

10 November 2003

UNIQ plc

**Announcement of Interim Results
For the 26 weeks to 27 September 2003**

	2003	2002	
	£m	£m	%
Turnover ⁽¹⁾	470.9	428.7	+ 10%
Operating profit ^{(1), (2)}	17.2	10.4	+ 65%
Profit before tax ⁽²⁾	11.4	10.1	+ 13%
Exceptional items	-	7.7	
Earnings per share - Basic	6.3p	14.4p	- 56%
- Adjusted ⁽²⁾	11.0p	6.7p	+ 64%

(1) Continuing businesses

(2) Before exceptional items and goodwill amortisation. Profit before tax after these items was £6.0m (2002: £12.4m)

- Strong first half performance reflecting early benefits from a clear strategic focus on synergy, innovation and growth opportunities.
- Operating profit from continuing businesses for the first half, before goodwill and exceptional items, at £17.2m is up 65% on prior year supported by an improvement in revenue growth (+4% in constant currency).
- Significant recovery in the Marie business in France with operating profits in Southern Europe quadrupled compared to previous year.
- UK business investing in further factory automation and supply chain projects to improve efficiency.
- Interim dividend at 2.3 pence is increased by 35%.

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

“We are pleased to report Interim results that reflect continued progress by Uniq in delivering better profitability and an acceleration in revenue growth. Whilst the markets we serve are ever more competitive, we have identified further opportunities to improve our operating efficiency and to gain share of market. Although the level of improvement in the first half is not sustainable in the second we are confident that Uniq is on track to capitalise on the foundations put in place over the last two years.”

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Notes to Editors

Uniq plc is a pan-European chilled convenience food group focused on the value added sector of the food industry and, in particular, the growing markets for convenience foods in both the UK and mainland Europe. Uniq manufactures, sells and distributes products to retail grocery chains and other food service outlets in 15 countries throughout Europe. Products include, salads, sandwiches, ready meals, sandwiches, fish and poultry products, desserts, spreads, sauces, dips and dressings.

With market leading positions in the growing convenience foods markets of the UK and Europe, the Group's annual sales last year were £899 million and the Group employs 9,700 people at 10 sites in the UK and 21 sites in Continental Europe.

REPORT TO SHAREHOLDERS

For the Half Year ended 27 September 2003

REPORT TO SHAREHOLDERS

We are pleased to report Interim Results that show a significant improvement in profitability and an acceleration in our revenue growth. This has been achieved during a period of notable increase in the pace of change internally and at a time when the business environment has become ever more competitive.

Financial results

The actions we have taken in the last two years continue to deliver a strong recovery in profitability. Operating profit from the continuing business for the first half, before goodwill and exceptional items, was £17.2 million, 65% ahead of last year. This performance has been driven by the now embedded benefits of last year's manufacturing projects, ongoing delivery of purchasing synergies and recovery by the French business which more than quadrupled operating profit.

Underlying sales growth, removing the impact of currency benefits, is ahead of last year at 4% for the first half. Strong revenue gains were achieved in both Northern Europe and the UK where, excluding a disappointing performance in poultry, sales were 10% ahead of the comparable period. In France sales of hot eating ready meals were negatively impacted by the extremely hot summer, although this was more than offset by another excellent performance from Spreads.

Profit before tax, goodwill and exceptional items was £11.4 million, 13% ahead of last year. The prior year result included an FRS 17 Pension finance credit of £1.1 million compared with a charge of £3.0 million in the first half this year. Adding back these FRS 17 finance items, the improvement is 60%.

Strategic priorities

Our strategic priority is to deliver improved profitability through our focus on synergy, innovation and growth.

Following a prolonged period of underperformance, the French business has recovered rapidly. In the UK, the formation of a single business - following last year's divestments - has created a strong foundation for further progress. We remain focused on delivering the level of top line growth which we believe this business portfolio is capable of achieving.

In addition we are continuing to innovate in both new product development and processes. Highlights are in France, where we have built on the success of last year's health spread launches by recently extending the ilô brand into yogurts, and in the UK where we have extended our programme of automation into salads.

During the first half of the year we continued to strengthen the divisional management teams and we have also concluded the scoping element of our Supply Chain initiative. Thorough evaluations were undertaken in both the UK and Northern Europe and significant benefits have been identified from enhancing our processes, systems and production efficiency. The first implementation step, a major project with an attractive financial payback to improve substantially systems and procedures in the UK, has just been approved by the Board.

