

22 May 2003

**UNIQ plc**  
**Announcement of Full Year Results**  
**for the year ended 31 March 2003**

	<b>2003</b>	<b>2002</b>	<b>% Change</b>
	<b>£m</b>	<b>£m</b>	
Turnover	987.6	1,374.0	
- of which continuing businesses <sup>(1)</sup>	899.0	864.5	+ 4%
Operating profit <sup>(2)</sup>	35.8	30.5	
- of which continuing businesses <sup>(1)</sup>	31.1	23.5	+ 32%
Profit on ordinary activities before tax <sup>(2)</sup>	26.3	20.1	+ 31%
Goodwill and exceptional items	(9.8)	(134.2)	
Profit/(loss) on ordinary activities before tax	16.5	(114.1)	
Earnings/(loss) per share	22.0p	(89.2)p	
- on adjusted earnings <sup>(2)</sup>	20.5p	13.3p	+ 54%
- on underlying earnings <sup>(2) (3)</sup>	19.1p	7.5p	+ 155%

(1) excluding the discontinued businesses: St Ivel Yogurts, St Ivel Spreads, Uniqsauces, Wincanton and Malton

(2) before exceptional items and goodwill amortisation

(3) underlying earnings adjust for impact of Wincanton demerger in prior year and are before pension finance income

- Strong operating profit growth of 32 percent for continuing businesses
- Underlying earnings per share up 155 percent reflecting business recovery
- Strategic reshaping of business achieved
- Year end debt reduced by £143m to £42m - comfortably ahead of target
- Full year dividend of 5.5 pence per share up 38 percent (2001/2 full year dividend: 4.0 pence per share).

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

"I am very encouraged by this performance. The action to dispose of non-core businesses has enabled us to focus on the areas where we can create value – chilled convenience foods across Europe. The early benefits of this focus are reflected in the results for the year.

Going forward I am now confident that we have the appropriate financial and management resources in place to identify further synergies, deliver innovation and stimulate faster revenue growth."

For further information:

**UNIQ plc**

Bill Ronald

Martin Beer

Kathy Cuddihy

**Gavin Anderson & Company**

Deborah Walter

Laura Hickman

Chief Executive

Finance Director

Corporate Affairs Manager

01753 276050

01753 276160

01753 276017

020 7554 1420

020 7554 1431

## **Notes to Editors**

### **Uniq plc: a pan-European Chilled Convenience Food Group**

Uniq supplies a range of quality prepared foods including salads, ready meals, desserts and sandwiches to consumers in the UK and 15 European countries. With market leading positions in the growing convenience foods markets of the UK and Europe, the Group's annual sales are circa £900 million and the Group employs over 9,000 people at 10 sites in the UK and 21 sites in Continental Europe.

Further details available on Uniq's website: [www.uniqplc.com](http://www.uniqplc.com)

## PRELIMINARY STATEMENT: OVERVIEW

Uniq's 2003 results demonstrate that the actions we initiated 18 months ago, to secure a much improved business performance, are having a powerful impact. With a new management team in place, and a more focused product portfolio, the company is now well positioned to deliver a sustained period of value creation.

**KEY ACHIEVEMENTS:** We have made substantial progress against the three short-term priorities that we announced at the Interim stage. Firstly, the sale of the St Ivel Spreads and Uniqsauces businesses has reduced our debt to a level well below the year-end target we set in June 2002 and has also enabled us to create a single UK organisation focused on own brand chilled convenience foods. Secondly, momentum behind the recovery of our French businesses has continued well ahead of our expectations. Thirdly, although revenue growth this year has been modest, we have put in place product innovation programmes and other initiatives designed to accelerate growth in the coming year. We have also increased investment in our brands this year by £11.5 million, funded by efficiency savings particularly from the pan-European purchasing and manufacturing projects initiated during the previous financial year.

In France, operating profit has more than doubled, with a particularly strong performance from the Chilled and Spreads businesses, which has repaid the heavy investment in product innovation and brand support. In the UK the Own Brand chilled convenience food business has increased operating profit by 51 percent - all of this improvement is organic and much of it is sourced from efficiency improvements. As expected the economic environment in Northern Europe has been particularly tough and the results were disappointing, with an operating profit reduction of 31 percent. A significant proportion of the decline is, however, attributable to one-off issues and there have been some encouraging signs of an improvement in the underlying business performance in the last two months.

**CORPORATE PERFORMANCE:** Operating profits of the continuing businesses at £31.1 million were up 32 percent on last year. This includes a £1 million benefit from the strengthening of the Euro. Profit before tax, but after goodwill amortisation and exceptional items, was £16.5 million compared to a loss of £114.1 million last year. This year's business disposals - which realised proceeds of £131.2 million - resulted in a £2.0 million exceptional profit, after deducting £57.8 million of goodwill on the UK Spreads business which had previously been written off to reserves. Net debt has reduced by £143.1 million to £41.6 million, reflecting a strong operating cash flow performance as well as the net proceeds received from divestments.

