

Glanbia Nutritionals (UK) Limited

Directors' Report and Financial Statements

Year Ended 29 December 2012

Registered Number: 02828321

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DIRECTORS AND OTHER INFORMATION

Board of Directors as at 04 SEP 2013
M Brockway
N O'Dwyer

Secretary and Registered Office
N O'Dwyer
One Victoria Square
Birmingham
B1 1BD
United Kingdom

Auditors
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Ballycar House
Newtown
Waterford
Ireland

Solicitors
Pinsent Masons
3 Colmore Circus
Birmingham
B4 6BH
United Kingdom

DIRECTORS' REPORT

The directors present herewith the audited financial statements for the year ended 29 December 2012 (referred to as 2012 throughout these financial statements)

Principal activities

The Company is engaged in the research, development and production of food products

Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the current level of business will be sustained for the foreseeable future. The Company continues to develop new products with a view to increasing turnover.

Parent Society

The Company regards Glanbia plc, a company incorporated in Ireland, as its holding company, the ultimate parent society being Glanbia Co-operative Society Limited. The ultimate UK parent company is Glanbia (UK) Limited, a company registered in England.

Results and dividends

The profit for the year is set out in the profit and loss account on page 5.

Turnover has increased by £ 18,331,520 (2012 £70,792,187, 2011 £52,460,667)

Gross profit increased by £ 2,031,779 (2012 £8,666,296, 2011 £6,634,517)

No dividends were paid during the year (2011 Nil)

Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign exchange risk, credit risk, liquidity and interest rate risk. The Company has in place a risk management programme that seeks to manage the financial exposures of the Company by monitoring levels of debt finance and the related finance costs.

Directors

The directors of the Company at 29 December 2012, all of whom have served throughout the year ended on that date (unless otherwise indicated), were

K Burn (resigned 8 April 2013)

N O'Dwyer

M Brockway (appointed 8 April 2013)

Directors' interests

The directors do not hold any beneficial interest (as defined by the Companies Act 2006) in the shares of the Company. In accordance with the Companies (Disclosure of Directors Interests) (Exceptions) Regulations 2006, as the Company is a wholly owned subsidiary of Glanbia plc, a body incorporated outside Great Britain, no directors' interests in that company are required to be disclosed.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable laws 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 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 Company and of the profit or loss of the Company for the period.

In preparing the financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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.

Auditors and disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the 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.

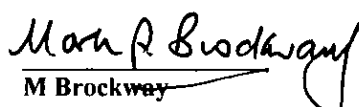
Books of account

The Company's directors are aware of their responsibilities, under section 386 of the Companies Act 2006, to maintain proper books of account and are discharging their responsibilities by using systems and procedures appropriate to the business and by employing qualified and experienced staff.

Auditors

A resolution of the shareholders has been passed to dispense with the appointment of auditors annually, PricewaterhouseCoopers will therefore continue in office as auditors to the Company.

On behalf of the Board on 04 SEP 2013


M Brockway
Director

INDEPENDENT AUDITORS' REPORT To the Members of Glanbia Nutritionals (UK) Limited

We have audited the financial statements of Glanbia Nutritionals (UK) Limited for the year ended 29 December 2012, which comprise the profit and loss account, the balance sheet 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 set out on page 3 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 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 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 directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent 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 Company's affairs as at 29 December 2012, and of its 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 Companies Act 2006.

Opinion on other matters 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, 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.


Siobhán Collier

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Waterford
Ireland

Date: 5 September 2013

PROFIT AND LOSS ACCOUNT
Year Ended 29 December 2012

	Notes	2012 £	2011 £
Turnover	2	70,792,187	52,460,667
Cost of sales		<u>(62,125,891)</u>	<u>(45,826,150)</u>
Gross profit		8,666,296	6,634,517
Administrative expenses		<u>(6,240,479)</u>	<u>(4,858,463)</u>
Profit before taxation		2,425,817	1,776,054
Taxation	5	65,664	103,977
Profit for the year		<u>2,491,481</u>	<u>1,880,031</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

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

There is no difference between the profit before taxation and the profit for the year stated above, and their historical cost equivalents

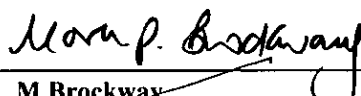
On behalf of the Board on . 04. SEP 2013.....

