



## PAN-EUROPEAN CONVENIENCE FOODS

Across Europe, lifestyles are changing: busy people want easily prepared foods that taste great and are good value. This is our business opportunity. Our vision is for Uniq to take advantage of these changing consumer needs by developing innovative convenience foods that offer quality, value and freshness.

Uniq Convenience Foods is a leading supplier of chilled, frozen and ambient products to retail and food service customers in the UK and Continental Europe. We manufacture in the UK, France, Germany, Denmark, the Netherlands, Belgium, Spain and Poland.

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# HIGHLIGHTS

	2001 £m	2000 £m
Continuing operations		
– Turnover	<b>493</b>	482
– Operating profit before exceptional items and goodwill amortisation	<b>13.5</b>	19.3
Discontinued operations		
– Operating profit before exceptional items and goodwill amortisation	<b>2.6</b>	18.6
Profit before tax, exceptional items and goodwill amortisation	<b>7.3</b>	28.7
Goodwill amortisation and exceptional items	<b>(35.5)</b>	(31.2)
Loss before tax	<b>(28.2)</b>	(2.5)
Earnings per share		
– basic earnings per share	<b>(19.4)p</b>	(7.7)p
– on earnings before exceptional items and goodwill amortisation	<b>4.9p</b>	18.8p
– on pro forma earnings* before exceptional items and goodwill amortisation	<b>4.2p</b>	9.5p

\*pro forma earnings adjusted for demergers and disposals.

- Reshaping of the Group has been completed with the sale of Malton.
- Convenience Foods business operating profit was down 30 percent.
- Management taking firm actions to improve performance and profitability of the company.
- Prepared Foods and Northern Europe grew like for like turnover by 11 percent and 10 percent.
- Actions initiated to reduce costs and improve the efficiency of the French operation.
- Management reviewing options to improve the competitiveness of the St Ivel yogurts business.

# CHAIRMAN'S LETTER

## Dear Shareholder

I joined the Uniq Board on 1 July and became Chairman later in the month. Since then I have met with several major shareholders and communicated with many private shareholders. I am thus well aware of your disappointment and concerns about Uniq's poor performance and the impact that this has had on our share price. I am, therefore, determined to lead the executive team in addressing quickly the issues that have caused these poor results. I believe that the Board have made a careful analysis of our problems and I want to explain the major initiatives that we are taking to address them.

The Interim results that we are reporting today, which are for the six months ending 29 September 2001, understate dramatically Uniq's real performance potential. Following the disposal of the Malton pigmeat business, which was announced last month, the business is now focused exclusively on convenience foods. This is a growth market that is resilient even in difficult economic conditions. Uniq now operates in fourteen European countries and our largest presence is in the UK and France. Over time, this pan-European coverage can deliver significant synergy opportunities. Our near term priority, however, is to drive for stronger performance from each of the national businesses.

Your Board sees significant scope to improve our efficiency, especially in purchasing and manufacturing. Actions that have already been initiated are expected to deliver in the next financial year annualised savings in excess of £30 million. Some of these savings will be reinvested in achieving faster revenue growth through increased media support for our major brands and a faster pace of new product development across the business. We are confident of having a far stronger and more profitable business as a result of implementing these efficiency programmes.

We are also making good progress in seeking solutions for the two parts of the business that have had such a negative impact on Uniq's recent performance. A number of new steps have been initiated to achieve the benefits which we had previously identified and expected to gain from establishing a new business structure in France. The implementation of this structure was extremely disruptive and has led to volume loss and far lower profitability. I would expect that as a result of the firm measures now being taken, the turnaround in France will be progressive, but not rapid, given the employment constraints in France. The focus that is being given to developing a more viable strategy for our UK yogurts business should be rewarded by a more rapid and beneficial impact on Uniq's financial results.

In addition, a number of further cost reductions and revenue enhancement initiatives are being progressed quickly. The benefits on our second half results are, however, likely to be limited. Indeed, there will be exceptional costs in the full year results from some of the restructuring initiatives but these will offer an attractive payback. In view of the Board's confidence of a rapid improvement in financial performance in the next financial year, an interim dividend of 2.5p per share has been declared.