Profit before tax reflects the adoption of the new FRS 17 pension accounting standard. The increased deficit in our pension fund therefore negatively impacted finance charges in the year on year profit comparison by £3.6 million. As this significantly affects the year on year movement in earnings per share we have decided to disclose an underlying earnings per share, which excludes the FRS 17 net pension finance income and the impact of the demerger of Wincanton, as well as disclosing adjusted earnings per share. Underlying earnings per share increased by 155 percent from 7.5 pence to 19.1 pence and reflects the performance of the trading operation. The increase in adjusted earnings per share of 54 percent to 20.5p is lower in percentage terms than the increase in underlying earnings because it reflects the increasing deficit in our mature pension fund.

**PENSIONS:** Following the major restructuring of the last five years, our mature UK defined benefit scheme now has less than 10 percent of its membership as current employees. This percentage is likely to fall further as a consequence of the scheme being closed to new entrants in November 2002. We are committed to prudent funding of these pension commitments and, as announced at the interims, have agreed with the Pension Fund Trustee to increase the yearly cash contributions by £5 million, an amount that will be reviewed annually.

**DIVIDEND:** In light of the much improved underlying trading performance, the Board has recommended a final dividend of 3.8 pence per share, giving a total of 5.5 pence per share for the year, an increase of 38 percent on last year's payment. Given the confidence the Board has in sustaining this strong recovery, we look forward to continuing a progressive dividend policy.

**OUTLOOK:** The performance we have delivered this year is a good start. However, we cannot be complacent and continuing success will depend on an acceleration of revenue growth and ongoing margin improvement. This will be achieved by continually refocusing our resources on those areas where we can create profitable growth and, where possible, through further cost reduction

initiatives. The Board is confident that the fundamentals for success are now firmly in place and that 2003/04 will be a year of further significant progress.

Note: Except as otherwise stated, operating profit refers to operating profit before exceptional items and goodwill amortisation.

## **OPERATING AND FINANCIAL REVIEW 2002/03**

### **INTRODUCTION**

The underlying performance of the continuing business in the year to 31 March 2003 was encouraging, particularly in France where the speed of recovery in business performance was ahead of our expectations. The UK business recorded strong profit growth in Sandwiches & Salads and in Desserts, although Northern Europe's performance was more mixed.

Centralised purchasing delivered significant year on year savings which benefited operating profit by £6m. The manufacturing initiative launched last year contributed a further £12m. These savings facilitated a £11.5m increase in media and marketing expenditure across the Group.

The Group's net debt reduced to £41.6m by the year end, down from £184.7m last year, principally due to the gross proceeds of £131.2m received from disposals.

The financial statements are impacted by the sale of St Ivel and Uniqsauces, reclassified as discontinued businesses, and implementation of FRS 17, requiring the restatement of last year's figures. They also reflect the absence of large exceptional costs that have characterised recent results during the reshaping of the Group.

### **GROUP RESULTS**

Turnover from continuing businesses was £899m, up 4 percent compared to last year and up 1 percent at constant exchange rates.

Operating profit from continuing operations, before goodwill and exceptional items, was £31.1m compared to £23.5m last year. This improvement includes a £1 million benefit from the strengthening of the Euro. Operating profit from discontinued businesses comprised a £4.7m contribution from St Ivel Yogurts, St Ivel Spreads and Uniqsauces for the periods prior to sale. This compares with £6.2m for these businesses for the full year ended 31 March 2002.

Finance charges in the year of £11.6m compare with charges in the prior year of £16.1m. The charges have benefited from cash received on the sales of the St Ivel and Uniqsauces businesses, as well as the annualised impact of prior year disposals. The net pension finance income of £2.1m is the pension credit under FRS 17.

Underlying profit before tax of £24.2m (excluding goodwill, exceptional items and the FRS 17 finance income) improved by 68 percent, as a result of the business restructuring and the growth in profit of continuing businesses. Underlying earnings per share (before exceptional items, goodwill and the FRS 17 finance income) improved by 155 percent to 19.1p. The increase in adjusted earnings (before exceptional items and goodwill but including the FRS 17 finance income) was 54 percent to 20.5p due to the lower FRS 17 finance income.

Exceptional profit for the year was £1.2m, the principal item being the profit on the disposals made during the year after deducting £57.8m of goodwill on the sale of St Ivel Spreads previously written off to reserves.

The taxation charge of £3.1m on profit before goodwill and exceptional items is net of a £3.5m credit relating to prior years. The remaining charge represents a continuing effective rate of 25 percent. This rate is consistent with last year's rate.

After goodwill amortisation, exceptional items and tax, the Group reported a profit of £24.9m, compared to a loss of £101.0m last year.

## UNIQ PREPARED FOODS

Operating profits at £13.7m were 51 percent ahead of last year, with sales up 4 percent, reflecting the benefit of cost saving initiatives.

