

AARHUSKARLSHAMN UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

REGISTERED NUMBER 1585686

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AARHUSKARLSHAMN UK LIMITED DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITIES

The principal activity of the Group, being the AarhusKarlshamn UK Limited Group, and Company continued to be that of processing edible vegetable oils. Included within the results of the group is a wholly owned subsidiary, Book&Claim Limited, whose principle activity is to promote the growth of sustainable palm plantations by facilitating the sale of GreenPalm certificates by palm plantations to consumers of palm oil in the food, cosmetics and biodiesel industries. Further information can be found on www.greenpalm.org

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUSINESS REVIEW

In the year the Group made a profit for the financial year of £ 16,645,000 (2010 profit £6,475,000) and accordingly £16,645,000 (2010 £6,475,000) has been transferred to reserves.

The Directors continue to mark to market raw material stock internally for risk management purposes in order to control risk and to understand the underlying business performance from an internal management viewpoint. However, following changes to company law in 2007, the mark to market true and fair override is no longer permitted for statutory reporting purposes. If true and fair override were still permitted, the Group would have made a profit of £7,845,000 (2010 profit £12,780,000). The volatility of commodity prices in 2010 and in 2011 is reflected in the material impact of FRS26 'Financial Instruments: Recognition and measurement', as shown in the table below, and is expected to cause further volatility in reported results going forward.

AARHUSKARLSHAMN UK LIMITED
DIRECTORS' REPORT (CONTINUED)

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Turnover		340,953		311,098
Cost of sales		<u>(307,783)</u>		<u>(272,588)</u>
Gross Profit with stock at marked to market fair value		33,170		38,510
Impact of stock valued at historical cost as required by FRS26		11,244		(9,076)
Gross profit		<u>44,414</u>		<u>29,434</u>
Distribution costs	(8,631)		(8,240)	
Administrative expenses excluding exceptional items	(9,577)		(11,834)	
Administrative - exceptional items	(2,933)			
		<u>(21,141)</u>		<u>(20,074)</u>
Operating profit		<u>23,273</u>		<u>9,360</u>

2011 has been yet another challenging, but overall good year, excluding the effect of FRS26 Vegetable oil prices started the year at higher price levels and then fell rapidly in the second half of the year as global commodities experienced a bear run Working capital was affected by this in the earlier part of the year but overall cash generation was good

The Group's core business of refining of vegetable oils for the food manufacturing, foodservice and bakery sectors continued to provide a diversified range of products Performance of the core business was as expected despite continued difficult external economic pressures in UK and export markets

The Group's acquisitions in recent years, AAK Foods, a manufacturer of sauces and dips, and AAK Bakery Services, a provider of oil based products for manufacture of bakery products, both performed well in the year delivering results comparable with prior year despite rising raw material prices and increasing competition During the year it was decided that the manufacturing facility at AAK Bakery Services, in Oldham, would be moved to the Hull site in 2012 Completion of this is planned for the early part of 2012 Associated costs for this have been charged as exceptional costs During the year it was also announced that with the introduction of lean manufacturing processes at the Hull site that are seen as critical to the continued success of the business, a restructure would implemented at the Hull site This is expected to be completed in the second half of 2012 and associated costs are also included in exceptional costs

Book&Claim Limited, a subsidiary company, performed better than 2010 as demand for GreenPalm certificates increased in the year Its business activity is to promote the growth of sustainable palm oil It achieves this by facilitating the sale of GreenPalm certificates by palm plantations to consumers of palm oil in the food, cosmetics and biodiesel industries Further information can be found on www.greenpalm.org

The outlook for 2012, given the current global economic position, remains hard to predict The Group's strategy of a diversified product range is expected to protect the business from the potential risk of a downturn in any specific product market 2012 will again be a year of continued consolidation and investment in the existing businesses, in the face of increasing UK competition

