

12 June 2002

UNIQ plc

**Announcement of Preliminary Results  
for the year ended 31 March 2002**

	<b>2002</b>	<b>2001<sup>(3)</sup></b>
	<b>£m</b>	<b>£m</b>
Turnover	1,374.0	2,349.9
- of which continuing businesses	<b>1,014.6</b>	<b>987.5</b>
Operating profit <sup>(1)</sup>	39.2	75.8
- of which continuing businesses	<b>36.6</b>	<b>47.0</b>
Profit before tax <sup>(1)</sup>	23.1	57.5
Exceptional items	(123.4)	(158.7)
Loss before tax	(115.2)	(118.4)
Earnings per share		
- on adjusted earnings <sup>(1)</sup>	15.3p	37.7p
- on proforma earnings <sup>(1) (2)</sup>	12.9p	15.7p

(1) before exceptional items and goodwill amortisation

(2) proforma earnings adjusted for impact of Dairy and Cheese divestment and Wincanton demerger

(3) 2001 figures include Wincanton (demerged 17 May 2001) and Malton (sold 19 October 2001) for a full year

- Strong operating profit growth at Uniq Prepared Foods (up 17%) and Northern Europe (up 12%) has been more than offset by substantially reduced profit in Southern Europe and St Ivel.
- Actions taken to address adverse trends are now starting to take effect with final quarter operating profit 8% ahead of last year and performance improving in France and St Ivel.
- Strategy to focus group resources more strongly on the growth market of European Chilled Convenience Foods.
- Consequent intention to sell St Ivel Yogurts and St Ivel Spreads to create a strong UK business focused on own-label and franchised operations.
- Exceptional items include £67.5m write down of goodwill reflecting the delay in recovery of Marie and Uniqsauces and £31.9m loss relating to the sale of Malton.
- Final dividend of 1.5 pence per share (making 4.0 pence for year) reflects reshaping of the Uniq business.

Chief Executive Officer, Bill Ronald, commenting on the results said:

"Decisive action has been taken to stabilise the business. Since I took on the role of Chief Executive in February we have seen the results of these actions coming through in an improved final quarter's trading.

Following a thorough review of the Uniq business portfolio, we have decided to focus our resources more strongly on the growing European chilled convenience foods sector where we believe Uniq is best positioned to secure future growth for shareholders. Three initiatives follow from this more focused strategy. We intend to sell the St Ivel Yogurts and St Ivel Spreads businesses, reduce our debt below £100m within the next 12 months and lock in an improving performance in France. These actions will ensure the new management team can continue to support and grow our successful operations in Northern Europe and the UK.

The coming year will be one for delivering on expectations to restore the confidence of our shareholders and preparing a stable foundation for future growth."

For further information: -

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## **PRELIMINARY STATEMENT : OVERVIEW**

During the past year decisive action has been taken to address the causes of the Group's weak performance in the last two years. We are pleased to report that – whilst there is still much to be achieved – the beneficial effects of these initiatives are already starting to become visible. Although the financial results for the year as a whole were poor, the performance in the second half was in line with the revised expectations indicated last September. The operating profit for the final quarter was 8 percent ahead of the comparable period in the previous year. This measurable progress reflects the steps the Board has taken to strengthen management and to tighten the operational focus of the Group.

**MANAGING CHANGE** Uniq is now moving forward under the leadership of a new Chief Executive, Bill Ronald, and a new Finance Director, Martin Beer. Furthermore, the management team has been strengthened in France to facilitate an increased speed of recovery in the Marie-St Hubert business. Reductions in headcount have been made at Group headquarters and the initiatives to increase manufacturing efficiency and reduce purchasing costs across the Group are progressing well. As a result, we are on course towards achieving the targeted savings of £30 million by 2003/04, which we announced at the Interim stage. These cost savings will not only create a stronger and more efficient business but will also release resources for reinvestment in sales, marketing and product innovation.

Substantial progress has been made this year in repositioning Uniq as a major supplier of convenience foods. With the sale of the Malton pigmeat business to Grampian Country Foods Group in October, the Group withdrew from the last commodity market in which it had been operating. Coupled with the demerger of Wincanton Logistics in May last year, the Malton sale has brought us much closer to completing a process of fundamental restructuring which started with the disposal of the dairy and cheese businesses to Dairy Crest in July 2000.

**FINANCIAL PERFORMANCE** At £36.6 million, the operating profits of the continuing businesses for the year to 31 March 2002 were 22 percent lower than in the prior year. After goodwill amortisation and exceptionals the Group has reported a loss before tax for the year of £115.2 million. This loss includes £67.5 million relating to the impairment of goodwill under FRS 11 and £31.9 million relating to the sale of Malton, including £17.1 million of goodwill that had previously been written off to reserves. Exceptional costs of £24.0 million have also been incurred during the year in restructuring the business. Because of the lower profits and high cash outflow on exceptional costs, the Group's net debt remains high at £185 million. It has reduced by only £55 million during the year despite an £80 million cash inflow from the Wincanton demerger and the Malton sale.