**Sandwiches & Salads** had another strong year, with 10 percent sales growth driven principally by increased volumes at Northampton, which is now the largest sandwich supplier to Marks and Spencer. We are continuing to grow this dynamic business through both innovation and also through automation, and we are now planning a third automated line following the successes of the first two lines. Sales growth was also restored at the Devizes sandwich factory due to important wins with both Costa Coffee and Safeway following last year's refurbishment. At Spalding, salad sales to the retail sector were 5 percent ahead of last year. The installation of our first automated salad line will provide the basis for increased capacity and efficiency at this factory.

**Desserts** also performed extremely well this year, with sales 13 percent ahead driven both by the new business won following the acquisition of the Newton Abbot assets in February 2002 and also organic growth from existing business. An example of this organic growth included the successful new product launches at Evercreech in ceramic and glass containers. A major contributor to year on year profit improvement was the Paignton factory that had made significant losses last year and is now back in profit. The Paignton factory (sales of £73m) produces Cadbury products (circa 50 percent of sales) and own label desserts and is our only mixed own label/branded site in the UK. While we have developed the Cadbury brand successfully over the last ten years, we have concluded, together with Cadbury, not to renew this licence when it expires in March 2004. We are exploring with Cadbury various options which would allow us to continue to work together for a period after the end of the licence to ensure a smooth transition for both businesses.

**Meal solutions** had a tough year, with an 8 percent sales decline due principally to the impact of the slow down in the fast food sector on sales of poultry products. Smoked salmon sales were also lower than last year due to exiting low margin business and a reduction in promotional activity. The development of seafood-based ready meals has continued and we have recently won new business which will provide a platform for growth next year. Operating profit was below last year and included a credit to profit for consequential loss on finalisation of the insurance claim in respect of the Great Yarmouth fire in 1999 of £1.5m. A credit of £2.2m was recognised in respect of consequential loss last year.

Overall the increase in UPF's operating profit was achieved despite higher insurance premia of £2.2m, which we do not expect to increase further in 2003/04, and also the timing of Easter. We are confident that the momentum we are building, combined with the progress we are making in restructuring the organisation of the Division, will ensure that we maintain good growth in 2003/04.

## SOUTHERN EUROPE

On a constant currency basis, operating profit in Southern Europe of £11.1m was 95 percent higher than the prior year, on sales which were 1 percent ahead. Underlying sales growth, adjusting for the disposal of Magdis, was 4 percent. This year's profit was achieved despite including £1.3m of further redundancy costs and an £8.2m increase in brand support in France.

**Spreads** sales were 13 percent ahead of the previous year due to the success of the two products launched in the health segment, St Hubert Oméga 3&6 and ilô. From an almost zero base at the start of the year, these brands now represent 17 percent of the health segment and 5 percent of the total French yellow fat spreads market. With little cannibalisation evident from our other leading brands, overall market share remained at 27 percent in the year in a market which grew at 16 percent. These launches helped maintain profits at a similar level to prior year, despite £4.3m of increased marketing support.

**Frozen** performance for the year was broadly in line with the market, with sales overall showing a 2 percent year on year decline and Marie retaining market leadership and maintaining market share. Growth through innovation in both new packaging and recipes was achieved in both starters and 'quick frozen' ready meals. Despite the lower sales, profits were ahead of the prior year, with improvements in factory efficiency and lower distribution costs more than offsetting £2.0m of increased marketing support.

**Chilled** had an encouraging year of recovery, achieving sales growth of 9 percent, despite the withdrawal of a Christmas range of low margin festive delicatessen meals. The conversion of the main Marie ready meals range into microwaveable trays in the second half last year translated into a 15 percent uplift in volumes in this sector, while pies also grew well due to the launch this year of a new range of gratins. Profitability was also well ahead of the prior year with the impact of higher sales and improved factory efficiency more than offsetting £1.9m of increased marketing support.

**Andros** sales grew by 2 percent in a rapidly growing market for both salads and sandwiches. A strong performance in sandwiches offset weaker salad sales following the loss of a contract in the previous year.

Overall we are building our French business for the future now that the upheaval from the recent restructuring is behind us. Our new information systems are working well, morale has been restored and customer relationships are good. The product development pipeline is also now in place and we are confident that the recovery will continue into the new financial year.

## **NORTHERN EUROPE**

On a constant currency basis, operating profit in Northern Europe of £6.3m was £3.4m down on last year, due partly to sales which were down by circa 1 percent adjusting for the impact of the timing of Easter, but also due to redundancy costs and asset write offs totalling £2.1m.

**Germany/Poland** had a difficult year, with a 4 percent reduction in sales as a result of customer delistings in the discount sector in February 2002 worth 6 percent of sales. However, a media campaign costing £1.0m was launched in the second half to support the Nadler brand which increased sales and improved market share. Progress has been made in reducing the cost base with £0.4m being spent on redundancy costs in the sales force. New discount sector listings were gained at the end of the year which more than compensate for the losses in February 2002, positioning us for growth as we embark on the new financial year.