PRINCIPAL RISKS

FINANCIAL RISK MANAGEMENT

Liquidity, financial capacity and financial exposure

The Group has established a financial framework to ensure that it is able to maintain an appropriate level of liquidity and financial capacity and to constrain the level of assessed capital at risk for the purposes of positions taken in financial instruments Failure to operate within the set financial framework could lead to financial loss Commercial credit risk is also measured and controlled to determine the Group's total credit risk Fluctuations in both vegetable oil prices and

**AARHUSKARLSHAMN UK LIMITED
DIRECTORS' REPORT (CONTINUED)**

exchange rates are both managed using the financial framework in place in order to control financial risk from exposure to fluctuations and associated financial loss

Liabilities and provisions

Changes in the external environment, such as new laws and regulations, market volatility or other factors, could affect the adequacy of provisions for tax, environmental and legal liabilities. The Group mitigates this risk by relying on its internal systems and process and through retaining the services of external advisors to highlight such changes to the Board

PRINCIPAL RISKS AND UNCERTAINTIES

Process safety

Inherent in operations are hazards that require continual oversight and control. Failure to manage these risks could result in injury or loss of life, environmental damage and/or loss of production. The Group mitigates these risks through stringent adherence to health and safety guidelines

Environmental factors

If the Group does not apply its resources to overcome the perceived trade off between global access to edible oils and the protection or improvement of the natural environment, the Group could fail to live up to its aspiration of minimal damage to the environment whilst contributing to human progress. This aspiration was a key factor in the development of Book&Claim Limited which aims to promote the growth of sustainably produced palm oil globally by providing a trading platform that will fund the growth of sustainable palm oil. For further details please see the Group's Sustainability Report available on www.aak.com

KEY PERFORMANCE INDICATORS AND MANAGEMENT OF BUSINESS PERFORMANCE

The key performance indicators that are monitored on a Group wide and regional basis are earnings before interest, return on capital employed and cash flow

Budgeting and forecast reviews

Monthly results are reviewed against budget and significant variances are investigated to give the Board a clear view of the current trading position of the company. Forecasts are updated on a monthly basis to monitor performance against expectation more closely

DIVIDEND

The Directors do not propose the payment of a dividend for the year ended 31 December 2011 (2010 £20,000,000)

DIRECTORS

The Directors of the company who were in office during the year and up to the date of signing the financial statements were

D M Craven
T A Stephenson
I McIntosh (resigned 31 January 2011)

CHARITABLE CONTRIBUTIONS

The Group made charitable contributions amounting to £4,525 (2010 £7,678)

EMPLOYMENT OF DISABLED PERSONS

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment of disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary

**AARHUSKARLSHAMN UK LIMITED
DIRECTORS' REPORT (CONTINUED)**

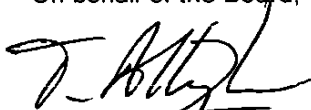
EMPLOYEE INVOLVEMENT

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. The group encourages the involvement of employee's by means of encouraging training and regular meetings between management and staff in order to provide a common awareness on the part of the staff of the financial and economic circumstances affecting the group's performance

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the Board,



TA Stephenson
Director

King George Dock
Kingston-Upon-Hull
East Yorkshire
Hull HU9 5PX

23 March 2012

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AARHUSKARLSHAMN UK LIMITED**

We have audited the group and parent company financial statements of AarhusKarlshamn UK Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement as set out on page 1 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 group's and parent 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 Director's 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 for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

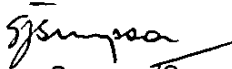
Opinion on other matter prescribed by the Companies Act 2006

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

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 parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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


Steve Simpson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull

23 March 2012

AARHUSKARLSHAMN UK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	<i>Note</i>	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Turnover	2		340,953		311,098
Cost of sales			(296,539)		(281,664)
Gross profit			44,414		29,434
Distribution costs		(8,631)		(8,240)	
Administrative expenses					
Excluding exceptional items		(9,577)		(11,834)	
Exceptional items	3	(2,933)		-	
Administrative expenses including exceptional items		(12,510)		(11,834)	
			(21,141)		(20,074)
Operating profit			23,273		9,360
Interest payable and similar charges					
	4		(1,032)		(278)
Interest receivable and similar income	5		4		18
Profit on ordinary activities before taxation	6		22,245		9,100
Tax on profit on ordinary activities	9		(5,600)		(2,625)
Profit for the financial year			16,645		6,475