**STRATEGIC FOCUS** To strengthen the Group's platform for future growth, we have decided to focus our financial and management resources in the UK on the Uniq Prepared Foods own-label business, which has achieved turnover growth of 16 percent and an operating profit improvement of 17 percent in the past year. To secure this greater focus, steps are now being taken to divest the remaining St Ivel branded businesses in the UK, which manufacture and distribute spreads and yogurts. These disposals will reduce our debt to more acceptable levels and also create a UK business that is focused on the manufacture of own-label and franchised convenience foods.

There is now a clear and strong commitment to bringing about a recovery in the French business and a very targeted approach towards continuing to grow both the own-label business in the UK and the predominantly branded businesses in Continental Europe.

**DIVIDEND** As a result of the strategic reshaping and because of the high level of debt being carried by the business, the Board has decided to recommend a lower final dividend of 1.5p, taking the dividend for the year to 4.0p. A high priority is being placed on achieving much stronger cash generation in the coming year, both from the continuing businesses and from the business disposals triggered by our tighter strategic focus. The Board intends to pursue a progressive dividend policy once the results of these initiatives can be measured.

**OUTLOOK** The progress apparent in the last quarter has continued into the new financial year. Operating profit of the continuing businesses for the first two months is ahead of last year despite the adverse timing of Easter, with the cost saving initiatives delivering in line with plan. For the year as a whole, the cost savings will offset higher marketing and innovation expenditure. There is, however, a significant phasing of marketing spend in the first half of the year.

The Board is, therefore, confident that the business will produce a progressively improving performance in 2002/03. This will be derived from another year of robust growth at Uniq Prepared Foods and in Northern Europe and also the stabilisation of results in other parts of the business.

## **OPERATING AND FINANCIAL REVIEW**

### **SUMMARY OF RESULTS**

	<b>Turnover</b>		<b>Operating profit/(loss)*</b>	
	<b>2002 £m</b>	2001 £m	<b>2002 £m</b>	2001 £m
<b>Convenience Foods</b>				
United Kingdom				
- Uniq Prepared Foods	<b>291.5</b>	250.8	<b>16.2</b>	13.8
- Uniq-St Ivel	<b>215.5</b>	231.2	<b>2.3</b>	7.3
Rest of Europe				
- Southern Europe	<b>235.1</b>	259.1	<b>5.9</b>	15.0
- Northern Europe	<b>272.5</b>	246.4	<b>12.2</b>	10.9
Continuing operations	<b>1,014.6</b>	987.5	<b>36.6</b>	47.0
Malton Foods	<b>251.4</b>	510.2	<b>(1.5)</b>	(11.4)
Wincanton	<b>108.0</b>	677.5	<b>4.1</b>	31.6
Dairy and Cheese	-	174.7	-	8.6
Discontinued operations	<b>359.4</b>	1,362.4	<b>2.6</b>	28.8
	<b>1,374.0</b>	2,349.9	<b>39.2</b>	75.8

\*before goodwill amortisation and exceptional items

This year's results are impacted by the restructuring of the Group's portfolio, involving the demerger of Wincanton in May 2001 and the sale of Malton Foods in October 2001. The results of both these businesses are shown as 'discontinued operations'. The convenience foods portfolio remained unchanged in the year.

**UNDERLYING PERFORMANCE** Operating profit before goodwill amortisation and exceptional items for continuing businesses during the year ended 31 March 2002 was £36.6 million compared to £47.0 million in the prior year, a reduction of 22.1 percent. On a proforma basis, after adjusting for the Wincanton and Dairy businesses, earnings per share before goodwill and exceptional items was 12.9p, compared to 15.7p last year.

Although strong performances were recorded in the UK by Uniq Prepared Foods and in Northern Europe, these were overshadowed by disappointing results in Uniq-St Ivel in the UK and Marie-St Hubert in France. The actions now being taken to improve manufacturing efficiency, maximise Group purchasing power and reduce headcount have already yielded cost savings of over £3 million and are on track to deliver £30 million savings by 2003/04. A significant proportion of these savings will be invested in product innovation and increased brand support.

**GROUP RESULTS** Operating profit before goodwill and exceptional items (including discontinued operations) for the year ended 31 March 2002 was £39.2 million compared to £75.8 million in the prior year. The significant reduction in operating profit from last year comprises £26.2 million relating to the discontinued businesses, and £10.4 million in convenience foods. Earnings per share, before exceptional items and goodwill, consequently fell to 15.3p from 37.7p last year. Exceptional costs for the year, before tax, were £123.4 million. These included a charge of £67.5 million relating to the impairment of goodwill under FRS 11, primarily in respect of the Marie and Uniqsauces acquisitions, and a loss of £31.9 million on the sale of Malton which included £17.1 million of goodwill which had previously been written off to reserves. The remaining exceptional items relate principally to the implementation of the reorganisation of the Group. After goodwill amortisation, exceptional items and tax, the Group incurred a loss for the year of £101.8 million.

**UNI Q PREPARED FOODS (UPF)** had another excellent year, with sales up 16 percent, lifting profits by 17 percent to £16.2 million. The business benefited from the reorganisation during the previous year when five operating companies were merged into a single division. This has allowed pooling of knowledge and expertise across the nine UK manufacturing sites. These initiatives have raised the visibility of UPF products among existing and potential customers and created new cross-selling opportunities.