We are in the process of recruiting a new Chief Executive following Terry Stannard's resignation in early September. In the meantime, I am working closely with the Uniq management team to drive improved financial performance.

I am confident that the Uniq team can deliver quickly the true performance potential of the business portfolio, now we are working with a different leadership style and focusing on the core business, without the recent distractions of any substantial divestiture or acquisition activity.

Yours sincerely



**NIGEL STAPLETON** 5 NOVEMBER 2001

## HALF YEAR REVIEW TO 29 SEPTEMBER 2001

The reshaping of the Group to focus on convenience foods has now been completed with the finalisation of two major transactions. The demerger of the Wincanton logistics business was completed on 17 May, with shareholders receiving separate shares in Wincanton. In addition, shortly after the end of the first half, we concluded the sale of Malton Foods, our pigmeat business, to Grampian Country Foods Group for £33.5 million. The Malton business made a £1.5 million loss in the first half; in addition the half year results include a £13.5 million write off to reflect the expected final loss on disposal.

It is disappointing to report that the strong performances in Uniq Prepared Foods and most businesses in Northern Europe have been overshadowed by problems in other business areas causing the operating profits of the core convenience foods business for the first half to be down 30 percent at £13.5 million. As indicated in our September trading statement, the shortfall arises in two main areas, the St Ivel business and Marie-St Hubert in France. In St Ivel, profits fell £2.6 million due to a poor performance in the yogurts business coupled with lower profits at Uniqsauces following last year's disruption associated with plant rationalisation. In Marie-St Hubert, the restructuring of four businesses into one has affected business performance more significantly than anticipated.

We are currently exploring a number of options, including partnerships, to address the losses we are incurring in our St Ivel yogurt business. In Marie-St Hubert, we are reviewing ways to reduce complexity and costs. On the other hand, the performance of the other two businesses, Northern Europe and Uniq Prepared Foods has been robust. In Northern Europe, where sales increased on a like for like basis by 10 percent, performance was encouraging in all areas except Germany where a significant increase in fish costs led to temporary margin pressure. The Uniq Prepared Foods business in the UK performed well with both sales and profits up.

## HALF YEAR REVIEW CONTINUED

Before goodwill amortisation and exceptional items, profit after interest was £7.3 million and adjusted earnings per share 4.9p. Comparison of performance with last year is distorted by the disposal of the Dairy business last year and the demerger of Wincanton in May this year. On a pro forma basis, earnings per share for the ongoing business were 4.2p, down 56 percent from 9.5p last year.

**UNITED KINGDOM** The operating profit before exceptional items for the ongoing business of £8.6 million was down 18 percent on sales up 5 percent. The results from the yogurts and desserts business were particularly disappointing. Sales of yogurts were down 14 percent as a result of strong competition and an unsuccessful consumer promotion. We have returned to price promotions for the second half. Desserts sales were encouraging thanks to a 12 percent increase in sales of the Cadbury range but profit was held back temporarily by costs associated with the transfer of production from Chichester to the newly enlarged Paignton factory. Our sauces business saw sales down by 21 percent with profitability more dramatically affected as a result of disruption following last year's factory rationalisation; we have overcome these problems, although recovery in profits is not expected until sales are rebuilt next summer. The St Ivel spreads business performed robustly with profits up, on sales down 2 percent in line with the market. A new low salt variant of Utterly Butterly, called Utterly Butterly Scandinavian, has recently been launched to enhance further this successful brand.

All areas of the Uniq Prepared Foods business performed well with sales in total up 11 percent. Our salmon business has benefited from some highly successful smoked salmon promotions. The sandwich business increased its volume again and continues to look to improve productivity, quality and service. The recent successful commissioning of a fully automated sandwich line will result in further improvement. Our salad business has continued to launch a series of innovative new products, including a range of Italian style salads. The grouping of businesses into the Uniq Prepared Foods Division has proved successful, evidenced by the launch of a range of Tapas products for a major retail customer that sourced products from three business units.

