

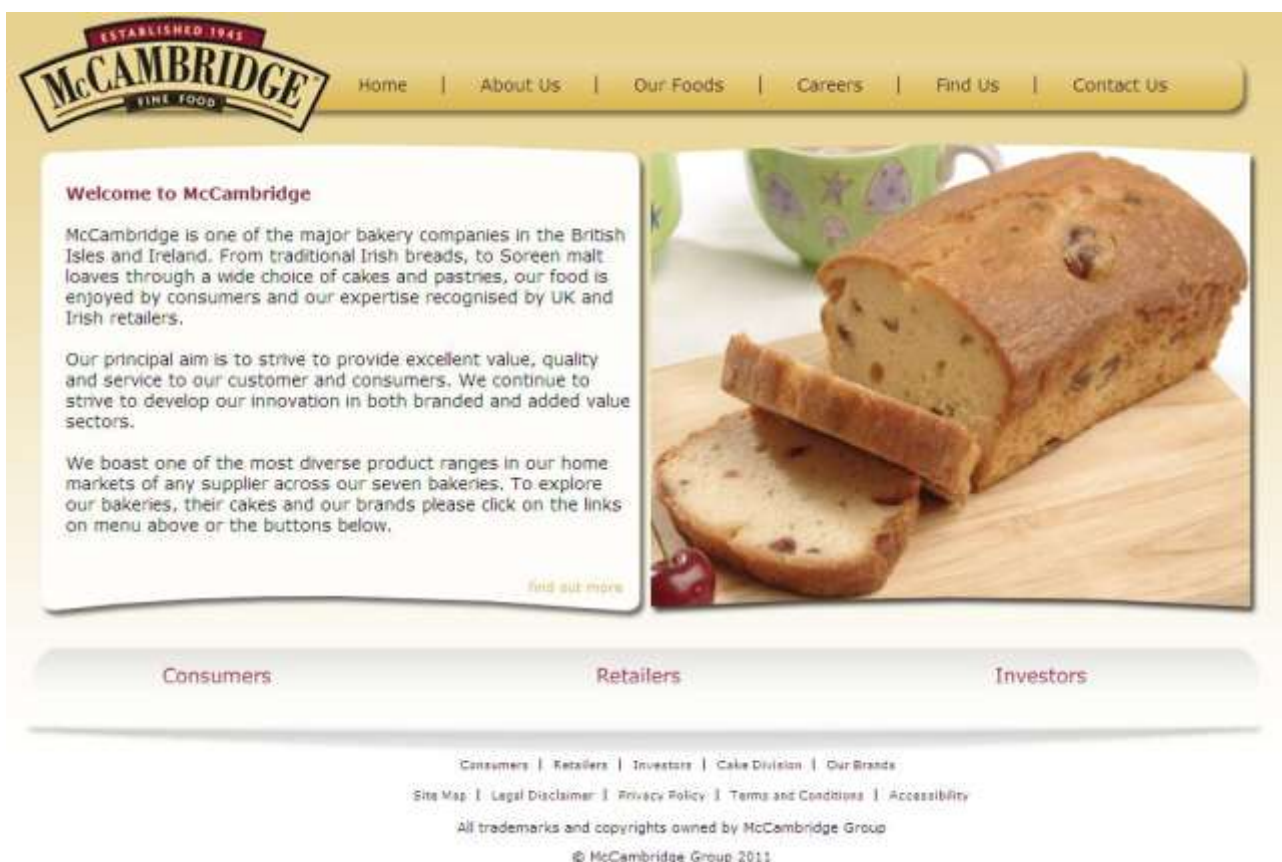
McCambridge Group Holdings Limited



About McCambridge

McCambridge Group Holdings Limited is a bakery group operating in the food and confectionery industry. Our markets, primarily across Europe are serviced out of our well invested modern manufacturing facilities located across the United Kingdom, Ireland and Poland.

For more information about McCambridge, its people and its brands, visit www.mccambridgegroup.co.uk.



This is the Annual Report of McCambridge Group Holdings Limited for the year ended 30 June 2011. This report includes names of McCambridge products, which constitute trademarks or trade names which McCambridge own or which are licensed to McCambridge for use. In this report, the term 'company' refers to McCambridge Group Holdings Limited and the terms 'group' and 'McCambridge' refer to the company and its consolidated subsidiaries, except as the context otherwise requires.

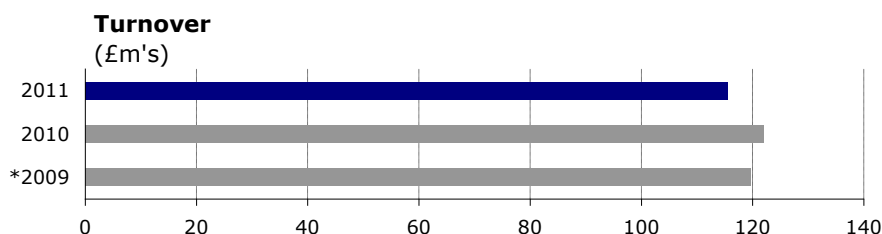
The consolidated financial statements have been prepared in accordance with UK GAAP. Market data information is taken from independent industry sources in, and is relevant to, the markets in which McCambridge operates.

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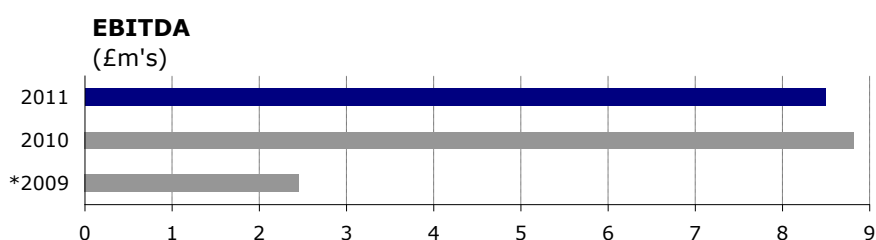
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Highlights

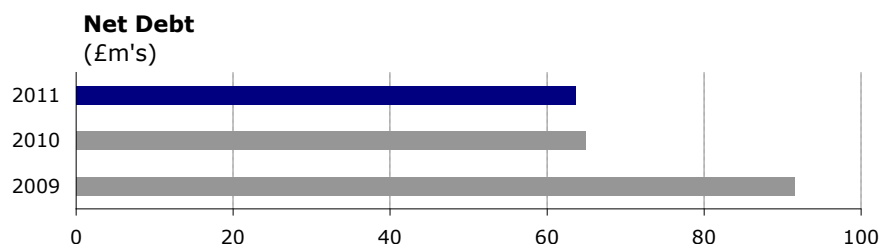
Turnover



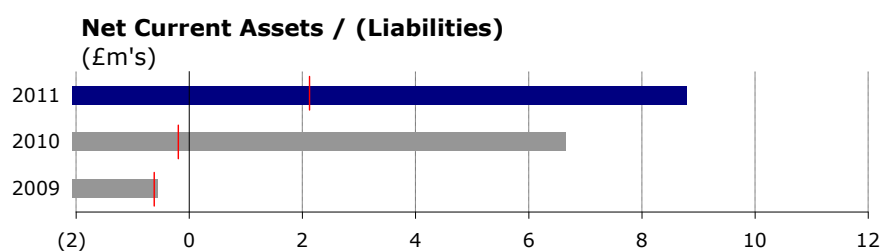
EBITDA



Net Debt



Net Current Assets



* The 2009 audited accounts were for the 9 month period ended 30 June 2009. However, as consistent with the prior year annual report, the comparatives for turnover and EBITDA displayed above are for the full 12 month period to 30 June 2009 to enable like for like comparisons.