The UPF sandwich business again performed well, with sales up 34 percent and productivity gains contributing to margin improvements at both production sites. At the sandwich factory in Northampton, the first fully automated production line in Europe was installed. The quality improvements and cost savings are sufficient to warrant the purchase of a second line, which is currently being installed. The quality problems at the Devizes sandwich factory were resolved, and it has gained important new business. Sales of specialist snack, meal and side salads rose by 24 percent on the back of demand from salad bars as well as supermarkets and restaurants.

UPF continued to introduce new products and streamline production. This enabled the Division to produce a record of over one million turkey joints over the Christmas period. Innovations during the year included a smoked salmon presentation designed specifically for the sandwich market and a new range of Italian salads. As the UK's largest processor of Scottish salmon, UPF also broke into new markets, including the manufacture of pâtés and mousses. A strong foothold was also gained in seafood-based ready meals.

In the desserts sector, 30 new products were launched during the year and these contributed to the 30 percent increase in sales. To reinforce the Company's market leadership in the desserts category and to allow for future growth, the assets of a desserts factory in Newton Abbot were acquired in March 2002. In keeping with the UPF strategy of concentrating production at specialist centres, this facility will manufacture premium desserts.

The key to delivering continued growth in this sector is innovation – UPF launched over 400 new products during the year and are on track to beat this in the year ahead.

**UNIQ-ST IVEL** had a disappointing year. Operating profits were down 68 percent to £2.3 million on turnover 7 percent lower at £216 million. As reported in the Chairman's Statement, the Board has decided to tighten the Group's strategic focus and is pursuing the disposal of the St Ivel branded yogurt and spreads businesses.

In a consolidating and highly competitive market, yogurt sales volumes were down by 14 percent during the year. The fall in sales and margin pressures resulted in the business making a loss, partly due to unsuccessful promotional activities undertaken in the first half of the year. Results were further affected by increases in the price of raw materials, especially milk, which could not be offset by selling price increases. However, the Shape brand was relaunched at the end of the year and the volume trends in the first few weeks of the current financial year are encouraging.

St Ivel spreads sales fell by 2 percent to £75.2 million maintaining their share of a mature market, largely because of the continuing progress of Utterly Butterly, where brand share increased to 9 percent. This partly reflected the successful launch of Utterly Butterly Scandinavian.

St Ivel continues to extend its leadership in the chilled desserts market, where sales were up by 6 percent to £63.4 million. The disruption and extra costs incurred when production was transferred from Chichester to Paignton meant that these higher sales did not translate into an improvement in profits. With the transfer now complete, better sales and profits will be achieved in 2002/03.

At Uniqsauces, the year was one of recovery from the production problems which followed the decision to concentrate production at Littleborough. Turnover fell by £7.6 million to £35.3 million as a result of business lost during the disruption. However, service levels have been restored and the improved manufacturing performance and sales growth achieved in the second half of the year have returned the business to profit. The foundations are thus in place for further recovery in the new financial year.

**SOUTHERN EUROPE** had a poor year. Sales were down by 9 percent and profits were more than halved at £5.9 million with most of the impact coming from the French business. In the extremely competitive French market, the management distractions caused by the reorganisation of the Marie-St Hubert (MSH) business and the introduction of a new Enterprise Resource Planning system placed a severe constraint on the pace of product innovation and promotion. This has resulted in a loss of market share and profitability, particularly in the chilled sector. Progress was made in addressing these problems in the second half of the year and an improving trend in profitability was achieved by MSH in the final quarter.

Sales of St Hubert and Le Fleurier spreads remained strong despite intense pressure from cholesterol-reducing competitors. In a flat, but highly competitive market, volumes fell by just 2 percent. The launch in January of Oméga 3+6, a health segment spread, recouped some lost sales. Ilô, a cholesterol-reducing spread, was introduced in May 2002 and this will give the Company a presence in the fastest-growing sector of the spreads market. In Italy, Vallé increased its share of a declining market and the launch of a new pastry product was very successful.

The retail frozen market for prepared meals declined during the year partly because of reduced advertising expenditure by the major players. Although Marie's volumes were down by 2 percent, the strength of the Marie brand enabled the business to regain market leadership. Recent product launches, such as a new range of quiches and new fish dishes launched in February, have been rewarded by further share increases.

Sales of our Marie chilled products in France were disappointing for the year as a whole with a volume decline of 5 percent despite overall market growth. However, after a considerable period without major new product launches, Marie has recently had a very successful launch of a new range of meals in ready-to-eat microwavable trays. The launch has exceeded expectations with sales growth in the final quarter of 6 percent over last year.

The Spanish salad and sandwich business continued to grow with sales up 7 percent to £13.8 million. However, profitability was constrained as the infrastructure to support the continued growth of this business was strengthened.

**NORTHERN EUROPE** made most encouraging progress during the year, particularly in the second half. Sales were up by 11 percent at £273 million and operating profit improved by 12 percent to £12.2 million.

Performance was particularly strong in the Netherlands where the Johma salad business introduced several new products which helped to increase sales by 9 percent and their share of the branded market rose to 42 percent. Sales growth was also buoyant in Belgium, where a robust performance by the Hamal business was boosted by the integration of the recently acquired VH Salades.