**NORTHERN EUROPE** Like for like sales were up by 10 percent, however profit fell by £1.2 million to £3.3 million as a result of margin weakness in our German business caused by the delayed recovery of increases in fish prices. These price increases have now been fully recovered and are showing through in an improved second half performance. Our Dutch business, Johma, achieved sales growth of 12 percent and increased its branded market share to 42 percent with continued successful new product launches, despite pressure from own label. Strong growth was also achieved in Belgium where the newly acquired VH Salads business has had a successful start to the year as has the existing Hamal business. Although sales in Scandinavia, which account for 23 percent of K Salat's sales, continued to grow, sales and profits in this market have been impacted by the weakness of the Swedish currency.

**SOUTHERN EUROPE** Like for like sales were down by 5 percent resulting in a profit fall of £2.7 million to £1.6 million. This disappointing performance is a result of disruption in Marie-St Hubert caused by restructuring. Management focus on the restructuring significantly reduced the pace of innovation until September 2001. However the brands in the marketplace, particularly in spreads and frozen, remain strong and we are therefore working to simplify the business and regain our share of the marketplace.

The spreads business, while losing some share to health orientated spreads, has held up profits well. In the frozen and chilled sectors, sales were particularly weak in the second quarter. The frozen business has performed in line with the market. The major area of underperformance has been in the chilled business where disruption caused by the restructuring was most significant and has had the greatest impact in terms of the loss of new product development momentum. This is being addressed with a more active new product launch programme in the second half.

**FINANCE** The Group's net debt at 29 September 2001 was £240.0 million compared with £239.5 million at 31 March 2001. The £48.5 million inflow on the demerger of Wincanton has been offset by the cash outflow caused by the cash costs relating to the Wincanton demerger and other restructuring underway within the Group and by temporarily high levels of working capital. Net debt levels have been reduced subsequent to the end of the half year by the £33.5 million proceeds from the Malton disposal.

Finance costs for the period of £8.8 million are down compared to last year as a result of the inflows from the divestment of the Dairy business in July 2000 and the demerger of the Wincanton business in May 2001. On a pro forma basis, excluding Malton, Wincanton and the Dairy business, the interest charge is £7.2 million compared with £4.9 million – the increase mostly results from the cash outflows relating to the Group's restructuring over the last 18 months.

**EXCEPTIONAL ITEMS** The exceptional costs in the first half relate to the completion of the Wincanton demerger and the sale of the Malton business. They include £15.1 million costs relating to the Wincanton demerger, £13.5 million further impairment of Malton net assets to the sale value and property profits of £0.5 million. In the second half year, we will record an additional exceptional item in respect of the £17.1 million of goodwill relating to Malton previously written off to reserves. We also expect to incur further exceptional items related to our plans to improve significantly the Group's financial performance.

**PERFORMANCE IMPROVEMENT** Whilst the strategy for the Group remains unchanged, the prime focus is on addressing urgently the steps needed to improve significantly the Group's financial performance. The current priorities are to resolve the issues with Marie-St Hubert and the St Ivel yogurts business and to drive strongly for efficiency improvements across all our businesses. Capital investment plans have been reviewed and we now expect the spend in the convenience foods business for the current year to be below £40 million. In addition we are also actioning plans in areas where we see long term potential for significant savings. In this respect, we are restructuring our procurement activities on a functional basis across Europe to enable us to benefit quickly from our pan-European scale. We are currently in the process of a review and improvement of our manufacturing productivity across all European sites. We are also putting additional resources and focus across our businesses on reinvigorating innovation and new product development, which are key to achieving growth in the markets in which we operate.

**OUTLOOK** The poor trading currently being experienced in St Ivel yogurts and in France means that results for the second half will continue to be lower than in the second half last year. However with the benefit of the actions to improve profitability which we have initiated, we expect the second half to reflect improved trading over the first half. These actions also lay the foundations for more significantly improved underlying profits in 2002/3.

