



Condensed Consolidated Interim Financial Statements

30 September 2008

Bakkavör Group hf.
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Endorsement by the Board of Directors and CEO

The Condensed Consolidated Interim Financial Statements of Bakkavör Group hf. for the period 1 January to 30 September 2008 consist of the Condensed Consolidated Interim Financial Statements of Bakkavör Group hf. and its subsidiaries, together referred to as the Group. The Condensed Consolidated Interim Financial Statements are prepared in accordance with International Financial Reporting Standard for Interim Financial Statements, IAS 34.

The total sales of the Group amounted to GBP 1,205.8 million. The loss of the period amounted to GBP 55.8 million. According to the Balance Sheet the Group's assets amount to GBP 1,716.7 million, the end of period book value of equity is GBP 205.5 million and the Group's equity ratio is 12%.

In January Bakkavör Group hf. acquired 80% share in the Chinese vegetable and fruit provider, Yantai Longshun Foods, with a call option of buying the remaining 20% at the end of 2009.

In January Bakkavör Group hf. acquired Two Chefs on a Roll, a Californian fresh and frozen prepared food provider.

In March Bakkavör Group hf. acquired 48% share in the food and beverage supplier Gastro Primo in Hong Kong, with a non-binding call option to acquire the remaining 52% in 2010.

In April Bakkavör Group hf. acquired 90% share in the Italian pizza manufacturer, Italpizza.

In April Bakkavör Group hf. acquired 45% share in Hong Kong's leading producer of premium bakery and pastry products, La Rose Noire, with a call option to acquire an additional 45% share in 2010 and a 90% share in the company's Chinese operation in 2011.

In May the Board of Directors granted 41,694,568 shares to 459 employees of Bakkavör Group hf. and subsidiaries, at the exercise price 36 ISK per share. The vesting period of the options is 36 months and the options are exercisable for 24 months after the end of the vesting period.

In June Bakkavör Group acquired the remaining shares of Heli Food Fresh, a ready meals business in the Czech Republic.

In July Bakkavör Group announced the acquisition of the French subsidiary of Fram Foods hf., Fram Foods S.A. The company manufactures and supplies dips and bread products to the French retail market.

The Condensed Consolidated Interim Financial Statements for the period from 1 January to 30 September 2008 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. It is our opinion that these Condensed Consolidated Interim Financial Statements present all the information necessary to give a true and fair view of the Group's assets and liabilities, financial position as at 30 September 2008 and operating performance of the period ended 30 September 2008.

In our opinion the Condensed Consolidated Interim Financial Statements and report by the Board of Directors and CEO give a fair view of the development and performance of the Group's operations and its position and describes the principal risks and uncertainties faced by the Group.

Endorsement by the Board of Directors and CEO, cont.

The Board of Directors and the CEO of Bakkavör Group hf. have today discussed the Condensed Consolidated Interim Financial Statements for the period from 1 January to 30 September 2008 and confirmed with their signature.

Reykjavík, 30 October 2008

Board of Directors and CEO

Lýdur Guðmundsson
Chairman

Ágúst Guðmundsson
CEO

Antonios P. Yerole mou

Ásgeir Thoroddsen

Dionysos Andreas Liveras

Hildur Árnadóttir

Katrín Pétursdóttir

Panikos J. Katsouris

Condensed Consolidated Interim Income Statement for the period 1 January to 30 September 2008