Dividend

As the new people and structures in each of the three divisions become firmly established, we will be in a position to focus our business further on those sectors that offer the highest potential for creating synergy, innovation and growth. Against this background, and reflecting the Board's confidence in the continuing improvement in the Group's trading performance, the interim dividend has been set at 2.3 pence per share, an increase of 35% over the first half last year.

Outlook

The first half has seen an extremely encouraging turnaround in business performance since the low point in January 2002. Short term margin pressures in the UK and Benelux, one off investments in the first steps of our supply chain project and tougher prior year comparatives make the level of improvement achieved in the first half unsustainable in the second half. Nonetheless we remain confident of meeting our expectations for the full year.

Looking further ahead we believe that with the businesses we have in our portfolio, and the further initiatives that we are putting in place, we will be able to deliver underlying profit growth going forward that is above the average for our industry sector.

BUSINESS REVIEW

Continuing Business Operating Profit

	03/04	02/03	Change
	£m	£m	%
United Kingdom	5.0	4.9	+2%
Southern Europe	8.7	2.1	+314%
Northern Europe	3.5	3.4	+3%
Total	<u>17.2</u>	<u>10.4</u>	+65%

This table is an extract from Note 1

For the Group, the benefit of a stronger Euro added £0.8 million to operating profit in the period.

UNITED KINGDOM

Operating profit of £5.0 million was £0.1 million ahead of the prior year. However, last year included a benefit of £1.5 million from insurance proceeds, and excluding this item profit was up 47%. Turnover was 5% ahead of the previous year although growth excluding the poultry business was 10% - an excellent performance but one that will be difficult to sustain into the second half. Despite the strengthening of the Euro in the first half, raw material cost increases were limited to 1% due to the actions of our centralised purchasing function.

Sandwiches & Salads continued to make good progress with 12% sales growth. This was driven by increased volumes at Northampton and a full benefit from the recovery in performance at Devizes. At the end of the first half Devizes lost a contract with Costa Coffee which had been won last year, after a competitor offered prices which we were not prepared to match. However we have already replaced approximately half of the lost volumes and we are actively seeking to replace the remaining business in the second half. A new automated salad line, based on the technology in place in Northampton, has recently been commissioned at Spalding to provide lower cost capacity for future growth.

Desserts had another strong period with sales up 8%. The market for chilled desserts, while in strong growth, is becoming increasingly competitive. In addition, since agreeing with Cadbury not to renew the long term licence, the level of investment in this brand has been reduced: the consequent lower volumes are in line with our expectations. We continue to discuss various options with Cadbury in relation to our future trading relationship. Our business with Marks & Spencer again grew strongly in the first half.

Meal Solutions had a disappointing first half, with sales in the poultry business down 18% due in large part to the exit from Burger King. This volume has yet to be replaced. Sales of fish were 7% ahead of last year due partly to higher fish prices but also the launch of a range of Indian ready meals with Marks & Spencer.

SOUTHERN EUROPE

Operating profit of £8.7 million was well ahead of the £2.1 million reported last year on sales which, adjusting for the impact of currency, were 1% ahead of the prior year. Investment in marketing in the first half was £8.6 million, up 8%. The strong performance in the first half reflects excellent improvements in manufacturing efficiency, purchasing performance and product mix. These benefits started to be delivered in the second half last year and so profit growth is expected to be more modest going forward. Sales growth is, however, expected to accelerate due to a programme of product launches in Frozen and Spreads supported by increased marketing spend.

Spreads continued to benefit from the growth in the health segment, which grew at 27% in the first half, and sales were 12% ahead of the corresponding period last year. Our total market share increased to 30% from 27% last year. The second half will see the extension of the Benecol-based ilò brand into yogurts, manufacture of which is being carried out by a third party.

Frozen performance was disappointing. Industrial unrest in the public sector in the first quarter and the extremely hot weather in July and August both impacted sales, which were down 6% on the prior year. Our market share was also slightly lower due to extremely aggressive media and promotional investment by a leading competitor. Since the end of the summer, market conditions have returned to previous levels, with the market in slight decline.

Chilled ready meals were also impacted by the hot weather although, due to the benefits of media spend and new products, sales were ahead by 4%. Market share remained broadly unchanged.

In **Spain** sales in the first half were 22% ahead of the prior year, due principally to business wins in sandwiches and the relaunch of the McSalad brand.

