Company Registration No. 01027606

Bakkavör Overseas Holdings Limited

Report and Financial Statements

27 December 2008

Bakkavör Overseas Holdings Limited

Report and financial statements 2008

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Bakkavör Overseas Holdings Limited

Report and financial statements 2008

Officers and professional advisers

Directors

A Gudmundsson
R Howes

Secretary

J Jowett (appointed 5th August 2009)
J Punnett (resigned 5th August 2009)

Registered Office

West Marsh Road
Spalding
Lincolnshire
PE11 2BB

Bankers

Barclays Bank PLC
10 Hall Place
Spalding
Lincolnshire
PE11 1SR

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham
United Kingdom

Directors' report (continued)

The directors present their annual report and the audited financial statements for the 52 week period ended 27 December 2008. Comparatives are for the 52 weeks ended 29 December 2007.

Enhanced business review and Principal activities

The Company is a 100% owned subsidiary within the Bakkavör London Limited Group. Bakkavör Overseas Holdings Limited acted as an intermediary holding company during the period. The directors are satisfied with the results and achievements for the 52 week period to 27 December 2008 and believe that the future prospects of the Company are satisfactory.

The profit for the period, after taxation, amounted to £14,592,000 (2007: £4,432,000). Ordinary dividends of £nil (2007: £nil) were paid during the period.

The balance sheet on page 8 of the financial statements shows shareholders' funds amounting to £95,602,000 (2007: £81,010,000). The Company's financial position at the period end has moved as a result of investment revenue receivable from group companies and exchange rate fluctuation on those Euro denominated balances. Details of amounts owed to and by group companies are shown in notes 9, 11 and 17.

On 24 March 2009 the directors of Bakkavör London Limited signed an amended agreement for the group's £700 million revolving credit facility which resulted in the covenant levels being reset. The amended facility amounts to £650 million and expires on 30 March 2012.

The directors have reviewed the historic trading performance of the Company and the forecasts for the next five years, to assess the level of finance required across the group. As a result of the refinancing and guarantees put in place across the Bakkavör group, the directors consider that adequate finance is available and therefore believe it appropriate to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

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

Credit risk

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.

Liquidity risk

The directors review the forecasts for the business at least quarterly to determine the level of finance required to allow the Company to meet its financial obligations. When the amounts required have been determined the directors ensure that adequate finance is available from cash reserves or the group banking facility to ensure that suitable liquidity levels are maintained in line with the Company's forecasts.

Foreign currency risk

The Company's only exposure to foreign currency risk is on its inter-company loan receivable.

Interest rate risk

The Company is not exposed to any interest rate risk as its inter-company loans are at a fixed rate of interest and its bank overdraft is part of the group pooling facility.

Supplier payment policy

The Company's outstanding trade payable balances at the end of the period were all with other group companies.

Bakkavör Overseas Holdings Limited

Directors' report (continued)

Directors

The directors who served throughout the period were as follows:

A Gudmundsson
R Howes

During 2007, 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.

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.

Deloitte 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

RHowes

R Howes

Director

27 October 2009

Bakkavör Overseas Holdings Limited

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 period 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 Bakkavör Overseas Holdings Limited

We have audited the financial statements of Bakkavör Overseas Holdings Limited for the 52 weeks ended 27 December 2008 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. 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 (IFRSs) 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 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the directors' report and other information contained in the financial statements as described in the contents section and consider whether it is consistent with the audited financial statements. We 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 Bakkavör 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 27 December 2008 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 LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Birmingham
United Kingdom
28 October 2009

Bakkavör Overseas Holdings Limited

Income statement
52 weeks ended 27 December 2008

	Note	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Other income		13,195	3,456
Operating profit		13,195	3,456
Investment revenues	4	1,954	1,395
Profit before taxation		15,149	4,851
Tax	7	(557)	(419)
Net profit attributable to equity holders	14	14,592	4,432

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 27 December 2008

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Balance at beginning of period	81,010	76,578
Net profit for the period	14,592	4,432
Balance at end of period	95,602	81,010

Equity comprises of share capital and retained earnings.

Bakkavör Overseas Holdings Limited

Balance sheet
27 December 2008

	Note	27 December 2008 £'000	29 December 2007 £'000
Non-current assets			
Investments	8	95	95
Current assets			
Trade and other receivables	9	135,833	116,901
Total assets		135,928	116,996
Current liabilities			
Bank overdrafts and loans	10	(490)	(1,971)
Trade and other payables	11	(39,279)	(33,596)
Current tax liabilities		(557)	(419)
		(40,326)	(35,986)
Net current assets		95,507	80,915
Net assets		95,602	81,010
Equity			
Share capital	13	30,250	30,250
Retained earnings	14	65,352	50,760
Total equity		95,602	81,010

The financial statements were approved and authorised for issue by the Board of Directors on 27 October 2009.