**Benelux** saw an extremely strong performance in Belgium, where sales were ahead by 11 percent. The result in the Netherlands was disappointing and sales in the second half failed to recover from a slow start to the year. Profits were consequently held back and performance was adversely impacted by higher distribution costs and margin pressure. The Johma brand continued to grow market share, and new business has been won in the new year to support anticipated growth in 2003/04.

**Scandinavia** also had a difficult second half, although sales for the full year were up by 4 percent. Profits were maintained at last year's depressed levels although this was significantly below expectation. A new managing director is being sought to help return the strong K Salat brand to more profitable growth.

**Sandwiches** underperformed in the year due principally to continuing losses in the distribution business in Germany. The distribution business in Germany will close in July 2003, resulting in an asset write off in the year ended 31 March 2003 of £1.4m. Further redundancy costs of £0.4m are anticipated to impact 2003/04 results as a result of the closure. Sales for the remaining sandwich business were ahead by 13 percent, driven by new contracts and market growth although profitability was held back due to factory inefficiencies caused by product proliferation. Management is actively addressing the underperformance of this business.

In Northern Europe we have the opportunity to compete much more efficiently in the competitive markets in which we operate. We will achieve this through significantly improving the efficiency of our supply chain over the next two years and taking advantage of our pan-European scale in the local markets where we hold such strong positions. The year ahead will be one of carefully managed change.

## FINANCING

**Financial position** Shareholders' funds increased from £189.3m to £198.5m. The increase in the net pension liability by £70.7m to £112.8m was offset by the retained profit for the year of £18.7m and also the reversal of the £57.8m of goodwill written back through the profit and loss account on the sale of St Ivel Spreads, which had previously been charged to reserves on acquisition.

**Net debt and cash flow** The Group's net debt reduced in the year by £143.1m, from £184.7m to £41.6m, due mainly to gross proceeds of £131.2m on sale of the St Ivel businesses and Uniqsauces. The remaining inflow of £11.9m was achieved as the benefits from the improved underlying trading, better working capital management and the final insurance proceeds relating to the Great Yarmouth fire more than offset the cash costs of the disposals and restructuring costs.

**Dividend** The final dividend of 3.8 pence per share, once approved by shareholders, will be paid on 1 August 2003 to those on the register at the close of business on 20 June 2003.

**Pensions** In March 2003, we announced our decision to adopt FRS 17, 'Retirement Benefits', in full in this year's financial statements. This decision was based on the Board's belief that FRS 17 is most appropriate given Uniq's pension situation and provides greater transparency. The accounts have therefore been prepared on this basis, and as a consequence prior year figures have been restated accordingly.

As a result of the adoption of FRS 17, the accounts show a net pension deficit of £112.8m at 31 March 2003, of which £100.3m relates to the UK. The Group's main scheme is extremely mature, with less than 10 percent of members being current employees. Although the scheme is invested roughly equally between bonds and equities, the fall in the equity markets has nevertheless had a material impact on the reported deficit in the scheme.

The profit and loss account includes a pension charge to operating profit of £9.4m compared to £14.7m last year. These amounts include charges relating to discontinued and demerged businesses – the underlying pension charge to operating profit remaining broadly unchanged. We have also reported a net pension finance credit of £2.1m (compared to a £5.7m credit last year). This credit has reduced as it is linked to the relative value of pension assets and liabilities at the start of the relevant financial year. For 2001/02 the assets were linked to equity markets at 31 March 2001, which had fallen in value by 31 March 2002. Given the level of fall in equity markets to 31 March 2003 the net pension finance income will become a charge in 2003/04.

During the year the Board decided to close the scheme to new members and in discussion with the Pension Trustee agreed to increase the Company's annual cash contribution into the scheme by £5.0m per annum. This figure will be reviewed annually. Employees who are not members of the scheme are now entitled to join a new defined contribution arrangement.

**Statement of total recognised gains and losses** The adoption of FRS 17 means that the actuarial loss recognised in the pension scheme of £110.3m is accounted for through the statement of recognised gains and losses. This loss comprises the fall in market value of the scheme's investments and the increase in value of liabilities due to changes in actuarial assumptions. The impact of the increased pension liability on deferred tax is also accounted for in this statement.

