

Registration number: 05661425

Bakkavor China Limited

Annual Report and Financial Statements

for the Period from 29 December 2013 to 27 December 2014

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Bakkavor China Limited

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Bakkavor China Limited

Company Information

Directors A Gudmundsson
 E P Gates
 E Gustafsson

Company secretary S Witham

Registered office West Marsh Road
 Spalding
 Lincolnshire
 PE11 2BB

Bankers Hong Kong & Shanghai Banking Corporation Limited
 No.1 Queen's Road Central
 Hong Kong

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

Bakkavor China Limited

Directors' Report for the Period from 29 December 2013 to 27 December 2014

The Directors present their report and the financial statements for the period from 29 December 2013 to 27 December 2014. Comparatives are for the period from 30 December 2012 to 28 December 2013 ('2013').

Principal activity

The principal activity of Bakkavor China Limited (the 'Company') is that of a holding company which manages investment opportunities in China operating within the Bakkavor Group Limited group (the 'Group') and is a 100% owned subsidiary of Bakkavor Asia Limited. A fair review of the business is shown in the Strategic Report.

Going concern

The Directors, in their detailed consideration of going concern, have reviewed the Company's future cash forecasts, which they believe are based on prudent market data and past experience. The Directors have considered the Company's cash reserves and its access to the Group's financing arrangements. At the date of this report the Group has complied in all respects with the terms of its borrowing agreements, including its financial covenants, and forecasts to continue to do so. Furthermore, the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

Consequently, the Directors have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors of the company

The Directors who held office during the period were as follows:

A Gudmundsson

E P Gates

E Gustafsson

Important non adjusting events after the financial period

The Group announced on 30 March 2015 that it had agreed an increase and extension to its existing banking facilities together with a reduction in the interest rate margin. The facilities have been increased from £80 million to £220 million in total and the maturity extended from October 2016 to February 2018. The increase in liquidity has been used to fund the early repayment of £140 million of the existing 8.25% Senior Secured Notes due in 2018. The Group's Receivables Securitisation facility maturity has also been extended to February 2018.

(See note 13 in the notes to the accounts).

Directors liabilities

The Company has made qualifying third party indemnity provisions for the benefit of the Directors which remain in force at the date of this report.

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

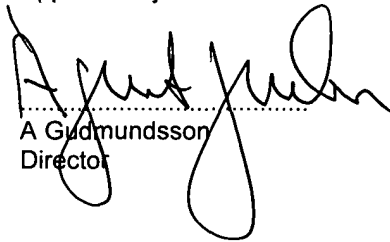
Bakkavor China Limited

**Directors' Report for the Period from 29 December 2013 to 27 December 2014
(continued)**

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 24 September 2015 and signed on its behalf by:



A. Gudmundsson
Director

Bakkavor China 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the Directors must not approve the financial statements unless they are 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, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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. 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.

Bakkavor China Limited

Strategic Report for the Period from 29 December 2013 to 27 December 2014

The Directors present their strategic report for the period from 29 December 2013 to 27 December 2014. The Directors are satisfied with the results and achievements and they believe the future prospects of the Company are sound.

Fair review of the business

As shown in the Company's Profit and loss account, the loss for the period, after taxation, amounted to £3,126,000 (2013: loss after taxation of £2,119,000 which was transferred from reserves). The Directors do not recommend the payment of a final dividend (2013: £nil).

The Balance sheet shows shareholders' funds amounting to £19,328,000 (2013: £19,114,000).

During the period ended 27 December 2014, the Company issued one ordinary share to Bakkavor Asia Limited for £3,340,024 which was used to increase the Company's investment in Creative Food Group Limited (2013: one ordinary share for £1,672,999 increasing the Company's investment in both Creative Food Group Limited and Gastro Primo Limited).