Signed on behalf of the Board of Directors

R Howes

Director

The accompanying notes are an integral part of this balance sheet.

Bakkavör Overseas Holdings Limited

Cash flow statement
52 weeks ended 27 December 2008

	Note	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Net cash from operating activities	15	1,481	3,282
Financing activities			
(Decrease) / increase in bank overdrafts		(1,481)	174
Net cash from financing activities		(1,481)	174
Net increase/ (decrease) in cash and cash equivalents		-	3,456
Cash and cash equivalents at beginning of period		-	-
Effect of foreign exchange rate changes		-	(3,456)
Cash and cash equivalents at end of period		-	-

Bakkavör Overseas Holdings Limited

Notes to the accounts
52 weeks ended 27 December 2008

1. General information

Bakkavör 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.

In the current year, the group has adopted International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' which is effective for annual reporting periods beginning on or after 1 January 2007. The impact of the adoption of IFRS 7 has been to expand the disclosures provided in these financial statements regarding the Company's financial instruments and management of capital.

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):

IFRS 1 (Revised)	*First time adoption of International Financial Reporting Standards*
IFRS 2 (Revised)	*Share-based payment*
IFRS 3 (Revised)	*Business combinations*
IFRS 5(Revised)	*Non-current assets held for sale and discontinued operations*
IFRS 7 (Revised)	*Financial Instruments: Disclosures*
IFRS 8	*Operating segments*
IAS 1 (Revised)	*Presentation of financial statements*
IAS 16 (Revised)	*Property, plant and equipment*
IAS 23 (Revised)	*Borrowing costs*
IAS 27 (Revised)	*Consolidated and separate financial statements*
IAS 28 (Revised)	*Investments in associates*
IAS 31 (Revised)	*Interests in joint ventures*
IAS 32 (Revised)	*Financial instruments: Presentation*
IAS 36 (Revised)	*Impairment of assets*
IAS 38 (Revised)	*Intangible assets*
IAS 39 (Revised)	*Financial instruments: Recognition and Measurement*
IAS 40 (Revised)	*Investment property*
IFRIC 9 (Revised)	*Reassessment of Embedded Derivatives*
IFRIC 12	*Service concession arrangements*
IFRIC 13	*Customer loyalty programmes*
IFRIC 14	*IAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a net investment in a foreign operation*
IFRIC 17	*Distributions of non-cash assets to owners*
IFRIC 18	*Transfers of assets from customers*

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.

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment. The adoption of these Interpretations has not led to any changes in the Company's accounting policies.

Notes to the accounts (continued)
52 weeks ended 27 December 2008

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 financial statements are prepared under the historical cost convention. 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 Bakkavör London Limited and is included in the consolidated accounts of that company. Therefore, these financial statements present information about the Company and not its group.

Operating profit

Operating profit is stated before investment income and finance costs.

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 period. 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 periods 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 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.

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.

Financial assets

Financial assets held by the Company are classified as available for sale or loans and receivables at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Any gains or losses in assets held as available for sale arising from a change in fair value are recognised in the income statement for the period.

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.

2. Significant accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

Financial assets, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Provisions relating to the impairment of financial assets are made on a specific basis, not a collective basis.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the asset at the date the impairment is reversed and does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

Financial liabilities held by the Company are classified as other financial liabilities at amortised cost.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to its 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.

2. Significant accounting policies (continued)

Foreign currencies (continued)

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 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.

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 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.

Notes to the accounts (continued)
52 weeks ended 27 December 2008

4. Investment revenues

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Interest receivable from group undertakings	1,954	1,395

5. Audit fees

Audit fees in relation to the statutory audit were bourne by other group companies, and no non-audit fees were charged to the company (2007 £nil).

6. Staff costs and Directors emoluments

The company had no direct employees during the period as its principal activity is that of a holding company. The directors of the company were paid through Bakkavör Foods Limited for the period.

7. Tax

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Current tax:		
UK corporation tax	557	419
Total current tax	557	419

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

	52 weeks ended 27 December 2008 £'000	%	52 weeks ended 29 December 2007 £'000	%
Profit before tax	15,149	100	4,851	100
Tax at the UK corporation tax rate of 28.5% (2007: 30%)	4,317	28.5	1,455	30
Tax effect of income that is not taxable in determining taxable profit.	(3,760)	(24.8)	(1,036)	(21)
Tax expense and effective tax rate for the period	557	3.7	419	9

With effect from 1 April 2008 the full rate of corporation tax decreased from 30% to 28%, hence the rate for the period is a blended rate.