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE 26 WEEKS ENDED 29 SEPTEMBER

(Unaudited)	Notes	Before goodwill and exceptional items £m	Goodwill and exceptional items (note 4) £m	Total 2001 £m	Total 2000 (restated) £m	Total 31 March 2001 (restated) £m
<b>TURNOVER</b>	1					
Continuing operations		493.3		493.3	481.7	987.5
Discontinued operations		334.6		334.6	761.8	1,362.4
		<b>827.9</b>		<b>827.9</b>	1,243.5	2,349.9
<b>OPERATING PROFIT</b>	1					
Continuing operations		13.5	(18.0)	(4.5)	10.8	(18.7)
Discontinued operations		2.6	(13.5)	(10.9)	6.2	(46.7)
		<b>16.1</b>	<b>(31.5)</b>	<b>(15.4)</b>	17.0	(65.4)
<b>NON OPERATING ITEMS</b>						
Continuing operations						
– Profit on sale of fixed assets		–	0.5	0.5	–	–
– Loss on disposal of businesses		–	–	–	–	(19.3)
Discontinued operations						
– Demerger and investment costs		–	(4.5)	(4.5)	(10.3)	(20.0)
– Profit on sale of fixed assets		–	–	–	–	4.6
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>16.1</b>	<b>(35.5)</b>	<b>(19.4)</b>	6.7	(100.1)
Finance costs	2	(8.8)	–	(8.8)	(9.2)	(18.3)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>7.3</b>	<b>(35.5)</b>	<b>(28.2)</b>	(2.5)	(118.4)
Taxation	5	(1.8)	8.0	6.2	(6.2)	1.8
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>5.5</b>	<b>(27.5)</b>	<b>(22.0)</b>	(8.7)	(116.6)
Equity minority interests				–	(0.1)	(0.1)
<b>LOSS FOR THE FINANCIAL PERIOD</b>				<b>(22.0)</b>	(8.8)	(116.7)
Dividends	7			(2.8)	(13.5)	(28.3)
<b>RETAINED LOSS FOR THE FINANCIAL PERIOD</b>				<b>(24.8)</b>	(22.3)	(145.0)
<b>EARNINGS PER ORDINARY SHARE</b>	6					
– on basic and fully diluted earnings				(19.4)p	(7.7)p	(102.6)p
– on Adjusted earnings				4.9p	18.8p	37.7p
– on pro forma Adjusted earnings				4.2p	9.5p	23.2p
Euro exchange rate used				1.64	1.64	1.63

## GROUP BALANCE SHEET

AT 29 SEPTEMBER

(Unaudited)	Notes	2001 £m	2000 £m	31 March 2001 £m
<b>FIXED ASSETS</b>				
Intangible assets: Goodwill		262.6	315.7	270.4
Tangible fixed assets		298.5	533.5	488.7
Investments		5.2	6.3	6.2
		<b>566.3</b>	855.5	765.3
<b>CURRENT ASSETS</b>				
Stocks		102.6	110.3	108.7
Debtors		181.5	280.5	293.1
Cash and deposits		101.6	85.9	74.2
		<b>385.7</b>	476.7	476.0
<b>CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Borrowings and finance leases		39.4	91.8	94.1
Other creditors		280.3	483.1	500.3
		<b>319.7</b>	574.9	594.4
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>66.0</b>	(98.2)	(118.4)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>632.3</b>	757.3	646.9
<b>CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>				
Borrowings and finance leases		302.2	214.5	219.6
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>		<b>58.8</b>	135.7	131.4
		<b>271.3</b>	407.1	295.9
<b>CAPITAL AND RESERVES</b>				
Called up equity share capital	8	11.5	286.9	286.9
Merger reserve		(330.2)	(330.2)	(330.2)
Profit and loss account		590.0	450.4	339.2
<b>SHAREHOLDERS' FUNDS</b>		<b>271.3</b>	407.1	295.9

