM Rules”	the rules for AIM companies as published by the London Stock Exchange
“Annex I, Annex II and Annex III”	Annex I, Annex II and Annex III of Regulation 809/2004 of the European Commission (referred to as the PD Regulation in the FSA Handbook), as reprinted in the Prospectus Rules (as may be amended from time to time)
“Australia”	the Commonwealth of Australia, its states, territories and possessions and all areas subject to its jurisdiction and any political sub-division thereof
“Board” or “Directors”	the directors of the Company whose names are set out in paragraph 2 of Part IV of this document
“Cakes.co.uk”	Cakes.co.uk Limited, a company incorporated in England and Wales with registered number 4350726
“Canada”	Canada, its provinces, possessions and all areas subject to its jurisdiction and any political sub-division thereof
“Capita Registrars”	a trading division of Capita IRG Plc, a company incorporated in England and Wales with registered number 2605568
“CFD”	Cool Fresh Distribution Limited, a company incorporated in England and Wales with registered number 3015300
“Closing Price”	the closing middle market quotation of a NBF Share or a RGFC Share (as the case may be), as derived from the London Stock Exchange’s website
“Code” or “City Code”	the City Code on Takeovers and Mergers
“Combined Code”	the Principles of Good Governance and Code of Best Practice published by the committee on Corporate Governance chaired by Sir Ronald Hampel in June 1998 and revised in July 2003
“Company” or “RGFC”	The Real Good Food Company plc, which has ISIN GB0033572867

Definitions

“Concert Party”	NB. Ingredients, Patrick Ridgwell, Anthony Ridgwell and Napier Brown Holdings Limited
“Completion”	the Offer becoming or being declared unconditional in all respects
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the operator (as defined in the CREST Regulations)
“CRESTCo”	CRESTCo Limited, the operator of CREST
“CREST member”	a person who had been admitted by CRESTCo as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST personal member”	a CREST member admitted to CREST as a personal member
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended)
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member under the sponsorship of a CREST sponsor
“Dealing Day”	a day on which the London Stock Exchange is open for business in the trading of securities
“EEA State”	(in accordance with paragraph 8 of Schedule 3 to the Act (EEA Passport Rights)) a State which is a contracting party to the agreement on the European Economic Area signed at Oporto on 2 May 1992, as it has effect for the time being; as at 1 May 2004, the following are the EEA States: Austria, Belgium, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom
“EGM Notice”	the notice of the EGM set out at the end of this document
“EGM Resolutions”	the resolutions set out in the EGM Notice
“EMI Option”	an option over Ordinary Shares granted to an employee as a qualifying option under the EMI Plan
“EMI Plan”	RGFC’s Enterprise Management Incentives Plan, details of which are set out in paragraph 4 of Part XI of this document
“Enlarged Group”	the Company together with its subsidiary undertakings (following completion of the Offer)
“Enlarged Issued Share Capital”	the Ordinary Shares in issue at Admission and following the Acquisition and Offer for Subscription
“EGM Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the EGM
“Eurofoods”	Eurofoods plc, a company incorporated in England and Wales with registered number 2060981

“Existing Ordinary Shares”	the 14,093,067 Ordinary Shares in issue at the date of this document
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held on 30 August 2005 and any adjournment thereof, notice of which is set out at the end of this document
“EGM Notice”	the notice of Extraordinary General Meeting, annexed to this document
“Family”	in relation to any person his or her spouse and any child where such child is under the age of eighteen years including any trust in which such individuals are trustees or beneficiaries and any company over which they have control or more than 20 per cent. of its equity or voting rights (excluding treasury shares) in a general meeting. It excludes any employee share or pension scheme where such individuals are beneficiaries rather than trustees
“First Closing Date”	30 August 2005
“Five Star” or “Five Star Fish”	Five Star Fish Limited, a company incorporated in England and Wales with registered number 1940180
“Five Star Agreement”	the agreement dated 19 April 2004 between the then members of Five Star and the Company for the sale and purchase of the entire issued share capital of Five Star
“Five Star Group”	Five Star and its subsidiary undertakings
“Five Star Option”	an option over Ordinary Shares granted pursuant to the Five Star Option Plan
“Five Star Option Plan”	the RGFC non-approved share option plan, details of which are set out in paragraph 4 of Part XI of this document
“Form of Proxy”	the EGM Form of Proxy
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended from time to time
“Garrett”	Garrett Ingredients Limited, a company incorporated in England and Wales with registered number 2156440
“Group” or “RGFC Group”	RGFC and its subsidiary undertakings at the date of this document
“Haydens Bakeries” or “Haydens”	Hayden’s Bakeries Limited, a company incorporated in England and Wales with registered number 2227263
“International Accounting Standards”	as defined by Regulation (EC) No. 1606/2002
“ITEPA”	Income Tax (Earnings and Pensions) Act 2003
“James Budgett”	James Budgett Sugars Limited, a company incorporated in England and Wales with registered number 01472422
“Japan”	Japan, its cities, prefectures, territories and possessions and all areas subject to its jurisdiction and any political sub-division thereof
“London Stock Exchange”	London Stock Exchange plc