The red lines included within the Net Current Assets chart relate to net current assets/(liabilities) excluding the deferred tax asset balances.



Group Chief Executive's Statement

“During 2011, we completed our site consolidation programme, contended with double digit commodity inflation and a recessionary economic backdrop whilst at the same time transforming the commercial effectiveness of our largest trading division. We have successfully navigated our way through these issues and look forward to facing future challenges from a firm foundation.”

McCambridge Group delivered another excellent overall performance in the year against the backdrop of a challenging recessionary environment and significant commodity inflation. The final stages of the turnaround plan following the strategic review as detailed in the 2009 annual report has been the main focus for the board during the year.

This year has seen management heavily engaged not only in the completion of our final site consolidation and significant capital expenditure programme, but also in resolving commissioning issues and rebranding of the Soreen product family.

Against such a testing backdrop, our strategy has remained robust and resolute with the full support of our stakeholders. By taking advantage of growth opportunities and restructuring the Group, to deliver cost savings in line with the turnaround plan, we are navigating our way through difficult trading conditions and have positioned the business to face future challenges.

Overall, despite the challenging environment and disruption from commissioning, the Group delivered an EBITDA of £8.5m; this reflects the continuation of the turnaround in business performance since the acquisition of Inter Link Foods PLC in July 2007. A more detailed review of the Group's performance during the year is contained in the Group Finance Director's Review on pages 6 to 12.

Underpinning the continued turnaround and these headline results lies a lot of hard work from our management teams and employees. I would like to thank every employee within the Group for their continued efforts and our stakeholders for their continued support.

The Group has made a promising start to the current year.



Neil Fraser
Group Chief Executive
6 October 2011



Group Finance Director's Review

“During the year we completed our factory consolidation programme, restructured our commercial and procurement teams, substantially recovered commodity inflation and significantly reduced our finance lease commitments, all of which have positioned the Group well and allow us to enter the new year with cautious optimism.”

Performance

Despite the challenging economic environment I am pleased to report that the Group achieved an EBITDA of £8.5m in the financial year to 30 June 2011 on turnover of £115.5m. The Group successfully maintained its earnings compared to the prior year, this is despite the impact of disruption attributable to supplier failure as part of the Soreen site consolidation in the first half of the year and the impact of significant commodity inflation in the second half of the year.

Summary Results

	2011 £'000	2010 £'000
Turnover	115,508	122,005
Cost of sales	(75,538)	(78,589)
Gross profit	39,970	43,416
Gross margin %	34.6%	35.6%
Distribution costs	8,590	8,986
Distribution costs %	7.4%	7.4%
Administrative expenses *	22,887	25,610
Administrative expenses %	19.8%	21.0%
EBITDA	8,493	8,820
EBITDA %	7.4%	7.2%

* - excluding depreciation and amortization but including rent receivable

The performance during the year was driven by:

- the rationalisation of organisational costs and management across the Group;
- completion of the final leg of the significant capital investment programme to enhance factory efficiencies (£3.5m spent in the current year);

- the consolidation of operations in the United Kingdom, we have reduced our factory footprint by 4 units over the last 2 years.

I am pleased to report that the supplier failure referred to above is now resolved and that the Soreen consolidation is now substantially delivering the anticipated savings and efficiencies envisaged from the project. We substantially recovered the impact of commodity inflation during the year through a blend of internal and external initiatives, while ensuring that we continue to offer our customers good value in a challenging marketplace.

Turnover

The turnover decline of 5.3% masks the varying trends in our product areas. Turnover in our core product areas has been maintained against the backdrop of a marginally declining market. The overall bought in cake market declined 2.0% in volume terms in the 12 months to June 2011, at which point it was worth £1.1bn.

Gross profit

Gross profit margin in the year decreased by 1.0% to 34.6% (2010: 35.6%). This was driven by the impact of commodity inflation sustained during the year, and the associated time-lag to its recovery through the aforementioned remedial actions, and the impact of supplier failure on the consolidation of the Soreen site.

Administrative expenses

Administrative expenses (before depreciation, amortisation and exceptional items) for the year were reduced by 10.6% to £22.9m (2010: £25.6m) as a result of the benefits of the continued management restructuring and head office cost reduction programme, in addition to the full year benefits of the factory consolidation programme.

Group Finance Director's Review continued

Borrowings, facilities and Net Debt

At the year end the Group had net debt of £63.7m, a reduction of £1.2m compared to the prior year (2010: £64.9m). During the year the Group generated a cash inflow from operating activities of £6.5m. This included a one off outflow of £1.5m attributable to the acceleration of the seasonal stock build. The seasonal stock build commenced in April 2011, compared to June 2010 in the prior year, which resulted in the Group holding £1.5m additional seasonal stock at the year end. The decision was made to accelerate the stock build to achieve a more orderly and efficient seasonal programme for Christmas 2011.

Of the net debt of £63.7m at 30 June 2011, £63.1m was attributable to bank debt and £0.6m was attributable to finance leases. The Group had aggregate bank facilities of £78.5m at 30 June 2011; £15.4m of bank facilities were not utilised at the year end. As at 30 June 2011 £0.1m of our finance lease commitments were repayable within 12 months of the year end and none of our bank debt was due or repayable within 12 months of the year-end.

The Group compiles a 3 year plan every 12 months, our most recent plan was finalised in June 2011. In accordance with this plan the outlook for operating cash flow remains stable derived from trading activities and targeted working capital reduction. The capital investment programme is now complete, hence, capital expenditure and exceptional costs over the coming year should return to more normalised levels and finance lease commitments have been substantially repaid over the last two years.

Our present facilities agreement runs to April 2013 and it is our Group policy to ensure that facilities are renewed at least 12 months prior to maturity. We are not aware of any material issue that would prevent the Group from renewing its facilities in advance of this date given our plan, projections and the performance we have delivered to date.

Financial position

The balance sheet for the Group is presented on page 27.

Net assets at 30 June 2011 were £22.2m, a decline of £3.8m during the year attributable to the one off exceptional costs of £3.3m incurred during the year. The liquidity of the Group has improved significantly compared to the previous year; the ratio of current assets to current liabilities has increased from 1.27:1 at 30 June 2010 to 1.41:1 at 30 June 2011. At the year end the Group had net current assets of £8.8m and we have no reason to

believe that the Group will not be able to meet its current liabilities as they fall due.

Exceptional costs, capital expenditure and consolidation of factory footprint

The Group incurred capital expenditure and exceptional costs during the year of £3.5m and £3.3m respectively.

The £3.5m capital expenditure incurred during the year relates principally to the significant investment in new plant and machinery at Soreen bakery (£2.2m) and at Blackburn Bakery (£1.1m) to deliver the necessary efficiencies to both enhance our competitive position and to reduce administrative expenses. This investment represents the completion of the site consolidation programme announced in 2009. The remaining capital expenditure (£0.2m) has been invested to facilitate new product development or in significantly value added bolt on equipment across the Group.

All of the exceptional costs relate to the management restructuring and site consolidation programme completed during the current year, principally phase two of the closure of our Trafford Park One bakery site, which is now complete. These costs can be analysed into onerous lease costs (£2.3m), redundancy and reorganisation costs (£0.6m) and direct business interruption costs attributable to supplier failure during the site consolidation programme (£0.4m).