Mark P. Brockway
M Brockway
Director

BALANCE SHEET
As at 29 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	6	<u>6,007,265</u>	<u>4,919,069</u>
		6,007,265	4,919,069
Current assets			
Stocks	8	7,041,043	8,165,027
Debtors	9	12,025,773	5,899,616
Cash at bank and in hand		<u>105,826</u>	<u>38,589</u>
		19,172,642	14,103,232
Creditors - amounts falling due within one year	10	<u>(9,682,505)</u>	<u>(5,935,681)</u>
Net current assets		<u>9,490,137</u>	<u>8,167,551</u>
Total assets less current liabilities		15,497,402	13,086,620
Creditors - amounts falling due after more than one year	11	(36,255)	(101,919)
Deferred income	12	<u>(107,123)</u>	<u>(122,158)</u>
Net assets		<u>15,354,024</u>	<u>12,862,543</u>
Capital and reserves			
Called up share capital	14	16,000	16,000
Profit and loss account	15	<u>15,338,024</u>	<u>12,846,543</u>
Shareholders' funds		<u>15,354,024</u>	<u>12,862,543</u>

On behalf of the Board on 04 SEP 2013


M Brockway
Director

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Basis of preparation

The financial statements, which are denominated in pounds sterling are prepared on a going concern basis and have been prepared in accordance with the Companies Act 2006 and with applicable accounting standards in the United Kingdom

These financial statements are prepared for a 52 week period ended on 29 December 2012, comparatives are for the 52 week period ended 31 December 2011. The balance sheets for 2012 and 2011 have been drawn up as at 29 December 2012 and 31 December 2011 respectively

Accounting convention

The financial statements have been prepared under the historical cost convention

Basis of consolidation

The Company is a subsidiary of Glanbia plc, a company incorporated in Ireland. The Company is exempt from the obligation to prepare and deliver consolidated financial statements, as its financial statements are incorporated in the consolidated financial statements prepared by Glanbia plc

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company, net of value added tax

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on all fixed assets, other than freehold land, on a straight line basis by reference to the expected useful lives of the assets concerned or the period of any related finance lease, whichever is the shorter. Assets acquired under finance leases are included in tangible assets on the basis given in the accounting policy on leasing, less accumulated depreciation

The estimated useful lives of tangible assets by reference to which depreciation has been calculated are as follows

Freehold buildings	25 years
Plant and machinery	5 – 10 years
Software	3 – 10 years

Intangible assets

Costs incurred on development projects were recognised as intangible assets when it was probable that the project would be a success (considering its commercial and technological feasibility) and costs could be measured reliably. Development costs are amortised over their estimated useful lives

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost in the case of raw materials and consumable stores comprises purchase price plus transport and handling. Cost in the case of products manufactured by the Company consists of direct material and labour costs together with the relevant production overheads based on normal levels of activity. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress

Government grants

Government grants in respect of capital expenditure are deferred and credited to the profit and loss account in line with the depreciation of the assets to which they relate

Revenue grants

Grants in respect of revenue expenditure are credited to the profit and loss account in the period in which they are receivable

NOTES TO THE FINANCIAL STATEMENTS

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the exchange rates ruling at the balance sheet date. Gains and losses arising from changes in exchange rates are dealt with through the profit and loss account in the year in which they occur.

Pension costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

Taxation

Corporation tax is provided on taxable profits at current rates, having regard to the availability of capital allowances and group relief.

Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012. Further reductions to the main rate were substantively enacted as part of the Finance Bill 2013 on 2 July 2013 to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. As these further changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

Deferred taxation

In accordance with FRS 19, deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax (or a right to pay less tax) at a future date, at rates expected to apply when the timing differences crystallise based on current tax rates and law. Deferred tax is not provided on the revaluation of assets, such as property, unless a binding sales agreement exists at the balance sheet date.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

The effect of the changes in the Finance Act 2012 and the changes enacted in the Finance Bill 2013 on 2 July 2013 where the main rate of corporation tax reduced to 20% from 1 April 2015 would not have a material impact on the deferred tax asset provided at the balance sheet date.

Cash flow statement

The Company is a wholly owned subsidiary of Glanbia (UK) Limited which is a wholly owned subsidiary of Glanbia plc. The cash flows of the Company are included in the consolidated Group cash flow statement of Glanbia plc and, consequently, the Company is exempt under the terms of Financial Reporting Standard No 1 ('Revised') "Cash Flow Statements" from publishing a cash flow statement.