**GROUP PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED 31 MARCH 2003

	Before goodwill and except- ional items £m	Goodwill and except- ional items (note 3) £m	2003  Total £m	Before goodwill and except- ional items £m	Goodwill and except- ional items (note 3) £m	2002 (restated)  Total £m
<b>Turnover</b> (note 1)						
Continuing operations	899.0		899.0	864.5		864.5
Discontinued	88.6		88.6	509.5		509.5
	<b>987.6</b>		<b>987.6</b>	1,374.0		1,374.0
<b>Operating profit/(loss)</b> (note 1)						
Continuing operations	31.1	(12.3)	18.8	23.5	(85.6)	(62.1)
Discontinued	4.7	-	4.7	7.0	(34.8)	(27.8)
	<b>35.8</b>	<b>(12.3)</b>	<b>23.5</b>	30.5	(120.4)	(89.9)
<b>Non operating items</b> (note 3)						
Continuing operations						
- Profit on disposal of fixed assets	-	-	-	-	1.8	1.8
Discontinued operations						
- Profit on disposal of fixed assets	-	-	-	-	3.2	3.2
- Profit/(loss) on disposal of businesses	-	2.5	2.5	-	(14.3)	(14.3)
- Demerger and divestment costs	-	-	-	-	(4.5)	(4.5)
<b>Profit/(loss) on ordinary activities before finance costs</b>	<b>35.8</b>	<b>(9.8)</b>	<b>26.0</b>	30.5	(134.2)	(103.7)
Finance costs	(11.6)	-	(11.6)	(16.1)	-	(16.1)
Net pension finance income	2.1	-	2.1	5.7	-	5.7
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>26.3</b>	<b>(9.8)</b>	<b>16.5</b>	20.1	(134.2)	(114.1)
Taxation	(3.1)	11.5	8.4	(5.0)	18.1	13.1
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>23.2</b>	<b>1.7</b>	<b>24.9</b>	15.1	(116.1)	(101.0)
Dividends (note 12)			(6.2)			(4.5)
<b>Retained profit/(loss) for the financial year</b> (note 10)			<b>18.7</b>			<b>(105.5)</b>
Earnings per ordinary share (note 4)						
- on basic and diluted earnings			<b>22.0p</b>			(89.2)p
- on adjusted earnings			<b>20.5p</b>			13.3p
- on underlying earnings			<b>19.1p</b>			7.5p

**GROUP BALANCE SHEET**  
AT 31 MARCH 2003

	<b>2003</b>	2002
	<b>£m</b>	£m (restated)
<b>Fixed assets</b>		
Intangible assets: goodwill	<b>177.3</b>	187.8
Tangible fixed assets	<b>224.4</b>	271.6
Investments	<b>3.2</b>	3.4
	<b>404.9</b>	462.8
<b>Current assets</b>		
Stocks	<b>63.3</b>	68.5
Debtors	<b>151.5</b>	145.9
Cash and deposits	<b>30.1</b>	45.8
	<b>244.9</b>	260.2
<b>Creditors - amounts falling due within one year</b>		
Borrowings and finance leases	<b>43.1</b>	129.7
Other creditors	<b>249.7</b>	238.6
	<b>292.8</b>	368.3
<b>Net current liabilities</b>	<b>(47.9)</b>	(108.1)
<b>Total assets less current liabilities</b>	<b>357.0</b>	354.7
<b>Creditors - amounts falling due after more than one year</b>		
Borrowings and finance leases	<b>28.6</b>	100.8
<b>Provisions for liabilities and charges</b>	<b>17.1</b>	22.5
<b>Net assets excluding pension liabilities</b>	<b>311.3</b>	231.4
Pension liabilities	<b>112.8</b>	42.1
<b>Net assets including pension liabilities</b>	<b>198.5</b>	189.3
<b>Capital and reserves</b>		
Equity share capital	<b>11.5</b>	11.5
Non-equity share capital	<b>0.1</b>	0.1
Total called up share capital	<b>11.6</b>	11.6
Share premium account	<b>0.1</b>	0.1
Merger reserve	<b>(330.2)</b>	(330.2)
Profit and loss account	<b>517.0</b>	507.8
<b>Shareholders' funds (note 10)</b>	<b>198.5</b>	189.3

**GROUP CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31 MARCH 2003

	2003	2002
£m	£m	(restated) £m
<b>Cash inflow from operating activities</b> (note 6)	<b>52.0</b>	40.8
<b>Returns on investments and servicing of finance</b>		
Net interest paid	(11.1)	(15.2)
Interest element of finance lease rental payments	-	(0.1)
	<hr/>	<hr/>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(11.1)</b>	(15.3)
<b>Taxation</b>		
UK corporation and overseas tax received	4.2	3.0
<b>Capital expenditure and investments</b>		
Purchase of tangible fixed assets	(23.3)	(46.5)
Sale of other tangible fixed assets	1.4	11.3
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<b>Net cash outflow from capital expenditure and investments</b>	<b>(21.9)</b>	(35.2)
<b>Acquisitions and disposals</b>		
Disposal of businesses (note 5)	131.2	31.5
<b>Equity dividends paid</b>	<b>(3.6)</b>	(12.4)
	<hr/>	<hr/>
<b>Net cash inflow before use of liquid resources and financing</b>	<b>150.8</b>	12.4
<b>Management of liquid resources</b>	<b>8.4</b>	38.6
<b>Financing</b> (note 8)	<b>(162.7)</b>	(36.6)
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<b>(Decrease)/increase in net cash in the year</b> (note 9)	<b>(3.5)</b>	14.4
	<hr/>	<hr/>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
FOR THE YEAR ENDED 31 MARCH 2003