The direct business interruption costs were attributable to the failure of certain pieces of equipment supplied to the Soreen site as part of the site consolidation programme. The specific equipment did not perform to required levels of operational efficiency and was subsequently replaced by the supplier at their expense. This cost does not include any provision for lost sales nor does it include the impact the failure had on listings, NPD and promotions during the year, all of which impacted on the profit and loss account. This matter is subject to an ongoing claim against the supplier, which constitutes a contingent asset, and as such no benefit has been recognised within these accounts.

Group Finance Director's Review continued

Property portfolio

The Group has a property portfolio of £3.3m valued at book value, which is not materially different from market value. £2.5m of this portfolio is occupied by the Group and as such recognized within tangible fixed assets. The remaining £0.8m relates to one property, which is occupied by a 3rd party and is recognised within investment properties.

As communicated in last year's report, it is not the Group policy to hold commercial property for investment purposes. As such, I am pleased to report that we have successfully disposed of our four vacant investment properties during the year for consideration of £2.6m. No gain or loss was recognised on the disposal. The Group holds one remaining investment property, which is tenanted.

Corporation tax

The Group recognised a corporation tax charge of £0.2m in the year, attributable to the tax liability in Ireland.

At the balance sheet date, McCambridge (North) Limited had cumulative carried forward trading losses of £46.0m, which gives rise to a potential deferred tax asset of £12.0m (26%). The Group has only recognised a deferred tax asset of £6.6m in these accounts in respect of these losses, being the proportion of the losses that are expected to be recovered over the forthcoming 8 year period based on our most recent projections. Further the Group had cumulative carried forward unrecognized trading losses in McCambridge Group plc and its principal Polish trading subsidiary, Cukiernia Mistrza Jana, of £7.4m and £1.2m respectively. Tax losses in Poland can generally be carried forward for 5 years following the year in which the losses are incurred.

The Group paid local tax of £0.1m in the year relating to its Irish operations. Due to the significant carried forward tax losses in both the UK and Polish operations, as detailed above, it is extremely unlikely that the Group will pay corporation tax other than in Ireland in the forthcoming year.

Dividends

The loss for the year, after taxation, amounted to £4.4m. The directors have not recommended a dividend.

Summary and Outlook

In the past year we have witnessed a challenging recessionary environment across our slightly declining markets coupled with the impact of significant commodity inflation. Competition has been intense, particularly with branded suppliers intent on maintaining market share against a backdrop of consumer budget restraints, which led to a more competitive and less profitable promotional environment. In addition, internally we have been faced with the impact of supplier failure on our capital expenditure programme, which caused significant issues within the affected bakeries.

I am, however, pleased to report that we have successfully navigated our way through the marketplace, substantially recovered commodity inflation through a range of measures and initiatives, and resolved the impact of supplier failure on our business while maintaining EBITDA performance.

The last financial year represented the completion of the site consolidation programme, first communicated and commenced in 2009. With this programme complete and finance lease commitments significantly reduced, capital expenditure, exceptional costs and finance lease repayments are projected to reduce significantly. This will allow the Group to reduce its indebtedness over the forthcoming years from both trading income and targeted working capital enhancement.

We have started the current financial year well and at the end of the first quarter are trading ahead of prior year. While we remain cautious in respect of the market place and the economic environment we are confident that the steps we have taken over the last 24 months have adequately positioned the Group to face the challenges ahead. As such, we remain cautiously optimistic about our prospects for the current year.



Mark Devine
Group Finance Director
6 October 2011

Group Finance Director's Review continued

Principal Risks and Uncertainties

Risk area, description and potential impact	Management measures to reduce risks
COMMODITY PRICE/INPUT COST FLUCTUATIONS	
<p>The Group purchases a significant quantity of raw materials and packaging each year and incurs many other input costs such as utilities. In recent years there has been a significant increase in the cost of raw materials. An inability or delay in passing the impact of these costs on to our customers could adversely affect the results of the Group.</p>	<p>In order to mitigate this we operate a central purchasing function and leverage our scale across a global supply base to negotiate preferential prices. We also look to enter into short term forward contracts (normally of less than 6 months) to provide short term price stability. We also look to secure the supply of ingredients and packaging for our seasonal products on back to back contracts at the same time as we agree seasonal pricing with our customers.</p> <p>We monitor commodity costs closely and liaise frequently with suppliers to understand potential future commodity price movements. Further, we have invested significantly to upgrade the cumbersome information system inherited as part of the Inter Link acquisition. This enables the Group to rapidly assimilate the impact of commodity cost movements on our business, customer and product profitability. This provides us with the opportunity to be proactive and commence price discussions with our customers in a timely manner in order to mitigate the cost increases prior to the expiration of the protection afforded by our short term forward contracts.</p>
ECONOMIC UNCERTAINTY	
<p>Our business could be adversely affected by global business conditions and a worsening of the economy both generally and specifically in the UK, Ireland and Poland. Factors such as taxation, interest rates, inflation, the availability and cost of credit, and the liquidity of the global financial markets could significantly affect the activity level of consumers and hence impact McCambridge Group.</p>	<p>Whilst general economic conditions are outside of the Group's control, the Group is responding to the current economic conditions by adjusting its product portfolio in those markets where this is considered to be appropriate. Given the uncertain consumer outlook, the Group continues to closely manage costs and cash and to constantly reassess the appropriateness of its commercial and operational strategies.</p>
SUPPLIERS	
<p>We are dependent on the provision of products from key suppliers. A loss of these suppliers could cause short term disruption to the operational ability of the Group.</p>	<p>Our procurement team reviews and monitors suppliers by category as part of its risk assessment process. In addition, for our key products we ensure we have a number of preferred suppliers so that any failure of an individual supplier has a minimal impact on operational activity. We also continually assess the financial standing of our supply base and develop contingency plans where we consider there to be a material risk.</p>

Group Finance Director's Review continued

Risk area, description and potential impact	Management measures to reduce risks
CUSTOMERS AND CONSUMERS	
<p>Our ability to compete in the retail food industry and the results of our operations could be adversely affected if the concentration and buying power of grocery retailers increases. The strength of the major multiple retailers' (our key customers) bargaining position gives them significant leverage over their suppliers. The loss of any of these key customers, or a significant worsening in commercial terms could adversely affect the Group's results.</p> <p>Exposure to changing consumer trends can impact profitability. The main trends in consumer preferences include, amongst others, dietary concerns (sugar and fat reduction), and changes in consumer preference linked more recently to the recessionary environment. Providing or developing modified or alternative products to meet changing consumer trends may increase our costs.</p>	<p>The Group seeks to reduce the risks presented by its consolidated customer base by the delivery of high quality customer service and continuous customer liaison to ensure that we are meeting their requirements in terms of cost, quality and service and to ensure that we differentiate ourselves from our competitors. The Group also monitors consumer preferences and works closely with customers on product development programmes to provide the customer with unique products and consumers with greater choice and convenience.</p> <p>The Group also monitors customer credit risk to manage exposure in the current challenging environment.</p>
OPERATIONAL DISRUPTION AND BUSINESS CONTINUITY	
<p>The Group is at risk to disruption from incidents such as; fire, natural catastrophe, act of vandalism, critical plant failure, health and safety failure, supply chain disruption, information systems failure, workforce action or other environmental incidents. These could result in a significant impact on operations, particularly due to the short lead times involved in servicing our customers. Such incidents may have a material impact on the Group's results.</p>	<p>Our businesses have robust security and incident management processes in place to manage the impact of any such events. The Group also undertakes regular reviews of all sites and has insurance in place on standard commercial terms to mitigate the financial impact of such incidents.</p>
EMPLOYEES	
<p>The ongoing success of the Group is dependent on attracting and retaining high quality employees who have the ability to effectively manage the Group's operations. Failure to recruit and retain high quality employees can impact financial results.</p>	<p>The Group has high expectations of all staff and in return strives to provide an environment that is both challenging and rewarding. We actively support the training and development of our employees both on the job and through external provision.</p>
PRODUCT QUALITY, ENVIRONMENTAL AND HEALTH AND SAFETY	
<p>A major incident resulting from a health and safety failure, including for example in respect of a foreign body or contamination could pose a significant risk to consumers and also have significant reputational and financial implications for the Group.</p>	<p>The Group maintains a central technical assurance and compliance team, headed up by the Group Technical Director, who reports directly to the Group Chief Executive, to direct, appraise and manage the site teams. The Group's stringent approach to food quality and safety is also controlled via the quality assurance procedures operated at each site.</p> <p>The Group's factories are subject to regular internal and independent food safety and quality control audits, including those carried out by, and/or for, major customers and the BRC. No major issues have been identified in the most recent audits. To protect the Group in the unlikely event of a significant incident the Group maintains product liability insurance of £25m.</p>