NOTES TO THE FINANCIAL STATEMENTS – continued

2 Turnover

The amount of turnover by classes of activity and geographical area are as follows

	2012 £	2011 £
Classes of activity:		
Nutritional food products	70,792,187	52,460,667
	<u>70,792,187</u>	<u>52,460,667</u>
Geographical area:		
UK	21,692,078	16,550,455
Rest of Europe	49,100,109	35,910,212
	<u>70,792,187</u>	<u>52,460,667</u>

3. Operating profit

Operating profit is stated after the following charge/(credit)

	Notes	2012 £	2011 £
Depreciation	6	579,503	399,162
Amortisation of grants	12	(16,418)	(10,061)
Foreign exchange loss/(gain)		377,523	(60,948)
Services provided by the Company's auditor			
- Statutory audit fee		17,214	10,800
Directors' remuneration	18	<u>98,923</u>	<u>119,063</u>

4 Employee information

The Company had the following employees during the year

	2012 Number	2011 Number
Production	82	63
Administration	27	31
	<u>109</u>	<u>94</u>

	2012 £	2011 £
The Company had the following costs in relation to employee benefits during the year		
Wages and salaries	3,021,802	2,354,616
Social security costs	289,528	238,303
Pension costs	29,924	31,044
	<u>3,341,254</u>	<u>2,623,963</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

5. Taxation

	Note	2012 £	2011 £
Current tax			
Adjustments in respect of prior years		-	(105,677)
Current tax (credit) for the year		-	(105,677)
Deferred tax			
Deferred tax charge for the year	13	147,529	156,054
Adjustments in respect of prior years	13	(213,067)	(154,354)
Effect of changes in tax rates		(126)	-
Total deferred tax (credit)/charge for the year		(65,664)	1,700
Taxation		<u>(65,664)</u>	<u>(103,977)</u>

The current tax (credit) for the year is different than the current charge that would result from applying the standard rate of UK corporation tax to profit before taxation. The current UK corporation tax rate is 24.5% (2011: 26.5%). The differences are explained below:

	2012 £	2011 £
Profit before taxation	2,425,817	1,776,054
Profit before taxation multiplied by the standard rate in the UK of 24.5% (2011: 26.5%)	594,325	470,654
Effects of:		
Depreciation in excess of capital allowances	(116,186)	(166,625)
Transfer pricing adjustments	5,957	(573)
Group relief claimed for nil consideration	(487,646)	(340,266)
Expenditure not deductible for tax and other adjustments	3,550	36,810
Adjustment in respect of prior years	-	(105,677)
Current tax charge/(credit) for the year	<u>-</u>	<u>(105,677)</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

6. Tangible assets

	Note	Land & Buildings £	Plant & Equipment £	Software £	Total £
Cost					
Balance at 31 December 2011		1,291,860	4,971,053	74,474	6,337,387
Additions		-	1,668,221	11,898	1,680,119
Disposals		-	(21,601)	-	(21,601)
Balance at 29 December 2012		<u>1,291,860</u>	<u>6,617,673</u>	<u>86,372</u>	<u>7,995,905</u>
Depreciation					
Balance at 31 December 2011		253,476	1,125,337	39,505	1,418,318
Charge for the year	3	43,030	518,100	18,373	579,503
Disposals		-	(9,181)	-	(9,181)
Balance at 29 December 2012		<u>296,506</u>	<u>1,634,256</u>	<u>57,878</u>	<u>1,988,640</u>
Net book value at 29 December 2012		<u>995,354</u>	<u>4,983,417</u>	<u>28,494</u>	<u>6,007,265</u>
Net book value at 31 December 2011		<u>1,038,384</u>	<u>3,845,716</u>	<u>34,969</u>	<u>4,919,069</u>

7. Intangible assets

	2012 £	2011 £
Cost		
Balance at the beginning of the year	-	74,474
Reclassification to tangible assets	-	(74,474)
Balance at the end of the year	<u>-</u>	<u>-</u>
Amortisation		
Balance at the beginning of the year	-	21,131
Reclassification to tangible assets	-	(21,131)
Balance at the end of the year	<u>-</u>	<u>-</u>
Net Book Amount	<u>-</u>	<u>-</u>

8. Stocks

	2012 £	2011 £
Raw materials and consumables	6,948,320	8,086,574
Work in progress	92,723	78,453
	<u>7,041,043</u>	<u>8,165,027</u>