“member account ID”	the identification code or number attached to any member account in CREST
“Menton”	Menton Investments Limited, a company incorporated in the Isle of Man with registered number 016699C
“Napier Brown & Company”	Napier Brown & Company Limited, a company incorporated in England and Wales with registered number 1665672
“NB. Ingredients”	NB. Ingredients Limited, a company incorporated in England and Wales with registered number 3180749
“NBF”	Napier Brown Foods plc, a company incorporated in England and Wales with registered number 4824736
“NBF Board” or “NBF Directors”	the directors of NBF
“NBF CSOP”	the approved share option plan adopted by NBF, the terms of which are summarised in paragraph 5 of Part XI of this document
“NBF Group”	NBF, its subsidiaries and its subsidiary undertakings
“NBF Independent Directors”	Jeremy Hamer, Christopher Thomas and Simon Barrell
“NBF Shareholders”	holders of NBF Shares
“NBF Shares”	the existing unconditionally allotted and issued and fully paid ordinary shares of 50p each in the capital of NBF and any further shares which are issued or unconditionally allotted and fully paid (or credited as fully paid) while the Offer remains open for acceptance (or such earlier date, not being earlier than the date on which the Offer becomes unconditional as to acceptances or, if later, the First Closing Date, as RGFC may, subject to the City Code, decide), including NBF Shares which are unconditionally allotted or issued or granted or subscribed for upon the exercise of any options granted under the NBF Share Option Schemes
“NBF Share Option Schemes”	the NBF Non-Approved Plan, the NBF CSOP, the NBF SIP and the NBF Warrants
“NBF Warrants”	warrants entitling the registered holder to subscribe for NBF Shares
“New Credit Agreement”	a new facilities agreement entered into by the Company and, <i>inter alia</i> , Royal Bank of Scotland and Rabobank International (as arrangers) on 26 July 2005 for, in aggregate, facilities up to £69,500,000 for the Enlarged Group
“New CSOP”	the approved share option plan to be adopted by the Company the terms of which are summarised in paragraph 4 Part XI of this document
“New Unapproved Share Option Scheme”	the unapproved share option scheme to be adopted by the Company the terms of which are summarised in paragraph 4 Part XI of this document
“New Plans”	the New CSOP, the New Unapproved Share Option Scheme and the New SIP
“New RGFC Shares” or “New Ordinary Shares”	the new Ordinary Shares to be issued pursuant to the Proposals

“New SIP”	the share incentive plan to be adopted by the Company the terms of which are summarised in paragraph 4 of Part XI of this document
“New Warrants”	warrants issued pursuant to the New Warrant Instrument, to holders of warrants within NBF, entitling the registered holder to subscribe for Ordinary Shares the terms of which are summarised in paragraph 4 of Part XI of this document
“New Warrant Instrument”	the warrant instrument to be constituted by the Company following the EGM
“Non-approved Plan”	the RGFC Non-approved Plan (Individual) and/or RGFC Non-approved Plan (Corporate), details of which are set out in paragraph 4 of Part XI of this document
“Numis”	Numis Securities Limited, a company incorporated in England and Wales with registered number 22585918
“Offer”	the recommended offer to be made by Numis Securities Limited on behalf of RGFC to acquire all of the NBF Shares on the terms and subject to the conditions set out in Part XIII of this document and, where the context requires, any subsequent revision, variation, extension or renewal thereof
“Offer Document”	the accompanying document comprising the letter of recommendation from the NBF Independent Directors and the letter from Numis, each relating to the Offers
“Offer for Subscription”	the conditional offer for subscription for the Subscription Shares each at the Subscription Price
“offer of securities to the public”	as defined in section 103(2) of the FSMA
“Offer Period”	the period commencing on 8 March 2005 (the date upon which NBF announced it was in discussions concerning a possible offer), and ending on the date which is the latest of (i) the First Closing Date; (ii) the Wholly Unconditional Date; and (iii) the date on which the Offer lapses or is withdrawn
“Offer Shares”	the new Ordinary Shares to be issued as consideration under the Offer
“Ordinary Shares”	ordinary shares of 2 pence each in the capital of the Company
“Panel”	the Panel on Takeovers and Mergers
“PD”	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading
“PR”	the sourcebook containing the Prospectus Rules
“Proposals”	the Offer, the Admission and the Offer for Subscription
“Proposed Directors”	Patrick George Ridgwell and Christopher Owen Thomas, being the person proposed to be appointed to the board of directors of RGFC upon Completion
“Prospectus”	this prospectus prepared and published in accordance with the Prospectus Rules relating to the Enlarged Issued Share Capital for which application for Admission will be made