Group Finance Director's Review continued

Risk area, description and potential impact	Management measures to reduce risks
INTEREST RATE RISK	
<p>The Group is exposed to interest rate risk on borrowings drawn down on the banking facility and supplier credit.</p> <p>A significant movement in interest rates on floating borrowings could adversely impact the Group's profitability.</p>	<p>The Group finances its operations through a mixture of bank borrowings and supplier credit. All of the facilities included in the £78.5m facilities are floating rate facilities linked primarily to LIBOR with a small element, up to circa 10% of the facility, linked to Bank of England base rate.</p> <p>The Group's exposure to interest rate fluctuations on its borrowings is managed via interest rate hedging. At the year end the Group had one interest rate hedge in place that applies for the period to 28 March 2013. This hedge:</p> <ul style="list-style-type: none"> ▪ Fixed the interest rate that the Group pays on £32.5m of its facilities to 3.06%; and ▪ Caps the interest rate that the Group pays on £17.5m of its facilities to 3.06%; and ▪ Caps the interest rate that the Group pays on £15.0m of its facilities to 4.50% <p>The balance of the facilities, over and above £65.0m, are un-hedged over this period and accrue interest at floating rate (0.63% at the year-end). In addition to the above, the Group pays a blended margin above LIBOR/BoE Base rate of 3.3% on its bank borrowings.</p>
CREDIT RISK	
<p>The Group's principal financial assets are cash deposits and trade debtors. The main credit risk is attributed to our trade debtors. The failure of a customer may have a material impact on the Group's results in terms of bad debt and also reduced turnover.</p>	<p>The majority of the Group's customers are blue chip major retailers with substantial financial worth operating in an industry which has not been significantly depressed by the global economic downturn. In order to manage credit risk, the Directors' set limits for customers based on a combination of payment history and third party credit referencing. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Only in exceptional circumstances, and after the provision of further financial information, are credit limits assigned over and above the level recommended by third party credit referencing agencies.</p>

Group Finance Director's Review continued

Risk area, description and potential impact	Management measures to reduce risks
FOREIGN CURRENCY RISK	
<p>Foreign currency risk management occurs at a transactional level on revenues and purchases in foreign currencies and at a translational level in relation to the translation of overseas operations. £13.3m (11.5%) of Group turnover in the year related to the local markets serviced by our Ireland and Poland operations. In addition the Group manufactures £14.8m of product (measured at sales value) in Poland for sale in the UK.</p> <p>Any significant fluctuations in exchange rates could therefore materially impact the Group's profitability.</p>	<p>The Group manufactured and sold approximately £7.4m of product (measured at sales value) in the Republic of Ireland. The Group's transactional exposure to the Euro in relation to this operation is, therefore, restricted to the net profit generated within the Irish operations.</p> <p>The Group manufactured approximately £20.7m of product (measured at sales value) in Poland, £14.8m of this product is sold in the UK and invoiced in Sterling. The Group's transactional exposure to the Zloty is, therefore, significant as the exposure relates to the full cost of production of the product for the product sold in the UK. The Group reviews this exposure on a monthly basis with a view to hedging the risk using forward contracts.</p> <p>The spot Zloty-Sterling exchange rate at 30 June 2011 was 4.50 Zloty to 1 GBP.</p> <p>The Group is also exposed to foreign currency risk indirectly due to the purchase of commodities linked to the Euro and the Dollar, such as sugar and raisins. The Group seeks to mitigate this risk where possible by agreeing short term forward contracts for the purchase of such goods with suppliers in GBP.</p>
LIQUIDITY RISK	
<p>The Group has committed financing in place, which can only be withdrawn in the event of a breach of its financing agreement, such as a breach of financial covenants, when the Group might be restricted in its ability to operate normally and could be required to dispose of assets to pay down debt and incur additional costs.</p>	<p>The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group also seeks to minimise borrowing costs by ensuring that cash balances are offset against its borrowings and ensuring that working capital is robustly managed.</p> <p>The Group policy is to ensure that facilities are renewed at least 12 months prior to maturity and to ensure adequate cash headroom is maintained to deal with unanticipated eventualities. The Group also has a regular dialogue with its lender to ensure they are adequately apprised of the current performance and direction of the Group.</p> <p>The Group revised its facilities in July 2009 and presently has total facilities with Barclays of £78.5m maturing in 2013. At the year end £63.1m of the total facility was drawn. The Group does not foresee that it will breach its facilities agreement in the next 12 months and does not foresee any requirement for additional facilities to be extended in the same period. The Group continuously monitors and projects its cash requirements and covenant headroom so that should any issue be identified it can be promptly addressed.</p>



Top Gear

Some say... he shouldn't be allowed to make cakes.

I AM THE STIG



Business Review

Soreen

Division

The Soreen Division, which celebrated its 73rd anniversary in 2011, comprises our activities in the malt loaf, fruit loaf and snack convenience market, based out of a newly enlarged and purpose built bakery at Trafford Park, Manchester. The Soreen Brand accounts for 96% of the division's revenue and is an iconic brand within the Morning Goods category.

2010/11 was an exceptionally ambitious year of not only brand development but also the delivery of our plans to improve operational capability. In a year that began with two bakeries, limited by capacity and with varying manufacturing processes, we have transformed them into one modern bakery capable of supporting 35% more capacity and the extended range of unique high quality products within the rebranded Soreen portfolio.

As part of an integrated marketing plan, we undertook a comprehensive campaign focused on communicating Soreen's core value through the first major branded development in the last decade. This has resulted in the modernisation of our cherished brand while maintaining the fundamentals, such as the "Soreen Yellow" established as the sign post for the Morning Goods fixture for generations of loyal consumers.

Additionally, unprecedented volatility in core raw materials impacted the entire bakery category and Soreen had to adapt its commercial strategy throughout the year to cope with this and the continued rise in promotional activity as competitors sought to maintain their respective market shares. All of this business change was however not without challenge, both commercially and operationally, but it is pleasing to report the achievement of the strategic business priorities and to highlight some of the accomplishments that will

underpin strong Soreen growth and our ability to be a strong supplier for the future:

- completed a £4m overhaul of our manufacturing capability including consolidating into one site utilising modern equipment and with the capacity to meet growing demand and our innovation agenda;
- expanded the range of Soreen Fruit Loaves to include Banana and Apple & Sultana, appealing to a broader consumer base, with Banana Loaf, in particular, becoming an instant favourite;
- rebranded Soreen's packaging to reflect the more modern, "Squidgy Energy" aspects of the brand;
- completed an integrated marketing campaign including the achievement of a Guinness World Record for Energy Generation by Soreen consumers while also helping to raise much needed investment for one of our charity partners, The Christie;
- developed new products including Soreen Snackers and the first Soreen Toasting Loaf which will both launch to the trade in 2011/12.