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been prepared

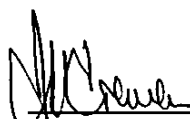
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents

All result relate to continuing operations

AARHUSKARLSHAMN UK LIMITED
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011

		2011		2010	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible fixed assets					
Intangible assets	13	19		31	
Goodwill	13	2,521		2,741	
Negative goodwill	13	(45)		(50)	
			2,495		2,722
Tangible fixed assets	14		27,550		28,344
			30,045		31,066
Current assets					
Stocks	16	40,750		34,397	
Debtors	17	56,715		47,452	
Cash at bank and in hand		388		6,215	
		97,853		88,064	
Creditors: amounts falling due within one year	18	(44,776)		(65,064)	
Net current assets			53,077		23,000
Total assets less current liabilities			83,122		54,066
Creditors: amounts falling due after more than one year	19		(29,942)		(20,233)
Provisions for liabilities					
Deferred taxation	20		(2,934)		(232)
Net assets			50,246		33,601
Capital and reserves					
Called up share capital	21		23,600		23,600
Profit and loss account	22		26,646		10,001
Total shareholders' funds	23		50,246		33,601

These financial statements were approved by the Board of Directors of the Company on 23 March 2012.

 Director
D M Craven
AarhusKarlshamn UK Limited
Registered number 1585686

The notes on pages 9 to 22 form part of these financial statements

AARHUSKARLSHAMN UK LIMITED
COMPANY BALANCE SHEET AT 31 DECEMBER 2011

	Note	2011	2010
		£'000	£'000
Fixed assets			
Intangible fixed assets			
Goodwill	13	2,711	2,956
Negative goodwill	13	<u>(45)</u>	<u>(50)</u>
		2,666	2,906
Tangible fixed assets	14	27,550	28,344
Investments	15	<u>5,287</u>	<u>5,287</u>
		35,503	36,537
Current assets			
Stocks	16	40,750	34,397
Debtors	17	53,402	48,139
Cash at bank and in hand		<u>388</u>	<u>4,327</u>
		94,540	86,863
Creditors. amounts falling due within one year			
	18	<u>(43,171)</u>	<u>(64,398)</u>
Net current assets		<u>51,369</u>	<u>22,465</u>
Total assets less current liabilities		86,872	59,002
Creditors: amounts falling due after more than one year			
	19	(35,972)	(26,263)
Provisions for liabilities			
Deferred taxation	20	<u>(2,943)</u>	<u>(239)</u>
Net assets		<u>47,957</u>	<u>32,500</u>
Capital and reserves			
Called up share capital	21	23,600	23,600
Profit and loss account	22	<u>24,357</u>	<u>8,900</u>
Total shareholders' funds	23	<u>47,957</u>	<u>32,500</u>

These financial statements were approved by the Board of Directors on 23 March 2012.



Director

D.M. Craven

AarhusKarlshamn UK Limited
Registered number 1585686

The notes on pages 9 to 22 form part of these financial statements

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom on the basis of the following accounting policies which have been applied consistently in dealing with items which are considered material

1 1 Basis of consolidation

The Group financial statements consolidate the financial statements of AarhusKarlshamn UK Limited and all its subsidiary undertakings using uniform accounting policies have been adopted. No separate profit and loss account is presented for AarhusKarlshamn UK Limited, as permitted by section 408 the Companies Act 2006

1 2 Basis of accounting

The financial statements have been prepared on the historical cost basis

1 3 Turnover

Turnover comprises sales of products and services to third parties at amounts invoiced net of trade discounts excluding taxes on turnover