In Denmark, K-Salat improved sales in both its home market and in Sweden, but profits were constrained by currency translation and higher manufacturing costs. The latter problem has been addressed by management changes. The Swedish market now accounts for around a quarter of K-Salat's sales, so the weakness of the Swedish Krona had a marked impact on profits which will, in future, be minimised by currency hedging policies.

Profits in Germany were affected by sharp increases in the price of fish that could not be passed on to customers until the second half of the year. However, a strong performance in the second half of the year, particularly in the discount sector, meant that sales for the year increased by 9 percent resulting in a strong improvement in profitability. Price pressure in Germany remains intense and the new management team is targeting cost reductions to ensure we increase competitiveness.

**DISCONTINUED BUSINESSES** Operating profit before goodwill amortisation and exceptional items included a £4.1 million contribution from Wincanton for the period prior to demerger on 17 May 2001. This compares with £31.6 million for the full year ended 31 March 2001. The loss at Malton Foods for the period prior to sale on 19 October 2001 was £1.5 million, compared to a loss of £6.7 million for the same period last year and a loss of £11.4 million for the prior year as a whole.

**EXCEPTIONAL ITEMS** Exceptional costs for the year, before tax, were £123.4 million. These included a charge of £67.5 million relating to the impairment of goodwill under FRS 11. As has been previously reported, both the Marie and Uniqsauces businesses underwent a major restructuring following acquisition in 1999, and in both cases the resulting profitability has been lower than anticipated.

The sale of Malton gave rise to a loss of £31.9 million, which included £17.1 million of goodwill which had previously been written off to reserves, and a further £4.5 million charge was incurred during the year relating to the remaining costs of demerger of Wincanton. An exceptional cost of £10.6 million has also been charged relating to a contract with Wincanton in respect of the St Ivel warehouse at Gloucester.

Other exceptional items amounted to £8.9 million. These included £6.7 million of costs relating to restructuring of the ongoing business, £2.2 million arising from the sale of the Magdis business in France and £5.0 million of external consultancy costs relating to the initiative to improve significantly the Group's manufacturing capability. A further £2.2 million of consultancy costs will be reported in 2002/03. These operating exceptional costs are partly offset by a non operating exceptional profit of £5.0 million from property disposals during the year.

**FINANCE CHARGES** Finance charges in the year of £16.1 million compares with charges in the prior year of £18.3 million. The charges have benefited from cash received on demerger of the Dairy business in the prior year, as well as net debt demerged with Wincanton and proceeds from the sale of Malton Foods. These benefits have, however, been largely offset by higher levels of working capital in the first half of the year, and the impact of exceptional restructuring costs.

**TAXATION** The taxation charge of £5.8 million on profit before goodwill and exceptional items represents an effective rate of 25 percent. This rate is consistent with last year's rate. A new accounting standard, FRS 19, has been implemented during the year and, in accordance with the standard, we have provided for deferred tax on a full provision basis in this year's accounts. This standard has had no material impact on last year's comparative figures.

**NET DEBT AND CASH FLOW** The Group's net debt reduced in the year by £54.8 million, from £239.5 million to £184.7 million. Adjusting for the net debt demerged with Wincanton of £48.5 million and a net receipt of £31.5 million on sale of Malton Foods, underlying net debt increased by £25.2 million. This is due principally to the level of exceptional items in the year and the resumption of employer contributions to the UK pension fund. Gearing increased from 81 percent last year to 90 percent this year as a result of the impairment of the carrying value of goodwill. Committed bank facilities available to the Group at 31 March 2002 amounted to £230 million, of which £149 million was drawn down. Subsequent to the year end the Group has reduced the level of committed facilities to £210 million as part of a renegotiation of its facilities on expiry of some of its previous agreements. Given the high level of debt relative to cash flow, the cost of these facilities will increase. A reduction in the Group's indebtedness is a priority for the current financial year.

**PENSIONS** An actuarial valuation of the Group's main defined benefit pension scheme was carried out at 31 March 2001. Under SSAP 24 the assets in the scheme exceeded the liabilities by 7 percent, which contributed to an amortisation credit to this year's operating profit of £7.1 million (2001: £9.5 million). The remaining pension provision on the Group's balance sheet at 31 March 2002 was £31 million. On a funding basis, which uses more conservative assumptions, the scheme was 99.5 percent funded. Under FRS 17, which is being implemented in accordance with the transitional arrangements in that Standard, it is estimated that the overall charge to profit before tax for the year ended 31 March 2002 would have been £2.5 million higher than under SSAP 24 and that the Group's net assets would have been reduced by £17 million. This reduction arises because it is based on an asset valuation at 31 March 2002 and is therefore impacted by the recent poor performance of equity markets.

