

Bakkavor Overseas Holdings Limited
Annual report and financial statements
for the 52 weeks ended 31 December 2011

Registered number 01027606

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Bakkavor Overseas Holdings Limited

Report and financial statements 2011

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Bakkavor Overseas Holdings Limited

Report and financial statements 2011

Officers and professional advisers

Directors

A Gudmundsson

Secretary

None

Registered Office

West Marsh Road
Spalding
Lincolnshire
PE11 2BB

Bankers

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Four Brindleyplace
Birmingham
United Kingdom
B1 2HZ

Bakkavor Overseas Holdings Limited

Director's report

The Director presents his annual report and the audited financial statements for the 52 week period ended 31 December 2011. Comparatives are for the 52 weeks ended 1 January 2011 ("2010")

Business review and principal activities

Bakkavor Overseas Holdings Limited (the "Company") is an intermediate holding company that operates within the Bakkavör Group ehf group (the "Group")

On the 7 February 2011, the Group refinanced its main financing facilities in Bakkavor London Limited, Bakkavor Acquisitions (2008) Limited and Bakkavor China Limited, through a seven year £350 million listed bond issue and a term loan and RCF facility of £380 million that will expire on 30 June 2014. This has been carried out through Bakkavor Finance (2) plc, a newly incorporated subsidiary of Bakkavor Holdings Limited. The refinancing extends the debt repayment profile and widens the lender base of the Group.

The Director is satisfied with the results and achievements for the 52 week period to 31 December 2011 and believes that the future prospects of the Company are sound.

As shown in the Company's income statement on page 8 the profit for the period after taxation, amounted to £588,000 (2010: £23,287,000). Ordinary dividends of £76,201,000 (2010: £nil) were paid during the period. The profit for the period is mainly due to interest income received.

The statement of financial position on page 9 of the financial statements shows shareholders' funds amounting to £41,743,000 (2010: £117,356,000). Details of amounts owed to other group companies are shown in note 18.

The Director's report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

Going concern

The Director, in his detailed consideration of going concern, has reviewed the Company's future cash forecasts and revenue projections, which he believes are based on prudent market data and past experience, and believes, based on those forecasts and projections, that it is appropriate to prepare the financial statements of the Company on a going concern basis.

In arriving at this conclusion, the Director considered the Company's cash reserves and its access to the Group's financing arrangements, which comprise £380m of bank facilities committed to June 2014 and £350m of seven year listed bonds issued in February 2011. The Group's bank facilities are subject to a series of covenants set by the lenders.

The Group believes it is adequately placed to manage covenant compliance successfully despite the challenging macro economic environment. In the event that conditions worsen, the Group has the flexibility to react by accessing additional working capital arrangements that have already been agreed with key stakeholders. Further actions available to management may include a reduction to our capital expenditure programme and supply chain improvements. Should this situation change, we believe that constructive discussions with our lenders would enable the covenant to be reset, although we recognise that this could result in increased costs to the business.

Consequently the Director has formed a reasonable expectation that the Company has adequate resources to meet its liabilities for a period of at least 12 months from the signing date of this report. For this reason, he continues to adopt the going concern basis in preparing the financial statements.

Bakkavor Overseas Holdings Limited

Director's report (continued)

Principal risks and uncertainties

The Company is exposed to a number of risks and uncertainties across a range of strategic, operational and financial areas. The Company continually reviews its internal control and risk management processes and is fully aligned with the policies and objectives set by the Board of Directors of the Group.

The Company's activities expose it to a number of financial risks as follows:

Covenant compliance

The Group is subject to banking covenants as part of the term loan agreement. In order to achieve the Group's growth objectives, we require a strong financial platform. Breaching any covenant would destabilise the Group's platform for growth and impair its ability to secure future financing.

The Group reviews its projections and covenant position at least monthly. The Group believes it is adequately placed to manage this risk successfully despite the current uncertain economic outlook and challenging macroeconomic conditions. Mitigating actions in 2011 included successful price negotiations, cost reduction programmes and enhanced working capital policies, all of which will continue into 2012. The Directors consider that the Group has the flexibility to react to further deteriorating market conditions through implementing previously agreed early settlement arrangements with our core customers and reducing our capital expenditure programme. Further actions available to management include supply chain improvements and additional cuts to discretionary spend.

Interest rates, liquidity and credit

We are a relatively highly leveraged Group and therefore exposed to the external risk of interest rate fluctuations and the market's view of our credit rating. In order to achieve our growth objectives, we require a strong financial platform. An inability to repay interest or a downgrading in the Group's credit rating would impair our ability.