Turnover from the sale of products is recognised upon transfer to the customer of the significant risks and rewards of ownership. This is generally upon signing of the goods receipts note, except that sales of inventory located at customers' premises and available for customers' immediate use are recognised when notification is received that the product has been used

Appropriate provision for returns and trade discounts are deducted from turnover

1 4 Foreign currencies

Foreign currency monetary assets and liabilities are translated into sterling at the rates of exchange ruling at the balance sheet date, any profits or losses arising being included in the result for the year together with any profits or losses arising from transactions in foreign currencies during the year. Forward currency contracts entered into by the Group are recognised at fair value within debtors and creditors as appropriate. Movements in fair value are recognised in the profit and loss account in the year in which they arise

1 5 Goodwill

Goodwill representing the excess of fair value of the consideration over the fair value of the separable net assets acquired is capitalised and amortised on a straight line basis over its useful economic life up to a maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other years if events or changes in circumstances indicate that the carrying value may not be recoverable

Any excess of the fair value of the separable net assets acquired over the fair value of consideration (negative goodwill) is shown in intangible assets and amortised over its useful economic life up to 20 years

1 6 Investments in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1 ACCOUNTING POLICIES (continued)

1 7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, which includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation, with the exception of land, which is not depreciated. The following annual depreciation rates, which reflect the expected useful lives of the assets concerned, are applied to the cost of the fixed assets on a straight line basis

Freehold buildings	5%
Leasehold buildings	Over the period of the lease
Plant and machinery	6.67-10 %
Furniture, fixtures and fittings	15-33 %

1 8 Forward contract position

Group activities involve entering into forward contracts for the purchase and sale of commodities and foreign exchange. The contracted cost of open material and currency forward contracts are compared with the equivalent contracted value of open forward sales contracts or open market value where applicable ('marked to market') with the difference being included within debtors or creditors as appropriate.

Fair valuation of all forward commodity contracts in accordance with FRS 26 is appropriate on the basis that all forward contracts whether for sales or purchases can be settled with the other contracted party on a net cash settlement basis and the Group has a practice of settling such contracts net.

1 9 Stock and work in progress

Stocks are stated at the lower of cost and net realisable value. Finished goods value includes direct cost and an appropriate allocation of overheads. Net realisable value is the estimated selling price less all further costs to be incurred prior to sale.

1 10 Pension scheme

The Group operates non-contributory money purchase pension schemes through life assurance companies which hold fund contributions independent from Group finances. Group pension contributions are accounted for on an accruals basis.

1 11 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profits will be available against which the unused tax losses can be utilised.

1 12 Trademarks and other intangibles

Trademarks and other intangibles are initially recorded at costs and amortised on a straight line basis over their estimated useful economic lives.

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1 13 Leases

Where leases entail taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future installments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

The rental cost of operating leases is charged against profit on a straight line basis over the period of the lease.

AARHUSKARLSHAMN UK LIMITED
NOTE TO THE FINANCIAL STATEMENTS
(CONTINUED)

2 TURNOVER

Turnover represents amounts invoiced during the year, excluding value added tax, analysed by geographical area as follows

	2011 £'000	2010 £'000
United Kingdom	286,411	266,853
Rest of Europe	50,426	40,120
Rest of the World	4,116	4,125
	<u>340,953</u>	<u>311,098</u>

3 EXCEPTIONAL ITEMS

During the year it was decided that the manufacturing facility at AAK Bakery Services, in Oldham, would be moved to the Hull site in 2012. Completion of this is planned for the early part of 2012. Associated costs for this have been charged as exceptional costs along with the costs of implementing a lean manufacturing restructuring program at the Hull site that is due to be completed in 2012.

Of the total exceptional cost of £2,933,000, restructuring costs amounted to £1,918,000 and the write down of assets amounted to £1,015,000.