**GROUP PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED 31 MARCH 2002

	Before goodwill and exceptional items £m	Goodwill and exceptional items (Note 3) £m	2002 Total £m	Before goodwill and exceptional items £m	Goodwill and exceptional items (Note 3) £m	2001 Total £m
<b>Turnover</b> (note 1)						
Continuing operations	1,014.6		1,014.6	987.5		987.5
Discontinued	359.4		359.4	1,362.4		1,362.4
	<b>1,374.0</b>		<b>1,374.0</b>	2,349.9		2,349.9
<b>Operating (loss)/profit</b> (note 1)						
Continuing operations	36.6	(106.9)	(70.3)	47.0	(65.7)	(18.7)
Discontinued	2.6	(13.5)	(10.9)	28.8	(75.5)	(46.7)
	<b>39.2</b>	<b>(120.4)</b>	<b>(81.2)</b>	75.8	(141.2)	(65.4)
<b>Non operating items</b>						
Continuing operations						
- Profit on disposal of fixed assets	-	5.0	5.0	-	-	-
- Loss on disposal of businesses	-	-	-	-	(19.3)	(19.3)
Discontinued operations						
- Profit on disposal of fixed assets	-	-	-	-	4.6	4.6
- Loss on disposal of businesses	-	(18.4)	(18.4)	-	-	-
- Demerger and divestment costs	-	(4.5)	(4.5)	-	(20.0)	(20.0)
<b>(Loss)/profit on ordinary activities before finance costs</b>	<b>39.2</b>	<b>(138.3)</b>	<b>(99.1)</b>	75.8	(175.9)	(100.1)
Finance costs	(16.1)	-	(16.1)	(18.3)	-	(18.3)
<b>(Loss)/profit on ordinary activities before taxation</b>	<b>23.1</b>	<b>(138.3)</b>	<b>(115.2)</b>	57.5	(175.9)	(118.4)
Taxation	(5.8)	19.2	13.4	(14.4)	16.2	1.8
<b>(Loss)/profit on ordinary activities after taxation</b>	<b>17.3</b>	<b>(119.1)</b>	<b>(101.8)</b>	43.1	(159.7)	(116.6)
Equity minority interests			-			(0.1)
<b>Loss for the financial year</b>			<b>(101.8)</b>			(116.7)
Dividends			(4.5)			(28.3)
<b>Retained loss for the financial year</b>			<b>(106.3)</b>			(145.0)
<b>Earnings per ordinary share of 10p</b> (note 4)						
- on basic and diluted earnings			<b>(89.9)p</b>			(102.6)p
- on adjusted earnings			<b>15.3p</b>			37.7p
- on proforma adjusted earnings			<b>12.9p</b>			15.7p

**GROUP BALANCE SHEET**  
AT 31 MARCH 2002

	2002 £m	2001 £m
<b>Fixed assets</b>		
Intangible assets: goodwill	187.8	270.4
Tangible fixed assets	271.6	488.7
Investments	5.1	6.2
	<u>464.5</u>	<u>765.3</u>
<b>Current assets</b>		
Stocks	68.5	108.7
Debtors	145.9	293.1
Cash and deposits	45.8	74.2
	<u>260.2</u>	<u>476.0</u>
<b>Creditors - amounts falling due within one year</b>		
Borrowings and finance leases	129.7	94.1
Other creditors	240.3	500.3
	<u>370.0</u>	<u>594.4</u>
<b>Net current liabilities</b>	<u>(109.8)</u>	<u>(118.4)</u>
<b>Total assets less current liabilities</b>	354.7	646.9
<b>Creditors - amounts falling due after more than one year</b>		
Borrowings and finance leases	100.8	219.6
<b>Provisions for liabilities and charges</b>	47.5	131.4
	<u>206.4</u>	<u>295.9</u>
<b>Capital and reserves</b>		
Equity share capital	11.5	286.8
Non-equity share capital	0.1	0.1
Total called up share capital	<u>11.6</u>	<u>286.9</u>
Share premium account	0.1	-
Merger reserve	(330.2)	(330.2)
Profit and loss account	<u>524.9</u>	<u>339.2</u>
<b>Shareholders' funds</b>	<u>206.4</u>	<u>295.9</u>

**GROUP CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31 MARCH 2002

	£m	2002 £m	£m	2001 £m
<b>Cash inflow from operating activities</b> (note 7)		<b>40.8</b>		126.7
<b>Returns on investments and servicing of finance</b>				
Net interest paid	(15.2)		(18.0)	
Interest element of finance lease rental payments	<u>(0.1)</u>		<u>(0.3)</u>	
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(15.3)</b>		(18.3)
<b>Taxation</b>				
UK corporation and overseas tax received/(paid)		<b>3.0</b>		(30.8)
<b>Capital expenditure and investments</b>				
Purchase of tangible fixed assets	(46.5)		(88.4)	
Sale of other tangible fixed assets	11.3		27.3	
Disposal of own shares by ESOT	<u>-</u>		<u>1.5</u>	
<b>Net cash outflow from capital expenditure and investments</b>		<b>(35.2)</b>		(59.6)
<b>Acquisitions and disposals</b> (note 5)				
Acquisition of businesses	-		(9.3)	
Disposal of businesses	<u>31.5</u>		<u>(1.1)</u>	
<b>Net cash inflow/(outflow) from acquisitions and disposals</b>		<b>31.5</b>		(10.4)
<b>Equity dividends paid</b>		<u>(12.4)</u>		<u>(48.5)</u>
<b>Net cash inflow/(outflow) before use of liquid resources and financing</b>		<b>12.4</b>		(40.9)
<b>Management of liquid resources</b>		<b>38.6</b>		(25.6)
<b>Financing</b>		<u>(36.6)</u>		<u>39.3</u>
<b>Increase/(decrease) in net cash in the year</b> (note 8)		<u><b>14.4</b></u>		<u>(27.2)</u>

