

Finsbury Food Group plc Partnership Agreement with Nestlé

Finsbury Food Group plc (“Finsbury Food” or “the Company”), one of the UK’s leading manufacturers and distributors of speciality cakes, muffins and breads, is delighted to announce that it has entered into an exclusive five-year partnership agreement with Nestlé UK Ltd to extend its confectionery brands into the ambient cake sector in the United Kingdom. The agreement is effective from 1 January 2004.

Finsbury Food will recreate Nestlé brand favourites, which include Smarties™, Yorkie™, Nestle Double Cream™, Milky Bar™, Rolo™ and After Eight™, in cakes and muffins. The joint Nestlé and Finsbury Food objective is to grow Nestlé’s brand presence in the ambient cake sector to £50 million per annum over the five-year contract term.

Under the terms of the agreement, Finsbury Food, through its Cardiff-based operating and manufacturing subsidiary Memory Lane Cakes Ltd (“Memory Lane”), acquires the sole rights in the UK to create, manufacture, promote and sell ambient cakes under Nestlé’s brand names. It is planned that these will be sold to Memory Lane’s existing blue-chip client base that includes Asda, Morrison, Safeway, Sainsbury, Somerfield and Tesco, as well as to other retail outlets and distribution channels across the UK.

It is anticipated that up to 100 new jobs will be created over the contract term to supplement the site’s already 900-strong staff.

Commenting on the agreement, Dave Brooks, Chief Executive of Finsbury Food, said:

“Nestlé’s confectionery brands are amongst the most well known and best loved in the world. I am absolutely thrilled to be announcing our partnership today and it is a great endorsement for our team at Memory Lane, following the huge amount of work that has been put in over the last five years to transform the site. Our strategic objective is to produce the UK’s premium cakes for both the own-label and branded markets. We believe this new contract with Nestlé will further broaden our expertise and enhance our knowledge base, thereby enabling us to improve our service offering to our entire customer base.”

John Sunley, Managing Director of Nestlé Rowntree, added:

“The cake sector is huge at over £1.2 billion, and still growing. We feel it is time for a new market entrant to add greater value through stunning product innovation and quality, allied to our great brands. We believe that Memory Lane is the best possible partner to grow our brand presence in this buoyant market category.”

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Notes to Editors:

- Finsbury Food Group plc is building, through a combination of organic growth and through acquisition, a business that will initially concentrate on the manufacture and distribution of cakes and related products. The Company, formed out of former cash shell, Megalomeia in October 2001, acquired Memory Lane Cakes Ltd in August 2002 and successfully completed its second acquisition of cakes and speciality breads manufacturer, Nicholas and Harris Ltd in March 2003.
- Memory Lane Ltd is one of the UK's leading manufacturers of branded and own label cakes with around 130 products including value added whole cakes, party cakes, chocolate enrobed snacks and muffins. It counts amongst its customer base Asda, Morrison, Safeway, Sainsbury, Somerfield and Tesco.
- Nestlé is the world's largest food company with over 15,000 products, 500 factories in 80 countries and more than 230,000 employees.
- Lord Maurice Saatchi is Chairman of Finsbury Food Group plc.