These risks are actively managed by the Group's Treasury Department. The Treasury function operates within the framework of strict Board approved policies and procedures.

Further information on the financial risks are set out in note 14, Financial Instruments.

Charitable and political contributions

The Company made no charitable or political donations during the period ended 31 December 2011 (2010: nil).

Director

The Director who served throughout the year and subsequently is A Gudmundsson.

During 2007, the Company entered into indemnity deeds containing "qualifying third party indemnity provisions", as defined in section 234 of the Companies Act 2006, 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 remain in place at the date of signing the accounts.

The interests of A Gudmundsson, who was also a Director of Bakkavor Group ehf the ultimate parent company, are set out in that company's Annual Report and Accounts, which does not form part of this report. A Gudmundsson has no other disclosable interests.

Bakkavor Overseas Holdings Limited

Director's report (continued)

Auditor

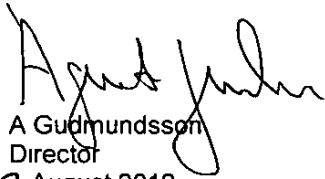
Each of the persons who is a Director at the date of approval of these financial statements confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of S418(2) of the Companies Act 2006

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

Approved and signed by the Director



A Gudmundsson
Director

2 August 2012

Bakkavor Overseas Holdings Limited

Director's responsibilities statement

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that the Director

- properly selects and applies accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provides 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
- makes an assessment of the Company's ability to continue as a going concern

The Director is 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 enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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 auditor's report to the members of Bakkavor Overseas Holdings Limited

We have audited the financial statements of Bakkavor Overseas Holdings Limited for the 52 weeks ended 31 December 2011 (the "period") which comprise the Income Statement, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 the Director and auditor

As explained more fully in the Director's Responsibilities Statement, the Director is 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Director, and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of the Company's profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, the Company in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Company's financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Bakkavor Overseas Holdings Limited (continued)

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 Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit
- The Director was not entitled to take advantage of the small companies exemption in preparing the Director's report



Christopher Robertson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Birmingham, UK

2 August 2012

Bakkavor Overseas Holdings Limited

Income statement

52 weeks ended 31 December 2011

	Note	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Administrative expenses		24	-
Exceptional income		-	22,996
Operating profit	4	24	22,996
Investment revenues	6	2,764	2,446
Finance costs	7	(404)	-
Other losses	8	(1,584)	(2,042)
Profit before taxation		800	23,400
Tax	9	(212)	(113)
Net profit attributable to equity holders		588	23,287

All results relate to continuing operations. The Company has no recognised gains and losses other than the profit above and therefore no separate statement of comprehensive income is presented.

The accompanying notes are an integral part of this income statement.

Statement of changes in equity

52 weeks ended 31 December 2011

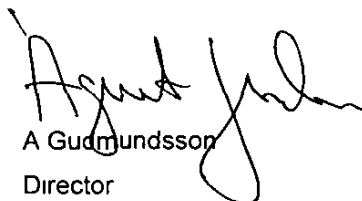
	Note	Share Capital £'000	Retained earnings £'000	Total equity £'000
Balance at 2 January 2010		30,250	63,819	94,069
Profit for the period		-	23,287	23,287
Balance at 1 January 2011		30,250	87,106	117,356
Profit for the period		-	588	588
Dividend paid	10	-	(76,201)	(76,201)
Balance at 31 December 2011		30,250	11,493	41,743

Bakkavor Overseas Holdings Limited

Statement of financial position 31 December 2011

	Notes	31 December 2011 £'000	1 January 2011 £'000
Current assets			
Trade and other receivables	11	61,007	135,444
Total assets		61,007	135,444
Current liabilities			
Bank overdrafts and loans	12	(521)	(521)
Trade and other payables	13	(18,743)	(17,567)
Total liabilities		(19,264)	(18,088)
Net assets		41,743	117,356
Equity			
Share capital	15	30,250	30,250
Retained earnings		11,493	87,106
Total equity		41,743	117,356

The financial statements of Bakkavor Overseas Holdings Limited, company number 01027606, were approved by the Director and authorised for issue on 2 August 2012. They were signed by


A Gudmundsson
Director

The accompanying notes are an integral part of these financial statements

Bakkavor Overseas Holdings Limited

Statement of cash flows 31 December 2011

		52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Note			
Net cash from operating activities	16	-	526
Financing activities			
Decrease in bank overdrafts		-	(526)
Net cash used in financing activities		-	(526)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at start of period		-	-
Cash and cash equivalents at end of period		-	-

The accompanying notes are an integral part of these financial statements

Bakkavor Overseas Holdings Limited

Notes to the financial statements 52 weeks ended 31 December 2011

1. General information

Bakkavor Overseas Holdings Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006. The Company is an intermediate holding company that operates within the Bakkavör Group ehf group. The Company's ultimate parent Company and controlling party is Bakkavör Group ehf, a Company registered in Iceland. The address of the registered office is given on page 1.