## GROUP CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 29 SEPTEMBER

(Unaudited)	Notes	2001 £m	2000 £m	31 March 2001 £m
<b>CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	9	<b>(7.0)</b>	50.3	126.7
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Net interest paid		<b>(8.4)</b>	(9.0)	(18.0)
Interest element of finance lease rental payments		<b>(0.1)</b>	(0.2)	(0.3)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(8.5)</b>	(9.2)	(18.3)
<b>TAXATION</b>				
UK corporation and overseas tax paid		<b>(1.6)</b>	(7.7)	(30.8)
<b>CAPITAL EXPENDITURE AND INVESTMENTS</b>				
Purchase of tangible fixed assets		<b>(20.7)</b>	(40.2)	(88.4)
Sale of tangible fixed assets		<b>4.3</b>	11.3	27.3
Sale of own shares by ESOT		<b>–</b>	1.5	1.5
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND INVESTMENTS</b>		<b>(16.4)</b>	(27.4)	(59.6)
<b>ACQUISITIONS AND DISPOSALS</b>				
Acquisition of businesses		<b>–</b>	(0.5)	(9.3)
Disposal of businesses		<b>–</b>	–	(1.1)
<b>NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS</b>		<b>–</b>	(0.5)	(10.4)
<b>EQUITY DIVIDENDS PAID</b>		<b>(9.6)</b>	(34.8)	(48.5)
<b>CASH OUTFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<b>(43.1)</b>	(29.3)	(40.9)
<b>MANAGEMENT OF LIQUID RESOURCES</b>	11	<b>(14.2)</b>	(29.5)	(25.6)
<b>FINANCING</b>	11	<b>71.3</b>	42.4	39.3
<b>INCREASE/(DECREASE) IN NET CASH</b>	10	<b>14.0</b>	(16.4)	(27.2)

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE 26 WEEKS ENDED 29 SEPTEMBER

(Unaudited)	2001 £m	2000 £m	31 March 2001 £m
Loss for the period	<b>(22.0)</b>	(8.8)	(116.7)
Dividends	<b>(2.8)</b>	(13.5)	(28.3)
Retained loss for the period	<b>(24.8)</b>	(22.3)	(145.0)
Currency translation differences on foreign currency net investments	<b>0.3</b>	1.7	(3.5)
Goodwill on disposals	<b>–</b>	–	19.3
Net assets of businesses eliminated on demerger	<b>(0.1)</b>	(139.3)	(141.9)
Net reduction in shareholders' funds	<b>(24.6)</b>	(159.9)	(271.1)
Shareholders' funds at 1 April	<b>295.9</b>	567.0	567.0
<b>SHAREHOLDERS' FUNDS AT END OF PERIOD</b>	<b>271.3</b>	407.1	295.9

## STATEMENT OF GROUP RECOGNISED GAINS AND LOSSES

FOR THE 26 WEEKS ENDED 29 SEPTEMBER

(Unaudited)	2001 £m	2000 £m	31 March 2001 £m
Loss for the period	<b>(22.0)</b>	(8.8)	(116.7)
Currency translation differences on foreign currency net investments	<b>0.3</b>	1.7	(3.5)
<b>TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD</b>	<b>(21.7)</b>	(7.1)	(120.2)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 29 SEPTEMBER

### 1 ANALYSIS OF RESULTS

	Turnover			Operating profit/(loss) before goodwill amortisation, exceptional items and taxation			Operating profit/(loss) before taxation		
	2001 £m	2000 £m	31 March 2001 £m	2001 £m	2000 £m	31 March 2001 £m	2001 £m	2000 £m	31 March 2001 £m
By Business Segment									
United Kingdom	250.8	239.2	482.0	8.6	10.5	21.1	(5.3)	7.4	6.7
Rest of Europe	242.5	242.5	505.5	4.9	8.8	25.9	0.8	3.4	(25.4)
Continuing operations	493.3	481.7	987.5	13.5	19.3	47.0	(4.5)	10.8	(18.7)
Malton	226.6	257.5	510.2	(1.5)	(5.6)	(11.4)	(15.0)	(17.7)	(83.3)
Wincanton	108.0	329.6	677.5	4.1	15.6	31.6	4.1	15.6	28.3
Dairy and Cheese	–	174.7	174.7	–	8.6	8.6	–	8.3	8.3
Discontinued operations	334.6	761.8	1,362.4	2.6	18.6	28.8	(10.9)	6.2	(46.7)
	827.9	1,243.5	2,349.9	16.1	37.9	75.8	(15.4)	17.0	(65.4)
By Geographical Area									
United Kingdom	585.0	998.0	1,840.0	11.2	28.3	49.0	(16.2)	12.8	(40.9)
Rest of Europe	242.9	245.5	509.9	4.9	9.6	26.8	0.8	4.2	(24.5)
	827.9	1,243.5	2,349.9	16.1	37.9	75.8	(15.4)	17.0	(65.4)

Turnover by geographical area is stated by origin which is not materially different from turnover by destination.