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
On bank loans, overdrafts and other loans repayable within five years	1,005	275
On finance leases	27	3
	<u>1,032</u>	<u>278</u>

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
On deposits	<u>4</u>	<u>18</u>

AARHUSKARLSHAMN UK LIMITED
NOTE TO THE FINANCIAL STATEMENTS
(CONTINUED)

6 OPERATING PROFIT

This is stated after charging/(crediting) the following	2011 £'000	2010 £'000
Depreciation of owned tangible fixed assets	4,739	5,205
Depreciation of assets held under finance leases	120	121
Amortisation of goodwill and intangible fixed assets	232	234
Release of negative goodwill	(5)	(161)
Fees payable to the company's auditors for		
- The audit of the consolidated financial statements	40	40
- The audit of the company's financial statements	7	7
- Other taxation services	42	39
Loss on disposal of fixed assets	-	152
Operating lease charges		
- Plant and machinery	205	97
- Other	795	854
	<hr/>	<hr/>

7 REMUNERATION OF DIRECTORS

	2011 £'000	2010 £'000
Aggregate emoluments	442	937
Company contributions to money purchase pension schemes	105	108
Compensation for loss of office	-	913
	<hr/> 547	<hr/> 1,958
Members of money purchase pension scheme	<hr/> 2	<hr/> 4

The emoluments of the highest paid director were £215,990 (2010 £1,329,000) The highest paid director was a member of a money purchase pension scheme under which payments into the scheme amounted to £55,597 (2010 £42,000)

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

8 STAFF NUMBERS AND COSTS

The average number of employees, including directors, of the Group during the year, analysed by category, was as follows

	2011	2010
Production	397	411
Sales	46	51
Administration	49	56
	<u>492</u>	<u>518</u>

The aggregate payroll costs of these employees were as follows

	2011 £'000	2010 £'000
Wages and salaries	16,533	16,985
Social security costs	1,721	1,726
Other pension costs	1,285	1,322
	<u>19,539</u>	<u>20,033</u>

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
UK Corporation tax:		
Current tax on profit from the year	2,778	5,976
Adjustments in respect of prior years	120	(197)
Total current tax	<u>2,898</u>	<u>5,779</u>
Deferred tax:		
Origination and reversal of timing differences	3,171	(3,836)
Adjustments in respect of prior years	(294)	805
Impact of change in tax rate	(175)	(123)
Total deferred tax	<u>2,702</u>	<u>(3,154)</u>
Tax on profit on ordinary activities	<u>5,600</u>	<u>2,625</u>

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

10 TAXATION ON PROFIT ON ORDINARY ACTIVITIES (continued)

Factors affecting tax charge

The current tax charge is lower (2010 higher) than the standard rate of corporation tax in the UK (26.5%, 2010 28%). The differences are explained below

	2011 £'000	2010 £'000
Current tax reconciliation		
Profit on ordinary activities before taxation	22,245	9,100
Current tax at 26.5% (2010 28%)	5,893	2,548
Expenses not deductible for tax purposes	64	185
Depreciation in excess of capital allowances	493	425
Other short term timing differences	(3,672)	2,804
Adjustments to tax charge in respect of prior year	120	(197)
Total current tax charge	<u>2,898</u>	<u>5,779</u>

During the year, as a result of changes in the UK main corporation tax rate to 26% that was substantively enacted on 29 March 2011 and that will be effective from 1 April 2011, and to 25% that was substantively enacted on 5 July 2011 and that be effective from 1 April 2012, the relevant deferred tax balances have been re-measured

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 23% by April 2014. The changes have not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements

11 PROFIT FOR THE FINANCIAL YEAR

Under the provisions of section 408 the Companies Act 2006, the Company has not produced its own profit and loss account. The result of the holding company dealt with in the consolidated profit and loss account amounted to a profit of £15,457,000 (2010 profit £5,993,000)

12 DIVIDENDS

	2011 £'000	2010 £'000
Equity Ordinary		
Final Paid (2010) 0.85p per £1 share	<u>-</u>	<u>20,000</u>