NORTHERN EUROPE

Operating profit of £3.5 million was 3% ahead on sales which, adjusting for the impact of currency, were 4% ahead. This first half operating profit improvement in Northern Europe was achieved despite £0.9 million of redundancy costs across the division. The improvement was due principally to sales growth in Germany. The second half result will see the benefits of the continuing recovery in Sandwiches, but will also be impacted by the increasingly competitive markets in Benelux and Scandinavia, the full impact on sales of lower purchasing and selling prices for fish, and increased investment in media and marketing costs.

Germany/Poland made a good start to the year. The positive impact of the hot summer weather, combined with net new salad business from the discount and own label sector, more than offset the effect of lower fish prices. Sales were 7% ahead of the comparable period.

Benelux salad sales were also 7% ahead of last year due partly to the positive impact of the hot weather. Growth was principally in the discount sector, which is gaining share from traditional retail particularly in the Netherlands. The foodservice sector in these markets also remains under pressure.

In **Scandinavia** performance remains disappointing, in particular in Sweden where the transition from wholesalers to direct-to-customer distribution has had a greater impact than initially anticipated. Sales were down 3% on the prior year. A new managing director for the region was appointed in September and action plans are now being put in place to address the performance shortfall.

Sandwiches sales were down by 15%, in line with expectations, as the planned withdrawal from the German market was implemented. Excluding Germany, the remaining sandwich business saw growth of 14% due principally to customer wins in Belgium. The exit from the German market combined with a significant reduction in the range of products should enable the factory to return to profitability in the second half.

CASH FLOW

Operating cash inflows for the six month period were £11.4 million. This inflow was due principally to the overall strong trading performance although this was offset by £15 million of short term timing differences in working capital. Extra payments totalling £3.5 million were also made into the Group's pension schemes, comprising £2.5 million in the UK and £1.0 million in the Netherlands.

Net debt at 27 September was £47.1 million compared with £41.6 million at 31 March 2003. Offsetting the operating cash inflow was net capital expenditure of £10.2 million, interest payments of £2.6 million and the payment of last year's final dividend of £4.3 million. These were partially offset by net tax receipts of £1.0 million due to tax relief on the high level of exceptional costs in previous years.

PENSIONS

The Group's pension charge to operating profit for the half year was £3.4 million compared with £3.9 million last year. Under FRS 17 we are not required to update the FRS 17 balance sheet position at the interim stage. If we had done so we have estimated that the reported net deficit in the scheme would not have been materially different from the position at the year end.

As we disclosed at the last year end, we have established an annual review process with the trustees of the UK pension fund. As a result of this year's review, and on advice from the Group's actuaries, the Board has decided to increase the Company's extra cash contributions to the scheme to £8.5 million in the year commencing January 2004. The increased contribution reflects the fact that equity markets remain at a lower level than when the previous additional contribution of £5.0 million was set.

TAX

The reported tax credit in the first half of £1.1 million benefits from a £3.9 million release of provisions relating to prior year items. The Group's underlying tax rate remains at 25%.

FINANCING

Finance costs are significantly lower than in the first half last year, reflecting the lower net debt levels following the divestments in the last financial year. In addition on 16 October we signed a new £120m 3 year multi-currency revolving credit facility. Our overall interest charge will remain impacted by our long term interest rate swap, entered into in 1995, which fixes payments at 7.2% on £50 million of our borrowings until 31 March 2004 and subsequently £25 million until March 2008.