In the current year, the Company has adopted the following interpretations with no material impact on the financial statements of the Company:

<i>IFRS 1 (Revised)</i>	<i>First Time Adoption of IFRSs – Improvements to IFRSs</i>
<i>IFRS 7 (Revised)</i>	<i>Financial Instruments Disclosures – Improvements to IFRSs</i>
<i>IAS 1 (Revised)</i>	<i>Presentation of Financial Statements – Improvements to IFRSs</i>
<i>IAS 24 (Revised)</i>	<i>Related Party Disclosures – Definition of Related Parties</i>
<i>IAS 27 (Revised)</i>	<i>Consolidated and Separate Financial Statements – Improvements to IFRSs</i>
<i>IAS 32 (Revised)</i>	<i>Financial Instruments Presentation – Classification of Rights Issue</i>
<i>IAS 34 (Revised)</i>	<i>Interim Financial Reporting – Improvements to IFRSs</i>
<i>IFRIC 13</i>	<i>Customer Loyalty Programmes</i>
<i>IFRIC 14</i>	<i>IAS 19 – the Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>
<i>IFRIC 14 (Nov 2009)</i>	
<i>IFRIC 19</i>	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

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 (and in some cases have not yet been adopted by the EU):

<i>IFRS 1</i>	<i>(Revised) First Time Adoption of IFRSs – Fixed Dates for certain exceptions with Date of Transition to IFRSs</i>
<i>IFRS 7 (Revised)</i>	<i>Financial Instruments Disclosures – Transfers of Financial Assets</i>
<i>IFRS 9 (Revised)</i>	<i>Financial Instruments Classification and Measurement</i>
<i>IFRS 10</i>	<i>Consolidated Financial Statements</i>
<i>IFRS 11</i>	<i>Joint Arrangements</i>
<i>IFRS 12</i>	<i>Disclosure of Interests in Other Entities</i>
<i>IFRS 13</i>	<i>Fair Value Measurement</i>
<i>IAS 1 (Revised)</i>	<i>Presentation of Financial Statements – Comprehensive Income</i>
<i>IAS 12 (Revised)</i>	<i>Income Taxes – Recovery of Underlying Assets</i>
<i>IAS 19 (Revised)</i>	<i>Employee Benefits – Post Employment and Termination Benefits Project</i>
<i>IAS 27 (Revised)</i>	<i>Separate Financial Statements</i>
<i>IAS 28 (Revised)</i>	<i>Investments in Associates and Joint Ventures</i>
<i>Amendments to IAS 32 (Dec 2011)</i>	
<i>Amendments to IFRS 7 (Dec 2011)</i>	
<i>Amendments to IFRS 1 (Dec 2010)</i>	
<i>IAS 24 (revised Nov 2009)</i>	
<i>Amendment to IAS 32 (Oct 2009)</i>	
<i>IFRIC 20</i>	

The Director anticipates that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) **52 weeks ended 31 December 2011**

2. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union.

The Company is exempt from preparing group accounts under s400 of the Companies Act 2006 as it is a wholly owned subsidiary of Bakkavor Group ehf and is included in the consolidated accounts of that company. Therefore, these financial statements present information about the Company and not its Group.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Going concern

The Director has reviewed the historical trading performance of the Company and the forecasts through to August 2013, to assess the level of finance required by the Company. Refer to page 2, for the Director's consideration of going concern.

Revenue recognition

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.

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 statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are 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.

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.

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

2. Significant accounting policies (continued)

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 statement of financial position 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 statement of financial position 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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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 statement of financial position 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 Company intends to settle its current tax assets and liabilities on a net basis

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

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

2 Significant accounting policies (continued)

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 Company after deducting all of its liabilities.

Equity instruments

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

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 period 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 of 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.

The following are areas of particular significance to the Company's financial statements and include the application of judgement, which is fundamental to the compilation of a set of financial statements.

Going concern

The Director, in his detailed consideration of going concern, has reviewed the Company's future cash forecasts and revenue projections, which he believes are based on prudent market data and past experience, and believes, based on those forecasts and projections, that it is appropriate to prepare the financial statements of the Company on a going concern basis.