Definitions

“Prospectus Rules”	the Prospectus Rules published by the FSA from time to time
“Rabobank International”	Cooperative Centrale Raiffeisen-Boerenleebank B.A. (trading as Rabobank International), London Branch
“Republic of Ireland”	Republic of Ireland, its territories and possessions
“Receiving Agent”	Capita Registrars, the receiving agent to the Offer
“Regulatory Information Service”	a service approved by the London Stock Exchange for the distribution to the public of AIM announcements and included within the list maintained on the Exchange’s website, www.londonstockexchange.com
“Related Financial Product”	any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of AIM securities or securities being admitted, including a contract for difference or a fixed odds bet
“Remuneration Committee”	the remuneration committee of the Board
“Renshaw Scott”	the acquired trade and certain assets of Renshaw Scott Unlimited
“Resolutions”	the EGM Resolutions
“Restricted Jurisdiction”	the US, Australia, Canada, the Republic of Ireland, Japan or any jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction
“RGFC”	The Real Good Food Company plc which has ISIN GB0033572867
“RNS”	the Regulatory Information Service operated by the London Stock Exchange
“Rule 2.5 Announcement Date”	27 July 2005
“Securities Act”	the United States Securities Act of 1933, as amended
“Sefcol”	Sefcol Ingredients Limited, a company incorporated in England and Wales with registered number 510669
“Share Option Plans”	the existing EMI Plan and the existing Non-approved Plan adopted by the Company, the terms of which are summarised in paragraph 4 of Part XI of this document
“Shareholders”	the holders of Existing Ordinary Shares
“significant interest”	a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity capital of an undertaking
“Subscription Price”	121.95 pence per New RGFC Share
“Subscription Shares”	up to 4,162,558 RGFC Shares proposed to be issued fully paid in connection with the Offer for Subscription
“subsidiary” or “subsidiary undertaking”	“subsidiary” or “subsidiary undertaking”
“Tom Darwood”	Tom Darwood Limited, a company incorporated in England and Wales with registered number 1804421
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland

“UK Listing Authority”	the FSA, acting in its capacity as a competent authority for the purposes of Part VI of the FSMA
“Unconditional Date”	the date on which the Offer becomes or is declared unconditional as to acceptances
“United States” or “US”	the United States of America, its territories and possessions and all areas subject to its jurisdiction and any political sub-division thereof, any state of the United States of America and the District of Columbia
“Upper Crust”	Upper Crust Products Limited, a company incorporated in England and Wales with registered number 0338314
“Waiver”	the waiver by the Panel of the obligation of the Concert Party to make a general offer under Rule 9 of the City Code
“Wholly Unconditional Date”	the date on which the Offer becomes or is declared unconditional in all respects
“Wider RGFC Group”	RGFC Group and its subsidiary undertakings, associated undertakings and any other undertakings, in which RGFC Group and/or such undertakings (aggregating their interests), have a significant interest
“Wider NBF Group”	NBF Group and its subsidiary undertakings, associated undertakings and any other undertakings, in which NBF Group and/or such undertakings (aggregating their interests), have a significant interest

All references to legislation in this document are to English legislation unless the contrary is indicated.

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Any reference to any provision of any legislation shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

RGFC plc

(Incorporated in England and Wales with registered number 4666282)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at the offices of Numis Securities Limited, Cheapside House, 138 Cheapside, London EC2V 6LH on 30 August 2005, at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

Ordinary Resolutions

1. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, the acquisition by the Company of the entire issued share capital of NBF on the terms and subject to the conditions set out in the Offer dated 5 August 2005 issued by Numis Securities Limited, copies of which are now produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved.
2. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, the waiver of the terms described in the Prospectus by the Panel on Takeovers and Mergers of any requirement under Rule 9 of the City Code on Takeovers and Mergers for the members of the Concert Party (as defined in the Prospectus) to make a general offer to shareholders of the Company as a result of the allotment and issue of the Offer Shares (as defined in the Prospectus) to the Concert Party pursuant to the Offer, pursuant to which the Concert Party may become the holders of up to 22,302,354 new Ordinary Shares of 2 pence each in the capital of the Company (representing approximately 34.8 per cent. of the issued share capital of the Company following such issues of Ordinary Shares) be and is hereby approved.
3. That, and subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, subject to and conditional upon the Offer referred to in Resolution 1 becoming or being declared unconditional in all respects in accordance with the provisions of the Offer Document dated 5 August 2005, for the purposes of section 80 of the Act (and so that expressions used in this resolution shall bear the same meanings as in the said section 80):
 - (i) the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities:
 - (a) up to a maximum nominal amount of £130,000 to such persons at such times and on such terms as they think proper during the period expiring at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution;
 - (b) up to an aggregate nominal amount of £917,272 in connection with the Offer;
 - (c) up to an aggregate nominal amount of £82,636 in connection with the grant of options under the Unapproved Share Option Scheme, the CSOP, the SIP and the issue of NBF Warrants under the Warrant Instrument;
 - (d) up to an aggregate nominal amount of £83,251 in connection with the Subscription; and
 - (ii) the Company be and is hereby authorised to make prior to the expiry of such period referred to in sub-paragraph (i) above any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period that the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution;