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

13 INTANGIBLE FIXED ASSETS

Group

	Intangible Assets £'000	Trademarks £'000	Goodwill £'000	Negative Goodwill £'000	Total £'000
COST					
At 1 January 2011	65	363	4,407	(888)	3,947
At 31 December 2011	65	363	4,407	(888)	3,947
ACCUMULATED AMORTISATION					
At 1 January 2011	34	363	1,666	(838)	1,225
Provided during the year	12	-	220	(5)	227
At 31 December 2011	46	363	1,886	(843)	1,452
NET BOOK VALUE					
At 31 December 2011	19	-	2,521	(45)	2,495
At 31 December 2010	31	-	2,741	(50)	2,722

The intangible assets relate to the website for Book&Claim Limited

Company

	Trademarks £'000	Goodwill £'000	Negative Goodwill £'000	Total £'000
COST				
At 1 January 2011	363	4,896	(888)	4,371
At 31 December 2011	363	4,896	(888)	4,371
ACCUMULATED AMORTISATION				
At 1 January 2011	363	1,940	(838)	1,465
Provided during the year	-	245	(5)	240
At 31 December 2011	363	2,185	(843)	1,705
NET BOOK VALUE				
At 31 December 2011	-	2,711	(45)	2,666
At 31 December 2010	-	2,956	(50)	2,906

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

14 TANGIBLE FIXED ASSETS

Group and company

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and machinery subject to finance leases £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
COST						
At 1 January 2011	3,716	9,809	11,759	86,676	5,586	117,546
Additions	79	325	313	3,216	487	4,420
Disposals	-	-	(342)	(2)	(200)	(544)
At 31 December 2011	3,795	10,134	11,730	89,890	5,873	121,422
ACCUMULATED DEPRECIATION						
At 1 January 2010	153	7,735	11,319	65,448	4,547	89,202
Provided during the year	33	964	120	3,272	470	4,859
Eliminated on disposals	-	-	(189)	-	-	(189)
At 31 December 2011	186	8,699	11,250	68,720	5,017	93,872
NET BOOK VALUE						
At 31 December 2011	3,609	1,435	480	21,170	856	27,550
At 31 December 2010	3,563	2,074	440	21,228	1,039	28,344

15 FIXED ASSET INVESTMENTS – COMPANY

Company

	2011 £'000	2010 £'000
Cost and net book value at beginning of the period	5,287	5,287
At end of the period	<u>5,287</u>	<u>5,287</u>

A listing of the Company's subsidiaries is shown in note 27

16 STOCKS

Group and Company

	2011 £'000	2010 £'000
Raw materials	30,920	24,312
Work in progress	238	-
Finished goods	<u>9,592</u>	<u>10,085</u>
	<u>40,750</u>	<u>34,397</u>

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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17 DEBTORS

	Group		Company	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Trade debtors	39,567	33,337	38,591	33,040
Amounts owed by fellow group companies	6,731	1,661	4,394	2,699
Forward contract position (see note 1 8)	6,418	1,179	6,418	1,179
Other debtors, prepayments and accrued income	3,999	11,275	3,999	11,221
	<u>56,715</u>	<u>47,452</u>	<u>53,402</u>	<u>48,139</u>

Amounts owed by fellow group companies are interest free and repayable on demand

18 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

Group and Company

	Group		Company	
	2011	2010	2011	2010
	£000	£'000	£'000	£'000
Bank loans and overdrafts	-	14,707	-	14,707
Obligations under finance leases and lease purchases	185	417	185	417
Trade creditors	6,728	7,397	5,345	6,958
Amounts owed to fellow group companies	9,506	9,997	9,506	9,997
Corporation tax	274	3,140	64	2,913
Forward contract position (see note 1 8)	5,901	14,416	5,901	14,416
Accruals and deferred income	22,182	14,990	22,170	14,990
	<u>44,776</u>	<u>65,064</u>	<u>43,171</u>	<u>64,398</u>

Amounts owed to fellow group companies are interest free and repayable on demand

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

19 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts owed to fellow group companies	29,647	71	35,677	6,101
Bank loans				
Amounts due in more than two years but less than five years	-	20,000	-	20,000
Obligations under finance lease and lease purchases due in more than one year but less than two years	295	162	295	162
	<u>29,942</u>	<u>20,233</u>	<u>35,972</u>	<u>26,263</u>