The trade has also recognised our efforts this year with the following awards:

- The Marketing Society Northern Awards, Best Food Campaign;
- The Drum Marketing Awards, Event and Experiential Strategy, Soreen Deliciously Squidgy Energy;
- The Pump Industry Awards, Technical Innovation of the Year, Soreen Vacuum Pump Project 2011;
- Additional nominations included the UK Event Awards, Best Small Event; The Cream Marketing Awards, Best Outdoor Advertising and The DADI's, Consumer Products or Services Website or Campaign.

"With an exceptionally demanding strategic business plan agenda coupled with one of the most challenging commercial environments of recent times, I am pleased to reflect on what we have achieved, which is a credit to the commitment and dedication of the Soreen team."

[Paul Tripp – Managing Director Soreen Division]

The Original Soreen

Deliciously squidgy energy

Tell us how you
like your Soreen, and get
more yummy ideas at
www.soreen.com

Follow SoreenHQ

facebook. **twitter**



SOREEN FRUITY FIVE

Fruity Five is a delicious fruity loaf that is lighter in texture than our Original Malt Loaf yet still deliciously soft and moist. Each loaf contains 5 types of fruit! Also available in a handy, pre-buttered snack pack.



SOREEN CINNAMON & RAISIN

Soft and moist fruit loaf packed with juicy raisins and lightly spiced with cinnamon. This versatile product is ideal anytime of the day and contains less than 5% fat.



SOREEN BANANA

A deliciously squidgy fruit loaf, bursting with yummy bananas! Eat on its own or spread with your favourite topping. Low in saturated fat, Soreen's banana loaf is the perfect snack anytime of day.



SOREEN APPLE & SULTANA

Bursting with juicy apples and succulent sultanas, it's another great tasting loaf from Soreen. Low in saturated fat and packed with moist fruits.

Business Review

2 page Soreen picture – provided separately (to cover the entire page i.e. no header or footer)

Business Review

2 page Soreen picture – provided separately (to cover the entire page i.e. no header or footer)

Business Review

McCambridge Cake

Division

The McCambridge Cake division manufactures branded, licensed and private label cakes and pastry products. The division is located across six well invested sites based in Blackburn (2 sites), Bradford, Manchester, Salisbury and Szczecin (Poland).

Our branded products include the Mrs. Peek's range, in addition to the Yorkshire Cottage Bakeries, Hoppers, Knightsbridge and Bronte labels. Our licensed range includes market leading celebration cakes such as Top Gear. Our private label range includes slab cakes, loaf cakes, fairy cakes, swiss rolls, mini rolls, flapjacks, cake bars, tarts, fruit and mince pies.

In the 12 months to June 2011 the overall bought in cake market declined 2.0% in volume terms, at which point it was worth £1.1bn. During the year the marketplace has seen not only intense competition, particularly with increased promotional activity, but it has also sustained significant commodity inflation in the second half of the year. The impact of this commodity inflation has been substantially recovered.

Significant focus during the year was also placed on the strategic positioning of the division in the marketplace to ensure that we are offering the best value to our customers; this has resulted in the division vacating certain product areas and identifying others for further investment. In addition, our promotional mechanics and offerings have also been reassessed taking into account the effectiveness of such promotions and the level of deep cut, high volume promotional activity in the marketplace. Despite these challenges, turnover in our core product areas has been maintained against the backdrop of a marginally declining market.

The site consolidation programme announced in 2009 was completed in the first quarter of the year and this has enabled the division to operate more efficiently and effectively. As highlighted in the Finance Director's review, we have also successfully accelerated the seasonal production for Christmas 2011 to create additional capacity and to achieve a more orderly and efficient seasonal production plan. This has and will continue to deliver significant benefits and options to the division in the coming months.

With the departure of the incumbent managing director in November 2010, Neil Fraser took control of commercial issues and operations and Mark Devine took control of procurement and supply chain. The management structures of the division were subsequently reassessed and restructured. A new Managing Director has been appointed since the year end.





Business Review

McCambridge Ireland

Division

McCambridge Ireland is the market leader in Irish Stoneground Wholewheat Brown Bread. The company was established in 1985 but with a history of food production and retailing going back to 1945. The McCambridge bakery is based in Rathcoole Co. Dublin in Ireland,

The unique recipe, which was in the McCambridge family for generations prior to the company being formed, gives our product a nutty wholesome texture and taste. Our Wholewheat brown bread is yeast free, contains no added sugar and contains wheatgerm which is rich in essential fatty acids. The product is also packed in a resealable bag Freshgard to allow it to stay fresh for longer.

During the year we continued to invest in our brand, but also responded to a reduction in consumer sentiment and a decline in discretionary spend by introducing value offers. Ireland's open economy means it is significantly impacted by negative global trends. Despite the challenging market conditions our market share was maintained at above 30%."

As mentioned in the prior year review we launched a McCambridge Malt Loaf in the Dublin metropolitan area in the final quarter of the year. We are confident this that product will be successful in the Irish market and we are raising product awareness in stores through consumer tasting activity.



"2011 has been a successful year for the business, despite the significant weakness in the Irish economy, in which we have enhanced our market share and continued to take advantage of opportunities to stretch the brand into complementary products."

[Michael McCambridge - Managing Director
McCambridge Ireland Division]



Directors and Advisors

Directors

SIMON WEBBER

Chairman

Simon became involved with McCambridge Group in 2009 as observer and adviser to Barclays Ventures. He was appointed Chairman in December 2010.

Simon has over 25 years experience in senior commercial roles including as Director, Corporate Development at Tomkins plc and also working closely with Ranks Hovis McDougall's extensive bakery interests. He is currently a director of Pasta Foods Limited, Marshalls Foods Limited, Logistex Limited and several other private companies.

NEIL FRASER

Group Chief Executive



Neil joined McCambridge in 2009 as Group Commercial Director and was appointed Group Chief Executive in 2010. Neil has over 30 years experience in senior commercial and general management roles in such businesses as Carlsberg, Diageo, Scottish and Newcastle, United Biscuits and Christian Salvesen.

MICHAEL MCCAMBRIDGE

Deputy Chairman



Michael is Deputy Chairman of the McCambridge Group and is a member of the McCambridge family who founded the business in Ireland in 1945. Michael has had an active role in the business since 1994 and is Managing Director of the Irish Division. Michael previously worked for Stokes, Kennedy Crowley and Guinness.

MARK DEVINE

Group Finance Director



Mark joined McCambridge as Strategic Development Director in 2007 and was appointed Group Finance Director in 2009. Since graduating from Oxford University, Mark has held a number of senior finance positions in both medium and large companies, including General Motors and Pendragon.

PAUL TRIPP

Managing Director, Sreen



Paul joined McCambridge as Technical and Compliance Director in July 2007 following the acquisition of Inter Link Foods and was appointed Managing Director of the Sreen Division in 2009. Paul has extensive food manufacturing experience having previously worked at Allied Bakeries and British Bakeries.

REGISTERED OFFICE

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Blackburn
Lancashire BB1 2PT

AUDITORS

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

SOLICITORS

Ashurst LLP
Broadwalk House
5 Appold Street
London EC2A 2HA

BANKERS

Barclays Bank PLC
1 Churchill Place
London E14 5HP

Directors' Report

The Directors present their report and the financial statements for the year ended 30 June 2011.

