



Dramatic turnaround for Produce World after historic losses

March 2012

The Board of Directors of the Produce World Group has moved rapidly to reassure staff, suppliers and customers that the business has achieved a turnaround in the past 12 months and is secure, despite losses made during 2010/11. The Group has reported losses of £11.6 million for the year ended 30 June 2011. These are as a result of a normal trading loss of around £3.6 million and an exceptional loss of some £8 million incurred by Produce World Marshalls.

Chief Executive William Burgess said: "Over the past few days we have been meeting with staff, suppliers, and customers to explain how these exceptional losses have occurred. We told them about the dramatic turnaround we have achieved in the past twelve months and that the business is now making a profit.

"These historic losses do not affect the trading position of the business today. In fact, the results for the first half of this financial year are good with the Group trading profitably, and Produce World Marshalls has been one of the driving forces behind this much improved financial performance for the Group during 2011/12."

The trading losses came about as a result of difficult market conditions and costs associated with the ongoing restructuring of the business following the acquisition of Marshalls.

The exceptional costs were discovered following a review of Produce World Marshalls internal accounting systems. Initial concerns from the Group management were followed up by investigations carried out by PriceWaterhouseCoopers, and these confirmed that there had been errors in the internal accounting procedures going back over a number of years.

As a result the Produce World Board decided to accept an exceptional loss of £8m during the year to end of June 2011.

William Burgess said: "Having resolved this issue the Produce World Group can move on in confidence. Barclays Bank - which has been the Group's bank since its foundation - continues to be supportive of the business. We can assure our customers and suppliers that it will not affect our commercial relationships with them or our ability to continue to provide quality UK and overseas produce to the market.

"While our restructuring of the Group to meet the needs of the marketplace continues, there will be no redundancies in the UK directly attributable to these losses."

Since taking over Marshalls, the Produce World Group has applied its business principles in order to turn it into a leading-edge brassica supplier marketing top quality produce with improved shelf-life at competitive prices. As a group Produce World now have a Board of Directors in place which has considerable experience both within and outside the fresh produce industry. This will enable the company to move forward with confidence.

Ends

Notes for Editors

- 1) A new interim Finance Director for Produce World Marshalls was appointed in September 2011. A new Group Finance Director, Philip Jones, was appointed in October 2011.
- 2) Produce World is one of the largest expert growers and suppliers of high quality fresh vegetables in Europe. It is a privately owned business, founded by the Burgess family in 1898, and the family ethos and values remain in place. The Produce World business is customer and category focused and it is an industry leader in sustainable and responsible agronomy, growing and lean supply chain management. Its sourcing is a combination of produce from its own farms, joint-ventures, and collaborative working with dedicated grower groups, supplying a variety of root vegetables, potatoes, brassicas, alliums, and organic produce to leading retailers, food service and manufacturing customers.

Produce World Group companies include Produce World Solanum Ltd, Produce World IFP Ltd, Produce World RBO Ltd, Produce World Rustler Ltd, Produce World Marshalls Ltd, Agromark SA, and Growing Trust with Las Lomas (joint venture).

The company received the Waitrose Technical Excellence Award in June 2011, as well as the re:fresh Innovation of the Year and Packer of the Year awards in May 2011. Its Growing Trust CSR programme, established in 2007, prioritises Responsible Sourcing, along with Environmental Stewardship, Community Impact and Workplace Culture.

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