In arriving at this conclusion, the Director considered the Company's cash reserves and its access to the Group's financing arrangements, which comprise £380m of bank facilities committed to June 2014 and £350m of seven year listed bonds issued in February 2011. The Group's bank facilities are subject to a series of covenants set by the lenders.

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

3. Going concern (continued)

The Group believes it is adequately placed to manage covenant compliance successfully despite the challenging macro economic environment. In the event that conditions worsen, the Group has the flexibility to react by accessing additional working capital arrangements that have already been agreed with key stakeholders. Further actions available to management may include a reduction to our capital expenditure programme and supply chain improvements. Should this situation change, we believe that constructive discussions with our lenders would enable the covenant to be reset, although we recognise that this could result in increased costs to the business.

Consequently the Director has formed a reasonable expectation that the Company has adequate resources to meet its liabilities for a period of at least 12 months from the the signing date of this report. For this reason, he continues to adopt the going concern basis in preparing the financial statements.

4. Operating profit

Operating profit for the period is stated after charging / (crediting)

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Exceptional income	-	(22,996)

During the 52 weeks ended 1 January 2011, a balance of £22,996,000 owing to the dormant company Bakkavör Overseas Mechanisation Limited was written off following the company being struck off.

5. Employees, directors and auditor remuneration

The Company had no employees in the period ended 31 December 2011, (2010: nil) as its principal activity is that of a holding company.

The Director received no remuneration for his services to the Company in the period ended 31 December 2011 (2010: nil). The Director of the Company was remunerated by Bakkavor Foods Limited.

Fees payable to the Company's auditor in respect of the statutory audit of the Company's financial statements for the period ended 31 December 2011 have been borne by Bakkavor Finance (2) plc. No non-audit fees were charged to the Company (2010: £nil).

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

6. Investment revenues

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Interest receivable from group companies	2,764	2,446

7. Finance costs

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Interest payable to other group companies	404	-

8. Other losses

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Foreign exchange loss	1,584	2,042

9. Tax

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Current tax UK corporation tax	212	113

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

9. Tax (continued)

The charge for the period can be reconciled to the profit per the income statement as follows

	52 weeks ended 31 December 2011		52 weeks ended 1 January 2011	
	£'000	%	£'000	%
Profit before tax	800	100	23,400	100
Tax at the UK corporation tax rate of 26.5% (2010: 28%)	212	26.5	6,552	28.0
Tax effect of income that is not taxable in determining taxable profit	-	-	(6,439)	(27.6)
Tax charge and effective tax rate for the period	212	26.5	113	0.4

The 2011 Budget introduced a reduction in the main rate of corporation tax from 26% to 25% effective 1 April 2012. This change was substantively enacted on 19 July 2011 and as such deferred tax at the statement of financial position date has been recognised at the 25% rate on the basis that it will materially reverse after 1 April 2012.

In the 2012 Budget, issued on 21 March 2012, the Chancellor announced that the main rate of corporation tax would be further reduced to 24% with effect from 1 April 2012, with further annual 1% rate reductions down to 22% by 1 April 2014. As these future rate reductions had not been enacted at the statement of financial position date, they have not been reflected in these financial statements. The effect of these tax rate reductions will be accounted for in the period they are substantively enacted.

10. Dividends

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Amounts recognised as distributions to equity holders in the period		
Final dividend for the period ended 31 December 2011 of £2.52 (2010: £nil) per share	76,201	-

11. Trade and other receivables

	31 December 2011 £'000	1 January 2011 £'000
Amounts receivable from group companies	61,007	135,444

The amounts receivable from group companies for 2011 is all denominated in Euros (2010: £59,243,000 in Euros, £76,201,000 in Sterling). The Director considers that the carrying amount of trade and other receivables approximates their fair value. No provisions are considered necessary as all the Company's receivables are with other group companies and considered recoverable.

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

12. Bank overdraft

	31 December 2011 £'000	1 January 2011 £'000
Bank overdrafts	521	521

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 Director of the Company considers the carrying value of the loan to be equivalent to fair value.

	31 December 2011 %	1 January 2011 %
The weighted average interest rates paid by the Group were as follows		
Bank overdrafts	1.78	2.63

13. Trade and other payables

	31 December 2011 £'000	1 January 2011 £'000
Amounts payable to other group companies	18,531	17,454
Current taxation - Group loss relief	212	113
	18,743	17,567

The Director considers that the carrying amount of trade payables approximates to their fair value.

The Company's trade and other payables are due to other group companies and are repayable on demand and are denominated in Sterling.