Principal risks and uncertainties

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 Bakkavor Group. For this reason the Company's exposure to risks and uncertainties in strategic, operational and financial areas is limited. These risks are set out below:

Financial risk management

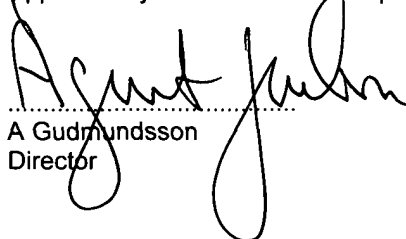
Foreign currency risk

The Company's foreign currency risk arises on cash balances and trade and other payables in US Dollars. The Company does not directly enter into any forward foreign exchange contracts. The Bakkavor Group actively manages the Group's currency risk, operating within the strict framework of Group Board approved policies and procedures.

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 credit risk is attributable to balances with trade and other debtors and is not considered to be significant.

Approved by the Board on 24 September 2015 and signed on its behalf by:



A Gudmundsson
Director

Bakkavor China Limited

Independent Auditor's Report

We have audited the financial statements of Bakkavor China Limited for the period from 29 December 2013 to 27 December 2014 which comprise Profit and Loss Account, Statement of Changes in Equity and Balance Sheet and the related notes 1 to 14, set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the Directors are 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 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 Directors; 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 December 2014 and of its loss for the period then ended;
- have been properly prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Bakkavor China Limited

Independent Auditor's Report (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, 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Christopher Robertson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

Four Brindleyplace
Birmingham
B1 2HZ

24 September 2015

Bakkavor China Limited

Profit and Loss Account for the Period from 29 December 2013 to 27 December 2014

		29 December 2013 to 27 December 2014 £ 000	30 December 2012 to 28 December 2013 £ 000
	Note		
Administrative expenses		1	(174)
Impairment of investment	8	(3,664)	(2,483)
Operating loss	4	(3,663)	(2,657)
Other interest receivable and similar income	5	492	607
Other gains / (losses)	3	45	(69)
Loss before tax		(3,126)	(2,119)
Taxation	7	-	-
Loss for the period		<u>(3,126)</u>	<u>(2,119)</u>

The above results were derived from continuing operations.

The Company has no recognised gains and losses other than the result above and therefore no separate statement of comprehensive income is presented.

The notes on pages 11 to 17 form an integral part of these financial statements.

Bakkavor China Limited

Statement of Changes in Equity for the Period from 29 December 2013 to 27 December 2014

	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 30 December 2012	4	34,253	(14,697)	19,560
Loss for the period	-	-	(2,119)	(2,119)
New share capital subscribed	-	1,673	-	1,673
At 28 December 2013	<u>4</u>	<u>35,926</u>	<u>(16,816)</u>	<u>19,114</u>

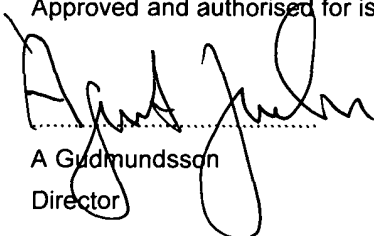
	Share capital £ 000	Share premium £ 000	Profit and loss account £ 000	Total £ 000
At 29 December 2013	4	35,926	(16,816)	19,114
Loss for the period	-	-	(3,126)	(3,126)
New share capital subscribed	-	3,340	-	3,340
At 27 December 2014	<u>4</u>	<u>39,266</u>	<u>(19,942)</u>	<u>19,328</u>

The notes on pages 11 to 17 form an integral part of these financial statements.

Bakkavor China Limited**(Registration number: 05661425)****Balance Sheet as at 27 December 2014**

		27 December 2014 £ 000	28 December 2013 £ 000
	Note		
Fixed assets			
Investments in subsidiaries	8	13,214	12,695
Investments in associates	8	<u>6,110</u>	<u>6,110</u>
		<u>19,324</u>	<u>18,805</u>
Current assets			
Debtors	9	-	2
Cash at bank and in hand		<u>4</u>	<u>312</u>
		<u>4</u>	<u>314</u>
Total assets		<u>19,328</u>	<u>19,119</u>
Creditors: Amounts falling due within one year	10	-	(5)
Net assets		<u>19,328</u>	<u>19,114</u>
Capital and reserves			
Called up share capital	11	4	4
Share premium reserve		39,266	35,926
Profit and loss account		<u>(19,942)</u>	<u>(16,816)</u>
Shareholders' funds		<u>19,328</u>	<u>19,114</u>

Approved and authorised for issue by the Board on 24 September 2015 and signed on its behalf by:



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A Gudmundsson
Director

The notes on pages 11 to 17 form an integral part of these financial statements.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2013 to 27 December 2014

1 General information

The Company is a private company limited by share capital incorporated and domiciled in the United Kingdom.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. As permitted under section 390 (3) of the Companies Act 2006, the Company has taken the option to end its financial period on 27 December 2014, as it is not more than 7 days after or before the end of the period dated 31 December 2014.