	Notes	Third quarter		Nine months	
		1 July - 30 September 2008	2007	1 January - 30 September 2008	2007
Net sales	5	402,779	375,683	1,205,775	1,098,666
Cost of sales		<u>(312,592)</u>	<u>(289,724)</u>	<u>(947,067)</u>	<u>(842,713)</u>
Gross profit		90,187	85,959	258,708	255,953
Operating expenses		(70,405)	(55,961)	(199,007)	(168,814)
Restructuring costs	6	(1,677)	0	(4,777)	0
Share of profit (loss) in associates		109	83	(270)	(256)
		<u>(71,973)</u>	<u>(55,878)</u>	<u>(204,054)</u>	<u>(169,070)</u>
Operating profit		18,214	30,081	54,654	86,883
Net finance costs	7	(21,949)	(15,392)	(46,771)	(38,198)
Loss on other financial assets	8	(16,341)	0	(62,512)	0
		<u>(38,290)</u>	<u>(15,392)</u>	<u>(109,283)</u>	<u>(38,198)</u>
(Loss) profit before tax		(20,076)	14,689	(54,629)	48,685
Income tax		531	(3,359)	(1,119)	(11,735)
(Loss) profit for the period		<u>(19,545)</u>	<u>11,330</u>	<u>(55,748)</u>	<u>36,950</u>
Attributable to:					
Shareholders of Bakkavör Group hf.		(19,965)	11,275	(56,701)	36,424
Minority interest		420	55	953	526
		<u>(19,545)</u>	<u>11,330</u>	<u>(55,748)</u>	<u>36,950</u>
(Loss) earnings per share (GBP pence)	9	(0.9)	0.5	(2.6)	1.7

Condensed Consolidated Interim Balance Sheet at 30 September 2008

	Notes	30.9.2008	31.12.2007
Non-current assets			
Goodwill and other intangible assets	10	824,803	775,851
Property, plant and equipment	11	362,644	337,711
Investments in joint ventures and associates	12	13,223	5,181
Deferred income tax asset		1,919	1,919
		<u>1,202,589</u>	<u>1,120,662</u>
Current assets			
Inventories	13	54,509	46,325
Trade and other receivables		247,301	245,350
Other financial assets		3,259	0
Cash and cash equivalents		209,072	70,447
		<u>514,141</u>	<u>362,122</u>
Total assets		<u><u>1,716,730</u></u>	<u><u>1,482,784</u></u>
Equity			
Share capital	14	14,854	14,854
Capital reserves		72,630	72,630
Translation reserves		1,923	3,208
Retained earnings		113,666	186,613
Shareholders' equity		<u>203,073</u>	<u>277,305</u>
Minority interest		<u>2,406</u>	<u>1,371</u>
Total equity		<u>205,479</u>	<u>278,676</u>
Non-current liabilities			
Deferred income tax liability		26,713	39,135
Borrowings	16	801,131	767,014
		<u>827,844</u>	<u>806,149</u>
Current liabilities			
Current maturities of non-current liabilities		147,065	23,354
Bank loans and overdrafts		139,308	27,457
Other current liabilities		397,034	347,148
		<u>683,407</u>	<u>397,959</u>
Total equity and liabilities		<u><u>1,716,730</u></u>	<u><u>1,482,784</u></u>
Off Balance Sheet Items:			
Mortgages and commitments	18		

Condensed Consolidated Interim Statement of Changes in Equity for 1 January to 30 September 2008

	Shareholders' equity					Total	Minority interest	Total equity
	Share capital	Capital reserves	Other reserves	Retained earnings				
Equity 1 January 2007	14,924	77,154	(1,437)	149,307	239,948	1,499	241,447	
Translation reserves			801		801		801	
Actuarial gain recognised on pension plan				4,100	4,100		4,100	
Dividends				(8,256)	(8,256)		(8,256)	
Buy-back of ordinary shares ..	(70)	(4,524)			(4,594)		(4,594)	
Profit for the period				36,424	36,424	526	36,950	
Change in minority interest ...						(2)	(2)	
Equity 30 September 2007	<u>14,854</u>	<u>72,630</u>	<u>(636)</u>	<u>181,575</u>	<u>268,423</u>	<u>2,023</u>	<u>270,446</u>	