	<b>2003</b>	2002 (restated)
	<b>£m</b>	£m
Profit/(loss) for the financial year	<b>24.9</b>	(101.0)
Actuarial loss recognised on the pension schemes	<b>(110.3)</b>	(37.6)
Movement on deferred tax relating to actuarial loss on pensions	<b>38.8</b>	7.7
Currency translation differences on foreign currency net investments	<b>4.2</b>	(0.3)
	<hr/>	<hr/>
<b>Total recognised gains and losses for the year</b>	<b>(42.4)</b>	(131.2)
Prior year adjustment	<b>(17.1)</b>	
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<b>Total recognised gains and losses since last annual report</b>	<b>(59.5)</b>	
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**RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS**  
FOR THE YEAR ENDED 31 MARCH 2003

	<b>2003</b>	2002 (restated)
	<b>£m</b>	£m
Profit/(loss) for the financial year	<b>24.9</b>	(101.0)
Dividends	<b>(6.2)</b>	(4.5)
	<hr/>	<hr/>
Retained profit/(loss) for the financial year	<b>18.7</b>	(105.5)
New share capital issued	<b>-</b>	0.1
Currency translation differences on foreign currency net investments	<b>4.2</b>	(0.3)
Goodwill on disposals	<b>57.8</b>	17.1
Net assets eliminated on demerger	<b>-</b>	(23.0)
Other recognised gains and losses relating to pensions	<b>(71.5)</b>	(29.9)
	<hr/>	<hr/>
Net increase/(reduction) in shareholders' funds	<b>9.2</b>	(141.5)
Shareholders' funds at beginning of year (as previously stated)	<b>206.4</b>	295.9
Prior year adjustment	<b>(17.1)</b>	34.9
	<hr/>	<hr/>
<b>Shareholders' funds at beginning of year (as restated)</b>	<b>189.3</b>	330.8
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<b>Shareholders' funds at end of year</b>	<b>198.5</b>	189.3
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**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2003

**1 ANALYSIS OF RESULTS**

	Turnover		Operating profit before goodwill amortisation, exceptional items and taxation		Operating profit/(loss) before taxation and interest	
	2003	2002	2003	2002	2003	2002
	£m	£m	£m	(restated) £m	£m	(restated) £m
United Kingdom	371.4	356.9	13.7	9.1	6.9	(12.9)
Rest of Europe						
- Southern Europe	249.2	235.1	11.1	5.3	11.7	(48.1)
- Northern Europe	278.4	272.5	6.3	9.1	0.2	(1.1)
Continuing operations	899.0	864.5	31.1	23.5	18.8	(62.1)
Uniq St Ivel	88.6	150.1	4.7	6.2	4.7	(15.0)
Malton Foods/Wincanton	-	359.4	-	0.8	-	(12.8)
Discontinued operations	88.6	509.5	4.7	7.0	4.7	(27.8)
	<b>987.6</b>	<b>1,374.0</b>	<b>35.8</b>	<b>30.5</b>	<b>23.5</b>	<b>(89.9)</b>
<b>By geographical area</b>						
United Kingdom	460.0	866.4	18.4	16.1	11.6	(40.7)
Rest of Europe	527.6	507.6	17.4	14.4	11.9	(49.2)
	<b>987.6</b>	<b>1,374.0</b>	<b>35.8</b>	<b>30.5</b>	<b>23.5</b>	<b>(89.9)</b>

**2 ANALYSIS OF NET ASSETS**

	Net assets		Capital expenditure	
	2003	2002	2003	2002
	£m	(restated) £m	£m	£m
Continuing operations	385.5	328.7	25.0	35.1
Discontinued operations - Uniq St Ivel	10.0	131.9	1.2	7.9
- Malton Foods	-	-	-	2.8
- Wincanton	-	-	-	0.7
	<b>395.5</b>	<b>460.6</b>	<b>26.2</b>	<b>46.5</b>
Provisions, tax and dividends	(42.6)	(44.5)		
<b>Trading capital employed</b>	<b>352.9</b>	<b>416.1</b>		
Net debt	(41.6)	(184.7)		
<b>Net assets excluding pension liabilities</b>	<b>311.3</b>	<b>231.4</b>		
Pension liabilities	(112.8)	(42.1)		
<b>Total net assets</b>	<b>198.5</b>	<b>189.3</b>		