GROUP PROFIT AND LOSS ACCOUNT

for the 26 weeks ended 27 September

	2003			2002 (restated)			Total 31 March 2003 £m
	Before goodwill and except- ional items £m	Goodwill and except- ional items (note 3) £m	Total £m	Before goodwill and except- ional items £m	Goodwill and except- ional items (note 3) £m	Total £m	
(Unaudited)							
Turnover (note 1)							
Continuing operations	470.9		470.9	428.7		428.7	899.0
Discontinued operations	-		-	68.8		68.8	88.6
	470.9		470.9	497.5		497.5	987.6
Operating profit (note 1)							
Continuing operations	17.2	(5.4)	11.8	10.4	(7.6)	2.8	18.8
Discontinued operations	-	-	-	5.8	-	5.8	4.7
	17.2	(5.4)	11.8	16.2	(7.6)	8.6	23.5
Non operating items							
Discontinued operations							
- Profit on disposal of businesses	-	-	-	-	9.9	9.9	2.5
Profit on ordinary activities before interest	17.2	(5.4)	11.8	16.2	2.3	18.5	26.0
Finance costs (note 2)	(2.8)	-	(2.8)	(7.2)	-	(7.2)	(11.6)
Net pension finance (charge)/ income	(3.0)	-	(3.0)	1.1	-	1.1	2.1
Profit on ordinary activities before taxation	11.4	(5.4)	6.0	10.1	2.3	12.4	16.5
Taxation (note 4)	1.1	-	1.1	(2.5)	6.4	3.9	8.4
Profit for the period	12.5	(5.4)	7.1	7.6	8.7	16.3	24.9
Dividends (note 6)			(2.6)			(1.9)	(6.2)
Retained profit for the period			4.5			14.4	18.7
Earnings per ordinary share (note 5)							
- on basic earnings			6.3p			14.4p	22.0p
- on adjusted earnings			11.0p			6.7p	20.5p
- on fully diluted earnings			6.2p			14.4p	22.0p
Average Euro exchange rate			1.43			1.57	1.54

GROUP BALANCE SHEET

At 27 September

(Unaudited)	2003 £m	2002 (restated) £m	31 March 2003 £m
Fixed assets			
Intangible assets: goodwill	171.9	182.4	177.3
Tangible fixed assets	219.2	253.7	224.4
Investments	3.1	3.4	3.2
	394.2	439.5	404.9
Current assets			
Stocks	60.8	71.5	63.3
Debtors	151.9	138.1	151.5
Cash and deposits	20.9	26.4	30.1
	233.6	236.0	244.9
Creditors - amounts falling due within one year			
Borrowings and finance leases	(41.8)	(34.1)	(43.1)
Other creditors	(230.3)	(243.2)	(249.7)
	(272.1)	(277.3)	(292.8)
Net current liabilities	(38.5)	(41.3)	(47.9)
Total assets less current liabilities	355.7	398.2	357.0
Creditors - amounts falling due after more than one year			
Borrowings and finance leases	(26.2)	(130.6)	(28.6)
Provisions for liabilities and charges	(14.6)	(22.7)	(17.1)
Net assets excluding pension liabilities	314.9	244.9	311.3
Pension liabilities	(111.7)	(41.5)	(112.8)
Net assets including pension liabilities	203.2	203.4	198.5
Capital and reserves (note 7)			
Equity share capital	11.5	11.5	11.5
Non equity share capital	0.1	0.1	0.1
Total called up share capital	11.6	11.6	11.6
Share premium account	0.1	0.1	0.1
Merger reserve	(330.2)	(330.2)	(330.2)
Profit and loss account	521.7	521.9	517.0
Shareholders' funds	203.2	203.4	198.5
Closing Euro exchange rate	1.45	1.59	1.46

GROUP CASH FLOW STATEMENT
for the 26 weeks ended 27 September

(Unaudited)	2003	2002	31 March 2003
	£m	£m	£m
Cash inflow from operating activities (note 8)	11.4	30.1	52.0
Returns on investments and servicing of finance			
Net interest paid	(2.6)	(6.9)	(11.1)
Interest element of finance lease rental payments	-	(0.1)	-
Net cash outflow from returns on investments and servicing of finance	(2.6)	(7.0)	(11.1)
Taxation			
UK corporation and overseas tax received	1.0	4.9	4.2
Capital expenditure and investments			
Purchase of tangible fixed assets	(11.0)	(9.3)	(23.3)
Sale of tangible fixed assets	0.8	0.2	1.4
Net cash outflow from capital expenditure and investments	(10.2)	(9.1)	(21.9)
Disposals			
Disposal of businesses	-	32.5	131.2
Net cash inflow from disposals	-	32.5	131.2
Equity dividends paid	(4.3)	(1.7)	(3.6)
Cash (outflow)/inflow before use of liquid resources and financing	(4.7)	49.7	150.8
Management of liquid resources (note 10)	14.5	16.1	8.4
Financing (note 10)	(2.4)	(65.7)	(162.7)
Increase/(decrease) in net cash (note 9)	7.4	0.1	(3.5)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the 26 weeks ended 27 September

(Unaudited)	2003 £m	2002 (restated) £m	31 March 2003 £m
Profit for the period	7.1	16.3	24.9
Dividends	(2.6)	(1.9)	(6.2)
Retained profit for the period	4.5	14.4	18.7
Currency translation differences on foreign currency net investments	0.2	(0.3)	4.2
Goodwill on disposals	-	-	57.8
Other recognised gains and losses relating to pensions	-	-	(71.5)
Net increase in shareholders' funds	4.7	14.1	9.2
Shareholders' funds at beginning of year	198.5	189.3	189.3
Shareholders' funds at end of period	203.2	203.4	198.5