Principal Activities and Business Review

The Group operates in the food and confectionery industry, principally baking, in Europe.

A review of the Group's performance during the year, with commentary on the financial results and future development, is contained in the Group Chief Executive's Statement, the Group Finance Director's Review and the Business Reviews on pages 4 to 20.

Results and Dividends

Detailed results for the year are provided in the Consolidated Profit and Loss Account on page 26.

The Group has reported profit before interest, tax, depreciation, amortisation and exceptional items ("EBITDA") of £8,493,000 (2010: £8,820,000). The retained loss of £4,365,000 attributable to shareholders has been withdrawn from reserves.

The Directors do not propose to pay a dividend for the year.

Directors

The directors, who served during the year, were as follows:

M S Devine
 N D Fraser
 M J McCambridge
 P Tripp
 G Walsh (resigned 1 March 2011)
 S M Webber (appointed 1 May 2011)

Company number

McCambridge Group Holdings Limited is incorporated in England and Wales and the company number is 6713355.

Going concern

On the basis of current financial projections and facilities available, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing these financial statements.

Principal risks and uncertainties

A review of the Group's principal risks and uncertainties including financial risk management is contained in the Group Finance Director's Review on pages 9 to 12.

Supplier payment policy

The Group's policy is to agree the terms of payment with suppliers at the commencement of the trading or contractual relationship and to operate within such terms subject to satisfactory completion of the suppliers' obligations. At 30 June 2011, the Group's trade creditors represented 58 days of purchases (2010: 47 days).

Employees

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

The Group gives full consideration to applications for employment from persons with disabilities where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to employees with disabilities wherever appropriate.

Auditor

The Directors confirm that the auditor, Grant Thornton UK LLP has expressed willingness to continue in office and will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

On behalf of the Board



M S Devine
 Director
 6 October 2011

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have elected to prepare the financial statements in accordance with applicable laws and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Group's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of McCambridge Group Holdings Limited

We have audited the financial statements of McCambridge Group Holdings Limited for the year ended 30 June 2011 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, consolidated and parent company balance sheets, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 30 June 2011 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Wood
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Leeds
6 October 2011

Consolidated Profit and Loss Account

Year ended 30 June 2011

	Notes	2011 £'000	2010 £'000
Turnover	1	115,508	122,005
Cost of sales		(75,538)	(78,589)
Gross profit		39,970	43,416
Other operating charges (net) before depreciation, amortisation and exceptional items		(31,477)	(34,596)
Earnings before interest, taxation, depreciation, amortisation and exceptional items		8,493	8,820
Other operating charges – depreciation and amortisation		(5,897)	(5,422)
Other operating charges – exceptional items	3	(3,293)	(3,395)
Total other operating charges (net)	2	(40,667)	(43,413)
Operating (loss)/profit	4	(697)	3
Interest payable and similar charges (net)	7	(3,505)	(4,781)
Loss on ordinary activities before taxation		(4,202)	(4,778)
Tax on loss on ordinary activities	8	(163)	6,500
(Loss)/profit for the financial year	22,23	(4,365)	1,722

All activities of the group are classed as continuing.

Consolidated Statement of Total Recognised Gains and Losses

Year ended 30 June 2011

	2011 £'000	2010 £'000
(Loss)/profit for the financial year	(4,365)	1,722
Unrealised surplus on revaluation of tangible fixed assets	–	1,062
Currency translation differences on foreign currency net investments	612	(11)
Total gains and losses recognised in the year	(3,753)	2,773

Consolidated Balance Sheet

30 June 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Intangible assets – goodwill	10	57,229	60,609
Tangible assets	11	22,306	21,207
Investment properties	12	875	3,450
		80,410	85,266
Current assets			
Stocks	14	6,844	5,324
Debtors	15	15,644	17,074
Deferred tax asset	19	6,664	6,654
Cash at bank and in hand		894	1,249
		30,046	30,301
Creditors: amounts falling due within one year	16	(21,250)	(23,833)
Net current assets		8,796	6,468
Total assets less current liabilities		89,206	91,734
Creditors: amounts falling due after more than one year	17	(64,432)	(65,011)
Provisions for liabilities	18	(2,555)	(751)
Net assets		22,219	25,972
Called-up share capital	21	1	1
Revaluation reserve	22	214	1,062
Capital contribution reserve	22	31,929	31,929
Profit and loss account	22	(9,925)	(7,020)
Shareholders' funds	23	22,219	25,972

The financial statements were approved by the Board of Directors and authorised for issue on 6 October 2011. They were signed on its behalf by:



M S Devine
Director

Company Balance Sheet

30 June 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	13	-	-
Current assets			
Debtors	15	-	1
Cash at bank and in hand		16	15
		16	16
Creditors: amounts falling due within one year	16	(84)	(84)
Net current liabilities		(68)	(68)
Total assets less current liabilities		(68)	(68)
Capital and reserves			
Called-up share capital	21	1	1
Profit and loss account	22	(69)	(69)
Shareholders' deficit	23	(68)	(68)

The financial statements were approved by the Board of directors and authorised for issue on 6 October 2011. They were signed on its behalf by:



M S Devine
Director

Consolidated Cash Flow Statement

Year ended 30 June 2011

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities	24	6,497	8,336
Returns on investments and servicing of finance	25	(3,510)	(4,631)
Taxation	25	(121)	(164)
Capital expenditure	25	(925)	(4,042)
Cash inflow/(outflow) before financing		1,941	(501)
Financing	25	(2,323)	1,408
(Decrease)/increase in cash	26	(382)	907

Statement of Accounting Policies

Year ended 30 June 2011

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

Basis of accounting

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 United Kingdom accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or sold are consolidated for the period from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review and Group Finance Director's review on pages 6 to 20. The Group Finance Director's review on pages 6 to 12 also describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group meets its day to day working capital requirements through an overdraft facility which is due for renewal on 1 April 2013. The current economic conditions create uncertainty particularly over (a) the level of demand for the Group's products; (b) the exchange rate between sterling and zloty and thus the consequence for the performance of the subsidiary based in Poland; and (c) the availability of bank finance in the foreseeable future.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The Group will open renewal negotiations with the bank at least 12 months prior to maturity and has at this stage not sought any written confirmation that the facility will be renewed. However, the Group has held discussion with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration over the fair value of the identified 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, other than investment properties and freehold land, at rates calculated to write off the cost or valuation of each asset on a straight line basis over its expected useful life, as follows:

Freehold property	-	50 years
Leasehold property	-	between 10 and 50 years
Plant and machinery	-	up to 15 years
Motor vehicles	-	up to 4 years

Statement of Accounting Policies continued

Year ended 30 June 2011

Investment properties

Investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property or the reversal of such a deficit is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of investment properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 *Accounting for investment properties*. The financial effect of the departure from the statutory accounting rules cannot be readily quantified as the depreciation charge is only one of the many factors reflected in the annual valuation.

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, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or 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 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 to the extent that, 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.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover is the revenue arising from the sales of goods and services. It is stated at the fair value of the consideration receivable, net of value added tax.

Revenue from the sale of goods is recognised when the significant risks and benefits of ownership of the product have transferred to the buyer, which may be upon shipment, completion of the product or the product being ready for delivery, based on specific contract terms.