**STATEMENT OF GROUP RECOGNISED GAINS AND LOSSES**  
FOR THE YEAR ENDED 31 MARCH 2002

	<b>2002</b>	2001
	<b>£m</b>	£m
Loss for the financial year	<b>(101.8)</b>	(116.7)
Currency translation differences on foreign currency net investments	<b>(0.3)</b>	(3.5)
	<hr/>	<hr/>
<b>Total recognised gains and losses for the year</b>	<b>(102.1)</b>	(120.2)

**RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS**  
FOR THE YEAR ENDED 31 MARCH 2002

	<b>2002</b>	2001
	<b>£m</b>	£m
Loss for the financial year	<b>(101.8)</b>	(116.7)
Dividends	<b>(4.5)</b>	(28.3)
	<hr/>	<hr/>
Retained loss for the financial year	<b>(106.3)</b>	(145.0)
New share capital issued	<b>0.1</b>	-
Currency translation differences on foreign currency net investments	<b>(0.3)</b>	(3.5)
Goodwill on disposals	<b>17.1</b>	19.3
Net assets eliminated on demerger (note 6)	<b>(0.1)</b>	(141.9)
	<hr/>	<hr/>
Net reduction in shareholders' funds	<b>(89.5)</b>	(271.1)
Shareholders' funds at beginning of year	<b>295.9</b>	567.0
	<hr/>	<hr/>
<b>Shareholders' funds at end of year</b>	<b>206.4</b>	295.9

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2002

**1 ANALYSIS OF RESULTS**

	Turnover		Operating profit/(loss) before goodwill amortisation, exceptional items and taxation		Operating profit/(loss) before taxation	
	2002	2001	2002	2001	2002	2001
	£m	£m	£m	£m	£m	£m
<b>Convenience Foods</b>						
United Kingdom						
- Uniq Prepared Foods	<b>291.5</b>	250.8	<b>16.2</b>	13.8	<b>6.4</b>	5.8
- Uniq-St Ivel	<b>215.5</b>	231.2	<b>2.3</b>	7.3	<b>(31.1)</b>	0.9
Rest of Europe						
- Southern Europe	<b>235.1</b>	259.1	<b>5.9</b>	15.0	<b>(47.6)</b>	(29.2)
- Northern Europe	<b>272.5</b>	246.4	<b>12.2</b>	10.9	<b>2.0</b>	3.8
Continuing operations	<b>1,014.6</b>	987.5	<b>36.6</b>	47.0	<b>(70.3)</b>	(18.7)
Malton Foods	<b>251.4</b>	510.2	<b>(1.5)</b>	(11.4)	<b>(15.0)</b>	(83.3)
Wincanton	<b>108.0</b>	677.5	<b>4.1</b>	31.6	<b>4.1</b>	28.3
Dairy and Cheese	-	174.7	-	8.6	-	8.3
Discontinued operations	<b>359.4</b>	1,362.4	<b>2.6</b>	28.8	<b>(10.9)</b>	(46.7)
	<b>1,374.0</b>	2,349.9	<b>39.2</b>	75.8	<b>(81.2)</b>	(65.4)
<b>By geographical area</b>						
United Kingdom	<b>866.4</b>	1,840.0	<b>21.1</b>	49.0	<b>(35.6)</b>	(40.9)
Rest of Europe	<b>507.6</b>	509.9	<b>18.1</b>	26.8	<b>(45.6)</b>	(24.5)
	<b>1,374.0</b>	2,349.9	<b>39.2</b>	75.8	<b>(81.2)</b>	(65.4)

**2 ANALYSIS OF NET ASSETS**

	Net Assets		Capital Expenditure	
	2002	2001	2002	2001
	£m	£m	£m	£m
Continuing operations	<b>460.6</b>	544.9	<b>43.0</b>	54.6
Discontinued operations - Malton Foods	-	45.8	<b>2.8</b>	9.0
- Wincanton	-	118.7	<b>0.7</b>	20.5
- Dairy and Cheese	-	-	-	4.3
	<b>460.6</b>	709.4	<b>46.5</b>	88.4
Provisions, tax and dividends	<b>(69.5)</b>	(174.0)		
<b>Trading capital employed</b>	<b>391.1</b>	535.4		
Net debt	<b>(184.7)</b>	(239.5)		
<b>Total</b>	<b>206.4</b>	295.9	<b>46.5</b>	88.4