so that all previous authorities of the Directors pursuant to the said section 80 be and they are hereby revoked provided that this resolution shall not affect the right of the Directors to allot relevant securities in pursuance of any offer or agreement entered into prior to the date hereof.

4. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, Patrick George Ridgwell be appointed a director of the Company upon the Offer (referred to at Resolution 1 above) becoming unconditional in all respects.
5. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, Christopher Owen Thomas be appointed a director of the Company upon the Offer (referred to at Resolution 1 above) becoming unconditional in all respects.
6. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, the Unapproved Share Option Scheme, the CSOP, the SIP and the Warrant Instrument now produced to the meeting and initialled by the Chairman for the purposes of identification be and are hereby approved.

Special Resolutions

7. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, the authorised share capital of the Company be and is hereby increased from £400,000 to £2,000,000 by the creation of 80,000,000 new ordinary shares of 2 pence each in the capital of the Company, having attached to them the rights, privileges and restrictions set out in the Articles of Association of the Company.
8. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, the Directors be and are hereby empowered in accordance with Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash pursuant to the authority conferred on them to allot relevant securities (as defined in section 80 of the Act) by that resolution, as if Section 89 (1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment and issue of equity securities up to an aggregate nominal amount of £83,251 in connection with the Subscription;
 - (ii) the allotment and issue of equity securities up to an aggregate nominal amount of £82,636 in connection with the grant of options under the Unapproved Share Option Scheme, the CSOP, the SIP and the Warrants over 4,131,798 Ordinary Shares, but subject to such further conditions as the Directors deem appropriate;
 - (iii) the allotment and issue of equity securities in connection with an issue or offering by way of rights in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or any territory; and
 - (iv) the allotment (otherwise than pursuant to sub-paragraphs (i) to (iii) above) of equity securities for cash up to an aggregate nominal value not exceeding £130,000 and this power, unless renewed, shall expire at the end of the next annual general meeting of the Company to be held after the date of the passing of this resolution or, if earlier, fifteen months from the date of the passing of this resolution but shall extend to the making, before such expiry, of an offer or agreement which

would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

9. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, the Articles of Association be and are hereby amended such that the reference in Regulation 103.2 to “£20,000,000” be deleted and replaced with “£100,000,000”.
10. That subject to and conditional upon each of the other Resolutions set out in the notice convening this Extraordinary General Meeting having been passed and subject to and conditional upon Admission, the Articles of Association be and are hereby amended such that the reference in Regulation 92 to “£40,000” be deleted and replaced with “£50,000”.

By order of the Board

Lee Camfield
Company Secretary

Dated: 5 August 2005

Registered office:
Hopton Industrial Estate
London Road
Devizes
Wiltshire, SN10 2EU

Notes

1. A Shareholder entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy does not need to be a Shareholder of the Company. A proxy may not speak to the meeting except with the permission of the Chairman of the meeting and may only vote on a poll (not on a show of hands).
2. A reply paid Form of Proxy is enclosed. To be valid, the Form of Proxy and the original (or a certified true copy) of any power of attorney or other authority under which the Form of Proxy is signed must be deposited at the office of the Company's Registrars, whose address is shown on the Form of Proxy, no later than 10.00 a.m. on 28 August 2005. Completion of the Form of Proxy will not affect the right of a Shareholder to attend and vote at the meeting.
3. Under Regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders included in the register of members of the Company at 6.00 p.m. on 25 August 2005 are entitled to attend or vote at the meeting in respect of the shares registered in their names at that time. Changes to entries on the register after this deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and CREST members who had appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for you.

To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted and received by the Company's Registrar 48 hours before the time fixed for the meeting (or any adjournment thereof). The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the change of instructions to proxies appointed through CREST should be communicated to the proxy another way.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST service provider(s) take(s) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST proxy Instruction as invalid as set out in Regulation 35.5(a) of the Uncertificated Securities Regulations 2001.

5. Resolution 2 will be taken on a poll in accordance with the requirements of the Panel on Takeovers and Mergers for dispensation from Rule 9 of the City Code on Takeovers and Mergers.

