

Company Registration No. 01027606

**Bakkavor Overseas Holdings Limited
(formerly Geest Overseas Holdings
Limited)**

Report and Financial Statements

30 December 2006

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Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Report and financial statements 2006

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Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Report and financial statements 2006

Officers and professional advisers

Directors

J Punnett
A Gudmundsson (appointed 19 May 2006)

Secretary

J Punnett

Registered Office

5th Floor
3 Sheldon Square
Paddington Central
London
W2 6HY

Bankers

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

Auditors

Deloitte & Touche LLP
Chartered Accountants
Birmingham

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 30 December 2006

On 23 November 2006, the company changed its name from Geest Overseas Holdings Limited to Bakkavor Overseas Holdings Limited

Principal activities

The company is a wholly owned subsidiary undertaking in the Bakkavor Invest Limited Group. The company acted as an intermediary holding company during the period.

Directors and their interests

The directors who served throughout the year were as follows

J Punnett

A Gudmundsson (appointed 19 May 2006)

G J Voyle (resigned 26 May 2006)

During 2006, the Company entered into indemnity deeds containing "qualifying third party indemnity provisions", as defined in section 309B of the Companies Act 1985, with all directors in respect of certain liabilities which may attach to them in their capacity as directors or former directors of the Company. These indemnity provisions remained effective at the date on which these financial statements were signed.

The interests of A Gudmundsson in the shares of the ultimate parent company, who was also a Director of Bakkavor Group hf the ultimate parent company, are set out in that company's Annual Report and Accounts.

The Directors had no other disclosable interests.

Auditors

Each of the persons who is a director at the date of approval of these financial statements confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Directors' report (continued)

Auditors (continued)

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'J Punnett', written over a horizontal line.

J Punnett

Director

30 October 2007

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

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 year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

We have audited the financial statements of Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited) for the 52 weeks ended 30 December 2006 which comprise the income statement, the statement of changes in equity, the balance sheet, the cash flow statement and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information in the directors' report is consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and the other information contained in the financial statements for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditors' report to the members of Bakkavor
Overseas Holdings Limited (formerly Geest Overseas Holdings
Limited) (continued)**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 December 2006 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Deloitte & Touche LLP

30 October 2007

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors

Birmingham

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Income statement

52 weeks ended 30 December 2006

		52 weeks ended 30 December 2006 £'000	52 weeks ended 31 December 2005 £'000
	Note		
Administrative expenses		(491)	(7,597)
Other operating income		1,666	-
Operating profit (loss)		1,175	(7,597)
Investment revenues	4	1,042	999
Profit (loss) before taxation		2,217	(6,598)
Tax	5	(165)	(300)
Net profit/(loss) attributable to equity holders	11	2,052	(6,898)

All results relate to continuing operations

The accompanying notes are an integral part of this income statement

Statement of changes in equity

52 weeks ended 30 December 2006

	52 weeks ended 30 December 2006 £'000	52 weeks ended 31 December 2005 £'000
Balance at beginning of period	74,526	81,424
Net profit/(loss) for the period	2,052	(6,898)
Balance at end of period	76,578	74,526

Equity comprises share capital and retained earnings

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

**Balance sheet
30 December 2006**

		30 December 2006 £'000	31 December 2005 £'000
	Note		
Non-current assets			
Investments	6	95	95
Current assets			
Trade and other receivables	7	101,449	99,494
Total assets		101,544	99,589
Current liabilities			
Trade and other payables	9	(23,004)	(23,257)
Current tax liabilities		(165)	(300)
Bank overdrafts and loans	8	(1,797)	(1,506)
		(24,966)	(25,063)
Net current assets		76,483	74,431
Net assets		76,578	74,526
Equity			
Share capital	10	30,250	30,250
Retained earnings	11	46,328	44,276
Total equity		76,578	74,526

The financial statements were approved by the Board of Directors on 30 October 2007