	Shareholders' equity					Total	Minority interest	Total equity
	Share capital	Capital reserves	Other reserves	Retained earnings				
Equity 1 January 2008	14,854	72,630	3,208	186,613	277,305	1,371	278,676	
Translation reserves			(1,492)		(1,492)		(1,492)	
Actuarial loss recognised on pension plan				(8,660)	(8,660)		(8,660)	
Recognition of share-based payments			207		207		207	
Dividends				(7,586)	(7,586)		(7,586)	
(Loss) profit for the period ...				(56,701)	(56,701)	953	(55,748)	
Change in minority interest ...						82	82	
Equity 30 September 2008	<u>14,854</u>	<u>72,630</u>	<u>1,923</u>	<u>113,666</u>	<u>203,073</u>	<u>2,406</u>	<u>205,479</u>	

Condensed Consolidated Interim Cash Flow Statement for the period 1 January to 30 September 2008

	Notes	2008 1.1. - 30.9.	2007 1.1. - 30.9.
Cash flow from operating activities			
Operating profit		54,654	86,883
Depreciation and amortization	10, 11	33,264	28,710
Other items		(1,136)	11,875
Changes in current assets and liabilities		(18,374)	(17,269)
Cash generated from operations		<u>68,408</u>	<u>110,199</u>
Payments of interest income and interest expense		(28,028)	(29,398)
Receipt (payments) of tax		3,891	454
Cash flow from operating activities		<u>44,271</u>	<u>81,255</u>
Investing activities			
Property, plant and equipment	11	(39,665)	(33,469)
Acquisitions, net of cash acquired		(57,465)	(45,370)
Shareholdings		(8,594)	0
Financial assets		(53,915)	0
Investing activities		<u>(159,639)</u>	<u>(78,839)</u>
Financing activities			
Dividends		(7,586)	(8,256)
Bank loans		100,961	(8,451)
New borrowings		160,056	509,715
Payments of non-current liabilities		0	(494,390)
Financing activities		<u>253,431</u>	<u>(1,382)</u>
Net increase in cash		138,063	1,034
Effects of foreign exchange adjustments		562	64
Cash and cash equivalents at beginning of year		<u>70,447</u>	<u>39,695</u>
Cash and cash equivalents at the end of the period		<u>209,072</u>	<u>40,793</u>
Other information:			
Free cash generated by operating activities		4,606	47,786
Non-cash transactions:			
Buy-back of ordinary shares with new loan			4,594

Notes to the Condensed Consolidated Interim Financial Statements

1. General information

Bakkavör Group hf. is a company incorporated and domiciled in Iceland. The Condensed Consolidated Interim Financial Statements for the nine months ended 30 September 2008 comprise Bakkavör Group hf. (the parent) and its subsidiaries (together referred as the Group).

The Group prepares its Condensed Consolidated Interim Financial Statements in GBP, which is the Group's functional currency.

2. Significant accounting policies

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU.

The Condensed Consolidated Interim Financial Statements have been prepared under the historical cost basis, except for revaluation of certain properties and financial instruments.

The accounting policies adopted are consistent with those followed in the preparation of the Group's Annual Financial Statements for the year ended 31 December 2007.

These Condensed Consolidated Interim Financial Statements do not include all of the information required for annual Financial Statements, and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended December 31, 2007.

3. Subsidiaries

Subsidiaries at 30 September 2008.