The financial statements have been prepared on the historical cost basis and are presented in the currency of the primary economic environment in which the Company operates. For the purpose of the financial statements, the results and financial position are expressed in Pounds Sterling, which is the functional currency of the Company.

Summary of disclosure exemptions

As permitted by Financial Reporting Standard 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of Bakkavor Group Limited. The group accounts of Bakkavor Group Limited are available to the public and can be obtained as set out in note 14.

Going concern

The Directors have reviewed the historical trading performance of the Company and the forecasts through to September 2016, to assess the level of finance required by the Company. Refer to the Directors Report, for the Directors consideration of going concern.

Exemption from preparing group accounts

The financial statements contain information about Bakkavor China Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Bakkavor Group Limited, a company incorporated in the United Kingdom.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2013 to 27 December 2014 (continued)

2 Accounting policies (continued)

Finance income policy

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Investments

Investments in subsidiaries are included at cost less provision for impairment where necessary. An impairment loss is recognised in the Profit and Loss account when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Subsidiaries

A subsidiary is an entity over which the Company has control. Control exists when the Company has the power directly, or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call 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.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2013 to 27 December 2014 (continued)

2 Accounting policies (continued)

Financial assets

Classification

Financial assets held by the Company are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Recognition and measurement

Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Impairment

Financial assets are assessed for indicators of impairment at each Balance sheet date and are impaired where there is objective 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 affected.

Financial liabilities

Classification

Financial liabilities held by the Company are classified as other financial liabilities. The classification is according to the substance of the contractual arrangements entered into.

Recognition and measurement

Financial liabilities 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.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events and the existence of which will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the amount of the obligation cannot be measured reliably. A contingent liability is not recognised but it is disclosed in the notes to the financial statements. When an outflow becomes probable, it is recognised as a provision.

3 Other gains and (losses)

The analysis of the company's other gains and losses for the period is as follows:

	29 December 2013 to 27 December 2014 £ 000	30 December 2012 to 28 December 2013 £ 000
Foreign currency gains/(losses)	45	(69)

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2013 to 27 December 2014 (continued)

4 Operating profit

Arrived at after charging

	29 December 2013 to 27 December 2014 £ 000	30 December 2012 to 28 December 2013 £ 000
Impairment loss	<u>3,664</u>	<u>2,483</u>

5 Finance income

	29 December 2013 to 27 December 2014 £ 000	30 December 2012 to 28 December 2013 £ 000
Finance income		
Dividend income	<u>492</u>	<u>607</u>

6 Directors, Employees and auditor remuneration

The Directors have received no emoluments for their services to the Company in either financial period presented and were paid through Bakkavor Foods Limited. The Directors are considered to be the key management personnel of the Company.

The Company had no employees for the period ended 27 December 2014 (2013: nil).

Fees of £5,000 (2013: £5,000) payable to the Company's auditor in respect of the statutory audit of the Company's financial statements for the period ended 27 December 2014 have been borne by Bakkavor Foods Limited.

No non-audit fees were charged to the Company for the period ended 27 December 2014 (2013: £nil).