Signed on behalf of the Board of Directors

J Punnett
Director



The accompanying notes are an integral part of this balance sheet

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Cash flow statement

52 weeks ended 30 December 2006

		52 weeks ended 30 December 2006 £'000	52 weeks ended 31 December 2005 £'000
	Note		
Net cash from operating activities	12	(782)	(978)
Financing activities			
Increase in bank overdrafts		291	286
Net cash from financing activities		291	286
Net decrease in cash and cash equivalents		(491)	(692)
Cash and cash equivalents at beginning of period		-	-
Effect of foreign exchange rate changes		491	692
Cash and cash equivalents at end of period		-	-

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts

52 weeks ended 30 December 2006

1. General information

Bakkavor Overseas Holdings Limited is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' Report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 7	<i>Financial instruments disclosures</i>
IFRS 8	<i>Operating segments</i>
IFRIC 7	<i>Applying the Restatement Approach under IAS 29</i>
IFRIC 8	<i>Scope of IFRS 2</i>
IFRIC 9	<i>Reassessment of embedded derivatives</i>
IFRIC 10	<i>Interim financial reporting and impairments</i>
IFRIC 11	<i>IFRS 2 group and treasury share transactions</i>
IFRIC 12	<i>Service concession arrangements</i>

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1 January 2007.

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS1 concerning the transition from UK GAAP to IFRSs are given in note 15. The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies adopted are set out below.

The company is exempt from preparing group accounts under s228 of Companies Act 1985 as it is a wholly owned subsidiary of Bakkavor Invest Limited and is included in the consolidated accounts of that company. Therefore, these financial statements present information about the company and not its group.

Accounting convention

The financial statements are prepared under the historical cost convention.

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts (continued) **52 weeks ended 30 December 2006**

2. Significant accounting policies (continued)

Operating profit

Operating profit is stated after charging restructuring costs and after the share of results of associates but before investment income and finance costs

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes

Sales of goods are recognised when goods are delivered and title has passed

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts (continued) 52 weeks ended 30 December 2006

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Foreign currencies

The financial statements of the company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the financial statements, the results and financial position of the company are expressed in pounds sterling, which is the functional currency of the Company.

In preparing the financial statements of the company transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts (continued) **52 weeks ended 30 December 2006**

translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Significant accounting policies (continued)

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3. Accounting estimates and judgements

Critical accounting judgements and key sources of estimation uncertainty in applying the company's accounting policies

The preparation of the financial statements in conformity with adopted IFRS requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates are used in the accounting for allowances for uncollectible receivables, impairment, taxes and contingencies. Estimates and assumptions are reviewed periodically and effects of revisions are reflected in the financial statements in the period that an adjustment is determined to be required.

In the process of applying the Company's accounting policies, which are described in note 2, management has not had to make any judgements that have a significant effect on the amounts recognised in the financial statements with the exception of those involving impairment considerations of fixed asset investments held.

4. Investment revenues

	52 weeks ended 30 December 2006 £'000	52 weeks ended 31 December 2005 £'000
Interest receivable from group undertakings	<u>1,042</u>	<u>999</u>

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts (continued)
52 weeks ended 30 December 2006

5. Tax

	52 weeks ended 30 December 2006 £'000	52 weeks ended 31 December 2005 £'000
Current tax		
UK corporation tax	165	300
Total current tax	165	300
Deferred tax	-	-
	165	300

The charge for the year can be reconciled to the profit (loss) per the income statement as follows

	52 weeks ended 30 December 2006		52 weeks ended 31 December 2005	
	£'000	%	£'000	%
Profit (loss) before tax	2,217	100	(6,598)	100
Tax at the UK corporation tax rate of 30% (2005 30%)	665	30	(1,979)	30
Tax effect of (income) expense that is not taxable in determining taxable profit	(500)	(23)	2,279	-
Tax expense and effective tax rate for the year	165	7	300	(5)

The key factor that may affect future tax charges is changes to tax legislation. With effect from 1 April 2008 the full rate of corporation tax decreased from 30% to 28%.