3 **GOODWILL AND EXCEPTIONAL ITEMS**

	<b>Goodwill amortisation 2003</b>	<b>Exceptional items 2003</b>	<b>Total 2003</b>	Goodwill amortisation 2002	Exceptional items 2002 (restated)	Total 2002 (restated)
	£m	£m	£m	£m	£m	£m
<b>Operating items</b>						
Continuing operations (a)	(11.0)	(1.3)	(12.3)	(13.8)	(71.8)	(85.6)
Discontinued operations	-	-	-	(1.1)	(33.7)	(34.8)
	<b>(11.0)</b>	<b>(1.3)</b>	<b>(12.3)</b>	(14.9)	(105.5)	(120.4)
<b>Non operating items</b>						
Continuing operations	-	-	-	-	1.8	1.8
Discontinued operations (b)	-	2.5	2.5	-	(15.6)	(15.6)
	<b>(11.0)</b>	<b>1.2</b>	<b>(9.8)</b>	(14.9)	(119.3)	(134.2)
Taxation credit on exceptional items (c)	-	11.5	11.5	-	18.1	18.1
	<b>(11.0)</b>	<b>12.7</b>	<b>1.7</b>	(14.9)	(101.2)	(116.1)

a Net exceptional costs in continuing operations comprise £2.2m of remaining consultancy costs relating to the project commenced in 2001 to improve significantly the manufacturing capability of the Group, offset by a net gain of £0.9m in respect of items relating to previous years.

b The net exceptional profit in discontinued operations includes a gain on sale of St Ivel Yogurts of £9.9m (including £12.2m asset write down relating to the Wootton Bassett site); a gain on sale of St Ivel Spreads of £0.1m (including £57.8m of goodwill previously written off to reserves) and a loss on sale of Uniqsauces of £8.0m. The St Ivel Yogurts factory at Wootton Bassett, Swindon, was retained by Uniq and closed in February 2003. It is now held in fixed assets at £10.0m, the estimated value of the site.

The remaining credit of £0.5m represents a net gain relating to other businesses previously disposed.

c The taxation credit of £11.5m includes £8.0m in respect of the businesses disposed of during the year, £2.6m in respect of items relating to other discontinued businesses and £0.9m relating to other exceptional items.

#### 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 (2002: 113.2m) ordinary shares in issue during the year and the profit for the financial year of £24.9m (2002 restated: £101.0m loss). There were 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. Earnings before goodwill amortisation, exceptional items and related tax are calculated as follows:

	<b>2003</b>	2002 (restated)
	<b>£m</b>	£m
Profit/(loss) before tax	<b>16.5</b>	(114.1)
Goodwill amortisation	<b>11.0</b>	14.9
Exceptional items (note 3)	<b>(1.2)</b>	119.3
Profit before tax, goodwill amortisation and exceptional items	<b>26.3</b>	20.1
Related taxation	<b>(3.1)</b>	(5.0)
Earnings before goodwill amortisation and exceptional items	<b>23.2</b>	15.1

##### UNDERLYING EARNINGS PER SHARE

Underlying earnings per share is shown by reference to adjusted earnings excluding the earnings of the Wincanton businesses in the prior year and the net pension finance income relating to FRS 17. The adjustments made in respect of Wincanton assume that on 1 April 2001 £48.5m was received on demerger of Wincanton. Underlying earnings per share are calculated as follows:

	<b>2003</b>	2002 (restated)
	<b>£m</b>	£m
Profit before tax, goodwill amortisation and exceptional items	<b>26.3</b>	20.1
Net pension finance income	<b>(2.1)</b>	(5.7)
Profit before interest on Wincanton	-	(3.6)
Interest earned on £48.5m cash proceeds	-	0.5
	<b>24.2</b>	11.3
Taxation – Group	<b>(3.1)</b>	(5.0)
Less taxation for adjustment on net pension finance income and Wincanton	<b>0.5</b>	2.2
Underlying adjusted earnings	<b>21.6</b>	8.5

5 **BUSINESS DISPOSALS**

	St Ivel Yogurts £m	St Ivel Spreads £m	Uniqsauces £m	Total Disposals 2003 £m	Disposals 2002 (restated) £m
Cash flows in respect of disposals comprise:					
Fixed assets	12.2	22.5	13.8	48.5	30.6
Working capital	1.7	(0.3)	5.2	6.6	7.3
Provisions	8.7	6.4	1.2	16.3	(9.2)
Net assets disposed at book and fair value	22.6	28.6	20.2	71.4	28.7
Goodwill	-	57.8	-	57.8	17.1
Total cost of disposals	22.6	86.4	20.2	129.2	45.8
Gain/(loss) on disposal	9.9	0.1	(8.0)	2.0	(14.3)
<b>Cash consideration on disposals</b>	<b>32.5</b>	<b>86.5</b>	<b>12.2</b>	<b>131.2</b>	<b>31.5</b>