### 3 GOODWILL AND EXCEPTIONAL ITEMS

	<b>Goodwill amortisation 2002 £m</b>	<b>Exceptional items 2002 £m</b>	<b>Total 2002 £m</b>	Goodwill amortisation 2001 £m	Exceptional items 2001 £m	Total 2001 £m
<b>Operating items</b>						
Continuing operations						
- impairment (a)	-	(67.5)	(67.5)	-	(40.0)	(40.0)
- other (b)	(14.9)	(24.5)	(39.4)	(16.6)	(9.1)	(25.7)
	<b>(14.9)</b>	<b>(92.0)</b>	<b>(106.9)</b>	(16.6)	(49.1)	(65.7)
Discontinued operations (c)	-	(13.5)	(13.5)	(0.6)	(74.9)	(75.5)
	<b>(14.9)</b>	<b>(105.5)</b>	<b>(120.4)</b>	(17.2)	(124.0)	(141.2)
<b>Non operating items</b>						
Continuing operations (d)	-	5.0	5.0	-	(19.3)	(19.3)
Discontinued operations (e)	-	(22.9)	(22.9)	-	(15.4)	(15.4)
	<b>(14.9)</b>	<b>(123.4)</b>	<b>(138.3)</b>	(17.2)	(158.7)	(175.9)
Taxation credit on exceptional items (f)	-	19.2	19.2	-	16.2	16.2
	<b>(14.9)</b>	<b>(104.2)</b>	<b>(119.1)</b>	(17.2)	(142.5)	(159.7)

a In the light of the poor performance of Marie Surgelés France, Générale Traiteur, Uniqsauces and the M&H distribution business in Germany a review has been carried out under FRS 11, and a write off has been booked of £67.5m which represents the remaining goodwill arising on these acquisitions. The discount rate used for impairment reviews was 11.0%.

b Other exceptional costs in continuing operations of £24.5m include £10.6m relating to 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.

Remaining costs include £6.7m relating to the reorganisation of the UK business and completion of the rationalisation of the French businesses and £5.0m consultancy costs relating to the project to improve significantly the manufacturing capability of the Group. In addition £2.2m has been provided in respect of the loss on sale of Magdis SA.

c 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 excludes goodwill previously written off directly to reserves in respect of the Malton business of £17.1m which is charged as a non operating item as explained in Note e below.

d Non operating exceptional items in continuing businesses of £5.0m are profits on disposal of properties during the year.

e The £22.9m non operating exceptional charge in discontinued businesses includes £17.1m of goodwill relating to Malton Foods which had previously been written off through reserves and £1.3m loss on sale. The balancing charge of £4.5m represents the costs incurred during the year relating to the demerger of Wincanton in May 2001 (2001: £8.5m), and principally comprises legal and professional fees.

f The taxation credit of £19.2m is in respect of exceptional items charged against operating profit (2001: £14.5m).

4 **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 (2001: 113.9m) ordinary shares in issue during the year and the loss for the financial year, after minority interests, of £101.8m (2001: £116.7m loss). 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 were no material 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 of £17.3m (2001: £43.0m).

**PROFORMA ADJUSTED EARNINGS PER SHARE**

Proforma adjusted earnings per share is shown by reference to adjusted earnings excluding the earnings of the Dairy and Cheese and Wincanton businesses. The adjustments made assume that on 1 April 2000 £100m cash was received following the divestment of the Dairy and Cheese business and £48.5m was received on demerger of Wincanton. It is calculated as follows:

	<b>2002</b>	2001
	<b>£m</b>	£m
Profit before tax, goodwill amortisation and exceptional items	<b>23.1</b>	57.5
Profit before interest on Wincanton and Dairy and Cheese businesses	<b>(4.1)</b>	(40.2)
Interest earned on £148.5m cash proceeds	<b>0.5</b>	6.5
	<b>19.5</b>	23.8
Taxation – Group	<b>(5.8)</b>	(14.4)
Less taxation for Wincanton and Dairy and Cheese businesses	<b>0.9</b>	8.6
Proforma adjusted earnings	<b>14.6</b>	18.0

5 **BUSINESS ACQUISITIONS AND DISPOSALS**

	<b>Disposals</b>	Acquisitions	Disposals
	<b>2002</b>	2001	2001
	<b>£m</b>	£m	£m
Cash flows in respect of acquisitions and disposals comprise:			
Fixed assets	<b>30.6</b>	(1.7)	-
Working capital	<b>7.3</b>	1.3	0.5
Provisions	<b>(5.1)</b>	-	(1.6)
Net assets acquired/disposed at book and fair value	<b>32.8</b>	(0.4)	(1.1)
Goodwill	<b>17.1</b>	(8.9)	-
Total cost of acquisitions/disposals	<b>49.9</b>	(9.3)	(1.1)
Loss on disposal	<b>(18.4)</b>	-	-
<b>Net cash inflow/(outflow) on acquisitions/disposals</b>	<b>31.5</b>	(9.3)	(1.1)
Cash consideration and loan notes	<b>31.5</b>	(9.0)	2.8
Debt acquired/disposed	<b>-</b>	(0.2)	(3.9)
Expenses of acquisition	<b>-</b>	(0.1)	-
<b>Net cash inflow/(outflow) on acquisitions/disposals</b>	<b>31.5</b>	(9.3)	(1.1)

The disposal in 2002 represents the sale of Malton Foods to Grampian Country Food Group on 19 October 2001 for net consideration of £31.5m. An impairment provision of £13.5m was charged in the Group's interim accounts. As explained in Note 3, a further charge of £1.3m is shown as 'loss on disposal' following agreement of completion accounts with the purchaser. Goodwill previously written off directly to reserves of £17.1m has also been charged as an exceptional item.