Statement of Accounting Policies continued

Year ended 30 June 2011

Pension costs

The company operates a defined contribution pension scheme on behalf of certain directors and employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Foreign currency

Monetary 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 of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

The results of overseas operations are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net assets and results of overseas operations are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

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.

Notes to the Financial Statements

Year ended 30 June 2011

1. Turnover

	2011 £'000	2010 £'000
United Kingdom	100,252	106,309
Rest of Europe	14,961	15,288
Other	295	408
	115,508	122,005

2. Other operating charges (net)

	2011 £'000	2010 £'000
Distribution costs	8,590	8,986
Administrative expenses	28,790	31,070
Exceptional items (note 3)	3,293	3,395
Other operating income – rent receivable	(6)	(38)
	40,667	43,413

3. Exceptional items

	2011 £'000	2010 £'000
Redundancy and reorganisation costs	553	1,451
Business interruption (see page 7)	370	–
Loss on disposal of investment properties	18	–
Impairment of tangible fixed assets	–	972
Onerous lease contracts (note 18)	2,352	972
	3,293	3,395

4. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amortisation of goodwill	3,380	3,380	–	–
Depreciation of tangible fixed assets:				
– owned	2,399	1,669	–	–
– held under finance leases	118	373	–	–
Impairment of tangible fixed assets	–	972	–	–
Loss on disposal of tangible fixed assets	–	17	–	–
Loss on disposal of investment properties	18	–	–	–
Operating lease rentals:				
– plant and machinery	11	51	–	–
– other	1,847	1,740	–	–
Auditor's remuneration	125	260	10	15

Notes to the Financial Statements continued

Year ended 30 June 2011

4. Operating (loss)/profit continued

	2011 £'000	2010 £'000
Fees payable to the Company's auditor for the audit of the financial statements	15	15
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	45	50
Other services provided to the Company's subsidiaries	65	195

5. Staff costs

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

	Group		Company	
	2011 No.	2010 No.	2011 No.	2010 No.
Management and administration	99	101	-	-
Production and distribution	1,066	1,227	-	-
	1,165	1,328	-	-

Their aggregate remuneration comprised:

	£'000	£'000	£'000	£'000
Wages and salaries	18,009	21,686	-	-
Social security costs	1,913	2,180	-	-
Other pension costs	223	324	-	-
	20,145	24,190	-	-

6. Directors' remuneration

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Emoluments	1,040	1,118	-	-
Company contributions to money purchase pension schemes	113	123	-	-
	1,153	1,241	-	-

The number of directors who:

	No.	No.	No.	No.
Are members of a money purchase pension scheme	5	5	-	-

Notes to the Financial Statements continued

Year ended 30 June 2011

6. Directors' remuneration continued

Remuneration of the highest paid director:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Emoluments	348	297	-	-
Company contributions to money purchase pension schemes	26	23	-	-
	374	320	-	-

7. Interest payable and similar charges

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Interest payable on bank borrowings	3,540	4,702	-	-
Finance charges payable under finance leases	39	79	-	-
Other interest receivable	(74)	-	-	-
	3,505	4,781	-	-

8. Taxation

The tax charge/(credit) comprises:

	2011 £'000	2010 £'000
Current tax		
UK Corporation tax	-	-
Adjustment in respect of prior year	-	-
Foreign tax	163	143
Total current tax	163	143
Deferred tax		
Origination and reversal of timing differences	-	(6,643)
Total deferred tax (note 19)	-	(6,643)
Total tax on loss on ordinary activities	163	(6,500)

Notes to the Financial Statements continued

Year ended 30 June 2011

8. Taxation continued

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

	2011	2010
	£'000	£'000
Loss on ordinary activities before tax	(4,202)	(4,778)
Tax on loss on ordinary activities at standard UK corporation tax rate of 26% (2010: 28%)	(1,093)	(1,338)
Effects of:		
Expenses not deductible for tax purposes	701	888
Depreciation for period in excess of capital allowances	411	(303)
Non taxable income	(64)	(547)
Unutilised losses	438	1,444
Short term timing differences	(8)	33
Manufacturing relief	(19)	-
Effects of different tax rates	(203)	(34)
Current tax charge for the year	163	143

9. Result attributable to members of the parent company

The result for the financial year dealt with in the financial statements of the parent Company was £nil (2010: £nil). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

10. Intangible fixed assets – goodwill

Group	£'000
Cost	
At 1 July 2010 and 30 June 2011	82,684
Amortisation	
At 1 July 2010	22,075
Charge for the year	3,380
At 30 June 2011	25,455
Net book value	
At 30 June 2011	57,229
At 30 June 2010	60,609

Notes to the Financial Statements continued

Year ended 30 June 2011

11. Tangible fixed assets

Group	Freehold land & buildings £'000	Leasehold land & buildings £'000	Plant & machinery £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 July 2010	2,597	3,268	24,853	394	31,112
Foreign exchange movement	–	128	677	36	841
Additions	17	5	3,112	6	3,140
Disposals	–	–	(3)	–	(3)
At 30 June 2011	2,614	3,401	28,639	436	35,090
Depreciation					
At 1 July 2010	91	1,090	8,503	221	9,905
Foreign exchange movement	–	46	298	21	365
Charge for the year	53	253	2,161	50	2,517
Disposals	–	–	(3)	–	(3)
At 30 June 2011	144	1,389	10,959	292	12,784
Net book value					
At 30 June 2011	2,470	2,012	17,680	144	22,306
At 30 June 2010	2,506	2,178	16,350	173	21,207

Included within the net book value of £22,306,000 is £498,000 relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £118,000.

12. Investment properties

Group	£'000
Cost and net book value	
At 1 July 2010	3,450
Disposals	(2,575)
At 30 June 2011	875

Investment properties, which are all freehold, were professionally valued by Colliers CRE, Chartered Surveyors, on an existing use basis at 5 February 2010. The Directors have updated this valuation at the balance sheet date after further independent property valuation advice. Such properties are not depreciated.

Notes to the Financial Statements continued

Year ended 30 June 2011

13. Fixed asset investments

Company	Subsidiary undertakings £'000
Cost and net book value At 1 July 2010 and 30 June 2011	-

The parent Company and the Group have investments in the following subsidiary undertakings which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

Subsidiary undertakings	Country of incorporation or principal business address	Principal activity	Class of shares held	%
McCambridge Foundation Inc	British Virgin Islands	Property rental	Ordinary	100%
Harcourt Close Limited	England and Wales	Property rental	Ordinary	100%
McCambridge Group plc	England and Wales	Holding company	Ordinary	100%
McCambridge (North) Limited	England and Wales	Bakers and confectioners	Ordinary	100%
McCambridge Limited	Republic of Ireland	Bakers and confectioners	Ordinary	100%
Cukiernia Mistrza Jana Sp. z o.o	Poland	Bakers and confectioners	Ordinary	100%

14. Stocks

	Group 2011 £'000	2010 £'000
Raw materials and consumables	2,914	2,882
Work in progress	14	13
Finished goods	3,916	2,429
	6,844	5,324

Notes to the Financial Statements continued

Year ended 30 June 2011

15. Debtors

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade debtors	13,570	14,992	-	-
Other debtors	183	344	-	1
Prepayments and accrued income	1,127	1,072	-	-
VAT receivable	764	666	-	-
	15,644	17,074	-	1

Included within trade debtors are amounts totalling £11,308,000 (2010: £12,323,000) assigned to an invoice discounting company.