Bank loans are not secured by way of charges over group assets, but are guaranteed by the parent company
Group borrowings are financed at variable rates of interest, supplemented by an interest rate swap

20 DEFERRED TAXATION

The amounts provided for deferred taxation are set out below

Group and Company

	Group £'000	Company £'000
At 1 January 2011	232	239
Profit and loss account (note 9)	2,702	2,704
At 31 December 2011	<u>2,934</u>	<u>2,943</u>

Gains arising on the disposal of capital assets which are rolled over on the purchase of replacement assets are not regarded as timing differences and accordingly no provision is made for deferred taxation

The elements of deferred taxation are as follows

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Difference between accumulated depreciation and amortisation and capital allowances	2,987	3,796	2,996	3,796
Other timing differences	<u>(53)</u>	<u>(3,564)</u>	<u>(53)</u>	<u>(3,557)</u>
Total deferred tax liability	<u>2,934</u>	<u>232</u>	<u>2,943</u>	<u>239</u>

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

21 SHARE CAPITAL

Group and company

	2011 £'000	2010 £'000
Authorised:		
25,000 (2010 25,000) Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid:		
23,600 (2010 23,600) Ordinary shares of £1 each	<u>23,600</u>	<u>23,600</u>

22 PROFIT AND LOSS ACCOUNT

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Profit and loss account at 1 January	10,001	23,526	8,900	22,907
Profit for the financial year	16,645	6,475	15,457	5,993
Dividends paid	-	(20,000)	-	(20,000)
Profit and loss account at 31 December	<u>26,646</u>	<u>10,001</u>	<u>24,357</u>	<u>8,900</u>

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2011 £'000	2010 £'000	2010 £'000	2009 £'000
Shareholders' funds at 1 January	33,601	47,126	32,500	46,507
Profit for the year	16,645	6,475	15,457	5,993
Dividends paid	-	(20,000)	-	(20,000)
Closing shareholders' funds as at 31 December	<u>50,246</u>	<u>33,601</u>	<u>47,957</u>	<u>32,500</u>

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

24 COMMITMENTS

Capital commitments at 31 December 2011, for which no provision has been made in these financial statements for the Group and Company, were as follows

	2011 £'000	2010 £'000
Contracted	<u>1,122</u>	<u>3,281</u>

The Group and Company were committed at 31 December 2011 to the following payments within the next year in respect of operating leases analysed by the date of expiry of lease

Date of Expiry	2011		2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	462	230	416	205
Within between two and five years	-	-	-	-
After more than five years	379	-	379	-
Total	<u>841</u>	<u>230</u>	<u>795</u>	<u>205</u>

25 CASH FLOW STATEMENT

The company is a wholly owned subsidiary company of a group headed by AarhusKarlshamn AB, a company incorporated in Sweden and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996) 'Cash flow statements'

26 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The smallest and largest higher group of undertakings for which Group financial statements are drawn up and of which the Company is a member is AarhusKarlshamn AB, a company incorporated in Sweden, the address of which is AarhusKarlshamn AB, Skeppsgatan 19, SE-211 19 Malmö, Sweden. The company's ultimate controlling party is AarhusKarlshamn AB.

27 SUBSIDIARY UNDERTAKINGS

The following companies were subsidiary undertakings of the Company at 31 December 2011. All are registered in England and Wales.

Company	Class of shares	Principal activity	Proportion held
Rowallan Creamery Limited	Ordinary £1	Holding company	100%
Allied Foods Limited	Ordinary £1	Non trading	100%
Midsummer Foods Limited	Ordinary £1	Non trading	100%
Nutritionelle Limited	Ordinary £1	Non trading	100%
Book&Claim Limited	Ordinary £1	Trading agent	100%

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

AARHUSKARLSHAMN UK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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28 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by AarhusKarlshamn AB, a company incorporated in Sweden