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

14. Financial instruments

Categories of financial instruments

	31 December 2011 £'000	1 January 2011 £'000
Financial assets		
Loans and receivables at amortised cost		
Amounts receivable from group companies	61,007	135,444
Financial liabilities		
Other Financial liabilities at amortised cost		
Amounts payable to other group companies	18,531	17,454
Current taxation – Group loss relief	212	113
Bank overdraft	521	521
	19,264	18,088

All of the Company's financial instruments except for certain amounts owed by group companies are denominated in Sterling

The fair value of the financial assets approximates to their carrying value due to the short term nature of the receivables

The fair value of other financial liabilities at amortised cost approximates to their carrying value
The trade and other payables approximate to their fair value due to the short term nature of the payables

Foreign currency risk

Foreign currency risk occurs on loans due from group companies denominated in foreign currencies

During the 52 week period to 31 December 2011, the Euro weakened against Sterling by 2.6%, with the closing rate at €1 1972 compared to €1 1671 at the prior period end. The average rate for the 52 week period to 31 December 2011 was €1 1529, a 1.1% strengthening of the Euro versus prior year.

The impact on profit of transaction losses was a loss of £1,584,000 (2010 a loss of £2,042,000)

Foreign currency sensitivity analysis

A sensitivity analysis has been performed on the financial assets and liabilities to a sensitivity of 10% increase/decrease in the exchange rates. A 10% increase/decrease has been used, and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

14. Financial instruments (continued)

Foreign currency sensitivity analysis (continued)

A positive number below indicates an increase in profit where Sterling strengthens or weakens 10% against the relevant currency

	Profit or (loss) 10% Strengthening		Profit or (loss) 10% Weakening	
	31 December 2011 £'000	1 January 2011 £'000	31 December 2011 £'000	1 January 2011 £'000
Euro	(5,546)	(5,386)	6,779	6,583

Interest rate risk

The Company is not exposed to any interest rate risk on its inter-company loan receivable as the loan is at a fixed rate of interest. The Company's bank overdraft is at a floating rate of interest but the Company is not exposed to the interest rate risk, as the overdraft is part of the Group pooling facility.

Credit risk

Credit risk refers to the risk of financial loss to the Company if a counterparty defaults on its contractual obligations of the loans and receivables at amortised cost held in the statement of financial position. The Company's main credit risk is attributable to its trade receivables which are with other group companies and are considered to be fully recoverable.

15 Share capital

	31 December 2011		1 January 2011	
	No	£'000	No	£'000
Authorised.				
Ordinary shares of £1 each	75,000,000	75,000	75,000,000	75,000
Allotted, called-up and fully paid				
Ordinary shares of £1 each	30,250,237	30,250	30,250,237	30,250

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

16. Notes to the cash flow statement

	52 weeks ended 31 December 2011 £'000	52 weeks ended 1 January 2011 £'000
Operating profit for the period	24	22,996
Operating cash flows before movements in working capital	24	22,996
Increase in receivables	(580)	(3,255)
Increase/(decrease) in payables	556	(19,741)
Cash generated by operations	-	-
Adjustments for Taxes paid	-	526
Net cash from operating activities	-	526

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less

17. Contingent liabilities

There were no legal claims or potential claims against the Company at the period ended 31 December 2011 (2010 nil)

18. Related party transactions

Transactions

During the period, the Company entered into the following transactions with related parties

	Investment revenue		Interest payable		Dividends paid	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bakkavor Limited	-	-	-	-	76,201	-
Group companies	2,764	2,446	404	-	-	-

	Amounts owed to related parties		Amounts owed by related parties	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bakkavor Limited	-	-	-	76,201
Group companies	18,743	17,567	61,007	59,243

Bakkavor Overseas Holdings Limited

Notes to the financial statements (continued) 52 weeks ended 31 December 2011

18 Related party transactions (continued)

The amounts outstanding include group loss relief and loans and are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties. All amounts outstanding are recognised at amortised cost and are payable within one year.

Bakkavor Limited is the Company's immediate parent company.

19. Events after the statement of financial position date

There are no significant events after the statement of financial position date.

20. Controlling party

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

The Company's ultimate parent company and ultimate controlling party is Bakkavör Group ehf, a company registered in Iceland. The smallest group in which the results of the Company are consolidated is that headed by Bakkavor Finance (2) plc. The largest group in which the results of the Company are consolidated is that headed by Bakkavör Group ehf. It has included the Company in its Group financial statements, copies of which are available from Thorvaldsenstraeti 6, 6th Floor, 101 Reykjavik, Iceland.