16. Creditors – amounts falling due within one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade creditors	10,689	8,892	-	-
Other creditors	464	1,137	-	-
Social security and other taxes	1,829	1,715	-	-
Hire purchase and finance lease contracts (note 17)	126	1,114	-	-
Loans from subsidiary companies	-	-	84	84
Accruals and deferred income	7,873	10,777	-	-
Corporation tax	269	198	-	-
	21,250	23,833	84	84

Included within accruals and deferred income is £nil (2010: £245,000) in respect of the amortised fair value of the interest rate hedge acquired on the acquisition during 2009. The fair value of the new interest rate hedge at 30 June 2011 is disclosed below along with other instruments. These values are not included in the financial statements and are for disclosure purposes only.

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Interest rate hedge instruments	(1,127)	2,209	-	-
Foreign exchange options	862	1,488	-	-
	(265)	3,697	-	-

Notes to the Financial Statements continued

Year ended 30 June 2011

17. Creditors – amounts falling due after more than one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans	61,305	60,938	-	-
Amounts due to invoice discounting company	2,711	3,572	-	-
Hire purchase and finance lease contracts	416	501	-	-
	64,432	65,011	-	-

Borrowings are repayable as follows:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loans				
Amounts payable between 1 and 2 years	61,305	-	-	-
Amounts payable between 2 and 5 years	-	60,938	-	-
	61,305	60,938	-	-
On demand or within one year	-	-	-	-
	61,305	60,938	-	-
Finance leases				
Amounts payable between 1 and 2 years	133	125	-	-
Amounts payable between 2 and 5 years	283	376	-	-
	416	501	-	-
On demand or within one year	126	1,114	-	-
	542	1,615	-	-
Totals borrowings including finance leases				
Amounts payable between 1 and 2 years	61,438	125	-	-
Amounts payable between 2 and 5 years	283	61,314	-	-
	61,721	61,439	-	-
On demand or within one year	126	1,114	-	-
	61,847	62,553	-	-

The bank borrowings are secured by a fixed charge on the Group's property and by a further charge over all the Group's assets. Finance lease creditors are secured over the assets to which they relate.

Notes to the Financial Statements continued

Year ended 30 June 2011

18. Provisions for liabilities

	Onerous lease contracts £'000
At 1 July 2010	751
Charged to the profit and loss account	2,352
Utilisation of provision	(548)
At 30 June 2011	2,555

The onerous lease provision covers potential liabilities for onerous lease contracts for properties that have become vacant. The provision is based on the value of expected future cash flows relating to rents, rates and other property costs to the end of the lease terms net of expected sublet income.

19. Deferred taxation asset

The movement in the deferred taxation balance during the period was:

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Brought forward	6,654	33	-	-
Foreign exchange movement	10	(22)	-	-
Movement in provision (note 8)	-	6,643	-	-
Carried forward	6,664	6,654	-	-

The Group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(384)	(801)	-	-
Other short term timing differences	50	(56)	-	-
Losses	6,998	7,511	-	-
	6,664	6,654	-	-

The total potential deferred tax asset which has not been recognised is £6,679,000 (2010: £8,087,000). This amount comprises other short term timing differences and surplus tax losses. Such deferred tax assets are not recognised as they are not expected to reverse in the foreseeable future.

Notes to the Financial Statements continued

Year ended 30 June 2011

20. Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Land and buildings				
Operating leases which expire:				
Within one year	48	74	-	-
Within 2 to 5 years	639	553	-	-
After more than 5 years	1,146	1,143	-	-
	1,833	1,770	-	-

21. Share capital

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Authorised share capital:				
100,000 Ordinary shares of 1p each	1	1	1	1
Allotted, called up and fully paid:				
100,000 Ordinary shares of 1p each	1	1	1	1

22. Reserves

Group	Capital contribution reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 1 July 2010	31,929	1,062	(7,020)	25,971
Reserve transfer	-	(848)	848	-
Currency translation difference on foreign currency net investments	-	-	612	612
Loss for the financial year	-	-	(4,365)	(4,365)
At 30 June 2011	31,929	214	(9,925)	22,218

Notes to the Financial Statements continued

Year ended 30 June 2011

22. Reserves (continued)

Company	Profit and loss account £'000
At 1 July 2010	(69)
Result for the financial year	-
At 30 June 2011	(69)

23. Reconciliation of movements in shareholders' funds/(deficit)

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Retained (loss)/profit for the year	(4,365)	1,722	-	-
Capital contribution	-	31,929	-	-
Currency translation differences on foreign currency net investments	612	(11)	-	-
Revaluation surplus	-	1,062	-	-
Net (reduction in)/addition to shareholders' funds	(3,753)	34,702	-	-
Opening shareholders' funds/(deficit)	25,972	(8,730)	(68)	(68)
Closing shareholders' funds/(deficit)	22,219	25,972	(68)	(68)

Notes to the Financial Statements continued

Year ended 30 June 2011

24. Reconciliation of operating (loss)/profit to operating cash flows

	2011 £'000	2010 £'000
Operating (loss)/profit	(697)	3
Depreciation, amortisation and impairment	5,897	6,394
Loss on disposal of investment properties and tangible fixed assets	18	17
Increase in stocks	(1,457)	(899)
Decrease in debtors	1,716	1,661
Increase in creditors	1,020	1,160
Net cash flow from operating activities	6,497	8,336

25. Analysis of cash flows

Returns on investments and servicing of finance

	2011 £'000	2010 £'000
Bank interest paid	(3,471)	(4,552)
Finance lease interest paid	(39)	(79)
Net cash outflow	(3,510)	(4,631)

Taxation

	2011 £'000	2010 £'000
Foreign tax paid	(121)	(164)

Capital expenditure

	2011 £'000	2010 £'000
Payments to acquire tangible fixed assets	(3,482)	(4,059)
Receipts from sale of tangible fixed assets	2,557	17
Net cash outflow	(925)	(4,042)

Financing

	2011 £'000	2010 £'000
Decrease in invoice discounting loan	(861)	(984)
Increase in bank loans	13,116	12,439
Repayment of bank loans	(13,457)	(8,112)
Capital element of finance leases	(1,121)	(1,935)
Net cash (outflow)/inflow	(2,323)	1,408

Notes to the Financial Statements continued

Year ended 30 June 2011

26. Analysis and reconciliation of net debt

	1 July 2010 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange move- ment £'000	30 June 2011 £'000
Net cash:					
Cash in hand and at bank	1,249	(382)	-	27	894
	1,249	(382)	-	27	894
Debt:					
Bank loans	(60,938)	341	(708)	-	(61,305)
Invoice discounting	(3,572)	861	-	-	(2,711)
Finance leases	(1,615)	1,121	-	(48)	(542)
	(66,125)	2,323	(708)	(48)	(64,558)
Net debt	(64,876)	1,941	(708)	(21)	(63,664)
				2011 £'000	2010 £'000
(Decrease)/increase in cash in the year				(382)	907
Net cash outflow/(inflow) from bank loans				341	(4,327)
Net cash outflow from invoice discounting				861	984
Net cash outflow in respect of finance leases				1,121	1,935
Change in net debt resulting from cash flows				1,941	(501)
Debt for equity in subsidiary undertaking				-	31,929
New finance leases				-	(2,698)
Loan interest capitalised				(708)	(2,103)
Translation differences				(21)	(8)
Movement in net debt in the year				1,212	26,619
Net debt at 1 July				(64,876)	(91,495)
Net debt at 30 June				(63,664)	(64,876)

27. Related party transactions

The company is exempt from the requirement of FRS8 'Related Party Transactions' from disclosing transactions with other members of the group headed by McCambridge Group Holdings Limited. No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

28. Controlling party

There is no ultimate controlling party.

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