7 Taxation

Corporation tax is calculated at 21.5% (2013: 23.25%) of the estimated result for the period. The tax for the period is reconciled to the profit and loss account as follows:

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2013 to 27 December 2014 (continued)

7 Taxation (continued)

	29 December 2013 to 27 December 2014 £ 000	30 December 2012 to 28 December 2013 £ 000
Loss before tax	<u>(3,126)</u>	<u>(2,119)</u>
Corporation tax	(672)	(493)
Effect of revenues exempt from taxation	(106)	(141)
Effect of expense not deductible in determining taxable profit (tax loss)	788	577
Group relief surrendered free of charge	<u>(10)</u>	<u>57</u>
Total tax charge/(credit)	<u>-</u>	<u>-</u>

8 Investments in subsidiaries and associates

Subsidiaries	£ 000
Cost or valuation	
At 29 December 2013	25,284
Additions	<u>4,183</u>
At 27 December 2014	<u>29,467</u>
Impairment	
At 29 December 2013	12,589
Impairment	<u>3,664</u>
At 27 December 2014	<u>16,253</u>
Carrying amount	
At 27 December 2014	<u>13,214</u>
At 28 December 2013	<u>12,695</u>
Associates	£ 000
Cost or valuation	
At 28 December 2013 and 27 December 2014	<u>6,110</u>

As at the period ended 27 December 2014, the Company increased its investment in Creative Food Group Limited by £4,182,968. The investment was partly funded by both the issue of shares to Bakkavor Asia Limited for £3,340,024 and cash reserves as a result of dividends received from La Rose Noire Limited in the period ended 27 December 2014.

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2013 to 27 December 2014 (continued)

8 Investments in subsidiaries and associates (continued)

Details of undertakings

Details of the investments in which the Company holds share capital is as follows:

Undertaking	Country of incorporation	Proportion of voting rights and shares held	
		2014	2013
Subsidiary undertakings			
Gastro Primo Limited	Hong Kong	100%	100%
Creative Food Group Limited (includes 13 further subsidiaries and 1 branch within Hong Kong and China)	Hong Kong	100%	100%
Associates			
La Rose Noire Limited	Hong Kong	45%	45%

The principal activity of Gastro Primo Limited is the preparation and marketing of fresh prepared foods

The principal activity of Creative Food Group Limited (includes 13 further subsidiaries and 1 branch within Hong Kong and China) is the supply of fresh produce and manufacture of salad products

The principal activity of La Rose Noire Limited is the production of bakery and pastry products.

9 Debtors: Amounts falling due within one year

	27 December 2014 £ 000	28 December 2013 £ 000
Other debtors	-	2

The amounts disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

10 Creditors: Amounts falling due within one year

	27 December 2014 £ 000	28 December 2013 £ 000
Accruals	-	5

Bakkavor China Limited

Notes to the Financial Statements for the Period from 29 December 2013 to 27 December 2014 (continued)

11 Share capital

Allotted, called up and fully paid shares

	27 December 2014		28 December 2013	
	No.	£	No.	£
Ordinary shares of £1 each	4,104	4,104	4,103	4,103

2014

During the period ended 27 December 2014, the Company issued one ordinary £1 share to Bakkavor Asia Limited for £3,340,024 which was used to increase the Company's investment in Creative Food Group Limited. This created share premium of £3,340,023.

2013

During the period ended 28 December 2013, the Company issued one ordinary £1 share to Bakkavor Asia Limited for £1,672,699 which was used to help fund the Company's increased investment in both Creative Food Group Limited and Gastro Primo Limited. This created share premium of £1,672,698.

12 Contingent liabilities

As at the 27 December 2014, there were no legal claims or potential claims against the Company (2013: £nil) and therefore no provision is considered necessary in the financial statements.

The Company, along with certain other group companies, is a guarantor of the Group and therefore the assets of the Company are secured against the Group's debt facilities.

13 Non adjusting events after the financial period

The Group announced on 30 March 2015 that it had agreed an increase and extension to its existing banking facilities together with a reduction in the interest rate margin. The facilities have been increased from £80 million to £220 million in total and the maturity extended from October 2016 to February 2018. The increase in liquidity has been used to fund the early repayment of £140 million of the existing 8.25% Senior Secured Notes due in 2018. The Group's Receivables Securitisation facility maturity has also been extended to February 2018.

14 Parent and ultimate parent undertaking

The Company's immediate parent is Bakkavor Asia Limited.

The ultimate parent and ultimate controlling party is Bakkavor Group Limited.

The most senior parent entity producing publicly available financial statements is Bakkavor Group Limited. The financial statements for this Company can be requested from 5th Floor, 3 Sheldon Square, Paddington Central, London, W2 6HY, United Kingdom.