6 **RECONCILIATION OF OPERATING PROFIT/(LOSS) TO OPERATING CASH FLOWS**

	2003 £m	2003 £m	2002 (restated) £m	2002 (restated) £m
Operating profit/(loss)		23.5		(89.9)
Depreciation		33.2		43.9
Goodwill amortisation and impairment		11.0		82.4
Exceptional asset write-down		-		13.5
Difference between pension charge and cash contribution		(0.7)		(1.3)
Decrease in stocks	2.4		3.0	
(Increase)/decrease in debtors	(17.2)		36.4	
Increase/(decrease) in creditors	17.5		(43.4)	
		2.7		(4.0)
Decrease in provisions		(17.7)		(3.8)
<b>Cash inflow from operating activities</b>		<b>52.0</b>		<b>40.8</b>

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

	2003 £m	2002 £m
(Decrease)/increase in net cash	(3.5)	14.4
Decrease in borrowings	162.7	77.7
Decrease in short term deposits	(8.4)	(38.6)
Decrease in net debt resulting from cash flows	150.8	53.5
Currency translation differences	(7.7)	1.3
<b>Decrease in net debt in the year</b>	<b>143.1</b>	<b>54.8</b>
Net debt at beginning of year	(184.7)	(239.5)
<b>Net debt at end of year</b>	<b>(41.6)</b>	<b>(184.7)</b>

8 **ANALYSIS OF CASH FLOWS FROM FINANCING**

	2003 £m	2002 £m
Decrease in unsecured loan stock	(32.7)	(27.2)
Decrease in long term borrowings	(130.0)	(50.5)
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Cash outflow from change in debt	(162.7)	(77.7)
Cash inflow from issue of ordinary share capital	-	0.1
Net debt demerged to Wincanton	-	48.5
Divestment and demerger expenses	-	(7.5)
	<hr/>	<hr/>
<b>Net cash outflow from financing activities</b>	<b>(162.7)</b>	<b>(36.6)</b>

9 **ANALYSIS OF NET DEBT**

	At beginning of year £m	Cash flow £m	Currency translation differences £m	At end of year £m
Cash at bank	15.7	(9.8)	1.8	7.7
Overdrafts	(8.1)	6.3	(0.6)	(2.4)
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	7.6	(3.5)	1.2	5.3
	<hr/>	<hr/>	<hr/>	<hr/>
Borrowings due within one year	(121.6)	83.3	(2.4)	(40.7)
Borrowings due after one year	(100.8)	79.4	(7.2)	(28.6)
	<hr/>	<hr/>	<hr/>	<hr/>
	(222.4)	162.7	(9.6)	(69.3)
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Short term deposits	30.1	(8.4)	0.7	22.4
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net debt</b>	<b>(184.7)</b>	<b>150.8</b>	<b>(7.7)</b>	<b>(41.6)</b>

10 **SHARE CAPITAL AND RESERVES**

	Share capital £m	Share premium £m	Merger reserve £m	Profit and loss account £m	Total £m
At 31 March 2002 as originally stated	11.6	0.1	(330.2)	524.9	206.4
Prior year adjustment	-	-	-	(17.1)	(17.1)
At 31 March 2002 (restated)	11.6	0.1	(330.2)	507.8	189.3
Retained loss for the year	-	-	-	18.7	18.7
Goodwill relating to sale of St Ivel Spreads	-	-	-	57.8	57.8
Net actuarial loss on pension schemes	-	-	-	(71.5)	(71.5)
Exchange	-	-	-	4.2	4.2
<b>At end of year</b>	<b>11.6</b>	<b>0.1</b>	<b>(330.2)</b>	<b>517.0</b>	<b>198.5</b>

The prior year adjustment relates to the adoption of FRS 17 as set out below.

11 **PRIOR YEAR ADJUSTMENT**

The Group has adopted FRS 17 in full in these financial statements. The full adoption this year of FRS 17 has had the following impact on the accounts:

	2003 £m	2002 £m
Decrease in operating profit before exceptional items	(7.9)	(8.7)
Additional gain on exceptional items	2.1	4.1
Inclusion of 'other pension finance credit'	2.1	5.7
Increase/(decrease) in taxation credit	1.1	(0.3)
(Decrease)/increase in retained profit	(2.6)	0.8
(Decrease)/increase in net assets	(78.9)	17.1

12 **DIVIDENDS**

Subject to shareholders' approval at the AGM, the final dividend of 3.8p per share is proposed to be paid on 1 August 2003 to shareholders on the register of shareholders at 20 June 2003.

13 **BASIS OF ACCOUNTING**

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

The Group has fully implemented Financial Reporting Standard 17, 'Retirement Benefits', in these final statements. The comparative figures have been restated accordingly.

14 **FINANCIAL INFORMATION**

The financial information set out in the preliminary announcement does not constitute the Group's statutory accounts for the years 2002 and 2003. The statutory accounts for the year ended 31 March 2003 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 2002 has been derived from the statutory accounts for 2002 which have been delivered to the Registrar of Companies. The auditors have reported on the accounts for the year ended 31 March 2002: 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 17 July 2003, at the Insurance Hall, 20 Aldermanbury, London EC2V 7HY.