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts (continued)
52 weeks ended 30 December 2006

6. Investments

	52 weeks ended 30 December 2006 £'000	52 weeks ended 31 December 2005 £'000
Shares in group undertakings		
Cost		
At beginning and end of the year	95	7,000
Impairment		
At beginning of the year	(6,905)	-
Impairment	-	(6,905)
At end of the year	(6,905)	(6,905)
Net Book Value		
At 30 December 2006 / 31 December 2005	95	95

7. Other financial assets

Trade and other receivables

	30 December 2006 £'000	31 December 2005 £'000
Amounts receivable from related parties	101,449	99,494

The directors consider that the carrying amount of trade and other receivables approximates their fair value

Credit risk

The company's only financial asset is receivables from related parties

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts (continued) **52 weeks ended 30 December 2006**

8. Financial liabilities

Bank overdraft

	30 December 2006 £'000	31 December 2005 £'000
Bank overdrafts	<u>(1,797)</u>	<u>(1,506)</u>

The bank overdraft is repayable on demand and is denominated in sterling. There is no interest rate risk as no interest is payable on this overdraft by the company as it forms part of the group pooling arrangement. The directors of the company consider the carrying value of the loan to be equivalent to fair value. All amounts are due within one year.

	2006 %	2005 %
The weighted average interest rates paid were as follows		
Bank overdrafts	<u>5.89</u>	<u>5.76</u>

9. Other financial liabilities

Trade and other payables

	30 December 2006 £'000	31 December 2005 £'000
Amounts owed to group undertakings	<u>23,004</u>	<u>23,257</u>

The directors consider that the carrying amount of trade payables approximates to their fair value.

10. Share capital

	30 December 2006 £'000	31 December 2005 £'000
Authorised		
Ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>
Allotted, called-up and fully paid		
	30 December 2006	31 December 2005
	No £	No £
Ordinary shares of £1 each	<u>30,250,237 30,250,237</u>	<u>30,250,237 30,250,237</u>

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts (continued)
52 weeks ended 30 December 2006

11. Retained earnings

	£'000
Balance at 2 January 2005	51,174
Accumulated loss for the period	(6,898)
	<hr/>
Balance at 1 January 2006	44,276
Net profit for the period	2,052
	<hr/>
Balance at 30 December 2006	<u>46,328</u>

12. Notes to the cash flow statement

	52 weeks ended 30 December 2006 £'000	52 weeks ended 31 December 2005 £'000
Profit/(loss) for the period	2,052	(6,898)
Adjustments for		
Income tax expense	165	300
Impairment of fixed asset investment	-	6,905
Interest received	(1,042)	(999)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	1,175	(692)
Increase in receivables	(1,404)	-
Decrease in payables	(253)	-
	<hr/>	<hr/>
Cash generated by operations	(482)	(692)
Income taxes paid	(300)	(286)
	<hr/>	<hr/>
Net cash from operating activities	<u>(782)</u>	<u>(978)</u>

Bakkavor Overseas Holdings Limited (formerly Geest Overseas Holdings Limited)

Notes to the accounts (continued) 52 weeks ended 30 December 2006

13. Related party transactions

Transactions

During the year, the company entered into the following transactions with related parties

	Sale of goods		Purchase of goods		Amounts owed to related parties		Amounts owed by related parties	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Group companies	-	-	-	-	23,044	23,257	101,449	99,494

All transactions during the period represent funding payments and recharges

14. Controlling party

The company's ultimate parent company and ultimate controlling party is Bakkavor Group hf, a company registered in Iceland. The largest group in which the results of the company are consolidated is that headed by Bakkavör Group hf. It has included the company in its Group financial statements, copies of which are available from Hamraborg, 200 Kopavoger, Iceland.

The directors consider Bakkavor Limited to be the immediate parent company.

15. Transition to International Financial Reporting Standards

Bakkavor Overseas Holding Limited has adopted International Financial Reporting Standards (IFRSs) as adopted by the EU with effect from 1 January 2006, with a transition date of 2 January 2005. There are no material adjustments to the income statement, balance sheet or cash flow as a result of this.