The replacement cost of stocks does not materially differ from the above amounts

NOTES TO THE FINANCIAL STATEMENTS – continued

9. Debtors

	2012	2011
	£	£
Trade debtors	3,447,276	3,838,673
Prepayments and accrued income	198,893	412,120
Amounts due from Group undertakings	8,379,604	1,559,934
Value added tax	-	83,406
Other debtors	-	5,483
	<u>12,025,773</u>	<u>5,899,616</u>

10. Creditors - amounts falling due within one year

	2012	2011
	£	£
Trade creditors	4,836,913	3,545,357
Accruals and deferred income	1,258,558	449,427
Amounts due to Group undertakings	2,836,504	1,798,128
Value added tax	615,612	-
Other taxation and social security costs	86,248	80,477
Other creditors	48,670	62,292
	<u>9,682,505</u>	<u>5,935,681</u>

11. Creditors - amounts falling due after more than one year

	Note	2012	2011
		£	£
Deferred taxation	13	<u>36,255</u>	<u>101,919</u>
		<u>36,255</u>	<u>101,919</u>

12 Deferred income

Deferred income which relates to government grants can be analysed as follows

	Note	2012	2011
		£	£
Received and receivable			
At the beginning of the year		209,160	209,160
Received during the year		<u>1,383</u>	<u>-</u>
At the end of the year		<u>210,543</u>	<u>209,160</u>
Amortisation			
At the beginning of the year		87,002	76,941
Charged to profit and loss account	3	<u>16,418</u>	<u>10,061</u>
At the end of the year		<u>103,420</u>	<u>87,002</u>
Net balance at year end		<u>107,123</u>	<u>122,158</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

13. Deferred taxation

The movement in the deferred taxation provision during the year are as follows

	2012 £	2011 £
At the beginning of the year	101,919	100,219
Deferred tax charge for the year	147,403	156,054
Adjustment in respect of prior years	(213,067)	(154,354)
At the end of the year	<u>36,255</u>	<u>101,919</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Accelerated capital allowances	<u>36,255</u>	<u>101,919</u>
	<u>36,255</u>	<u>101,919</u>

14 Called up share capital

	2012 £	2011 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid equity shares		
16,000 ordinary shares of £1 each	<u>16,000</u>	<u>16,000</u>

15. Reserves

	2012 £	2011 £
Balance at the beginning of the year	12,846,543	10,966,512
Profit for the year	<u>2,491,481</u>	<u>1,880,031</u>
Balance at the end of the year	<u>15,338,024</u>	<u>12,846,543</u>

16. Reconciliation of movements in shareholders' funds

	Note	2012 £	2011 £
Opening shareholders' funds		12,862,543	10,982,512
Profit for the year	15	<u>2,491,481</u>	<u>1,880,031</u>
Closing shareholders' funds		<u>15,354,024</u>	<u>12,862,543</u>

NOTES TO THE FINANCIAL STATEMENTS – continued

17 Capital commitments

During the period 30 June 2005 to 29 December 2012 the Company received both revenue and capital grants totalling £210,543. If certain conditions under which these grants were paid were to change, the grants may become repayable.

18. Directors' remuneration

	2012 £	2011 £
Aggregate remuneration	98,923	119,063
	<u>98,923</u>	<u>119,063</u>

19. Related party transactions

The Company has availed of the exemption available in FRS 8 – “Related Party Disclosures” from disclosing transactions with Group undertakings. Details on the availability of the Group consolidated financial statements are given in note 20.

20 Group membership

The Company regards Glanbia Co-operative Society Limited, a society incorporated in Ireland, as its ultimate parent and ultimate controlling party. Glanbia Co-operative Society Limited's principal place of business is Glanbia House, Kilkenny, Ireland and a copy of its financial statements can be obtained from that address.

The ultimate UK parent company is Glanbia (UK) Limited, a company registered in England and Wales. Glanbia plc, a subsidiary of Glanbia Co-operative Society Limited, prepares consolidated financial statements for the smallest group of undertakings which includes Glanbia Nutritionals (UK) Limited. Glanbia plc is registered in Ireland and a copy of its financial statements can be obtained from the same address as its parent society or are currently available for download from the Group's website at www.glanbia.com.

21. Approval of financial statements

The financial statements were approved by the board of directors on 04 SEP 2013