	Place of registration and operation	Interest	Principal activity
Bakkavor Holdings Ltd.	United Kingdom	100%	Holding company
Bakkavor Acquisitions 2008 Ltd.	United Kingdom	100%	Holding company
Italpizza Srl.	Italy	90%	Preparation and marketing of fresh prepared foods
Bakkavor USA Inc.	USA	100%	Holding company
Bakkavor USA Ltd.	United Kingdom	100%	Holding company
Two Chefs on a Roll Inc.	USA	100%	Preparation and marketing of fresh prepared foods
Bakkavor Estates Ltd.	United Kingdom	100%	Property management
Bakkavor Central Finance Ltd.	United Kingdom	100%	Management company
Bakkavor Finance Ltd.	United Kingdom	100%	Management company
Bakkavor London Ltd.	United Kingdom	100%	Management company
Bakkavor Acquisitions Ltd.	United Kingdom	100%	Holding company
Bakkavor (Jersey) Ltd.	Jersey	100%	Holding company
Bakkavor Invest Ltd.	United Kingdom	100%	Holding company
Bakkavor (Jersey Two) Ltd.	Jersey	100%	Holding company
Bakkavor Ltd.	United Kingdom	100%	Holding company
Bakkavor Foods Ltd.	United Kingdom	100%	Preparation and marketing of fresh prepared foods
Notsallow 256 Ltd.	United Kingdom	100%	Preparation and marketing of fresh prepared foods
Exotic Farm Produce Ltd.	United Kingdom	100%	Packaging and marketing of fresh produce
Exotic Farm Prepared Ltd.	United Kingdom	100%	Preparation and marketing of fresh prepared foods
Heli Food Fresh A.S.	Czech Republic	51%	Preparation and marketing of fresh prepared foods
Anglia Crown Ltd.	United Kingdom	100%	Preparation and marketing of fresh prepared foods
Bakkavor Fresh Cook Ltd.	United Kingdom	100%	Preparation and marketing of fresh prepared foods
English Village Salads Ltd.	United Kingdom	95%	Packaging and marketing of fresh produce
International Produce Ltd.	United Kingdom	76%	Packaging and marketing of fresh produce
Bakkavor Traiteur AS.	France	100%	Preparation and marketing of fresh prepared foods
Cinquième Saison SAS Group.	France	100%	Preparation and marketing of fresh prepared foods
Centrale Salades France SAS.	France	100%	Preparation and marketing of fresh prepared foods
Crudi SAS.	France	100%	Preparation and marketing of fresh prepared foods
S.B.L.P. SAS.	France	100%	Preparation and marketing of fresh prepared foods
Financiere 4G SAS.	France	100%	Preparation and marketing of fresh prepared foods
4G SAS.	France	100%	Preparation and marketing of fresh prepared foods
Bakkavor Overseas Ltd.	United Kingdom	100%	Import and exporter of machinery and equipment

Notes to the Condensed Consolidated Interim Financial Statements

3. Subsidiaries (continued)

	Place of registration and operation	Interest	Principal activity
Bakkavor Insurance (Guernsey) Ltd.	Guernsey	100%	Insurance and re-insurance
Bakkavor Properties Ltd.	United Kingdom	100%	Property management
BV Negecos	United Kingdom	100%	Holding company
Bakkavor European Marketing BV	Netherlands	100%	Holding company
Vaco BV	Belgium	100%	Preparation and marketing of fresh prepared foods
Bakkavor (SA) (Pty) Ltd.	South Africa	100%	Preparation and marketing of fresh prepared foods
Bakkavor Asia Ltd.	United Kingdom	100%	Holding company
Bakkavor China Ltd.	United Kingdom	80%	Holding company
Creative Food Group Ltd.	Hong Kong	100%	Holding company
Creative Food Holding Ltd.	Hong Kong	100%	Holding company
Creative Food (Hong Kong) Ltd.	Hong Kong	100%	Trading company
Beijing Creative Food Co. Ltd.	China	100%	Produce and manufactures salad products
Shanghai Creative Food Co. Ltd.	China	100%	Produce and manufactures salad products
Wuhan Creative Food Co. Ltd.	China	100%	Produce and manufactures salad products
Guangzhou Creative Food Co. Ltd.	China	100%	Produce and manufactures salad products
Xianyang Creative Food Ltd.	China	100%	Produce and manufactures salad products
Creative Agriculture Holdings Ltd.	Hong Kong	100%	Holding company
Jiangsu Creative Agricult. Prod. Dev. Ltd.	China	100%	Produce and manufactures salad products
Anhui Creative Agriculture Prod. Dev. Ltd.	China	100%	Produce and manufactures salad products
Nantong Creative Agriculture Prod. Dev. Ltd. ..	China	100%	Produce and manufactures salad products
Yantai Longshun Ltd.	China	80%	Produce and manufactures salad products

Bakkavor Group hf. also operates a finance branch in Switzerland to govern intercompany long-term liabilities and investments.