Notes to the accounts (continued)
52 weeks ended 27 December 2008

8. Investments

	£'000
Shares in group undertakings	
Cost	
At beginning and end of the period	7,000
Impairment	
At beginning and end of the period	(6,905)
Net Book Value	
At 29 December 2007 and 27 December 2008	95

9. Trade and other receivables

	29 December 2008 £'000	27 December 2007 £'000
Amounts receivable from group companies	135,833	116,901

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

The Company does not charge any interest on its trade receivables regardless of their ageing and does not hold any collateral or credit enhancements against the value of its trade receivables. No provisions are considered necessary as all the Company's receivables are with other group companies and considered recoverable.

10. Bank overdraft

	27 December 2008 £'000	29 December 2007 £'000
Bank overdrafts	490	1,971

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.

	2008 %	2007 %
The weighted average interest rates paid by the group were as follows:		
Bank overdrafts	5.69	6.64

Notes to the accounts (continued)
52 weeks ended 27 December 2008

11. Trade and other payables

	27 December 2008 £'000	29 December 2007 £'000
Amounts owed to group companies	39,279	33,596

The directors consider 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. No interest is incurred against these payables.

12. Financial instruments

Categories of financial instruments

Financial assets	27 December 2008 £'000	29 December 2007 £'000
Loans and receivables at amortised cost:		
Amounts receivable from group companies	135,833	116,901

Financial liabilities		
Other Financial liabilities at amortised cost:		
Amounts owed to group companies	39,279	33,596
Bank overdraft	490	1,971
	39,769	35,567

All of the Company's financial instruments except for 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 at on investments in foreign currencies.

During the 52 week period to 27 December 2008, the Euro strengthened against sterling by 22.8%, with the closing rate at €1.0465 compared to €1.3553 at the prior period end. The average rate for the 52 week period to 27 December 2008 was €1.2588.

Notes to the accounts (continued)
52 weeks ended 27 December 2008

12. Financial instruments (continued)

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. A positive number below indicates an increase in profit where sterling strengthens 10% against the relevant currency. For a 10% weakening of sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Profit or loss 10% Strengthening	
	27 December 2008 £'000	29 December 2007 £'000
Euro	(5,421)	(3,700)

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 balance sheet. 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.

Liquidity risk

Liquidity risk refers to the risk that the Company may not be able to fund the day to day running of the business. Liquidity risk is reviewed by the board on a regular basis to ensure that adequate cash reserves are available when required. The Company manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued)
52 weeks ended 27 December 2008

13. Share capital

Authorised	27 December 2008 £'000	29 December 2007 £'000
Ordinary shares of £1 each	75,000	75,000

Allotted, called-up and fully paid	27 December 2008 No	27 December 2008 £'000	29 December 2007 No	29 December 2007 £'000
Ordinary shares of £1 each	30,250,237	30,250	30,250,237	30,250

14. Retained earnings

	£'000
Balance at 31 December 2006	46,328
Net profit for the period	4,432
Balance at 29 December 2007	50,760
Net profit for the period	14,592
Balance at 27 December 2008	65,352

Bakkavör Overseas Holdings Limited

Notes to the accounts (continued)
52 weeks ended 27 December 2008

15. Notes to the cash flow statement

	52 weeks ended 27 December 2008 £'000	52 weeks ended 29 December 2007 £'000
Operating profit	13,195	3,456
Operating cash flows before movements in working capital	13,195	3,456
Increase in receivables	(16,978)	(10,601)
Increase in payables	5,683	10,592
Cash generated by operations	1,900	3,447
Income taxes paid	(419)	(165)
Net cash from operating activities	1,481	3,282

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.

Notes to the accounts (continued)
52 weeks ended 27 December 2008

16. Events after the balance sheet date

On 24 March 2009 the directors of Bakkavör London Limited signed an amended agreement for the group's £700 million revolving credit facility which resulted in the covenant levels being reset. The amended facility amounts to £650 million and expires on 30 March 2012. There have been no other material post balance sheet events which would require disclosure or adjustment in the 27 December 2008 Financial Statements

17. Related party transactions

Transactions

During the period, 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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Group companies	-	-	-	-	39,279	33,596	135,833	116,901

The amounts outstanding 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.

18. Controlling party

The Company's ultimate parent company and ultimate controlling party is Bakkavör Group hf, a company registered in Iceland. The smallest group in which the results of the Company are consolidated is that headed by Bakkavör London Limited. 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 Armuli 3, 108 Reykjavik, Iceland.

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