STATEMENT OF GROUP RECOGNISED GAINS AND LOSSES

for the 26 weeks ended 27 September

(Unaudited)	2003 £m	2002 (restated) £m	31 March 2003 £m
Profit for the period	7.1	16.3	24.9
Actuarial loss recognised on the pension schemes	-	-	(110.3)
Movement on deferred tax relating to actuarial loss on pensions	-	-	38.8
Currency translation differences on foreign currency net investments	0.2	(0.3)	4.2
Total recognised gains and losses for the period	7.3	16.0	(42.4)

NOTES TO THE FINANCIAL STATEMENTS
for the 26 weeks ended 27 September

1 Analysis of Results

	Turnover			Operating profit before goodwill amortisation, exceptional items and taxation			Operating profit before taxation		
	2003	2002	31 March 2003	2003	2002 (restated)	31 March 2003	2003	2002 (restated)	31 March 2003
	£m	£m	£m	£m	£m	£m	£m	£m	£m
By Business Segment									
United Kingdom	188.1	179.2	371.4	5.0	4.9	13.7	2.1	1.4	6.9
Rest of Europe	126.2	113.1	249.2	8.7	2.1	11.1	8.7	1.3	11.7
- Southern Europe	156.6	136.4	278.4	3.5	3.4	6.3	1.0	0.1	0.2
- Northern Europe									
Continuing operations	470.9	428.7	899.0	17.2	10.4	31.1	11.8	2.8	18.8
Discontinued operations	-	68.8	88.6	-	5.8	4.7	-	5.8	4.7
	470.9	497.5	987.6	17.2	16.2	35.8	11.8	8.6	23.5

Turnover and operating profit by geographical area is not materially different from turnover and operating profit by business segment.

The Uniqsauces business, disposed in January 2003 and previously reported within United Kingdom is now shown within discontinued operations. The remaining discontinued operations represent the results of the St Ivel Spreads and Yogurts businesses disposed during the last financial year.

Prior year operating profit for the 26 weeks to 28 September 2002 has been restated to reflect the adoption of FRS 17 at 31 March 2003. The impact on operating profit before exceptional items was a decrease of £3.4m and on operating profit after exceptional items a decrease of £2.0m.

2 Finance Costs

Finance costs of £2.8m comprise net interest charges of £2.6m and a charge of £0.2m relating to the unwinding of discount on long-term provisions.

NOTES TO THE FINANCIAL STATEMENTS
for the 26 weeks ended 27 September

3 Goodwill and Exceptional Items

	2003			2002 (restated)			31 March 2003		
	Goodwill amort- isation £m	Except- ional items £m	Total £m	Goodwill amort- isation £m	Except- ional items £m	Total £m	Goodwill amort- isation £m	Except- ional items £m	Total £m
Operating profit									
Continuing operations	(5.4)	-	(5.4)	(5.4)	(2.2)	(7.6)	(11.0)	(1.3)	(12.3)
Non operating items									
Discontinued operations									
- Profit on disposal of businesses	-	-	-	-	9.9	9.9	-	2.5	2.5
	(5.4)	-	(5.4)	(5.4)	7.7	2.3	(11.0)	1.2	(9.8)
Taxation credit on exceptional items	-	-	-	-	6.4	6.4	-	11.5	11.5
	(5.4)	-	(5.4)	(5.4)	14.1	8.7	(11.0)	12.7	1.7

Prior year exceptional items for the 26 weeks to 28 September 2002 have been restated to reflect the adoption of FRS 17 at 31 March 2003. The impact on exceptional items after taxation was an increase of £1.0m.

4 Taxation

The taxation credit on profit before exceptional items for the 26 weeks ended 27 September 2003 is £1.1m (2002: £2.5m charge). This represents an estimate for the full year of a tax charge on current year profits of 25% offset by tax credits of £3.9m relating to prior year items.

NOTES TO THE FINANCIAL STATEMENTS

for the 26 weeks ended 27 September

5 Earnings per Ordinary Share

Basic earnings per share

Basic earnings per ordinary share is calculated on the basis of the weighted average of 113.3m (2002: 113.2m) ordinary shares in issue and profit for the financial period of £7.1m (2002: £16.3m).