### 2 FINANCE COSTS

Finance costs of £8.8m comprise net interest charges of £8.5m and a charge of £0.3m relating to the unwinding of discount on long term provisions.

### 3 DEMERGER OF WINCANTON AND SHARE CONSOLIDATION

On 17 May 2001, the Group completed the demerger of Wincanton to shareholders. As a result of this transaction, the net assets of the Group were reduced by £0.1m which was after taking account of £48.5m of debt. The demerger was effected by way of a capital reduction giving rise to no profit or loss. The capital reduction was followed by a one for two consolidation of both the Uniq and Wincanton shares. As a consequence, following the demerger, for every two Uniq shares previously held Uniq shareholders received one Uniq consolidated share and one Wincanton consolidated share. The results of Wincanton are reported as discontinued operations in the financial statements.

#### 4 GOODWILL AND EXCEPTIONAL ITEMS

	2001			2000			31 March 2001		
	Goodwill amort- isation £m	Exceptional items £m	Total £m	Goodwill amort- isation £m	Exceptional items £m	Total £m	Goodwill amort- isation £m	Exceptional items £m	Total £m
<b>OPERATING PROFIT</b>									
Continuing operations	(7.4)	(10.6)	(18.0)	(8.5)	–	(8.5)	(16.6)	(49.1)	(65.7)
Discontinued operations	–	(13.5)	(13.5)	(0.6)	(11.8)	(12.4)	(0.6)	(74.9)	(75.5)
	(7.4)	(24.1)	(31.5)	(9.1)	(11.8)	(20.9)	(17.2)	(124.0)	(141.2)
<b>NON OPERATING ITEMS</b>									
Continuing operations									
– Loss on sale of business	–	–	–	–	–	–	–	(19.3)	(19.3)
– Profit on sale of fixed assets	–	0.5	0.5	–	–	–	–	–	–
Discontinued operations									
– Demerger costs	–	(4.5)	(4.5)	–	(10.3)	(10.3)	–	(20.0)	(20.0)
– Profit on sale of fixed assets	–	–	–	–	–	–	–	4.6	4.6
	(7.4)	(28.1)	(35.5)	(9.1)	(22.1)	(31.2)	(17.2)	(158.7)	(175.9)
Taxation credit on exceptional items	–	8.0	8.0	–	1.0	1.0	–	16.2	16.2
	(7.4)	(20.1)	(27.5)	(9.1)	(21.1)	(30.2)	(17.2)	(142.5)	(159.7)

The operating exceptional item in continuing operations of £10.6m represents the amount provided in respect of the contract entered into with Wincanton plc on demerger from Uniq for distribution by Wincanton of St Ivel products. The provision relates to agreed charges payable under the contract to reflect the under-utilisation of the distribution facilities used by Wincanton which arose following the sale by Uniq of its Dairy and Cheese business in July 2000.

The operating exceptional item in discontinued operations of £13.5m relates to an impairment provision in respect of the value of Malton Foods which was disposed on 19 October 2001. The provision is based on the sales proceeds achieved on disposal and excludes goodwill previously written off directly to reserves in respect of the Malton business of £17.1m which will be charged to the profit and loss account in the second half of the year.

Demerger costs principally comprise legal and professional fees.

#### 5 TAXATION

The taxation charge on profit before exceptional items for the 26 weeks ended 29 September 2001 of £1.8m (2000: £7.2m) is based on the estimated effective tax rate for the full year. There is a taxation credit of £8.0m (2000: £1.0m) in respect of exceptional items.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 29 SEPTEMBER

### 6 EARNINGS PER ORDINARY SHARE

#### BASIC AND FULLY DILUTED EARNINGS PER SHARE

Earnings per ordinary share is calculated on the basis of the weighted average of 113.2m (2000: 113.9m) ordinary shares in issue and loss for the financial period, after minority interests, of £22.0m (2000: loss of £8.8m). In accordance with Financial Reporting Standard 14, the weighted average number of shares in issue reflects the one for two share consolidation which followed the demerger of Wincanton as if such share consolidation had occurred on 1 April 2000. There are no dilutive potential shares.

#### ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share is shown by reference to earnings before goodwill amortisation, exceptional items and related tax which is calculated as follows:

	2001 £m	2000 £m	31 March 2001 £m
Loss before tax	<b>(28.2)</b>	(2.5)	(118.4)
Goodwill amortisation	<b>7.4</b>	9.1	17.2
Exceptional items	<b>28.1</b>	22.1	158.7
Profit before tax, goodwill amortisation and exceptional items	<b>7.3</b>	28.7	57.5
Related taxation	<b>(1.8)</b>	(7.2)	(14.4)
	<b>5.5</b>	21.5	43.1
Minority interests	<b>–</b>	(0.1)	(0.1)
Earnings before goodwill amortisation and exceptional items	<b>5.5</b>	21.4	43.0

#### PRO FORMA ADJUSTED EARNINGS PER SHARE

Pro forma Adjusted earnings per share is shown by reference to Adjusted earnings excluding the earnings of discontinued businesses, but on the assumption that the cash received relating to the discontinued businesses was received on 1 April 2000. It is calculated as follows:

	2001 £m	2000 £m	31 March 2001 £m
Profit before tax, goodwill amortisation and exceptional items	<b>7.3</b>	28.7	57.5
Profit before interest of discontinued businesses	<b>(2.6)</b>	(18.6)	(28.8)
Interest earned on disposal proceeds	<b>1.6</b>	4.3	7.0
	<b>6.3</b>	14.4	35.7
Taxation – Group	<b>(1.8)</b>	(7.2)	(14.4)
Less taxation for discontinued businesses	<b>0.3</b>	3.6	5.2
Pro forma Adjusted earnings	<b>4.8</b>	10.8	26.5

## 7 DIVIDENDS

The Board has declared an interim dividend of 2.5p per share payable on 4 January 2002 to shareholders on the register at the close of business on 16 November 2001. Dividends paid in the previous year are not comparable due to the demerger of Wincanton and resultant share consolidation. The Board indicated at the time of the Wincanton demerger that the pro forma dividend for the full year ended 31 March 2001 would have been 16.0p per share and that it expected the interim dividend to represent approximately one third of the total dividend for the relevant year.

## 8 CAPITAL AND RESERVES

	Share capital £m	Merger reserve £m	Profit and loss account £m	Total £m
At 31 March 2001	286.9	(330.2)	339.2	295.9
Capital reduction arising on demerger of Wincanton	(275.4)	–	275.4	–
Retained loss for the period	–	–	(24.8)	(24.8)
Wincanton net assets eliminated on demerger	–	–	(0.1)	(0.1)
Exchange	–	–	0.3	0.3
<b>AT 29 SEPTEMBER 2001</b>	<b>11.5</b>	<b>(330.2)</b>	<b>590.0</b>	<b>271.3</b>

## 9 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2001 £m	2000 £m	31 March 2001 £m
Operating (loss)/profit	<b>(15.4)</b>	17.0	(65.4)
Depreciation	<b>24.1</b>	44.4	81.5
Goodwill amortisation and impairment	<b>7.4</b>	20.9	69.0
Exceptional asset write-down	<b>14.6</b>	–	54.4
Increase in working capital	<b>(28.0)</b>	(37.2)	(19.4)
(Decrease)/increase in provisions	<b>(9.7)</b>	5.2	6.6
<b>CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>(7.0)</b>	50.3	126.7

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 29 SEPTEMBER

### 10 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £m	2000 £m	31 March 2001 £m
Increase/(decrease) in net cash	14.0	(16.4)	(27.2)
(Increase)/decrease in borrowings	(29.8)	47.3	45.1
Increase in short term deposits	14.2	29.5	25.6
<b>MOVEMENT IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(1.6)</b>	60.4	43.5
New finance leases	–	–	(0.9)
Currency translation differences	1.1	1.2	(0.1)
<b>MOVEMENT IN NET DEBT IN THE PERIOD</b>	<b>(0.5)</b>	61.6	42.5
Net debt at beginning of period	(239.5)	(282.0)	(282.0)
<b>NET DEBT AT END OF PERIOD</b>	<b>(240.0)</b>	(220.4)	(239.5)