4. Quarterly statements

	Q3 - 2007	Q4 - 2007	Q1 - 2008	Q2 - 2008	Q3 - 2008
Net sales	375,683	372,300	377,265	425,731	402,779
Cost of sales	(289,724)	(292,382)	(298,979)	(335,496)	(312,592)
Gross profit	85,959	79,918	78,286	90,235	90,187
Operating expenses	(55,961)	(56,506)	(62,522)	(66,080)	(70,405)
Restructuring costs	0	0	0	(3,100)	(1,677)
Share of profit (loss) in associates	83	(306)	221	(600)	109
Operating profit (EBIT)	30,081	23,106	15,985	20,455	18,214
Net finance costs	(15,392)	(14,488)	(15,119)	(9,703)	(21,949)
Loss on financial assets	0	0	(15,793)	(30,378)	(16,341)
Profit (loss) before tax	14,689	8,618	(14,927)	(19,626)	(20,076)
Income tax	(3,359)	1,796	2,120	(3,770)	531
Profit (loss) for the period	11,330	10,414	(12,807)	(23,396)	(19,545)
EBITDA	39,711	33,430	26,272	32,218	29,428
EBITDA ratio	10.6%	9.0%	7.0%	7.6%	7.3%
Cash flow from (to) operating activities	20,343	23,434	(4,299)	19,795	28,775
Free cash generated by (to) operating activities	10,593	12,177	(16,031)	2,954	17,683

Notes to the Condensed Consolidated Interim Financial Statements

5. Business and geographical segments

The Group operates in ten countries with over 6,000 products in 18 categories. Certain parts of the business are subject to seasonal fluctuations in sales. However, the Group operates a diversified portfolio of products that minimises that effect. No individual element of seasonality is likely to be material to the result of the Group as a whole.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

	<u>1.1. - 30.9. 2008</u>	<u>1.1. - 30.9. 2007</u>
United Kingdom	1,046,164	1,000,061
Continental Europe	133,626	95,538
Rest of world	25,985	3,067
	<u>1,205,775</u>	<u>1,098,666</u>

The following table provides an analysis of the Group's sale by categories:

	<u>1.1. - 30.9. 2008</u>	<u>1.1. - 30.9. 2007</u>
"Hot eating"	449,793	424,803
"Cold eating"	463,921	422,350
Traded produce and Continental Europe	292,061	251,513
	<u>1,205,775</u>	<u>1,098,666</u>

The following table provides an analysis of the Group's operating profit (loss) by geographical market:

	<u>1.1. - 30.9. 2008</u>	<u>1.1. - 30.9. 2007</u>
United Kingdom	53,112	84,329
Continental Europe	1,704	2,440
Rest of world	(162)	114
	<u>54,654</u>	<u>86,883</u>

6. Restructuring costs

As part of the Group's continuing review of overheads, the Group has undertaken restructuring that has resulted in expenses amounting to GBP 4.8 million in the nine months.

7. Net finance costs

	<u>1.1. - 30.9. 2008</u>	<u>1.1. - 30.9. 2007</u>
Interest income	2,718	2,576
Dividend	37	302
Interest expenses and exchange rate adjustments	(49,526)	(41,076)
	<u>(46,771)</u>	<u>(38,198)</u>

8. Other financial assets

The Group has relinquished its economic interest in 10.9% shareholding in Greencore Group PLC under CFD (Contract for Difference). Valuation decrease during the period amounted to GBP 58.5 million. The Group has 6.1% share in Camposol AS. under a forward equity contract. Valuation decrease during the period amounted to GBP 4 million.