6 **DEMERGER OF WINCANTON**

On 17 May 2001 the Group completed the demerger of Wincanton. As a result of the transaction, the net assets of the Group were reduced by £0.1m. The results of Wincanton are reported as discontinued operations in the financial statements. The total net assets demerged comprise:

	<b>Book value to Group £m</b>
Intangible fixed assets	0.1
Tangible fixed assets	168.2
Working capital	(51.4)
Provisions	(51.8)
Taxation	(11.2)
Dividends	(5.3)
	<u>48.6</u>
Net debt	<u>(48.5)</u>
Net assets divested	<u><u>0.1</u></u>

7 **RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOWS**

	2002 £m	2002 £m	2001 £m	2001 £m
Operating loss		(81.2)		(65.4)
Depreciation		43.9		81.5
Goodwill amortisation and impairment		82.4		69.0
Exceptional asset write-down		13.5		54.4
Decrease/(increase) in stocks	3.0		(11.4)	
Decrease/(increase) in debtors	36.4		(42.6)	
(Decrease)/increase in creditors	(43.4)		34.6	
		<u>(4.0)</u>		(19.4)
(Decrease)/increase in provisions		<u>(13.8)</u>		6.6
<b>Cash flow from operating activities</b>		<u><u>40.8</u></u>		<u>126.7</u>

8 **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2002 £m	2001 £m
Increase/(decrease) in net cash	14.4	(27.2)
Decrease in borrowings	77.7	45.1
(Decrease)/increase in short term deposits	(38.6)	25.6
Decrease in net debt resulting from cash flows	53.5	43.5
New finance leases	-	(0.9)
Currency translation differences	1.3	(0.1)
	<u>54.8</u>	42.5
<b>Decrease in net debt in the year</b>	<u>(239.5)</u>	(282.0)
Net debt at beginning of year		
<b>Net debt at end of year</b>	<u><u>(184.7)</u></u>	<u>(239.5)</u>

9 **ANALYSIS OF CASH FLOWS FROM FINANCING**

	2002 £m	2001 £m
Decrease in unsecured loan stock	(27.2)	(22.1)
Decrease in long term borrowings	(50.5)	(21.0)
Capital element of finance lease rental payments	-	(2.0)
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Cash outflow from change in debt	(77.7)	(45.1)
Cash inflow from issue of ordinary share capital	0.1	-
Cash received on divestment of Dairy and Cheese Business	-	100.0
Net debt demerged to Wincanton	48.5	-
Divestment and demerger expenses	(7.5)	(15.6)
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<b>Net cash (outflow)/inflow from financing activities</b>	<b>(36.6)</b>	<b>39.3</b>

10 **ANALYSIS OF NET DEBT**

	At beginning of year £m	Cash flow £m	Currency translation differences £m	At end of year £m
Cash at bank	5.5	10.2	-	15.7
Overdrafts	(12.3)	4.2	-	(8.1)
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	(6.8)	14.4	-	7.6
Borrowings due within one year	(81.8)	(39.5)	(0.3)	(121.6)
Borrowings due after one year	(219.6)	117.2	1.6	(100.8)
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	(301.4)	77.7	1.3	(222.4)
Short term deposits	68.7	(38.6)	-	30.1
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<b>Net debt</b>	<b>(239.5)</b>	<b>53.5</b>	<b>1.3</b>	<b>(184.7)</b>

11 **SHARE CAPITAL AND RESERVES**

	Share capital £m	Share premium £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 to allow demerger of Wincanton	(275.3)	-	-	275.3	-
Shares issued in the year	-	0.1	-	-	0.1
Retained loss for the period	-	-	-	(106.3)	(106.3)
Net assets of Wincanton eliminated on demerger	-	-	-	(0.1)	(0.1)
Goodwill relating to sale of Malton Foods	-	-	-	17.1	17.1
Exchange	-	-	-	(0.3)	(0.3)
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<b>At 31 March 2002</b>	<b>11.6</b>	<b>0.1</b>	<b>(330.2)</b>	<b>524.9</b>	<b>206.4</b>

12 **DIVIDENDS**

The Board has proposed a final dividend of 1.5p which, subject to approval at the AGM, will be payable on 2 August 2002 to shareholders on the register at the close of business on 21 June 2002.

13 **BASIS OF ACCOUNTING**

The financial statements are prepared in accordance with applicable accounting standards all of which, except for the items set out below, have been applied consistently throughout the year and the preceding year.

The Group has changed its accounting policy in respect of turnover, to disclose turnover net of all discounts and allowances to customers, some of which were previously shown as an expense. Prior year turnover has accordingly been reduced by £176.7m.

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

The Group is implementing Financial Reporting Standard 17, 'Retirement Benefits', in accordance with the transitional arrangements set out in the standard.

14 **FINANCIAL INFORMATION**

The financial information set out in the preliminary announcement does not constitute the Group's statutory accounts for the years 2001 and 2002. The statutory accounts for the year ended 31 March 2002 have been audited, and will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The financial information for the year ended 31 March 2001 has been extracted from the statutory accounts for 2001 which have been delivered to the Registrar of Companies. The auditors have reported on the accounts for the year ended 31 March 2001; their report was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

The Annual General Meeting of Uniq plc will be held on 25 July 2002, at the Insurance Hall, 20 Aldermanbury, London EC2V 7HY.