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:

	2003 £m	2002 (restated) £m	31 March 2003 £m
Profit before tax	6.0	12.4	16.5
Goodwill amortisation	5.4	5.4	11.0
Exceptional items	-	(7.7)	(1.2)
Profit before tax, goodwill amortisation and exceptional items	11.4	10.1	26.3
Related taxation	1.1	(2.5)	(3.1)
Earnings before goodwill amortisation and exceptional items	12.5	7.6	23.2

Fully diluted earnings per share

Fully diluted earnings per share is calculated on the basis of the weighted average number of ordinary shares in issue increased to assume the conversion of all dilutive potential ordinary shares. The total shares on this basis were 114.0m (2002: 113.2m). The effect of dilutive potential shares on adjusted earnings per share was not material.

6 Dividends

The Board has declared an interim dividend of 2.3p per share (2002: 1.7p) payable on 2 January 2004 to shareholders on the register at the close of business on 21 November 2003.

7 Capital and Reserves

	Share capital £m	Share premium £m	Merger reserve £m	Profit and loss account £m	Total £m
At 31 March 2003	11.6	0.1	(330.2)	517.0	198.5
Retained profit for the period	-	-	-	4.5	4.5
Exchange	-	-	-	0.2	0.2
At 27 September 2003	11.6	0.1	(330.2)	521.7	203.2

NOTES TO THE FINANCIAL STATEMENTS
for the 26 weeks ended 27 September

8 Reconciliation of Operating Profit to Operating Cash Flows

	2003	2002	31 March
	£m	(restated)	2003
		£m	£m
Operating profit	11.8	8.6	23.5
Depreciation	15.0	17.4	33.2
Goodwill amortisation	5.4	5.4	11.0
Difference between pension charge and cash contributions	(3.0)	0.6	(0.7)
(Increase)/decrease in working capital	(15.3)	3.4	2.7
Decrease in provisions	(2.5)	(5.3)	(17.7)
Cash inflow from operating activities	11.4	30.1	52.0

9 Reconciliation of Net Cash Flow to Movement in Net Debt

	2003	2002	31 March
	£m	£m	2003
			£m
Increase/(decrease) in net cash	7.4	0.1	(3.5)
Decrease in borrowings	2.4	65.7	162.7
Decrease in short term deposits	(14.5)	(16.1)	(8.4)
Movement in net debt resulting from cash flows	(4.7)	49.7	150.8
Currency translation differences	(0.8)	(3.3)	(7.7)
Movement in net debt in the period	(5.5)	46.4	143.1
Net debt at beginning of period	(41.6)	(184.7)	(184.7)
Net debt at end of period	(47.1)	(138.3)	(41.6)
Analysis of net debt			
Cash at bank	13.0	12.4	7.7
Short term deposits	7.9	14.0	22.4
Overdrafts	(1.1)	(5.2)	(2.4)
Other borrowings due within one year	(40.7)	(28.9)	(40.7)
Other borrowings due after one year	(26.2)	(130.6)	(28.6)
Net debt	(47.1)	(138.3)	(41.6)

NOTES TO THE FINANCIAL STATEMENTS

for the 26 weeks ended 27 September

10 Management of Liquid Resources and Financing

	2003	2002	31 March
	£m	£m	2003
			£m
Management of Liquid Resources			
Net decrease in short term deposits	14.5	16.1	8.4
Financing			
Decrease in unsecured loan stock	-	(4.0)	(32.7)
Decrease in long term borrowings	(2.4)	(61.7)	(130.0)
Net cash outflow from financing activities	(2.4)	(65.7)	(162.7)

11 Accounting Policies

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 2003.

The prior year accounts for the 26 weeks to 28 September 2002 have been restated to reflect the adoption of FRS 17, 'Retirement Benefits', at 31 March 2003. The impact on retained profit for the 26 weeks to 28 September 2002 was a decrease of £0.7m. The impact on net assets at 28 September 2002 was a decrease of £17.8m.

In addition the prior year balance sheet as at 28 September 2002 has been restated to reflect the reclassification from 'other creditors' to 'investments' of amounts previously provided in respect of shares held by the Employee Share Ownership Trust.

12 Status of Interim Report

The interim report was approved by the Directors on 10 November 2003. It should be read in conjunction with the 2003 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 2003 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 28 September 2002 were extracted from the 2002 interim statement which was unaudited.