Notes to the Condensed Consolidated Interim Financial Statements

9. Earnings (loss) per share

The calculation of earnings (loss) per share is based on the following data:

	1.1. - 30.9. 2008	1.1. - 30.9. 2007
Net (loss) profit for the 9 months ended 30 September attributable to shareholders	(56,701)	36,424
Total average number of shares outstanding during the period (in million)	2,148	2,156
(Loss) earnings per share (GBP pence)	(2.6)	1.7

10. Goodwill and other intangible assets

	Goodwill	Customer contracts	Total
Cost at 1 January 2008	771,073	4,778	775,851
Additions and assessment changes in fair value during the period	49,547	0	49,547
Amortization during the period	0	(595)	(595)
At 30 September 2008	820,620	4,183	824,803
Carrying amount:			
At 30 September 2008	820,620	4,183	824,803

11. Property, plant and equipment

	1.1. - 30.9. 2008	1.1. - 30.9. 2007
Additions, disposals and exchange difference in 2008	38,613	33,443
Depreciated 2008, included in Cost of sales in the Condensed Consolidated Interim Income statement	(25,241)	(20,035)
Depreciated 2008, included in Operating expenses in the Condensed Consolidated Interim Income statement	(7,428)	(7,954)

12. Interest in joint ventures and associates

Joint ventures and associates at 30 September 2008.

	Place of registration and operation	Interest	Principal activity
Bakkavor QV Ltd.	United Kingdom	55.0%	Marketing of fresh produce
Tropical Fresh Alimentos SA.	Brazil	45.0%	Preparation and marketing of fresh prepared foods
Fram Foods hf.	Iceland	30.5%	Manufactures consumer packaged seafood
Interfruit (pty) Ltd.	South-Africa	30.0%	Preparation and marketing of fresh prepared foods
Gastro Primo Ltd.	Hong Kong	48.0%	Food and beverage supplier
La Rose Noire Ltd.	Hong Kong	45.0%	Preparation and marketing of pastry products

13. Inventories

	30.9. 2008	31.12. 2007
Raw material and packaging	43,895	39,473
Work in progress	3,270	2,925
Finished goods	7,344	3,927
	54,509	46,325

Notes to the Condensed Consolidated Interim Financial Statements

14. Share capital

Share capital is registered in Icelandic króna (ISK) and is 2,157,888,219 ISK as required by the articles of association. At the end of the period, the Group's own shares amounted to 9,836,000 ISK.

Total share capital at the end of the period according to the financial statements was GBP 14.9 million, as follows:

	30.9. 2008	31.12. 2007
Total share capital	14,932	14,932
Own shares	(78)	(78)
	<u>14,854</u>	<u>14,854</u>

Changes in share capital are as follows:

Share capital at 1 January 2008	14,854	14,924
Changes during the period	0	(70)
Share capital at 30 September 2008	<u>14,854</u>	<u>14,854</u>

15. Dividends

The Annual General Meeting of Bakkavör Group, held on 14 March 2008, resolved to pay a dividend of 55% of nominal share value to shareholders. This corresponds to ISK 0.55 per share. Dividends were paid on 15 April 2008.

16. Non-current liabilities

The Group has a GBP 700 million multi currency credit revolving facility (RCF). At 30 September there were GBP 597 million of drawn borrowings. The Group has available a USD 30 million loan revolving facility. At 30 September there were USD 25 million of drawn borrowings. In addition the Group has available a GBP 54 million multi currency loan revolving facility which is fully drawn.

During the period the Group finalised funding amounting to GBP 150 million, thereof GBP 99 million classified as a current liability.

17. Derivative financial instruments

The Group utilises currency derivatives, mainly forward exchange contracts and currency options, to hedge significant future transactions and cash flows. At the balance sheet date, the total notional amount of outstanding forward exchange contracts and currency options amounts to GBP 50 million.