<b>ANALYSIS OF NET DEBT</b>			
Cash at bank	18.7	14.0	5.5
Overdrafts	(11.5)	(8.9)	(12.3)
Borrowings due within one year	(27.9)	(82.9)	(81.8)
Borrowings due after one year	(302.2)	(214.5)	(219.6)
Short term deposits	82.9	71.9	68.7
<b>NET DEBT</b>	<b>(240.0)</b>	(220.4)	(239.5)

<b>ANALYSIS OF MOVEMENT IN NET DEBT RESULTING FROM CASH FLOWS</b>			
Cash outflow before use of liquid resources and financing	(43.1)	(29.3)	(40.9)
Cash inflow from demergers:			
Net debt repaid	48.5	100.0	100.0
Demerger costs	(7.0)	(10.3)	(15.6)
	41.5	89.7	84.4
<b>MOVEMENT IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>(1.6)</b>	60.4	43.5

## 11 MANAGEMENT OF LIQUID RESOURCES AND FINANCING

	2001 £m	2000 £m	31 March 2001 £m
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Net increase in short term deposits	<b>(14.2)</b>	(29.5)	(25.6)
<b>FINANCING</b>			
Decrease in unsecured loan stock	–	–	(22.1)
Increase/(decrease) in long term borrowings	<b>29.8</b>	(46.5)	(21.0)
Capital element of finance lease payments	–	(0.8)	(2.0)
Cash inflow/(outflow) from movement in debt	<b>29.8</b>	(47.3)	(45.1)
Net debt demerged to Wincanton	<b>48.5</b>	–	–
Cash received on demerger of Dairy and Cheese Business	–	100.0	100.0
Demerger expenses	<b>(7.0)</b>	(10.3)	(15.6)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>71.3</b>	42.4	39.3

## 12 ACCOUNTING POLICIES

The Group has changed its accounting policy in respect of turnover, to disclose turnover net of discounts to customers which were previously shown as an expense. Prior year figures have been restated accordingly.

The Group has also fully adopted Financial Reporting Standard 19, "Deferred Tax". No material changes have been required to comparative figures as a consequence.

Except as noted above, the interim financial information has been prepared on the basis of the accounting policies set out in the Group's published accounts for the year ended 31 March 2001.

## 13 STATUS OF INTERIM REPORT

The interim report was approved by the Directors on 5 November 2001. It should be read in conjunction with the 2001 Annual Report, which contains the most recent audited financial statements.

The financial information contained in this report does not constitute statutory accounts. The figures for the year ended 31 March 2001 have been extracted from the Group's published accounts for that year which have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act. The figures for the 26 weeks ended 30 September 2000 were extracted from the 2000 interim statement which was unaudited.

## SHAREHOLDER INFORMATION

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### UK CAPITAL GAINS TAX

Both the demerger of Wincanton and the divestment of the Dairy and Cheese business and connected return of capital to shareholders give rise to a need to split the base cost for capital gains tax purposes of your Uniq plc (formerly Unigate PLC) shares, if you held them on the relevant dates as follows:

1. If you were a Uniq (Unigate) shareholder on 3 July 2000 you were given shares representing an interest in Unigate Dairies which Dairy Crest then offered to buy from you for cash, a loan note or Dairy Crest shares. The Inland Revenue have indicated that they will accept a split of your base cost 78.66% Uniq and 21.34% to the cash, shares or loan note given by Dairy Crest.
  2. If you were a Uniq plc shareholder on 17 May 2001 you will have received one Uniq share and one Wincanton share for every two Uniq shares then held. You should again split your base cost (that is the 78.66% of your original base cost if you held the shares prior to 3 July 2000) between your Wincanton and Uniq shares and this base cost should be allocated 50.24% to Wincanton plc and 49.76% to Uniq plc shares. The Inland Revenue have indicated that for convenience a 50/50 split may be used.
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### SHARE CERTIFICATES

Shareholders holding share certificates should note that:

1. The old Unigate PLC 25p ordinary share certificates and old Uniq plc 125p ordinary share certificates have been cancelled and should no longer be used.
  2. Shareholders should have received a new Uniq plc 10p ordinary share certificate.
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### SHAREHOLDER ENQUIRIES

Shareholders who have any questions or problems should contact Lloyds Registrars on 0870 600 3970.

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