The Group uses interest rate swaps to manage its exposures to interest rate movements on its bank borrowings. At the balance sheet date, the total notional amount of outstanding interest rate swaps amounts to GBP 400 million.

18. Mortgages and commitments

Operating lease commitments

The future minimum lease payments under non cancellable operating leases are as follows:

	30.9. 2008	31.12. 2007
Not later than 1 year	10,846	16,663
Later than 1 year and not later than 5 years	23,472	41,559
Later than 5 years	<u>52,583</u>	<u>58,629</u>
	<u>86,901</u>	<u>116,851</u>

Capital commitments

Capital expenditure contracted for, but not provided for in these accounts, amounted to GBP 5.3 million.

Purchase commitments

The Group has purchase commitments for the next 12 months to guarantee supply and price in the amount of GBP 4.1 million.

Notes to the Condensed Consolidated Interim Financial Statements

19. Contingent liabilities

There are a number of legal claims or potential claims against the Group, the outcome of which cannot at present be foreseen. Provision has been made for all liabilities which are expected to materialise.

At 30 September the Group has granted its subsidiaries and associates guarantees amounting to GBP 99.7 million.

20. Acquisitions

The following table sets out the book values of the identifiable assets and liabilities acquired in the last twelve months and their fair value to the Group:

	<u>Acquisitions</u>
Tangible assets	17,125
Inventories	6,131
Debtors	11,498
Cash	3,440
Total assets	<u>38,194</u>
Bank loans	(14,450)
Bank overdrafts	(2,992)
Taxation	82
Other creditors	(19,282)
Deferred taxation	(951)
Total liabilities	<u>(37,593)</u>
Net assets	<u>601</u>
Minority interests	<u>(478)</u>
Goodwill	70,275
	<u>70,398</u>
Satisfied by:	
Direct costs relating to acquisition	2,173
Cash consideration	63,160
	<u>65,333</u>
Net cash outflows and deferred payments in respect of the acquisition comprises of:	
Cash consideration	(65,333)
Cash at bank and in hand acquired	132
Deferred payments	(5,065)
	<u>(70,266)</u>

In accordance with the relevant IFRS standard, the Group has carried out an assessment of the fair value of the assets and liabilities of each of the businesses and companies acquired in the last twelve months. This assessment has established the fair values of the tangible assets as well as the intangible assets and inventories. The difference between the sum of the fair values less liabilities and the purchase price paid is accounted as goodwill at the time of acquisition, and is subject to an annual impairment test. The assessments have been carried out with the assistance of outside experts.

As permitted by IFRS 3 *Business combinations* the assessment of the fair value of the net assets is provisional up to one year from the date of acquisition.

All acquisition have been accounted for by applying the purchase method.

Notes to the Condensed Consolidated Interim Financial Statements

21. Pension

The Group operates a number of pension schemes in the UK and overseas. These schemes are either trust or contract based and have been set up in accordance with appropriate legislation. The assets of each of the pension schemes are held separately from the assets of the Group.

In the UK, the two main schemes, one a defined contribution scheme and the other a funded defined benefit scheme are open to employees joining the Group (full time or part time).

Pension costs charged in arriving at profit on ordinary activities before taxation were:

	<u>1.1. - 30.9. 2008</u>	<u>1.1. - 30.9. 2007</u>
UK defined benefit plan net charge	(3,900)	(1,500)
UK defined contribution plan net charge	(89)	(128)
Overseas net charge	(78)	(169)
	<u>(4,067)</u>	<u>(1,797)</u>

22. Events after the Balance Sheet date

At 7 October Bakkavör Group announced that it had relinquished its 10.9% economic interest under a CFD (Contract for Difference) in 22,028,795 ordinary shares in Greencore Group PLC. The loss incurred has been fully expended in the financial statements.

23. Approval of the Condensed Consolidated Interim Financial Statements

The Condensed Consolidated Interim Financial Statements were approved by the Board of Directors and authorised for issue on 30 October 2008.